

# Village of Westchester, Illinois

Annual Financial Report  
April 30, 2018

**Village of Westchester, Illinois**  
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## Independent Auditor's Report

RSM US LLP

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois (the Village), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and postemployment related information, budgetary comparison information and related note on pages 3 - 17 and pages 76 - 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

*RSM US LLP*

Chicago, Illinois  
May 20, 2019

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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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, 2018. 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 \$11.15 million. Of this amount, the unrestricted net position posted a deficit \$40.96 million. The deficit unrestricted net position is primarily due to the pension liability for the Police Pension Liability that totals \$24.54 million and the Firefighters' Pension Liability that totals \$16.43 million. The Village's total net position decreased by \$1.35 million or 13.78% during the fiscal year ending April 30, 2018. Governmental net position decreased \$1.54 million or 8.16% while Business-type net position increased \$0.19 million or 2.09%.
- Approximately 40.54% of the Village's \$25.04 million in expenses as reported in the Statement of Activities were paid for with program revenues, including \$9.80 million of charges for services, \$0.23 million of operating grants and contributions and \$0.13 million of capital grants and contributions. Of the remaining \$14.89 million, \$8.43 million was paid for with taxes, \$4.94 million was paid with state shared income, and \$0.17 million was paid for with miscellaneous income.
- The governmental activities net position is a deficit of \$20.41 million, while the business-type activities had a net position of \$9.26 million.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4.27 million, a decrease of \$0.76 million in comparison with the prior year's balance of \$5.03 million. Approximately \$2.99 million of this total amount is available for spending at the government's discretion (unassigned fund balance). The remainder of \$1.28 million is comprised of non-spendable (prepaid items) of \$0.26 million and assets restricted for public safety, tourism, streets and transportation, and capital projects aggregating \$1.02 million.
- The General Fund of the Village recognized \$15.04 million in revenues. After expenditures of \$15.51 million, the Village's General Fund was left with a fund balance of \$3.30 million, which is 21.30% of current year expenditures.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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**Fund Financial Statements**

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

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

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

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

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



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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

**Notes to Basic Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the general fund budgetary schedules and data concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the notes to the Basic Financial Statements beginning on page 76. The combining and individual fund financial statements for nonmajor governmental and fiduciary funds are presented immediately following, beginning on page 85.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table reflects the Statement of Net Position:

STATEMENT OF NET POSITION AS OF APRIL 30, 2018 (IN MILLIONS)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 8.44	\$ 9.07	\$ 1.42	\$ 1.52	\$ 9.86	\$ 10.59
Capital and non-current assets	30.15	30.30	11.81	12.00	41.96	42.30
<b>Total assets</b>	<b>38.59</b>	<b>39.37</b>	<b>13.23</b>	<b>13.52</b>	<b>51.82</b>	<b>52.89</b>
Deferred outflows of resources	4.17	6.20	0.08	0.30	4.25	6.50
<b>Total assets and deferred outflows of resources</b>	<b>\$ 42.76</b>	<b>\$ 45.57</b>	<b>\$ 13.31</b>	<b>\$ 13.82</b>	<b>\$ 56.07</b>	<b>\$ 59.39</b>
<b>Liabilities</b>						
Current liabilities	\$ 1.93	\$ 1.08	\$ 0.98	\$ 1.19	\$ 2.91	\$ 2.27
Non-current liabilities	50.58	53.40	2.61	3.54	53.19	56.94
<b>Total liabilities</b>	<b>52.51</b>	<b>54.48</b>	<b>3.59</b>	<b>4.73</b>	<b>56.10</b>	<b>59.21</b>
Deferred inflows of resources	10.66	9.96	0.46	0.02	11.12	9.98
<b>Total liabilities and deferred inflows of resources</b>	<b>63.17</b>	<b>64.44</b>	<b>4.05</b>	<b>4.75</b>	<b>67.22</b>	<b>69.19</b>
<b>Net position</b>						
Net investment in capital assets	19.72	19.98	9.20	9.06	28.92	29.04
Restricted	0.89	1.06	-	-	0.89	1.06
Unrestricted	(41.02)	(39.91)	0.06	0.01	(40.96)	(39.90)
<b>Total net position</b>	<b>\$ (20.41)</b>	<b>\$ (18.87)</b>	<b>\$ 9.26</b>	<b>\$ 9.07</b>	<b>\$ (11.15)</b>	<b>\$ (9.80)</b>

**Normal Impacts**

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

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

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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

**Current Year Impacts**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position decreased \$1.35 million in fiscal year 2018. A number of factors caused the decrease including the following:

1. A decrease of \$1.77 million in total cash, cash equivalents, and investments.
2. A \$0.51 million decrease in capital assets due to depreciation exceeding additions.
3. A \$1.14 million increase in deferred inflows of resources with the amount related to pension actuarial adjustments increasing \$0.99 million and the amount related to property taxes increasing \$0.14 million.
4. A \$2.26 million decrease in deferred outflows of resources related to pensions.
5. A \$0.44 million increase in customer receivables related to water billing and a \$3.11 million decrease in liabilities partially offset the items decreasing net position.

