

# Village of Westchester

Annual Financial Report

Year Ended April 30, 2021

An abstract geometric graphic in the bottom left corner, composed of several overlapping, semi-transparent, light gray triangular and quadrilateral shapes that create a sense of depth and movement, resembling a stylized mountain or a modern architectural structure.

**WIPFLI**

# Village of Westchester

## Year Ended April 30, 2021

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# Village of Westchester

Year Ended April 30, 2021

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*Independent Auditor's Report*

Members of the Board of Trustees  
Village of Westchester, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois (the Village), as of and for the year ended April 30, 2021, 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; 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 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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP  
Aurora, Illinois  
May 11, 2023

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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As management of the Village (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2021. 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 \$25.73 million. Of this amount, the unrestricted net position posted a deficit of \$51.57 million. The deficit unrestricted net position is primarily due to the pension liability for the Police Pension that totals \$40.44 million and the Firefighters' Pension liability that totals \$32.62 million. The Village's total net position decreased by \$3.48 million or 15.7% during the fiscal year ended April 30, 2021. Governmental net position decreased \$4.87 million or 17.3% while Business-type net position increased \$1.39 million or 14.0%.
- Approximately 36.6% of the Village's \$31.04 million in expenses as reported in the Statement of Activities were paid for with program revenues, including \$11.22 million of charges for services and \$0.38 million of operating grants and contributions. Of the remaining \$19.44 million, \$9.04 million was paid for with taxes, \$6.83 million was paid with state shared income, and \$0.09 million was paid for with miscellaneous income.
- The governmental activities net position is a deficit of \$37.03 million, while the business-type activities had a net position of \$11.30 million.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$27.79 million, an increase of \$20.84 million in comparison with the prior year's balance of \$7.54 million primarily due to debt issuances. Approximately \$2.44 million of this total amount is available for spending at the government's discretion (unassigned fund balance). The remainder of \$25.35 million is comprised of non-spendable (prepaid items) of \$0.28 million and assets restricted for public safety, tourism, streets and transportation, and capital projects aggregating \$25.07 million.
- The General Fund of the Village recognized \$19.02 million in revenues. After expenditures of \$17.15 million and other financing sources of \$0.16 million, the Village's General Fund had an increase to fund balance of \$2.03 million and ended the year at \$4.57 million.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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#### **Overview of the Financial Statements**

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

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

The government-wide financial statements (see pages 18 to 21) 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 to 21) 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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#### **Fund Financial Statements**

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

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

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

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual schedules elsewhere in this report. The basic governmental fund financial statements can be found on pages 22 through 24 of this report.

**Enterprise funds** - The Village maintains one Enterprise Fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Village's enterprise 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. Enterprise funds provide the same type of information as the government-wide financial statements, but in greater detail and include cash flows. The enterprise 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 enterprise fund statements can be found on pages 26 through 28 of the report.



# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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***Fiduciary funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village maintains two fiduciary funds for its police and fire pension funds and an agency fund. The accounting used for the pension funds is much like that used for the proprietary funds. Agency funds are custodial in nature and do not involve measurement or results of operations. The fiduciary fund statements can be found on pages 29 through 30 of thereport.

#### **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 31.

#### **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 80. The combining and individual fund financial statements for nonmajor governmental and fiduciary funds are presented immediately following, beginning on page 90.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the Statement of Net Position:

STATEMENT OF NET POSITION AS OF APRIL 30, 2021 (IN MILLIONS)							
	Governmental		Business-Type		Total		
	Activities		Activities				
	2021	2020	2021	2020	2021	2020	
Assets							
Current and other assets	\$ 34.92	\$ 11.95	\$ 2.60	\$ 1.75	\$ 37.52	\$ 13.70	
Capital and non-current assets	27.18	27.19	13.40	13.70	40.58	40.89	
Total assets	62.10	39.14	16.00	15.45	78.10	54.59	
Deferred outflows of resources	26.36	27.03	0.04	0.09	26.40	27.12	
Total assets and deferred outflows of resources	\$ 88.46	\$ 66.17	\$ 16.04	\$ 15.54	\$ 104.50	\$ 81.71	
Liabilities							
Current liabilities	\$ 4.28	\$ 1.61	\$ 0.58	\$ 1.62	\$ 4.86	\$ 3.23	
Non-current liabilities	105.67	87.86	3.72	4.01	109.39	91.87	
Total liabilities	109.95	89.47	4.30	5.63	114.25	95.10	
Deferred inflows of resources	15.54	8.27	0.44	0.59	15.98	8.86	
Total liabilities and deferred inflows of resources	\$ 125.49	\$ 97.74	\$ 4.74	\$ 6.22	\$ 130.23	\$ 103.96	
Net position							
Net investment in capital asset	\$ 12.20	\$ 15.00	\$ 9.43	\$ 9.64	\$ 21.63	\$ 24.64	
Restricted	4.21	4.36	-	-	4.21	4.36	
Unrestricted	(53.44)	(50.93)	1.87	(0.32)	(51.57)	(51.25)	
Total net position	\$ (37.03)	\$ (31.57)	\$ 11.30	\$ 9.32	\$ (25.73)	\$ (22.25)	

#### 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.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

APRIL 30, 2021

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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.
  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 \$3.49 million in fiscal year 2021. A number of factors caused the decrease including the following:

1. Cash and investments increased by \$20.80 million. This was primarily due to the proceeds from the issuance of the 2021 G.O. Bonds.
2. Other assets such as receivables and prepaid expenditures increased by \$2.15 million due to real estate taxes receivable related to the 2021 G.O. Bonds.
3. A \$3.09 million decrease in capital assets not being depreciated is due to projects that were completed and put into service during the fiscal year, and thus capitalized.
4. Total liabilities and deferred inflows of resources increased by \$26.27 million. Deferred inflows from real estate taxes and pensions combined increased \$7.12 million.
5. Total liabilities increased by \$19.15 million with the current portion rising by \$1.63 million. The noncurrent liabilities increased by \$17.52 million. The majority of the non-current increase is attributed general obligation bonds payable rising by \$16.60 million, and installment notes payable increasing \$2.76 million coupled with net pension liabilities decreasing by \$1.21 million.
6. The current liabilities for governmental activities increase of \$1.63 million are primarily due to increases in accounts payable and current portion of bonds payable. A decrease in current liabilities in the Utility Fund of \$1.05 million is primarily due to a drop in accounts payable.

Total net position at April 30, 2021 was a deficit of \$25.73 million, as compared to \$22.24 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

The following table reflects the Statement of Activities:

Statement of Activities For the Year Ended April 30, 2021 (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4.95	\$ 4.40	\$ 6.27	\$ 5.64	\$ 11.22	\$ 10.04
Operating grants and contributions	0.38	0.21	-	-	0.38	0.21
General revenues:						
Property taxes	6.92	6.57	-	-	6.92	6.57
Other taxes	2.12	1.43	-	-	2.12	1.43
Intergovernmental	6.83	6.12	-	-	6.83	6.12
Miscellaneous	0.07	0.24	0.02	0.03	0.09	0.27
Total revenues	21.27	18.97	6.29	5.67	27.56	24.64
Expenses:						
General government	2.50	2.60	-	-	2.50	2.60
Public safety	17.28	17.97	-	-	17.28	17.97
Public works	6.05	4.94	-	-	6.05	4.94
Interest	0.31	0.46	-	-	0.31	0.46
Utility	-	-	4.90	5.67	4.90	5.67
Total expenses	26.14	25.97	4.90	5.67	31.04	31.64
Change in net position	(4.87)	(7.00)	1.39	-	(3.48)	(7.00)
Net position, beginning of year	(31.57)	(24.57)	9.32	9.32	(22.25)	(15.25)
Restatement	(0.59)	-	0.59	-	-	-
Net position, beginning of year, as restated	(32.16)	(24.57)	9.91	9.32	(22.25)	(15.25)
Net position, end of year	\$ (37.03)	\$ (31.57)	\$ 11.30	\$ 9.32	\$ (25.73)	\$ (22.25)
check to BS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

APRIL 30, 2021

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

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

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

### ***Expenses:***

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

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

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

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

### **Current Year Impacts**

#### **Governmental Activities**

Governmental activities from operations decreased net position of the Village by \$5.46 million. Key elements of this change 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 2021. This activity was accounted for in the Utility Fund in fiscal year 2020 and prior. This reclassification was implemented after passage of a Village ordinance. An adjustment to the beginning net position was needed to account for a prior year's overbilling of resident water bills. This decreased the net position by \$0.59 million. Expenses of \$26.14 million have outpaced total program and general revenues of \$21.27 million by \$4.87 million.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

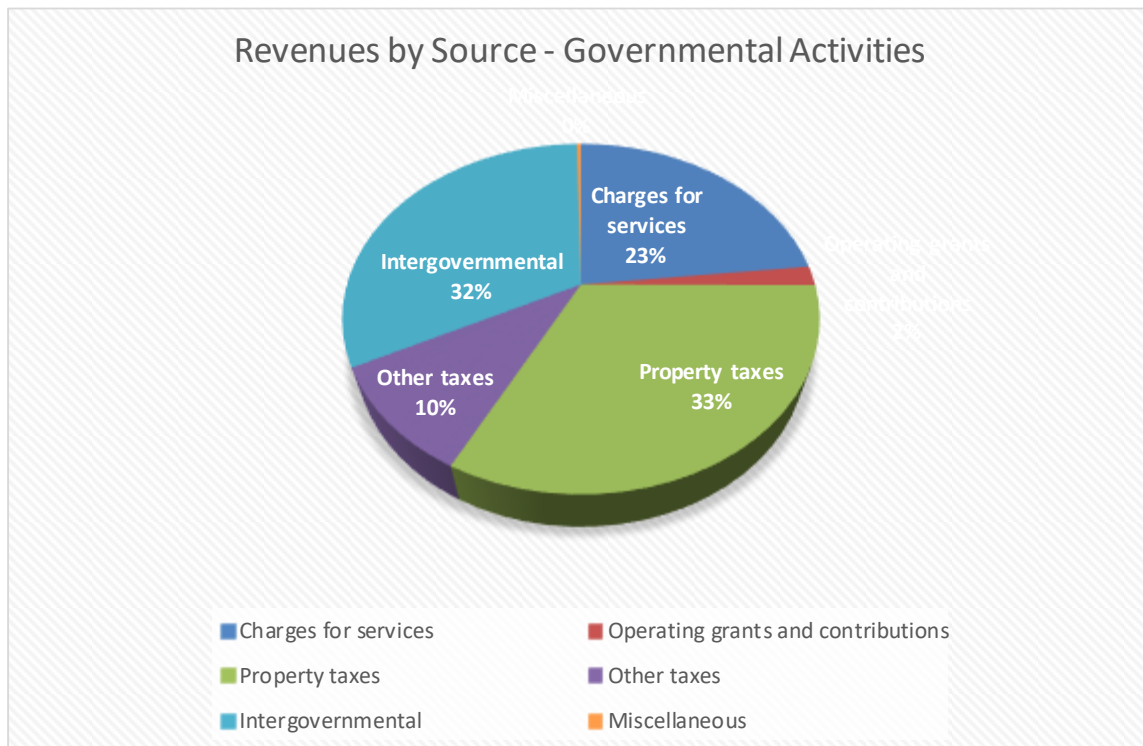
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#### **Revenues**

The Village's governmental activities had revenues of \$21.27 million in fiscal year 2021, which represents an increase of \$2.30 million from the prior year. Property taxes and intergovernmental revenue represent the majority of revenues, comprising 66.9% of total governmental activities revenues. These two combined to increase \$1.06 million from the prior year. Charges for services also increased \$0.55 million. Moreover, operating grants and contributions increased \$0.17 million, and other taxes improved by \$0.69 million. Miscellaneous revenues decreased \$0.17 million.

The Charges for services increase is primarily due to ambulance fees rising from increased Medicare rates. Licenses and permits revenue along with fines and forfeiture revenue contributed due the rebounding economy. Other taxes, such as utility taxes can vary from year to year and are dependent upon weather conditions and can be difficult to project. Telecommunication taxes could be causalional due to the reliance of citizens on their communications appetite and changing provider rates. An increase in grant funding was a cause of the operating grants and contribution revenue increase of \$0.17 million over the prior year. Operating grant revenue was buoyed by CARES ACT grant monies received by the Village in FY 2021. 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 2021:



# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

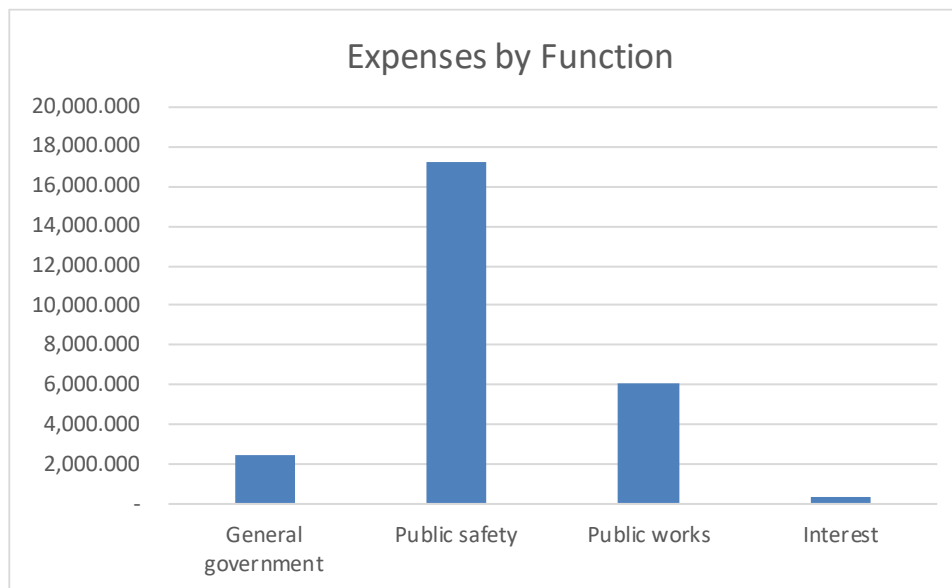
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#### **Expenses**

##### **General Government**

Expenses incurred for governmental activities were approximately \$26.14 million for fiscal year 2021, which represents an increase of \$0.17 million or 0.6% from the prior year. This is due largely to increases in public works expenses of \$1.11 million coupled with decreases in general government expenses of \$0.10 million, public safety expenses of \$0.69 million, and interest of \$0.15 million. Public works expenses largely increased due to personnel costs and rubbish expenses via contract.

The following chart depicts expenses of the Village by activity for the fiscal year 2021:



##### **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 \$15.88 million and the total liabilities and deferred inflows of resources are \$4.58 million, leaving net position at \$11.30 million. Current year activity resulted in a \$1.39 million increase in net position. Charges for services revenue increased by \$0.63 million while expenses of the fund decreased by \$0.82 million. The overall expense decrease was primarily due to capital outlay expenses declining in fiscal year 2021 as compared to the prior year.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

APRIL 30, 2021

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### 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 funds are the General Fund, Motor Fuel Tax, Roosevelt Road TIF, and Capital Projects. The Village's special revenue (nonmajor) funds include the 911 Fund, Hotel/Motel Tax Fund, Cermak Oxford TIF, 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. The Capital Projects Fund accounts for non-home rule one percent sales tax revenue that are restricted for infrastructure improvements and debt service on bonds. This fund also includes bond proceeds from the Series 2021 General Obligation Bonds along with expenditures related to street and water and sewer infrastructure projects.

At the end of the current fiscal year, the Village's governmental funds reported a combined (major and nonmajor) total ending fund balance of \$27.79 million, an increase of \$20.84 million from fiscal year 2020. Of that \$27.79 million, \$2.18 million is unassigned fund balance.

#### Revenues

**General Fund:** The General Fund had revenues of \$19.02 million, an increase of \$1.95 million over prior year revenues of \$17.07 million. This represents an 11.4% increase from the prior year.

Revenues	Fiscal 2021	Fiscal 2020	Variance	Percentage
Taxes	\$ 9,027,511	\$ 7,929,656	\$ 1,097,855	13.84%
Intergovernmental	4,642,949	4,594,521	48,428	1.05%
Licenses and permits	1,102,199	980,020	122,179	12.47%
Charges for services	2,845,944	2,484,427	361,517	14.55%
Fines and forfeitures	776,239	712,047	64,192	9.02%
Miscellaneous	627,576	370,222	257,354	69.51%
Totals	\$ 19,022,418	\$ 17,070,893	\$ 1,951,525	11.43%

The primary factor for the increase in revenue was in the Taxes category. Increase in real estate tax of \$0.35 million, and the new local gas tax of \$0.12 million were the main drivers, along with variety of local taxes going up due to the rebounding economy. Charges for services increased primarily due to ambulance fees and the licenses and permits category increased due to building and home compliance permits and vehicle sticker fees. Miscellaneous revenues rose primarily due to the recognition of the remaining (non-refundable) rubbish overbillings.



# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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#### **Expenditures**

**General Fund:** During fiscal year 2021, expenditures were \$17.15 million, a decrease of \$0.06 from \$17.21 million in the previous year. This represents a 0.3% decrease from fiscal year 2020.

Expenditures	Fiscal 2021	Fiscal 2020	Variance	Percentage
General government	\$ 1,505,483	\$ 1,680,912	\$ (175,429)	-10.44%
Community Dev./Building	570,997	540,817	30,180	5.58%
Planning and zoning	3,274	7,310	(4,036)	-55.21%
Fire and police commission	34,420	12,446	21,974	176.55%
Police department	5,882,780	5,960,772	(77,992)	-1.31%
Civil defense	2,584	2,584	-	0.00%
Fire department	4,751,535	5,044,829	(293,294)	-5.81%
Public works	3,692,553	3,257,088	435,465	13.37%
Capital outlay	526,995	510,361	16,634	3.26%
Debt service	183,289	195,631	(12,342)	-6.31%
Totals	\$ 17,153,910	\$ 17,212,750	\$ (58,840)	-0.34%

Most of the expenditure categories showed a decrease from the prior year. General government expenditures decreased due primarily to a fall in contractual service spending. A decrease in Fire department expenditures was largely due to decreased staffing from unfilled budgeted positions, and drops in contractual and capital outlay expenditures. A decline in Police department expenditures for contractual services in FY 2021 was the cause of the department's change from the prior year. Public works expenditures increased due to rising rubbish cost and overall personnel costs. Community development increased slightly due to added staffing.

#### **Enterprise Funds**

The Enterprise Fund is the Utility Fund. The Utility Fund had an increase in net position of \$1.39 million during the fiscal year 2021. The net position of the Utility Fund at the end of fiscal year 2021 equaled \$11.30 million, of which \$1.88 million, or 16.6%, is unrestricted.

#### **Revenues**

The Utility Fund recognized \$6.24 million in revenues, an increase of \$0.59 million, or 7.1% from \$5.65 million in fiscal year 2020. This change is primarily due to the scheduled increase in water and sewer usage fees of a combined \$0.22 million, and water meter sales to commercial users in the amount of \$0.12 million. The remaining operational revenue had virtually no change from the prior year.

# VILLAGE OF WESTCHESTER

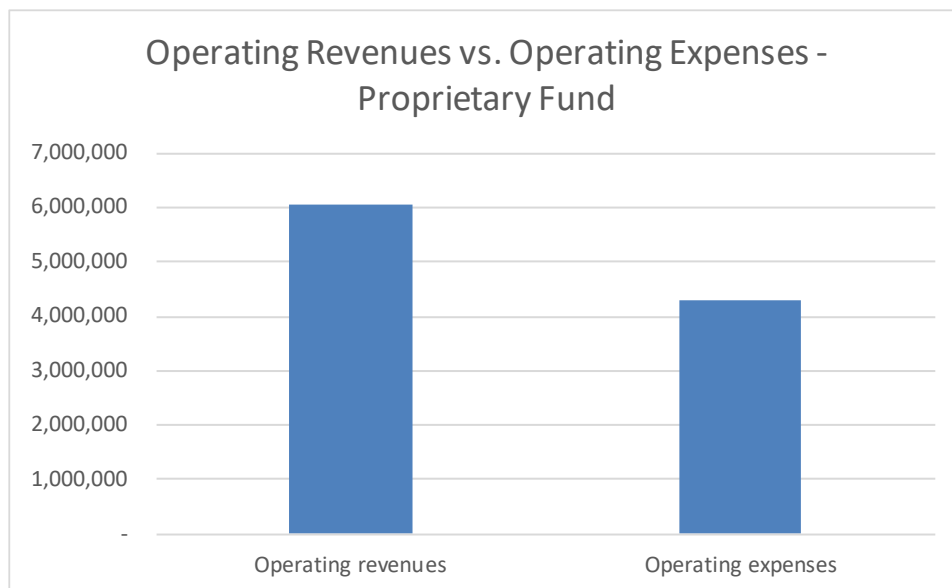
## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

#### **Expenses**

Utility Fund operating expenses of \$4.31 million declined \$0.82 million or 16.0% for the year. Last year's operating expenses were \$5.13 million.

The major factor of this decline was Personal services expenses decreasing over \$0.42 million as a result of the decrease in pension expense from the IMRF net pension liability. Commodities and contractual expenses dropped a combined \$0.27 million. The largest portion of commodities expenses represents water usage fees to the Broadview Westchester Joint Water Agency. Of the total operating expenses of \$4.31 million, \$2.45 million, or 56.7% are for water usage fees.



#### **General Fund Budgetary Highlights**

Over the course of Fiscal 2021, the Village's General Fund revenues exceeded the budget by \$1.44 million. This overage is 8.2% of the budgeted revenues of \$17.58 million. Although licenses and permit revenue - primarily building permit and home compliance permits – were under budget by roughly \$0.1 million, intergovernmental revenue was more than expected. Intergovernmental revenues were driven by a rebounding economy with state income, state sales, and local use taxes combining to come in over \$0.7 million over budget. Charges for services revenue such as ambulance fees and rubbish fees combined to end up \$0.6 million over budget. Miscellaneous revenue was over budget by almost \$0.1 million.

The total General Fund expenditures of \$17.15 million were under the budget amount by \$1.00 million. Capital outlay was \$0.62 million under budget. The police and fire department expenditures came in at a combined \$0.4 million under budget mainly attributable to personnel expenditures being under budget. Capital outlay was over \$0.6 million under budget largely due to a budgeted ambulance purchase being made in the subsequent fiscal year. The public works department expenditures of \$3.69 million were less than 3 % over the budget of \$3.59 million. The remaining departments along with debt service expenditures recorded a combined of \$0.02 million under budget.

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

APRIL 30, 2021

After installment note proceeds of \$0.75 million, the General Fund budget anticipated a positive net change in fund balance of \$0.18 million; the actual change in fund balance was an increase of \$2.03 million resulting in a total net budget positive variance of \$1.85 million.

### General Fund Budget and Actual (in millions)

	Original and Final Budget	Actual	Difference Over/(Under)
Revenues	\$ 17.58	\$ 19.02	\$ 1.44
Expenditures	18.16	17.15	(1.01)
Deficiency of revenues over expenditures	(0.58)	1.87	2.45
Other financing sources	0.76	0.16	0.60
Change in fund balance	<u>\$ 0.18</u>	<u>2.03</u>	<u>\$ 1.85</u>
Fund balance, beginning of year		2.55	
Fund balance, end of year		<u>\$ 4.58</u>	

### Capital Asset and Debt Administration

#### Capital Assets

As of the end of Fiscal 2021, the Village had capital assets, net of depreciation, of \$39.90 million, compared to capital assets, net of depreciation, of \$40.89 million held at the end of Fiscal 2020. For governmental activities, capital assets were increased by capital additions of \$1.30 million, and decreased by depreciation of \$1.84 million in the current year. For business-type activities, the capital assets were increased by capital additions of \$3.18 million and decreased by depreciation expense of \$0.51 million. This is generally due to projects that were in construction and not depreciated in fiscal year 2020 being put into service and depreciated in fiscal year 2021.

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 of depreciation, account for \$26.65 million or 66.70% of total capital assets. Business-type capital assets, net of depreciation, represent \$13.25 million or 33.30% of total capital assets of the Village.

### Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total
Land	\$	5.37	\$	0.11	\$ 5.48
Construction in progress		0.18		0.03	0.21
Buildings, net		2.16		0.67	2.83
Building improvements, net		0.34		-	0.34
Equipment, net		2.67		0.95	3.62
Software, net		-		0.01	0.01
Infrastructure, net		15.93		11.48	27.41
Total capital assets	<u>\$</u>	<u>26.65</u>	<u>\$</u>	<u>13.25</u>	<u>\$ 39.90</u>

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

# VILLAGE OF WESTCHESTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### APRIL 30, 2021

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#### Debt Administration

The Village's debt is comprised of the categories referenced below. Total net pension and OPEB liabilities comprise about 67.4% of long-term debt. General obligation bonds account for approximately 24.5% 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 related to the utility fund. Total debt increased \$19.0 million from last year due primarily to the issuance of the 2021 G.O. Bonds and additional installment contracts. Net pension liabilities decreased \$2.42 million from the prior year.

#### Long-term Liabilities (in millions)

	Governmental Business-type		
	Activities	Activities	Total
G.O. Alternate Revenue Source Bonds, Series 2013	\$ 4.05	\$ -	\$ 4.05
G.O. Alternate Revenue Source Bonds, Series 2015	1.71	-	1.71
G.O. Motor Fuel Tax Revenue ARS Bonds, Series 2020	4.66	-	4.66
G.O. Bonds, Series 2021	16.52		16.52
Unamortized bond premium	2.97	-	2.97
Installment contracts	3.44	0.07	3.51
Compensated absences	0.38	-	0.38
IEPA	-	3.76	3.76
Net pension liability:			
IMRF	(0.53)	(0.15)	(0.68)
Police	40.44	-	40.44
Fire	32.62	-	32.62
Other postemployment benefit liability	1.66	0.10	1.76
	<u>\$ 107.92</u>	<u>\$ 3.78</u>	<u>\$ 109.94</u>

Please refer to Notes 5, 6, and 7 for more information on Long-Term Liabilities.

#### 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 Village of Westchester's Administration/Finance Department - 10300 W. Roosevelt Road; Westchester, Illinois 60154.

## **Basic Financial Statements**

# Village of Westchester

## Statement of Net Position

April 30, 2021

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 26,865,738	\$ 1,157,793	\$ 28,023,531
Receivables			
Property Taxes	5,698,323	-	5,698,323
Intergovernmental	1,650,333	-	1,650,333
Accounts, customers	-	1,412,884	1,412,884
Other	422,883	-	422,883
Prepaid Items	280,723	27,578	308,301
Total Current Assets	34,918,000	2,598,255	37,516,255
Noncurrent Assets			
Net Pension Asset - IMRF	530,865	155,542	686,407
Capital Assets			
Nondepreciable	5,553,140	145,021	5,698,161
Depreciable	62,325,451	26,161,403	88,486,854
Accumulated Depreciation	(41,229,726)	(13,058,418)	(54,288,144)
Total Noncurrent Assets	27,179,730	13,403,548	40,583,278
Total Assets	62,097,730	16,001,803	78,099,533
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - IMRF	75,862	22,224	98,086
Deferred Outflows - Police Pension	13,238,950	-	13,238,950
Deferred Outflows - Firefighters' Pension	12,771,158	-	12,771,158
Deferred Outflows - Other Post-Employment Benefits	276,579	14,404	290,983
Total Deferred Outflows of Resources	26,362,549	36,628	26,399,177
Total Assets and Deferred Outflows of Resources	\$ 88,460,279	\$ 16,038,431	\$ 104,498,710

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 1,195,981	\$ 351,670	\$ 1,547,651
Accrued Interest	124,569	7,004	131,573
Unearned Revenues	174,968	-	174,968
Compensated Absences	250,262	1,372	251,634
Installment Notes Payable	258,898	18,020	276,918
IEPA Loans Payable	-	197,759	197,759
General Obligation Bonds Payable	2,275,000	-	2,275,000
Total Current Liabilities	4,279,678	575,825	4,855,503
Noncurrent Liabilities			
Net Pension Liability - Fire	32,615,458	-	32,615,458
Net Pension Liability - Police	40,443,539	-	40,443,539
Other Post-Employment Benefits Liability	1,665,023	113,177	1,778,200
Compensated Absences	127,232	1,262	128,494
Installment Notes Payable	3,181,697	47,381	3,229,078
IEPA Loans Payable	-	3,558,639	3,558,639
General Obligation Bonds Payable, Net	27,635,018	-	27,635,018
Total Noncurrent Liabilities	105,667,967	3,720,459	109,388,426
Total Liabilities	109,947,645	4,296,284	114,243,929
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailble Reveune - Property Taxes	5,681,454	-	5,681,454
Unavailble Reveune - Sales Taxes	77,159	-	77,159
Deferred Inflows - IMRF	1,394,877	408,634	1,803,511
Deferred Inflows - Police Pension	4,373,193	-	4,373,193
Deferred Inflows - Firefighters' Pension	3,407,802	-	3,407,802
Deferred Inflows - Other Post-Employment Benefits	610,675	31,803	642,478
Total Deferred Inflows of Resources	15,545,160	440,437	15,985,597
Total Liabilities and Deferred Inflows of Resources	125,492,805	4,736,721	130,229,526
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,196,441	9,426,207	21,622,648
Restricted:			
Street and Bridge Improvements	4,143,347	-	4,143,347
Tourism	70,613	-	70,613
Unrestricted (Deficit)	(53,442,927)	1,875,503	(51,567,424)
Total Net Position (Deficit)	\$ (37,032,526)	\$ 11,301,710	\$ (25,730,816)

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

# Village of Westchester

## Statement of Activities

### For the Year Ended April 30, 2021

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants and Contributions
	Expenses			
Governmental Activities				
General Government	\$ 3,071,059	\$ 2,158,043	\$ -	\$ -
Public Safety	17,278,330	779,003	377,814	-
Public Works	5,477,905	2,010,066	-	-
Interest and Fees	318,132	-	-	-
Total Governmental Activities	26,145,426	4,947,112	377,814	-
Business-Type Activities				
Water and Sewerage	4,902,152	6,274,305	-	-
Total Primary Government	\$ 31,047,578	\$ 11,221,417	\$ 377,814	\$ -

#### General Revenues

Property Taxes

Other Taxes

Intergovernmental

Interest

Miscellaneous

Total general revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Beginning as restated

Net Position (Deficit) - Ending

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



Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (913,016)	\$ -	\$ (913,016)
(16,121,513)	-	(16,121,513)
(3,467,839)	-	(3,467,839)
(318,132)	-	(318,132)
(20,820,500)	-	(20,820,500)
-	1,372,153	1,372,153
(20,820,500)	1,372,153	(19,448,347)
6,916,999	-	6,916,999
2,125,096	-	2,125,096
6,829,863	-	6,829,863
15,659	2,652	18,311
58,693	12,937	71,630
15,946,310	15,589	15,961,899
(4,874,190)	1,387,742	(3,486,448)
(31,565,582)	9,321,214	(22,244,368)
(592,754)	592,754	-
(32,158,336)	9,913,968	(22,244,368)
\$ (37,032,526)	\$ 11,301,710	\$ (25,730,816)

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

# Village of Westchester

## Balance Sheet - Governmental Funds

### April 30, 2021

	Major Fund				Nonmajor	
	General Fund	Motor Fuel Tax Fund	Roosevelt TIF	Capital Pojects	Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 1,587,649	\$ 4,097,437	\$ -	\$ 21,049,001	\$ 131,651	\$ 26,865,738
Receivables:						
Property Taxes	3,532,339	-	-	-	2,165,984	5,698,323
Intergovernmnetal	1,462,894	55,074	-	-	132,365	1,650,333
Other	-	-	-	200,046	222,837	422,883
Due from Other Funds	2,423,190	-	-	-	2,764	2,425,954
Prepaid Items	280,723	-	-	-	-	280,723
Total Assets	\$ 9,286,795	\$ 4,152,511	\$ -	\$ 21,249,047	\$ 2,655,601	\$ 37,343,954
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,018,000	\$ 9,164	\$ 32,587	\$ 119,845	\$ 16,385	\$ 1,195,981
Due to Other Funds	2,764	-	1,820,171	-	603,019	2,425,954
Unearned Revenues	174,968	-	-	-	-	174,968
Total Liabilities	1,195,732	9,164	1,852,758	119,845	619,404	3,796,903
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	3,515,470	-	-	-	2,165,984	5,681,454
Unavailable Revenue - Sales Taxes		-	-	71,294	5,865	77,159
Total Deferred Inflows of Resources	3,515,470	-	-	71,294	2,171,849	5,758,613
<b>FUND BALANCES</b>						
Nonspendable	280,723	-	-	-	-	280,723
Restricted	-	4,143,347	-	21,057,908	121,817	25,323,072
Unassigned	4,294,870	-	(1,852,758)	-	(257,469)	2,184,643
Total Fund Balances	4,575,593	4,143,347	(1,852,758)	21,057,908	(135,652)	27,788,438
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,286,795	\$ 4,152,511	\$ -	\$ 21,249,047	\$ 2,655,601	\$ 37,343,954

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

# Village of Westchester

## Reconciliation of Governmental Fund Balances to Net Position

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<b>Total Governmental Fund Balances</b>	\$	27,788,438
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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, not reported in the funds.		26,648,865
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Deferred outflows (inflows) of resources related to the pensions and other postemployment benefits which will be recognized as an increase or reduction to pension expense in future periods

Deferred outflows due to pensions	\$ 26,085,970		
Deferred inflows due to pensions	(9,175,872)		
Deferred outflows due to other post employment benefits	276,579		
Deferred inflows due to other post employment benefits	<u>(610,675)</u>		16,576,002

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 post employment benefit liabilities are recorded on the Statement of Net Position, but not recorded in the funds

Net pension liability - fire	(32,615,458)		
Net pension liability - police	(40,443,539)		
Net pension asset - IMRF	530,865		
OPEB liability	<u>(1,665,023)</u>		(74,193,155)

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 the governmental funds

Accrued interest	(124,569)		
Compensated absences	(377,494)		
Installment notes payable	(3,440,595)		
General obligation bonds	<u>(29,285,975)</u>		(33,228,633)

<b>Net Position of Governmental Activities</b>	\$	<u><u>(37,032,526)</u></u>
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The notes to the financial statements are an integral part of this statement.

**Village of Westchester**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended April 30, 2021**

	Major Funds				Nonmajor	
	General Fund	Motor Fuel Tax fund	Roosevelt TIF	Capital Projects	Funds	Total
<b>Revenues</b>						
Program:						
Charges for Services	\$ 2,845,944	\$ -	\$ -	\$ -	\$ -	\$ 2,845,944
Licenses, Permits and Fees	1,102,199	-	-	-	-	1,102,199
Intergovernmental	4,642,949	1,149,464	-	653,469	383,981	6,829,863
Fines and Forfeits	776,239	-	-	-	2,764	779,003
General:						
Property Taxes	6,916,999	-	-	-	-	6,916,999
Other Taxes	2,110,512	-	-	-	14,584	2,125,096
Interest	13,583	-	-	1,968	108	15,659
Rental Income	219,966	-	-	-	-	219,966
Miscellaneous	394,027	15,970	-	-	27,460	437,457
Total Revenues	19,022,418	1,165,434	-	655,437	428,897	21,272,186
<b>Expenditures</b>						
Current:						
General Government	1,505,483	-	55,075	394,739	9,735	1,965,032
Community Dev. / Building	570,997	-	-	-	-	570,997
Planning and Zoning	3,274	-	-	-	-	3,274
Fire and Police Commission	34,420	-	-	-	-	34,420
Tourism	-	-	-	-	76,434	76,434
Police, 911	-	-	-	-	713,936	713,936
Police Department	5,882,780	-	-	-	-	5,882,780
Civil Defense	2,584	-	-	-	-	2,584
Fire Department	4,751,535	-	-	-	-	4,751,535
Public Works	3,692,553	220,980	-	-	-	3,913,533
Debt Service:						
Principal	163,844	225,000	-	-	380,000	768,844
Interest and Fees	19,445	113,306	-	-	177,831	310,582
Capital Outlay	526,995	-	1,797,683	1,074,877	-	3,399,555
Total Expenditures	17,153,910	559,286	1,852,758	1,469,616	1,357,936	22,393,506
Excess of Revenues Over (Under) Expenditures	1,868,508	606,148	(1,852,758)	(814,179)	(929,039)	(1,121,320)
<b>Other Financing Sources (Uses)</b>						
Bond Proceeds	-	-	-	16,525,000	-	16,525,000
Bond Premiums	-	-	-	2,373,189	-	2,373,189
Installment Note Proceeds	161,765	-	-	2,900,000	-	3,061,765
Gain (Loss) on Sale of Equipment	(950)	-	-	-	-	(950)
Transfers In	-	-	-	-	557,831	557,831
Transfers Out	-	-	-	(557,831)	-	(557,831)
Total Other Financing Sources (Uses)	160,815	-	-	21,240,358	557,831	21,959,004
Change in Fund Balances	2,029,323	606,148	(1,852,758)	20,426,179	(371,208)	20,837,684
Fund Balances - Beginning	3,139,024	3,537,199	-	631,729	235,556	7,543,508
Prior Period Adjustment	(592,754)	-	-	-	-	(592,754)
Fund Balances - Beginning, as restated	2,546,270	3,537,199	-	631,729	235,556	6,950,754
Fund Balances - April 30 2021	\$ 4,575,593	\$ 4,143,347	\$ (1,852,758)	\$ 21,057,908	\$ (135,652)	\$ 27,788,438

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

# Village of Westchester

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds For the Year Ended April 30, 2021

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 20,837,684</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets

Capital Outlays	\$ 1,301,716	
Depreciation Expense	(1,841,839)	(540,123)

Items related to pension and other post employment 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:

Change in deferred outflows of resources related to pensions	(792,440)	
Change in deferred inflows of resources related to pensions	(4,347,686)	
Change in deferred outflows of resources related to OPEB	122,180	
Change in deferred inflows of resources related to OPEB	(568,202)	(5,586,148)

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.

(269,425)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure, but in the statement of net position debt is recorded as a liability.

Bond proceeds	(16,525,000)	
Bond premiums	(2,373,189)	
Installment note proceeds	(3,061,765)	
Bond principal retirement	605,000	
Installment note principal retirement	163,845	(21,191,109)

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 the governmental funds.

Amortization of bond premiums	27,214	
Change in net pension liability	1,427,258	
Change in OPEB liability	478,427	
Change in accrued interest	(34,765)	
Change in compensated absences	(23,203)	1,874,931

<b>Changes in Net Position of Governmental Activities</b>	<b>\$ (4,874,190)</b>
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The notes to the financial statements are an integral part of this statement.

# Village of Westchester

## Statement of Net Position - Enterprise Funds

### April 30 2021

	Business Type Activities Enterprise Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,157,793
Accounts Receivable, customer, net	1,412,884
Prepaid Assets	27,578
Total Current Assets	<u>2,598,255</u>
Noncurrent Assets	
Capital Assets not being depreciated	145,021
Capital Assets, net of accumulated depreciation	13,102,985
Total Noncurrent Assets	<u>13,248,006</u>
Total Assets	<u>15,846,261</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - IMRF	22,224
Deferred Outflows - OPEB	14,404
Total Deferred Outflows of Resources	<u>36,628</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	350,488
Accrued Payroll and Related Liabilities	1,182
Accrued Interest	7,004
Compensated Absences Payable	1,372
Installment Notes Payable	18,020
Illinois EPA revolving loan payable	197,759
Total Current Liabilities	<u>575,825</u>
Noncurrent Liabilities	
Compensated Absences Payable	1,262
Installment Notes Payable	47,381
IEPA revolving Loans Payable	3,558,639
Net Pension Liability (Asset) - IMRF	(155,542)
Other post employment benefits	113,177
Total Noncurrent Liabilities	<u>3,564,917</u>
Total Liabilities	<u>4,140,742</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - IMRF	408,634
Deferred Inflows - OPEB	31,803
Total Deferred Inflows of Resources	<u>440,437</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,426,207
Unrestricted (Deficit)	1,875,503
Total Net Position	<u>\$ 11,301,710</u>

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

# Village of Westchester

## Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds For the Year Ended April 30, 2021

	Business Type Activities Enterprise Fund
Operating Revenues	
Service Charges	\$ 6,274,305
Other	12,937
Total Operating Revenues	<u>6,287,242</u>
Operating Expenses	
Personal Services	1,015,706
Commodities	2,948,628
Contractual Services	346,560
Total Operating Expenses	<u>4,310,894</u>
Operating Income before depreciation	1,976,348
Depreciation Expense	<u>513,037</u>
Operating Income	<u>1,463,311</u>
Nonoperating Income (Expense)	
Interest Income	2,652
Interest Expense	(78,221)
	<u>(75,569)</u>
Change in Net Position	1,387,742
Net Position - Beginning, as Previously Reported	9,321,214
Prior Period Adjustment	592,754
Net Position - Beginning, as Restated	<u>9,913,968</u>
Net Position - Ending	<u><u>\$ 11,301,710</u></u>

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

# Village of Westchester

## Statement of Cash Flows - Enterprise Funds

### For the Year Ended April 30 2021

	Business Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Received from residents for services	\$ 6,248,085
Payments to Suppliers	(4,029,604)
Payments to Employees	(1,632,328)
Net Cash Provided by Operating Activities	<u>586,153</u>
Cash Flows from Noncapital Financing Activities	
Net advances from other funds	<u>(381,138)</u>
Cash Flows from Capital and Related Financing Activities	
Restatement of Net Position	592,754
Payment of Debt Principal	(513,634)
Purchase of Capital Assets	(56,449)
Proceeds of Debt Issuance	275,266
Interest and Fiscal Charges	(77,509)
Net Cash Used for Capital and Related Financing Activities	<u>220,428</u>
Cash Flows from Investing Activities	
Cash Receipts from Interest	<u>2,652</u>
Net Change in Cash and Cash Equivalents	428,095
Cash and Cash Equivalents - Beginning	<u>729,698</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,157,793</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ 1,463,311
Adjustments to Reconcile Operating Income To Net Cash	
Provided by Operating Activities	
Depreciation	513,037
Accounts Receivable	(39,157)
Prepaid Assets	(3,367)
Accounts Payable	(731,049)
Accrued Payroll	1,182
Compensated Absences Payable	(16,306)
Deferred Outflow of Resources - Pension Related Amounts	60,537
Deferred Inflow of Resources - Pension Related Amounts	(162,525)
Net Pension Liability	(473,223)
Deferred Outflow of Resources - OPEB Related Amounts	(5,107)
Deferred Inflow of Resources - OPEB Related Amounts	11,314
OPEB Liability	(32,494)
Net Cash Provided by Operating Activities	<u><u>\$ 586,153</u></u>

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



# Village of Westchester

## Fiduciary Funds

### Statement of Fiduciary Net Position

#### April 30 2021

	Pension Trust	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,474,926	\$ 724,817
Investments		
Corporate Bonds	6,982,493	-
U.S. Agencies	4,791,098	-
U.S. Treasuries	7,232,154	-
Municipal Bonds	147,375	-
Equity Investments	40,711,628	-
Receivables		
Due from other governments	1,444	-
Accrued Interest	99,936	
Prepaid Expenses	30,513	-
Total Assets	<u>\$ 61,471,567</u>	<u>\$ 724,817</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 9,145	\$ -
Payroll	3,854	
Due to Others	-	724,817
Total Liabilities	<u>12,999</u>	<u>724,817</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<u>\$ 61,458,568</u>	<u>\$ -</u>

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

# Village of Westchester

## Fiduciary Funds - Pension Trust Funds

### Statement of Changes in Fiduciary Net Position

#### For the Year Ended April 30, 2021

	Pension Trust
Additions	
Contributions - Employer	\$ 2,419,596
Contributions - Plan Members	498,276
Other Income	701
Total Contributions	<u>2,918,573</u>
Investment Income	
Net Appreciation in Fair value	13,568,010
Interest	254,411
	<u>13,822,421</u>
Less Investment Expenses	(150,749)
Net Investment Income	<u>13,671,672</u>
Total Additions	<u>16,590,245</u>
Deductions	
Benefits and Refunds	4,531,858
Administrative Expenses	95,378
Total Deductions	<u>4,627,236</u>
Change in Fiduciary Net Position	11,963,009
Net Position - Beginning	<u>49,495,559</u>
Net Position - Ending	<u><u>\$ 61,458,568</u></u>

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

# Village of Westchester

## Notes to Basic Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### *Nature of Activities*

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

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

#### *Financial Reporting Entity*

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

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

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

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

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

# Village of Westchester

## Notes to Basic Financial Statements

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

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

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

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

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

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

##### *Fund Financial Statements*

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

The Village administers the following major governmental funds:

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

**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.

**Roosevelt Road TIF Fund** – The Roosevelt Road TIF fund accounts for resources which are restricted to supporting expenditures for the tax increment redevelopment project area.

**Capital Projects Fund** – The Capital Projects Fund accounts for the acquisition and construction of major capital facilities, other than those financed by proprietary funds.

# Village of Westchester

## Notes to Basic Financial Statements

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

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.

### ***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.

# Village of Westchester

## Notes to Basic Financial Statements

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

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.

#### ***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

# Village of Westchester

## Notes to Basic Financial Statements

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

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:

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.

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *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.

#### *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



# Village of Westchester

## Notes to Basic Financial Statements

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

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

## Notes to Basic Financial Statements

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### 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

## Notes to Basic Financial Statements

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

At April 30, 2021, the Village's fund balance restrictions were for the following purposes:

Restricted purpose:	
Street and bridge improvements	\$ 4,143,647
Tourism	70,613
Public safety: Police forfeiture	51,115
Debt service	89
Capital projects	21,057,908
	<u>\$ 25,323,372</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

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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

# Village of Westchester

## Notes to Basic Financial Statements

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

- 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.

As of April 30, 2021, 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	22,826,683	433,663	449,226	463,576
Money Market Funds	-	552,944	39,093	-
IMET	795,249	-	-	-
Illinois Funds	4,401,024	-	-	264,241
Corporate Bonds	-	2,898,753	4,083,740	-
U.S. Government Securities	-	2,801,292	1,989,806	-
U.S. Treasuries	-	4,744,448	2,487,706	-
Municipal Bonds	-	50,835	96,540	-
Equity Investments	-	21,200,426	19,511,202	-
Total	\$ 28,023,531	\$ 32,682,361	\$ 28,657,313	\$ 727,817

#### ***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, 2021, the Village was not exposed to custodial credit risk on deposits recorded in the Governmental and Business-Type Activities.

# Village of Westchester

## Notes to Basic Financial Statements

At April 30, 2021, the Village's Police and Firefighters' Pension Funds deposits were not exposed to custodial credit risk.

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

*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.

As of April 30, 2021, 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
<b>Fiduciary Activities:</b>					
Police Pension Fund:					
U.S. Treasuries	\$ 4,744,448	\$ 299,877	\$ 3,741,637	\$ 702,934	\$ -
U.S. Government Agencies	2,801,292	510,040	-	235,279	2,055,973
Municipal Bonds	50,835	-	-	25,656	25,179
Corporate Bonds	2,898,753	297,838	1,388,403	1,103,202	109,310
Total Police Pension	10,495,328	1,107,755	5,130,040	2,067,071	2,190,462
Firefighters' Pension Fund:					
U.S. Treasuries	2,487,706	599,754	1,502,099	385,853	-
U.S. Government Agencies	1,989,806	66,796	149,463	290,815	1,482,732
Municipal Bonds	96,540	-	-	46,182	50,358
Corporate Bonds	4,083,741	207,015	2,146,771	1,558,957	170,998
Total Firefighters' Pension	8,657,793	873,565	3,798,333	2,281,807	1,704,088
Total Fiduciary Activities	\$ 19,153,121	\$ 1,981,320	\$ 8,928,373	\$ 4,348,878	\$ 3,894,550

#### 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.

# Village of Westchester

## Notes to Basic Financial Statements

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.

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

As of April 30, 2021, 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 Agencies	\$ 2,801,292	\$ 260,951	\$ -	\$ -	\$ -	\$ 2,540,341
Municipal Bonds	50,835	-	50,835	-	-	-
Corporate Bonds	2,898,753	84,633	80,612	1,499,499	1,188,384	45,625
Total Police Pension	5,750,880	345,584	131,447	1,499,499	1,188,384	2,585,966
Firefighters' Pension Fund:						
U.S. Government Agencies	1,989,806	260,404	-	-	-	1,729,402
Municipal Bonds	96,540	-	96,540	-	-	-
Corporate Bonds	4,083,740	49,784	224,701	1,553,099	2,097,980	158,176
Total Firefighters' Pension	6,170,086	310,188	321,241	1,553,099	2,097,980	1,887,578
Total Fiduciary Activities	\$ 11,920,966	\$ 655,772	\$ 452,688	\$ 3,052,598	\$ 3,286,364	\$ 4,473,544

### 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

## 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, 2021, 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	\$ 4,744,448	\$ -	\$ 4,744,448	\$ -
U.S. Government Agencies	2,801,292	-	2,801,292	-
Municipal Bonds	50,835	-	50,835	-
Corporate Bonds	2,898,753	-	2,898,753	-
Equity Investments	21,200,426	21,200,426	-	-
Total Police Pension	31,695,754	21,200,426	10,495,328	-
Firefighters' Pension Fund:				
U.S. Treasuries	2,487,706	-	2,487,706	-
U.S. Government Agencies	1,989,806	-	1,989,806	-
Municipal Bonds	96,540	-	96,540	-
Corporate Bonds	4,083,740	-	4,083,740	-
Equity Investments	19,511,202	19,511,202	-	-
Total Firefighters' Pension	28,168,994	19,511,202	8,657,792	-
	\$ 59,864,748	\$ 40,711,628	\$ 19,153,120	\$ -

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, 2021	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Village:				
IMET	\$ 795,249	N/A	Daily	1 day
Illinois Funds	4,401,024	N/A	Daily	1 day
Police pension fund:				
Money Market Funds	552,944	N/A	Daily	1 day
Firefighters' pension fund:				
Money Market Funds	39,093	N/A	Daily	1 day
	<u>\$ 5,788,310</u>			

# Village of Westchester

## Notes to Basic Financial Statements

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### **Note 3. Property Taxes**

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

The 2020 property tax assessment was levied in December 2020. Approximately one-half of the levied amount is intended to finance the fiscal year beginning May 1, 2020. 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 2020, 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 2020, less a provision for uncollectible amounts that were collected within 60 days of the fiscal year ended April 30, 2021.

The remaining December 2020 levy is intended to finance the Village's fiscal year 2022 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 \$85,775 at April 30, 2021.



# Village of Westchester

## 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, 2020	Additions	Deletions and Transfers	Balance, April 30, 2021
Capital assets not being depreciated:				
Land	\$ 5,373,407	\$ -	\$ -	\$ 5,373,407
Construction in progress	145,284	50,000	15,551	179,733
	<u>5,518,691</u>	<u>50,000</u>	<u>15,551</u>	<u>5,553,140</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	8,207,313	396,114	-	8,603,427
Software	84,185	-	-	84,185
Infrastructure	47,681,769	871,153	-	48,552,922
	<u>61,058,184</u>	<u>1,267,267</u>	<u>-</u>	<u>62,325,451</u>
Less accumulated depreciation for:				
Land improvements	326,765	-	-	326,765
Buildings	1,854,967	50,471	-	1,905,438
Building improvements	325,986	35,808	-	361,794
Machinery and equipment	5,536,295	391,026	-	5,927,321
Software	84,184	-	-	84,184
Infrastructure	31,259,690	1,364,534	-	32,624,224
	<u>39,387,887</u>	<u>1,841,839</u>	<u>-</u>	<u>41,229,726</u>
Total capital assets being depreciated, net	<u>21,670,297</u>	<u>(574,572)</u>	<u>-</u>	<u>21,095,725</u>
Governmental activities capital assets, net	<u>\$ 27,188,988</u>	<u>\$ (524,572)</u>	<u>\$ 15,551</u>	<u>\$ 26,648,865</u>

### Depreciation Charged to Functions/Programs

Depreciation was charged to functions/programs as follows:

	Governmental Activities
General government	\$ 66,785
Public safety	210,682
Public works	1,564,372
	<u>\$ 1,841,839</u>

# Village of Westchester

## 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, 2020	Additions	Deletions and Transfers	Balance, April 30, 2021
Capital assets not being depreciated:				
Land	\$ 112,825	\$ -	\$ -	\$ 112,825
Construction in process	3,156,201	-	3,124,005	32,196
	<u>3,269,026</u>	<u>-</u>	<u>3,124,005</u>	<u>145,021</u>
Capital assets being depreciated:				
Land improvements	38,892	-	-	38,892
Buildings	1,257,174	-	-	1,257,174
Machinery and equipment	2,470,488	56,449	-	2,526,937
Software	49,275	-	-	49,275
Infrastructure	19,165,119	3,124,006	-	22,289,125
	<u>22,980,948</u>	<u>3,180,455</u>	<u>-</u>	<u>26,161,403</u>
Less accumulated depreciation for:				
Land improvements	38,892	-	-	38,892
Buildings	544,453	50,165	-	594,618
Machinery and equipment	1,396,649	181,751	-	1,578,400
Software	32,029	4,927	-	36,956
Infrastructure	10,533,358	276,194	-	10,809,552
	<u>12,545,381</u>	<u>513,037</u>	<u>-</u>	<u>13,058,418</u>
Total capital assets being depreciated, net	<u>10,435,567</u>	<u>2,667,418</u>	<u>-</u>	<u>13,102,985</u>
Business-type activities capital assets, net	<u>\$ 13,704,593</u>	<u>\$ 2,667,418</u>	<u>\$ 3,124,005</u>	<u>\$ 13,248,006</u>

# Village of Westchester

## 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, 2021:

	Balance, May 1, 2020	Additions	Reductions	Balance, April 30, 2021	Due Within One Year
General obligation bonds					
Series 2013	\$ 4,325,000	\$ -	\$ 280,000	\$ 4,045,000	\$ 285,000
Series 2015	1,810,000	-	100,000	1,710,000	105,000
Series 2020	4,885,000	-	225,000	4,660,000	180,000
Series 2021	-	16,525,000	-	16,525,000	1,705,000
Installment notes payable	542,675	3,061,765	163,845	3,440,595	258,898
Unamortized bond premium	624,043	2,373,189	27,214	2,970,018	-
Compensated absences	354,291	119,598	96,395	377,494	250,262
Net pension liability (asset) - IMRF	441,768	1,014,505	1,987,138	(530,865)	-
Net pension liability - Police Pension	43,897,505	5,470,167	8,924,133	40,443,539	-
Net pension liability - Firefighters' Pension	29,616,117	10,665,389	7,666,048	32,615,458	-
Other postemployment benefits	2,143,450	123,703	602,130	1,665,023	-
	<u>\$ 88,639,849</u>	<u>\$ 39,353,316</u>	<u>\$ 20,071,903</u>	<u>\$107,921,262</u>	<u>\$ 2,784,160</u>

Compensated absences and net pension liabilities are liquidated by the Village's General Fund. The General Obligation (Motor Fuel Tax Alternate Revenue Source) Series 2020 Bonds 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 April 29, 2021, the Village issued \$16,525,000 of General Obligation Bonds, Series 2021. These bonds are paid from ad valorem taxes levied against all taxable property in the Village without limitation as to rate or amount.

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2021:

	Balance, May 1, 2020	Additions	Reductions	Balance, April 30, 2021	Due Within One Year
General obligation bonds					
Series 2010B	\$ 185,000	\$ -	\$ 185,000	\$ -	\$ -
Installment notes payable	212,042	-	146,641	65,401	18,020
IEPA loans payable	3,663,124	275,266	181,992	3,756,398	197,759
Compensated absences	18,940	672	16,978	2,634	1,372
Net pension liability (asset) - IMRF	317,681	109,005	582,228	(155,542)	-
Other postemployment benefits	145,671	8,402	40,896	113,177	-
	<u>\$ 4,542,458</u>	<u>\$ 393,345</u>	<u>\$ 1,153,735</u>	<u>\$ 3,782,068</u>	<u>\$ 217,151</u>

# Village of Westchester

## 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. \$ 4,045,000

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. 1,710,000

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. 4,660,000

On April 29, 2021, the Village issued \$16,525,000 of General Obligation Bonds, Series 2021 with principal payable in annual installments of December 1 or each year with interest rates at 4%, payable semiannually on June 1 and December 1. The final principal payment is due December 1, 2040. The bonds were issued to fund various capital infrastructure improvements throughout the Village including road and alley improvements, and improvements to the water, sanitary sewer, and storm water systems in the Village. 16,525,000

Total General Obligation Bonds 26,940,000

##### Installment Notes Payable:

On June 24, 2016, the Village was issued an installment loan in the amount of \$255,000 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. 85,043

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. 48,758

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. 65,400

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. 18,914

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. 191,017

On September 5, 2020, the Village was issued an installment loan in the amount of \$161,785 with principal and interest payable monthly with interest rates at 2.50%. The final principal and interest payment is due September 5, 2023. 131,463

On April 15, 2021, the Village was issued an installment loan in the amount of \$2,900,000 with principal and interest payable monthly with interest rates at 3.75%. The final principal and interest payment is due April 15, 2026. 2,900,000

Total Installment Notes Payable 3,440,595

Total Governmental Activities \$ 30,380,595

(Continued)

# Village of Westchester

## Notes to Basic Financial Statements

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

#### Installment Notes Payable:

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.

\$	65,401
	<hr/>
	65,401

#### Total Installment Notes Payable

#### 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 \$1,168,606. The Village completed the project and the final loan amount was \$852,111. Principal and interest payments are payable semiannually on April 14 and October 14 in the amount of \$24,688 with an interest rate of 1.25%. The final payment is due October 14, 2032.

527,363

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 July 8 in the amount of \$16,818 with an interest rate of 1.995%. The final payment is due January 8, 2035.

409,092

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.

2,819,943

#### Total Illinois EPA Loans Payable

3,756,398

#### Total Business-Type Activities

\$	3,821,799
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# Village of Westchester

## 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%	\$ 1,893,209	\$ 4,073,123	\$ 408,120	December 15, 2032	21.56%
2015	Sales, use and non-home rule sales tax	2.25% to 3.125%	\$ 1,893,209	2,099,602	148,886	December 15, 2034	7.86%
2020	Motor fuel tax	3.00% to 4.00%	\$ 598,573	<u>6,396,200</u>	337,831	December 1, 2039	56.44%
				<u>\$ 12,568,925</u>			
<i>Business-type Activities:</i>							
2010B	Water and sewerage fees	1.25% to 4.50%	\$ 5,642,935	\$ -	\$ 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	
2022	\$ 2,275,000	\$ 324,481	\$ 258,897	\$ 122,572	\$ 2,980,950
2023	2,130,000	900,838	224,437	115,999	3,371,274
2024	1,125,000	822,144	164,821	109,757	2,221,722
2025	1,160,000	783,850	119,838	104,551	2,168,239
2026	1,200,000	744,338	2,637,767	100,190	4,682,295
2027 - 2031	6,645,000	3,058,251	34,835	1,307	9,739,393
2032 - 2036	6,495,000	1,848,513	-	-	8,343,513
2037 - 2041	5,910,000	678,800	-	-	6,588,800
	<u>\$ 26,940,000</u>	<u>\$ 9,161,215</u>	<u>\$ 3,440,595</u>	<u>\$ 554,376</u>	<u>\$ 40,096,186</u>

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

Year	Installment Notes Payable		IEPA Notes Payable		Total
	Principal	Interest	Principal	Interest	
2022	\$ 18,020	\$ 1,762	\$ 197,758	\$ 65,787	\$ 283,327
2023	18,545	1,237	201,199	62,347	283,328
2024	19,085	697	204,700	58,845	283,327
2025	9,751	140	208,264	55,282	273,437
2026	-	-	211,892	51,655	263,547
2027 - 2031	-	-	1,116,173	201,562	1,317,735
2032 - 2036	-	-	1,007,164	104,120	1,111,284
2037 - 2041	-	-	609,248	22,625	631,873
	<u>\$ 65,401</u>	<u>\$ 3,836</u>	<u>\$ 3,756,398</u>	<u>\$ 622,223</u>	<u>\$ 4,447,858</u>

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *Legal Debt Limitation*

The Village's legal debt limitation of \$51,934,543 based on 8.625% of the 2020 equalized assessed valuation of \$602,139,624, less outstanding debt of \$16,525,000 results in a legal debt margin of \$35,409,543 as of April 30, 2021

### 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	\$ (686,407)	\$ 40,443,539	\$ 32,615,458	\$ 72,372,590
Deferred outflows of resources	98,086	13,238,950	12,771,158	26,108,194
Deferred inflows of resources	1,803,511	4,373,193	3,407,802	9,584,506
Pension expense (benefit)	(417,242)	2,611,549	3,633,494	5,827,801

#### *Illinois Municipal Retirement Fund*

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

#### *Plan Description*

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

#### *Benefits Provided*

The Village participates in IMRF's Regular Plan (RP). Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within

# Village of Westchester

## Notes to Basic Financial Statements

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

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.

#### *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, 2020, the following employees were covered by the benefit terms:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	75
Inactive Plan members entitled to benefits but not yet receiving them	57
Active Plan members	<u>53</u>
Total membership	<u>185</u>

#### *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 2021 and 2020 were 11.34 percent and 12.01 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	\$ 222,057
Business-Type Activities - Enterprise Fund	<u>65,062</u>
Total primary government	287,119
Westchester Public Library	<u>91,751</u>
Total	<u>\$ 378,870</u>



# Village of Westchester

## Notes to Basic Financial Statements

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

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

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.

#### *Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- 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 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, 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 2020 valuation according to an experience study from years 2017 to 2019.
- For **Non-disabled retirees**, an IMRF-specific mortality table was used with fully-generational projection scale MP-2020. 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-2020. 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-2020. 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:

# Village of Westchester

## Notes to Basic Financial Statements

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

#### Illinois Municipal Retirement Fund (Continued)

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return	
		One Year Arithmetic	Ten Year Geometric
Equities	37%	6.35%	5.00%
International equity	18%	7.65%	6.00%
Fixed income	28%	1.40%	1.30%
Real estate	9%	7.10%	6.20%
Alternative investments	7%	3.90 - 10.35%	2.85 - 6.95%
Cash equivalents	1%	0.70%	0.70%
Total	100%		

#### 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 (2.00 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, 2020, 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, 2020:

# Village of Westchester

## Notes to Basic Financial Statements

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

#### Illinois Municipal Retirement Fund (Continued)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
<b>Balances at January 1, 2020</b>	\$ 21,481,056	\$ 20,530,199	\$ 950,857
<b>Changes for the year:</b>			
Service cost	306,721	-	306,721
Interest on the total pension liability	1,521,777	-	1,521,777
Differences between expected and actual experience of the total pension liability	(153,636)	-	(153,636)
Changes in assumptions	(241,475)	-	(241,475)
Contributions - employer	-	349,144	(349,144)
Contributions - employee	-	131,587	(131,587)
Net investment income	-	2,909,693	(2,909,693)
Benefit payments, including refunds of employee contributions	(1,288,788)	(1,288,788)	-
Other (net transfer)	-	(100,427)	100,427
Net changes	144,599	2,001,209	(1,856,610)
<b>Balances at December 31, 2020</b>	\$ 21,625,655	\$ 22,531,408	\$ (905,753)

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

The following presents the plan's net pension liability (asset), 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	\$ 895,072	\$ (530,862)	\$ (1,643,464)
Business-type Activities - Enterprise Fund	262,214	(155,518)	(481,458)
Total primary government	1,157,286	(686,380)	(2,124,922)
Westchester Public Library	369,880	(219,373)	(679,145)
Net pension (asset) liability	\$ 1,527,166	\$ (905,753)	\$ (2,804,067)

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

For the year ended April 30, 2021, the Village and Library recognized pension income of \$417,242 and \$105,159, respectively. Pension expense is reported in the financial statements as follows:

Governmental Activities	\$ (242,708)
Business-Type Activities - Enterprise Fund	(174,534)
Total primary government	(417,242)
Westchester Library	(105,159)
Total pension expense (income)	\$ (522,401)

# Village of Westchester

## Notes to Basic Financial Statements

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

#### Illinois Municipal Retirement Fund (Continued)

At April 30, 2021, 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	\$ -	\$ 336,933
Changes of assumptions	-	151,887
Net difference between projected and actual earnings on pension plan investments	-	1,891,110
Total deferred amounts to be recognized in pension expense in future periods	-	2,379,930
Employer contribution subsequent to the measurement date	129,435	-
Total Deferred Amounts Related to Pensions	\$ 129,435	\$ 2,379,930
Governmental Activities	\$ 75,862	\$ 1,394,877
Business-Type Activities - Enterprise Fund	22,224	408,634
Total primary government	98,086	1,803,511
Westchester Library	31,349	576,419
	\$ 129,435	\$ 2,379,930

Employer contributions subsequent to the measurement date of \$129,435 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 outflows of resources as of December 31,				
2022	\$ (467,863)	\$ (336,447)	\$ (804,310)	\$ (202,714)
2023	(148,970)	(107,126)	(256,096)	(64,545)
2024	(353,759)	(254,393)	(608,152)	(153,275)
2025	(135,123)	(97,169)	(232,292)	(58,546)
Total	\$ (1,105,715)	\$ (795,135)	\$ (1,900,850)	\$ (479,080)

#### 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

## Notes to Basic Financial Statements

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

#### *Police Pension Fund (Continued)*

##### *Plan Administration*

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan administered by the Village of Westchester. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Article 3 of the Illinois Pension Code and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. An actuarial valuation was performed as of April 30, 2021, 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 2021.

##### *Plan Membership*

At April 30, 2021, 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	1
Active Plan members	<u>30</u>
Total membership	<u><u>60</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 \$126,375 and \$124,630 for 2021 and 2020, 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

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *Police Pension Fund (Continued)*

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.

#### *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, 2021, 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, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	2.00%	0.70%
Fixed income	38.00%	1.30%
U.S. large cap equities	27.00%	5.90%
U.S. mid cap equities	3.00%	6.30%
U.S. small cap equities	3.00%	5.70%
Developed international equities	16.00%	4.90%
Emerging international equities	8.00%	6.50%
Real estate equities	3.00%	4.00%

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *Police Pension Fund (Continued)*

##### *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, 2021, 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, 2021 using the following methods and actuarial assumptions, applied to all periods included in the measurement:

##### Methods and Assumptions

Valuation date	April 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	4.32%
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)	2.27%
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, 2021 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

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *Police Pension Fund (Continued)*

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 2.56 percent to 2.27 percent.

#### *Discount Rate*

The discount rate used to measure the total pension liability is 4.32 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 2.27 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)
<b>Balances at May 1, 2020</b>	<b>\$ 70,122,046</b>	<b>\$ 26,224,541</b>	<b>\$ 43,897,505</b>
<b>Changes for the year:</b>			
Service cost	735,340	-	735,340
Interest on the total pension liability	2,214,887	-	2,214,887
Actuarial experience	2,027,367	-	2,027,367
Changes of assumptions	443,640	-	443,640
Changes in benefit terms	-	-	-
Contributions - employer	-	1,395,368	(1,395,368)
Contributions - employee	-	273,776	(273,776)
Contributions - other	-	405	(405)
Net investment income	-	7,254,584	(7,254,584)
Benefit payments, including refunds of employee contributions	(2,349,886)	(2,349,886)	-
Other (net transfer)	-	(48,933)	48,933
Net changes	3,071,348	6,525,314	(3,453,966)
<b>Balances at April 30, 2021</b>	<b>\$ 73,193,394</b>	<b>\$ 32,749,855</b>	<b>\$ 40,443,539</b>

#### *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 4.32 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.



# Village of Westchester

## Notes to Basic Financial Statements

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

#### Police Pension Fund (Continued)

	1% Decrease 3.32%	Current Discount Rate 4.32%	1% Increase 5.32%
Net pension liability	\$ 52,967,358	\$ 40,443,539	\$ 30,454,954

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*  
For the year ended April 30, 2021, the Village recognized pension expense of \$2,611,546. At April 30, 2021, 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	\$ 2,365,756	\$ 869,533
Changes of assumptions	10,873,194	646,812
Net difference between projected and actual earnings on pension plan investments	-	2,856,848
Total Deferred Amounts Related to Pensions	\$ 13,238,950	\$ 4,373,193

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 Outflows of Resources
Year ending April 30:	
2022	\$ 1,606,134
2023	1,800,836
2024	1,908,020
2025	1,358,683
2026	2,192,084
Thereafter	-
Total	\$ 8,865,757

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.

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *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.

##### *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, 2021, 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 2021.

##### *Plan Membership*

At April 30, 2021, the Firefighters' Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	32
Inactive Plan members entitled to benefits but not yet receiving them	7
Active Plan members	<u>27</u>
Total membership	<u>66</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.

# Village of Westchester

## Notes to Basic Financial Statements

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### 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 \$126,375 and \$124,630 for 2021 and 2020, 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 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or one half of the change in the Consumer Price Index for the preceding calendar year.

#### *Contributions*

Covered firefighter employees are required to contribute 9.455 percent of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Illinois Pension Code (40 ILCS 5/Art. 4) establishes the contribution requirements of the Village. The annual requirement is equal to (1) the normal cost of the pension fund or 7.5 percent of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus (2) an annual amount sufficient to bring the total assets of the pension fund up to 90 percent of the total actuarial liabilities of the pension fund by 2040. Only the State legislature can amend the contribution requirements. For the year ended April 30, 2021, 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.

# Village of Westchester

## Notes to Basic Financial Statements

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

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

The long-term expected rate of return on pension plan investments was determined using an asset allocation study by the Global Investment Committee of Morgan Stanley published in March 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, 2021:

<b>Asset Class</b>	<b>Minimum Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash and cash equivalents	2.00%	0.70%
Fixed income	38.00%	1.30%
U.S. large cap equities	27.00%	5.90%
U.S. mid cap equities	3.00%	6.30%
U.S. small cap equities	3.00%	5.70%
Developed international equities	16.00%	4.90%
Emerging international equities	8.00%	6.50%
Real estate equities	3.00%	4.00%

#### *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, 2021, 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

## Notes to Basic Financial Statements

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

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

##### *Net Pension Liability*

The total pension liability was determined by an actuarial valuation as of April 30, 2021, using the following methods and actuarial assumptions, applied to all periods included in the measurement:

##### Methods and Assumptions

Valuation date	April 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	4.65%
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)	2.27%
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, 2021 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 2.56 percent to 2.27 percent.

##### *Discount Rate*

The discount rate used to measure the total pension liability is 4.65 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 2.27 percent to arrive at a discount rate of 4.65 percent used to determine the total pension liability.

# Village of Westchester

## Notes to Basic Financial Statements

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

#### Firefighters' Pension Fund (Continued)

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at May 1, 2020</b>	<b>\$ 52,887,127</b>	<b>\$ 23,271,010</b>	<b>\$ 29,616,117</b>
<b>Changes for the year:</b>			
Service cost	926,265	-	926,265
Interest on the total pension liability	2,804,282	-	2,804,282
Actuarial experience	1,449,515	-	1,449,515
Changes of assumptions	5,438,957	-	5,438,957
Changes in benefit terms	-	-	-
Contributions - employer	-	1,024,228	(1,024,228)
Contributions - employee	-	224,095	(224,095)
Contributions - other	-	-	-
Net investment income	-	6,417,725	(6,417,725)
Benefit payments, including refunds of employee contributions	(2,181,972)	(2,181,972)	-
Other (net transfer)	-	(46,370)	46,370
<b>Net changes</b>	<b>8,437,047</b>	<b>5,437,706</b>	<b>2,999,341</b>
<b>Balances at April 30, 2021</b>	<b>\$ 61,324,174</b>	<b>\$ 28,708,716</b>	<b>\$ 32,615,458</b>

##### 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 4.65 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 3.65%	Current Discount Rate 4.65%	1% Increase 5.65%
Net pension liability	\$ 43,463,297	\$ 32,615,458	\$ 24,082,477

# Village of Westchester

## 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, 2021, the Village recognized pension expense of \$3,633,494. At April 30, 2021, 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	\$ 2,481,052	\$ 40,038
Changes of assumptions	10,290,106	622,693
Net difference between projected and actual earnings on pension plan investments	-	2,745,071
Total Deferred Amounts Related to Pensions	\$ 12,771,158	\$ 3,407,802

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 Outflows of Resources
Year ending April 30:	
2022	\$ 1,658,245
2023	2,090,069
2024	2,080,414
2025	1,679,061
2026	1,855,567
Thereafter	-
Total	\$ 9,363,356

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

## Notes to Basic Financial Statements

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

Combining Statement of Net Position  
Pension Trust Funds  
April 30, 2021

	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 986,607	\$ 488,319	\$ 1,474,926
Investments:			
Corporate Bonds	2,898,753	4,083,740	6,982,493
U.S. Government Securities	2,801,292	1,989,806	4,791,098
U.S. Treasuries	4,744,448	2,487,706	7,232,154
Municipal Bonds	50,835	96,540	147,375
Equity Investments	21,200,426	19,511,202	40,711,628
Receivables:			
Due from other governments	-	1,444	1,444
Accrued interest	106,410	46,731	153,141
Prepaid items	16,837	13,676	30,513
<b>Total assets</b>	<b>32,805,608</b>	<b>28,719,164</b>	<b>61,524,772</b>
<b>Liabilities</b>			
Accounts payable	2,548	10,451	12,999
<b>Net Position</b>			
Restricted for pension benefits	\$ 32,749,855	\$ 28,708,713	\$ 61,458,568



# Village of Westchester

## 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, 2021

	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 1,396,069	\$ 1,024,228	\$ 2,420,297
Plan members	274,181	224,095	498,276
<b>Total contributions</b>	<b>1,670,250</b>	<b>1,248,323</b>	<b>2,918,573</b>
Investment income (expense):			
Net increase in fair value of investments	7,207,484	6,352,571	13,560,055
Interest	132,036	130,330	262,366
Less investment expenses	(85,606)	(65,143)	(150,749)
<b>Total investment income (expense)</b>	<b>7,253,914</b>	<b>6,417,758</b>	<b>13,671,672</b>
<b>Total additions</b>	<b>8,924,164</b>	<b>7,666,081</b>	<b>16,590,245</b>
<b>Deductions</b>			
Benefits and refunds	2,349,885	2,181,973	4,531,858
Administrative expenses	48,965	46,413	95,378
<b>Total deductions</b>	<b>2,398,850</b>	<b>2,228,386</b>	<b>4,627,236</b>
<b>Change in net position</b>	<b>6,525,314</b>	<b>5,437,695</b>	<b>11,963,009</b>
Net position restricted for pension benefits			
May 1, 2020	26,224,541	23,271,018	49,495,559
April 30, 2021	\$ 32,749,855	\$ 28,708,713	\$ 61,458,568

# Village of Westchester

## Notes to Basic Financial Statements

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### Note 7. Postemployment Healthcare Plan

#### *Funding Policy*

The Village negotiates the contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees (except as noted below) contribute 100 percent of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees (pay as you go) which results in an implicit subsidy to the Village as defined by GASB Statement No. 45. In addition, the Village pays \$100 of the monthly health insurance premium for two retirees. For the fiscal year ended April 30, 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, 2021, membership in the plan consisted of the following:

	<u>Membership</u>
Retirees and beneficiaries currently receiving benefits	87
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>23</u>
Total membership	<u>110</u>

# Village of Westchester

## Notes to Basic Financial Statements

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

#### *Actuarial Assumptions*

The following are the methods and assumptions used to determine the total OPEB liability at April 30, 2021:

- The **Actuarial Cost Method** used was the Entry Age Normal
- The **discount rate** used to measure the OPEB liability was 1.83 percent, the 20-year municipal bond yield from the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2021.
- **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 2021 was 5.00 percent, which was expected to decrease until 2036 where the ultimate the trend rate of 4.50 percent would be achieved.
- **Mortality** rates for IMRF employees was taken from the December 31, 2020 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 2.85 percent to 1.83 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, 2021, and was determined by an actuarial valuation as of that date and rolled forward to April 30, 2021.

	Total Postemployment Benefit Liability
Balances at May 1, 2020	\$ 2,289,121
Changes for the year:	
Service cost	69,024
Interest on the total OPEB liability	63,081
Differences between expected and actual experience of the total OPEB liability	(369,405)
Changes of assumptions	(122,108)
Benefit payments	(151,513)
Net changes	(510,921)
Balances at April 30, 2021	\$ 1,778,200

# Village of Westchester

## 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 0.83%	Current Discount Rate 1.83%	1% Increase 2.83%
Governmental Activities	\$ 1,515,161	\$ 1,665,023	\$ 1,837,726
Business-type Activities and Waterworks and Sewerage Fund	102,990	113,177	124,916
Total other post-employment benefit liability	\$ 1,618,151	\$ 1,778,200	\$ 1,962,642

#### *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	\$ 1,898,893	\$ 1,665,023	\$ 1,472,822
Business-type Activities and Waterworks and Sewerage Fund	129,074	113,177	100,112
Total other post-employment benefit liability	\$ 2,027,967	\$ 1,778,200	\$ 1,572,934

(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 15 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 15 years

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

For the year ended April 30, 2021, the Village recognized OPEB expense of \$92,821. OPEB expense as of April 30, 2021 is reported in the financial statements as follows:

Governmental Activities - General Government	\$ 86,913
Business-type Activities - Waterworks and Sewerage Fund	5,908
Total	\$ 92,821

# Village of Westchester

## Notes to Basic Financial Statements

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

At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities Waterworks and Sewerage Fund	Total Primary Government
<b>Deferred Outflows of Resources to be Recognized in OPEB Expense in Future Periods</b>			
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	276,579	14,404	290,983
Net difference between projected and actual earnings on pension plan investments	-	-	-
Change in proportion (recognized in current year expense)	-	-	-
	<u>\$ 276,579</u>	<u>\$ 14,404</u>	<u>\$ 290,983</u>
<b>Deferred Inflows of Resources to be Recognized in OPEB Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 333,408	\$ 17,363	\$ 350,771
Changes of assumptions	277,268	14,439	291,707
Change in proportion (recognized in current year expense)	-	-	-
	<u>\$ 610,675</u>	<u>\$ 31,803</u>	<u>\$ 642,478</u>

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

	Governmental Activities	Business-type Activities Waterworks and Sewerage Fund	Total Primary Government
<b>Year ending December 31:</b>			
2022	\$ (37,339)	\$ (1,945)	\$ (39,284)
2023	(37,339)	(1,945)	(39,284)
2024	(37,339)	(1,945)	(39,284)
2025	(37,339)	(1,945)	(39,284)
2026	(37,339)	(1,945)	(39,284)
Thereafter	(147,401)	(7,674)	(155,075)
<b>Total</b>	<u>\$ (334,096)</u>	<u>\$ (17,399)</u>	<u>\$ (351,495)</u>

# Village of Westchester

## Notes to Basic Financial Statements

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### **Note 8. Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village purchases employee health insurance from commercial carriers.

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

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

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

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

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

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

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

# Village of Westchester

## Notes to Basic Financial Statements

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

Other information related to individual funds include the following:

#### Transfers

Interfund transfers consist of a transfer out of the aggregate major fund (Capital Improvements Fund) to the aggregate nonmajor fund (Debt Service fund) in the amount of \$557,831.

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

#### Interfunds

Individual interfund balances for the Village at April 30, 2021, are shown as follows:

Fund	Due from Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 603,019
Roosevelt Road TIF Fund	1,820,171
Nonmajor Governmental Funds	
General Fund	<u>2,764</u>
Total	<u><u>\$ 2,425,954</u></u>

Fund	Due to Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 2,764
Roosevelt Road TIF Fund	
General Fund	1,820,171
Nonmajor Governmental Funds	
General Fund	<u>603,019</u>
Total	<u><u>\$ 2,425,954</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.

# Village of Westchester

## Notes to Basic Financial Statements

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### 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.

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



# Village of Westchester

## Notes to Basic Financial Statements

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

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

## Notes to Basic Financial Statements

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### **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.

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

### **Note 12. Restatement**

In Fiscal Year 2020, the Village's Enterprise Fund (Utility Fund) had a liability in the amount of \$592,754 for overcharging residents on rubbish billings. Additionally, the Village changed the accounting for its rubbish activity in the General Fund where it used to be accounted for in the Utility Fund. As such, the aforementioned liability for the overbilling should have also been accounted for in the General Fund. This prior period adjustment will increase the Beginning Net Position of the Enterprise Fund by \$592,754 and decrease the liability in this fund, and increase the liability in the General Fund and decrease the beginning fund balance by the same amount.

# Village of Westchester

## Notes to Basic Financial Statements

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### **Note 13. Subsequent Event**

In March 2023, the Village issued \$12.0 million in debt certificates and \$1.115 million in general obligation bonds as part of the \$42 million general obligation bond Board authorization in 2020. These proceeds will be used for street reconstruction and water and sewer infrastructure projects. The final maturity on the bonds is 2040.

In October 2021, the Village issued \$3,455,000 of General Obligation Refunding (Sales Tax Alternate Revenue Source) Series 2021A Bonds. Bond proceeds will be used to refund a portion of the General Obligation (Sales Tax Alternate Revenue Source), Series 2013 Bonds for the purpose of debt service savings. The 2021A Bonds have a final maturity of December 15, 2032.

In June 2021 the Village closed on the purchase of a building in the amount of \$2.9 million for the relocation of the Village Hall. The current Village Hall is located in the Roosevelt Rd. TIF District and will be sold by the Village of Westchester to a developer in conjunction with new retail development planned for the aforementioned TIF District.

## **Required Supplementary Information**

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

Illinois Municipal Retirement Fund

Last Six Calendar Years

	2020	2019	2018
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 306,721	\$ 306,264	\$ 270,732
Interest	1,521,777	1,556,655	1,488,342
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(153,636)	(1,069,900)	576,788
Changes of assumptions	(241,475)	-	556,597
Benefit payments, including refunds of member contributions	(1,288,788)	(1,259,870)	(1,307,492)
Net Change in Total Pension Liability	144,599	(466,851)	1,584,967
Total Pension Liability - Beginning	21,481,056	21,947,907	20,362,940
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 21,625,655</b>	<b>\$ 21,481,056</b>	<b>\$ 21,947,907</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 349,144	\$ 253,894	\$ 313,332
Contributions - member	131,587	128,517	135,652
Net investment income	2,909,693	3,651,007	(1,192,984)
Benefit payments, including refunds of member contributions	(1,288,788)	(1,259,870)	(1,307,492)
Other	(100,427)	(1,172,506)	552,608
Net Change in Plan Fiduciary Net Position	2,001,209	1,601,042	(1,498,884)
Plan Net Position - Beginning	20,530,199	18,929,157	20,428,041
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 22,531,408</b>	<b>\$ 20,530,199</b>	<b>\$ 18,929,157</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ (905,753)</b>	<b>\$ 950,857</b>	<b>\$ 3,018,750</b>
Plan fiduciary net position as a percentage of the total pension liability	104.19%	95.57%	86.25%
Covered-employee payroll	\$ 2,924,150	\$ 2,855,941	\$ 2,853,655
Employer's net pension liability as a percentage of covered - employee payroll	-30.97%	33.29%	105.79%

2017	2016	2015
\$ 300,707	\$ 309,005	\$ 318,485
1,492,678	1,442,839	1,410,666
-	-	-
108,348	126,176	(123,457)
(673,174)	(44,192)	21,548
(1,235,285)	(1,197,895)	(1,136,511)
(6,726)	635,933	490,731
20,369,666	19,733,733	19,243,002
<u>\$ 20,362,940</u>	<u>\$ 20,369,666</u>	<u>\$ 19,733,733</u>
\$ 315,731	\$ 352,951	\$ 373,079
147,287	128,710	131,242
3,334,129	1,204,838	86,620
(1,235,285)	(1,197,895)	(1,136,511)
(425,104)	228,753	479,380
2,136,758	717,357	(66,190)
18,291,283	17,573,926	17,640,116
<u>\$ 20,428,041</u>	<u>\$ 18,291,283</u>	<u>\$ 17,573,926</u>
<u>\$ (65,101)</u>	<u>\$ 2,078,383</u>	<u>\$ 2,159,807</u>
100.32%	89.80%	89.06%
\$ 2,854,705	\$ 2,860,229	\$ 2,903,483
-2.28%	72.66%	74.39%

**Village of Westchester**  
Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Last Six Calendar Years

Calendar Year Ending December 1,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 349,144	\$ 349,144	\$ -	\$ 2,924,150	11.94%
2019	253,893	253,894	(1)	2,855,941	8.89%
2018	313,331	313,332	(1)	2,853,655	10.98%
2017	315,730	315,731	(1)	2,854,705	11.06%
2016	352,952	352,951	1	2,860,229	12.34%
2015	372,807	373,079	(272)	2,903,483	12.85%

**Notes to Schedule**

Valuation date                      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 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Price inflation	2.50%
Salary increases	3.35% - 14.25% including inflation
Investment rate of return	7.25%
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	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 Healthy 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.

**Village of Westchester**

Schedule of Changes in the Employer's Net Pension Liability  
and Related Ratios  
Police Pension Fund  
Last Seven Fiscal Years

	2021	2020
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 735,340	\$ 875,113
Interest	2,214,887	3,064,501
Changes of benefit terms	-	193,916
Differences between expected and actual experiences	2,027,367	680,539
Changes of assumptions	443,640	13,129,684
Benefit payments, including refunds of member contributions	(2,349,886)	(2,234,741)
Net Change in Total Pension Liability	3,071,348	15,709,012
Total Pension Liability - Beginning	70,122,046	54,413,034
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 73,193,394</b>	<b>\$ 70,122,046</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 1,395,368	\$ 1,146,920
Contributions - member	273,776	285,266
Contributions - other	405	38
Net investment income	7,254,584	(527,176)
Benefit payments, including refunds of member contributions	(2,349,886)	(2,234,741)
Administrative expense	(48,933)	(57,160)
Net Change in Plan Fiduciary Net Position	6,525,314	(1,386,853)
Plan Net Position - Beginning	26,224,541	27,611,394
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 32,749,855</b>	<b>\$ 26,224,541</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ 40,443,539</b>	<b>\$ 43,897,505</b>
Plan fiduciary net position as a percentage of the total pension liability	44.74%	37.40%
Covered-employee payroll	\$ 2,985,612	\$ 2,867,756
Employer's net pension liability as a percentage of covered - employee payroll	1354.61%	1530.73%
Annual money-weighted rate of return, net of investment expense	1.99%	1.99%



2019	2018	2017	2016	2015
\$ 845,390	\$ 767,326	\$ 735,886	\$ 644,513	\$ 746,186
3,044,875	3,027,140	2,963,588	2,727,718	2,463,037
-	-	-	-	-
(946,662)	(756,965)	1,129,094	(3,142,212)	-
2,007,661	(627,029)	(2,399,754)	3,696,141	-
(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
2,883,937	245,089	355,093	1,885,296	1,226,425
51,529,097	51,284,008	50,928,915	49,043,619	47,817,194
<u>\$ 54,413,034</u>	<u>\$ 51,529,097</u>	<u>\$ 51,284,008</u>	<u>\$ 50,928,915</u>	<u>\$ 49,043,619</u>
\$ 1,009,261	\$ 934,159	\$ 1,010,389	\$ 996,315	\$ 918,481
282,625	266,940	269,063	257,642	253,106
-	(512)	-	-	-
1,454,748	1,883,261	2,252,947	(364,913)	1,569,330
(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
(51,903)	(84,303)	(47,735)	(48,849)	(55,905)
627,404	834,162	1,410,943	(1,200,669)	702,214
26,983,990	26,149,828	24,738,885	25,939,554	25,237,340
<u>\$ 27,611,394</u>	<u>\$ 26,983,990</u>	<u>\$ 26,149,828</u>	<u>\$ 24,738,885</u>	<u>\$ 25,939,554</u>
<u>\$ 26,801,640</u>	<u>\$ 24,545,107</u>	<u>\$ 25,134,180</u>	<u>\$ 26,190,030</u>	<u>\$ 23,104,065</u>
50.74%	52.37%	50.99%	48.58%	52.89%
\$ 2,876,065	\$ 2,693,847	\$ 2,357,318	\$ 2,455,279	\$ 2,609,053
931.89%	911.15%	1066.22%	1066.68%	885.53%
5.29%	7.45%	5.90%	-1.39%	9.34%

**Village of Westchester**  
Schedule of Employer Contributions  
Police Pension Fund  
Last Seven Fiscal Years

Fiscal Year Ending	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 1,617,985	\$ 1,395,368	\$ 222,617	\$ 2,985,612	46.74%
2020	1,556,683	1,146,920	409,763	2,867,756	39.99%
2019	1,469,298	1,009,261	460,037	2,876,065	35.09%
2018	1,283,328	934,159	349,169	2,693,847	34.68%
2017	1,079,840	1,010,389	69,451	2,609,053	38.73%
2016	1,061,927	996,315	65,612	2,455,279	40.58%
2015	1,053,264	918,481	134,783	2,357,318	38.96%

**Notes to Schedule**

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Equivalent single amortization period	100% funded over 21 years
Asset valuation method	5-Year smoothed market value
Inflation	2.50%
Salary increases, total	3.25%
Salary increases, individual	3.06% - 16.04%
Investment rate of return	7.00%
Mortality	RP-2014 Mortality Table, adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate

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

Firefighters' Pension Fund

Last Seven Fiscal Years

	2021	2020
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 926,265	\$ 679,382
Interest	2,804,282	2,586,083
Changes of benefit terms	-	238,645
Differences between expected and actual experiences	1,449,515	1,290,349
Changes of assumptions	5,438,957	6,601,620
Benefit payments, including refunds of member contributions	(2,181,972)	(1,946,751)
Net Change in Total Pension Liability	8,437,047	9,449,328
Total Pension Liability - Beginning	52,887,127	43,437,799
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 61,324,174</b>	<b>\$ 52,887,127</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 1,024,228	\$ 1,204,920
Contributions - member	224,095	231,646
Contributions - other	-	8,520
Net investment income	6,417,725	(237,859)
Benefit payments, including refunds of member contributions	(2,181,972)	(1,946,751)
Administrative expense	(46,379)	(52,385)
Prior period adjustment	9	-
Net Change in Plan Fiduciary Net Position	5,437,706	(791,909)
Plan Net Position - Beginning	23,271,010	24,062,919
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 28,708,716</b>	<b>\$ 23,271,010</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ 32,615,458</b>	<b>\$ 29,616,117</b>
Plan fiduciary net position as a percentage of the total pension liability	46.81%	44.00%
Covered-employee payroll	\$ 2,532,754	\$ 2,335,377
Employer's net pension liability as a percentage of covered - employee payroll	1287.75%	1268.15%
Annual money-weighted rate of return, net of investment expense	1.05%	1.05%

2019	2018	2017	2016	2015
\$ 663,584	\$ 623,728	\$ 624,637	\$ 548,586	\$ 799,025
2,488,940	2,401,857	2,298,712	2,443,423	1,997,463
-	-	-	471,224	-
431,095	(93,070)	147,120	(3,816,007)	-
1,771,609	106,012	251,419	-	-
(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
3,619,276	1,423,029	1,746,413	(1,763,357)	1,525,181
39,818,523	38,395,494	36,649,081	38,412,438	36,887,257
\$ 43,437,799	\$ 39,818,523	\$ 38,395,494	\$ 36,649,081	\$ 38,412,438
\$ 884,390	\$ 810,903	\$ 884,336	\$ 1,027,335	\$ 628,706
229,681	223,966	222,967	217,769	223,583
-	16,747	-	-	-
1,345,123	1,758,362	1,923,728	(260,954)	1,336,306
(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
(46,464)	(43,170)	(44,130)	(46,419)	(48,107)
-	-	-	-	-
676,778	1,151,310	1,411,426	(472,852)	869,181
23,386,141	22,234,831	20,823,405	21,296,257	20,427,076
\$ 24,062,919	\$ 23,386,141	\$ 22,234,831	\$ 20,823,405	\$ 21,296,257
\$ 19,374,880	\$ 16,432,382	\$ 16,160,663	\$ 15,825,676	\$ 17,116,181
55.40%	58.73%	57.91%	56.82%	55.44%
\$ 2,505,542	\$ 2,448,170	\$ 2,343,788	\$ 2,299,574	\$ 2,371,109
773.28%	671.21%	689.51%	688.20%	721.86%
5.86%	7.74%	5.38%	-1.02%	9.71%

**Village of Westchester**  
Schedule of Employer Contributions  
Firefighters' Pension Fund  
Last Seven Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 1,327,755	\$ 1,024,228	\$ 303,527	\$ 2,532,754	40.44%
2020	1,211,713	1,204,920	6,793	2,335,377	51.59%
2019	1,169,890	884,390	285,500	2,505,542	35.30%
2018	107,093	810,903	(703,810)	2,448,170	33.12%
2017	943,029	884,336	58,693	2,343,788	37.73%
2016	915,936	1,027,335	(111,399)	2,299,574	44.68%
2015	707,271	628,706	78,565	2,371,109	26.52%

**Notes to Schedule**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Equivalent single amortization period	100% funded over 21 years
Asset valuation method	5-Year smoothed market value
Inflation	2.50%
Salary increases, total	3.25%
Salary increases, individual	3.38% - 17.85%
Investment rate of return	7.00%
Mortality	RP-2014 Mortality Table, adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate

**Village of Westchester**

Schedule of Changes in the Employer's Net OPEB Liability  
and Related Ratios  
Postemployment Health Plan  
Last Three Fiscal Years

	2021	2020	2019
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 69,024	\$ 73,960	\$ 67,463
Interest	63,081	68,490	77,478
Differences between expected and actual experiences	(369,405)	-	(32,929)
Changes of assumptions	(122,108)	96,865	71,825
Benefit payments, including refunds of member contributions	(151,513)	(169,500)	(160,295)
Other changes	-	902	(19,675)
Net Change in Total OPEB Liability	(510,921)	70,717	3,867
Total OPEB Liability - Beginning	2,289,121	2,218,404	2,214,537
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 1,778,200</b>	<b>\$ 2,289,121</b>	<b>\$ 2,218,404</b>
Covered-employee payroll	\$ 7,436,470	\$ 2,876,065	\$ 2,876,065
Total OPEB liability as a percentage of covered-employee payroll	23.91%	79.59%	77.13%

# Village of Westchester

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended April 30, 2021

	Budget Original and Final	Actual	Variance
Revenues			
Program:			
Charges for Services	\$ 2,233,500	\$ 2,845,944	\$ 612,444
Licenses, Permits and Fees	1,214,750	1,102,199	(112,551)
Intergovernmental	3,906,170	4,642,949	736,779
Fines and Forfeits	735,000	776,239	41,239
General :			
Property taxes	6,883,561	6,916,999	33,438
Other Taxes	2,188,100	2,110,512	(77,588)
Interest	32,000	13,583	(18,417)
Rental Income	216,000	219,966	3,966
Miscellaneous	170,000	394,027	224,027
Total Revenues	17,579,081	19,022,418	1,443,337
Expenditures			
Current			
General Government	1,478,488	1,505,483	(26,995)
Community Development Department	639,593	570,997	68,596
Planning and Zoning	2,050	3,274	(1,224)
Fire and Police Commission	27,750	34,420	(6,670)
Police Department	6,035,109	5,882,780	152,329
Civil Defense	2,753	2,584	169
Fire Department	4,997,917	4,751,535	246,382
Public Works	3,587,673	3,692,553	(104,880)
Debt Service			-
Principal	221,814	163,844	57,970
Interest and Fees	20,223	19,445	778
Capital Outlay	1,144,279	526,995	617,284
Total Expenditures	18,157,649	17,153,910	1,003,739
Excess of Revenues over Expenditures	(578,568)	1,868,508	2,447,076
Other Financing Sources (Uses)			
Installment Note Proceeds	746,800	161,765	(585,035)
Gain (loss) on sale of equipment	10,000	(950)	(10,950)
Total Other Financing Sources (Uses)	756,800	160,815	(595,985)
Net Change in Fund Balance	\$ 178,232	2,029,323	\$ 1,851,091
Fund Balance - Beginning		3,139,024	
Prior Period Adjustment		(592,754)	
		2,546,270	
Fund Balance - Ending		\$ 4,575,593	

# Village of Westchester , Illinois

## Motor Fuel Tax Fund

### Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual For the Year Ended April 30, 2021

	Budget Original and Final	Actual	Variance
Revenues			
Intergovernmental	\$ 696,000	\$ 1,149,464	\$ 453,464
Other	22,000	15,970	(6,030)
Total Revenues	<u>718,000</u>	<u>1,165,434</u>	<u>447,434</u>
Expenditures			
Current			
Public Works	415,000	220,980	194,020
Debt Service			-
Principal	225,000	225,000	-
Interest	138,734	113,306	25,428
Total Expenditures	<u>778,734</u>	<u>559,286</u>	<u>219,448</u>
Change in Fund Balances	<u>\$ (60,734)</u>	606,148	<u>\$ 666,882</u>
Fund Balance - Beginning		<u>3,537,199</u>	
Fund Balance - Ending		<u>\$ 4,143,347</u>	



# Village of Westchester , Illinois

## Roosevelt Road TIF

### Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual For the Year Ended April 30, 2021

	Budget Original and Final	Actual	Variance
Revenues			
Interest	\$ 10,000	\$ -	\$ (10,000)
Total Revenues	10,000	-	(10,000)
Expenditures			
Current			
General Government	250,000	55,075	194,925
Capital Outlay	1,750,000	1,797,683	(47,683)
Total Expenditures	2,000,000	1,852,758	147,242
Excess of Revenues Over (Under) Expenditures	(1,990,000)	(1,852,758)	137,242
Other Financing Sources			
Bond Proceeds	2,000,000	-	(2,000,000)
Change in Fund Balance	<u>\$ 10,000</u>	(1,852,758)	<u>\$ (1,862,758)</u>
Fund Balance - Beginning		<u>-</u>	
Fund Balance - Ending		<u>\$ (1,852,758)</u>	

## 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.

## DEFICIT FUND BALANCE

The following funds had deficit net position for the fiscal year:

Fund	Deficit
Roosevelt Road TIF	\$ 1,852,758
Cermak Oxford TIF	9,735
911	247,734
	<u>\$ 2,110,227</u>



## **Supplementary Information**

# Village of Westchester

## Nonmajor Governmental Funds

### Combining Balance Sheet

#### April 30 2021

	Special Revenue	Debt Service	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 131,212	\$ 439	\$ 131,651
Investments	-	-	-
Receivables :			
Property taxes	-	2,165,984	2,165,984
Intergovernmental	132,365	-	132,365
Other	222,837	-	222,837
Due from Other Funds	2,764	-	2,764
Total Assets	<u>\$ 489,178</u>	<u>\$ 2,166,423</u>	<u>\$ 2,655,601</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 16,035	\$ 350	\$ 16,385
Due to other funds	603,019	-	603,019
Unearned revenue	-	-	-
Total Liabilities	<u>619,054</u>	<u>350</u>	<u>619,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	-	2,165,984	2,165,984
Unavailable Revenue - Sales Taxes	5,865	-	5,865
Total Deferred Inflows of Resources	<u>5,865</u>	<u>2,165,984</u>	<u>2,171,849</u>
<b>FUND BALANCES</b>			
Unassigned	(257,469)	-	(257,469)
Restricted	121,728	89	121,817
Total Fund Balances	<u>(135,741)</u>	<u>89</u>	<u>(135,652)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 489,178</u>	<u>\$ 2,166,423</u>	<u>\$ 2,655,601</u>

**Village of Westchester**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended April 30, 2021**

	Special Revenue	Debt Service	Totals
Revenues			
Other Taxes	\$ 14,584	\$ -	\$ 14,584
Intergovernmental	383,981	-	383,981
Fines and forfeitures	2,764	-	2,764
Other revenue	27,460	-	27,460
Interest	108	-	108
Total Revenues	<u>428,897</u>	<u>-</u>	<u>428,897</u>
Expenditures			
Current			
General government	9,735	-	9,735
Tourism	76,434	-	76,434
Police 911	713,936	-	713,936
Public Works	-	-	-
Debt Service			
Principal	-	380,000	380,000
Interest and Fees	-	177,831	177,831
Capital Outlay	-	-	-
Total Expenditures	<u>800,105</u>	<u>557,831</u>	<u>1,357,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(371,208)</u>	<u>(557,831)</u>	<u>(929,039)</u>
Other Financing Sources (Uses)			
Bond proceeds	-	-	-
Note proceeds	-	-	-
Transfers In	-	557,831	557,831
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>557,831</u>	<u>557,831</u>
Net Change in Fund Balances	<u>(371,208)</u>	<u>-</u>	<u>(371,208)</u>
Fund Balance - Beginning	<u>235,467</u>	<u>89</u>	<u>235,556</u>
Fund Balance - Ending	<u><u>\$ (135,741)</u></u>	<u><u>\$ 89</u></u>	<u><u>\$ (135,652)</u></u>

# Village of Westchester

## Nonmajor Governmental - Special Revenue Funds

### Combining Balance Sheet

#### April 30, 2021

	Police Forfeiture	911	Hotel Motel Tax	Cermak Oxford TIF Fund	Totals
<b>ASSETS</b>					
Cash and investments	\$ 50,266	\$ -	\$ 80,946	\$ -	\$ 131,212
Receivables					
Intergovernmental	-	132,365	-	-	132,365
Other	-	216,972	5,865	-	222,837
Due from other funds	2,764	-	-	-	2,764
Total Assets	\$ 53,030	\$ 349,337	\$ 86,811	\$ -	\$ 489,178
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 5,177	\$ 10,333	\$ 525	\$ 16,035
Due to other funds	1,915	591,894	-	9,210	603,019
Total Liabilities	1,915	597,071	10,333	9,735	619,054
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Taxes	-	-	5,865	-	5,865
Total Deferred Inflows of Resources	-	-	5,865	-	5,865
<b>FUND BALANCES</b>					
Unassigned	-	(247,734)	-	(9,735)	(257,469)
Restricted	51,115	-	70,613	-	121,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 53,030	\$ 349,337	\$ 86,811	\$ -	\$ 489,178

# Village of Westchester

## Nonmajor Governmental - Special Revenue Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### For the Year Ended April 30, 2021

	Police Forfeiture	911	Hotel Motel Tax	Cermak Oxford TIF Fund	Totals
Revenues					
Other Local Taxes	\$ -	\$ -	\$ 14,584	\$ -	\$ 14,584
Intergovernmental	-	383,981	-	-	383,981
Fines and Forfeitures	2,764	-	-	-	2,764
Other Revenue	-	-	27,460	-	27,460
Interest	108	-	-	-	108
Total Revenues	2,872	383,981	42,044	-	428,897
Expenditures					
Current					
General government	-	-	-	9,735	9,735
Tourism	-	-	76,434	-	76,434
Police 911	4,097	709,839	-	-	713,936
Capital outlay	-	-	-	-	-
Total Expenditures	4,097	709,839	76,434	9,735	800,105
Changes in Fund Balances	(1,225)	(325,858)	(34,390)	(9,735)	(371,208)
Fund Balance - Beginning	52,340	78,124	105,003	-	235,467
Fund Balance - Ending	\$ 51,115	\$ (247,734)	\$ 70,613	\$ (9,735)	\$ (135,741)



**Village of Westchester**  
Nonmajor Debt Service Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended April 30, 2021

	Budget Original and Final	Actual
Revenues		
Property Taxes	\$ -	\$ -
Interest	-	-
Total Revenues	-	-
Expenditures		
Debt Service		
Principal	380,000	380,000
Interest and Fees	177,957	177,831
Total Expenditures	557,957	557,831
Deficiency of Revenues under expenditures	(557,957)	(557,831)
Other Financing Resources		
Transfers in	557,957	557,831
Total Other financing sources	557,957	557,831
Change in fund balance	\$ -	-
Fund Balance - Beginning		89
Fund Balance - Ending		\$ 89

# Village of Westchester

## Capital Projects Fund

### Combining Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual - By Account For the Year Ended April 30, 2021

	<b>2021 Bond Account</b>	
	Budget Original and Final	Actual
Revenues		
Intergovernmental	\$ -	\$ -
Interest	-	50
Total Revenues	-	50
Expenditures		
General Govnerment	-	394,739
Capital Outlay, project costs	-	213,739
Total Expenditures	-	608,478
Excess of Revenues over expenditures	-	(608,428)
Other financing uses		
Bond proceeds	-	16,525,000
Bond premium	-	2,373,189
Note proceeds	-	-
Transfers in	-	-
Transfers out	-	-
Total other financing uses	-	18,898,189
Change in Fund Balances	\$ -	18,289,761
Fund Balance - Beginning		-
Fund Balance - Ending		\$ 18,289,761

Non-Home Rule Sales Tax Account		Total	
Budget Original and Final	Actual	Budget Original and Final	Actual
\$ 700,000	\$ 653,469	\$ 700,000	\$ 653,469
9,500	1,918	9,500	1,968
709,500	655,387	709,500	655,437
-	-	-	394,739
4,907,000	861,138	4,907,000	1,074,877
4,907,000	861,138	4,907,000	1,469,616
(4,197,500)	(205,751)	(4,197,500)	(814,179)
-	-	-	16,525,000
-	-	-	2,373,189
3,000,000	2,900,000	3,000,000	2,900,000
1,500,000	-	1,500,000	-
(557,957)	(557,831)	(557,957)	(557,831)
3,942,043	2,342,169	3,942,043	21,240,358
<u>\$ (255,457)</u>	2,136,418	<u>\$ (255,457)</u>	20,426,179
	<u>631,729</u>		<u>631,729</u>
	<u>\$ 2,768,147</u>		<u>\$ 21,057,908</u>

# Village of Westchester

## Water Works and Sewerage Fund

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Year Ended April 30, 2021

	Budget Original and Final	Actual
Operating Revenues		
Charges for Services		
Water Sales	\$ 4,728,900	\$ 5,149,195
Sewer Sales	1,098,500	1,041,980
Penalties	35,000	83,130
Others	6,500	12,937
Total Operating Revenues	<u>5,868,900</u>	<u>6,287,242</u>
Operating Expenses		
Personal Services	1,317,549	1,015,706
Commodities	4,931,410	2,948,628
Contractual Services	397,950	346,560
Total Operating Expenses, other than depreciation	<u>6,646,909</u>	<u>4,310,894</u>
Operating Income (Loss) before depreciation	(391,450)	1,976,348
Depreciation expense	<u>508,011</u>	<u>513,037</u>
Operating Income (Loss)	<u>(899,461)</u>	<u>1,463,311</u>
Nonoperating Income (Expense)		
Interest Income	-	2,652
Interest Expense	(616,917)	(78,221)
<b>Total Nonoperating Income (Expense)</b>	<u>(616,917)</u>	<u>(75,569)</u>
Change in Net Position	<u><u>\$ (1,516,378)</u></u>	1,387,742
Net Position - Beginning, as previously reported		9,321,214
<b>Prior Period Adjustment</b>		592,754
Net Position - Beginning, as Restated		<u>9,913,968</u>
Net Position - Ending		<u><u>\$ 11,301,710</u></u>