Total net position at April 30, 2018 was a deficit of \$11.15 million, as compared to \$9.80 million deficit in total net position in the prior year. For more detailed information, see the Statement of Net Position on pages 18 to 19 of the report.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

The following table reflects the Statement of Activities:

Statement of Activities For the Year Ended April 30, 2018 (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2.82	\$ 2.73	\$ 6.98	\$ 6.76	\$ 9.80	\$ 9.49
Operating grants and contributions	0.23	0.49	-	-	0.23	0.49
Capital grants and contributions	-	-	0.13	-	0.13	-
General revenues:						
Property taxes	6.09	6.22	-	-	6.09	6.22
Other taxes	2.34	3.92	-	-	2.34	3.92
Intergovernmental	4.94	2.68	-	-	4.94	2.68
Miscellaneous	0.13	0.12	0.03	-	0.16	0.12
Total revenues	<u>16.55</u>	<u>16.16</u>	<u>7.14</u>	<u>6.76</u>	<u>23.69</u>	<u>22.92</u>
<b>Expenses:</b>						
General government	2.81	2.62	-	-	2.81	2.62
Public safety	11.61	12.04	-	-	11.61	12.04
Public works	3.32	4.00	-	-	3.32	4.00
Interest	0.35	0.42	-	-	0.35	0.42
Utility	-	-	6.95	6.88	6.95	6.88
Total expenses	<u>18.09</u>	<u>19.08</u>	<u>6.95</u>	<u>6.88</u>	<u>25.04</u>	<u>25.96</u>
Change in net position	(1.54)	(2.92)	0.19	(0.12)	(1.35)	(3.04)
Net position, beginning of year	(18.87)	(15.95)	9.07	9.19	(9.80)	(6.76)
Net position, end of year	<u>\$ (20.41)</u>	<u>\$ (18.87)</u>	<u>\$ 9.26</u>	<u>\$ 9.07</u>	<u>\$ (11.15)</u>	<u>\$ (9.80)</u>

**Normal Impacts**

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

**Revenues:**

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

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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

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

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

***Expenses:***

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

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

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

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

**Current Year Impacts**

**Governmental Activities**

Governmental activities from operations decreased net position of the Village by \$1.54 million while business-type activities increased net position by \$0.19 million for a net decrease in the Village’s net position of \$1.35 million. Key elements of these changes are as follows:

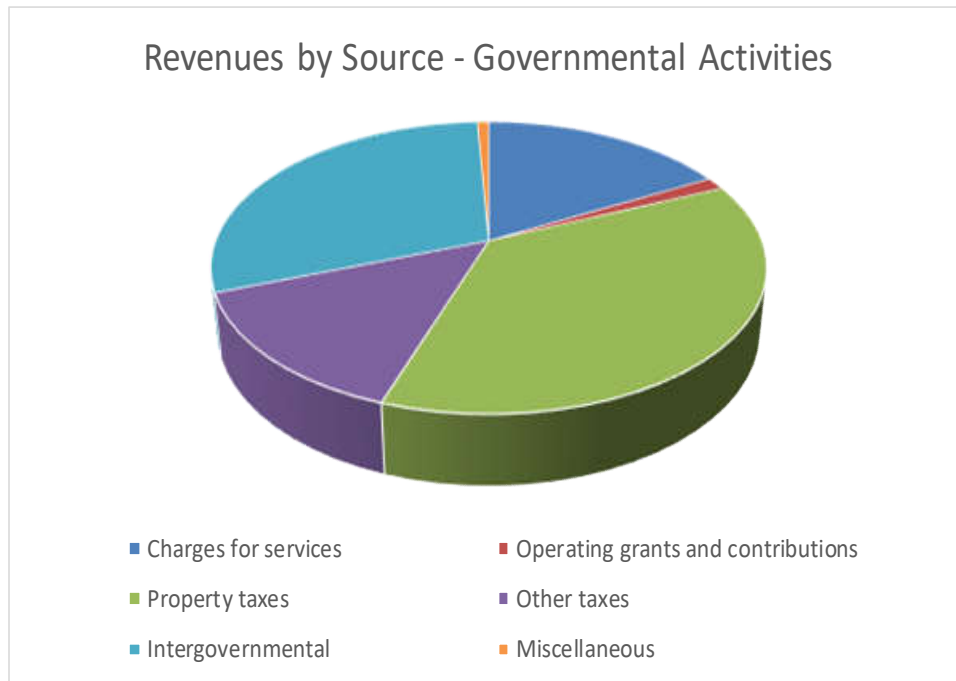
**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
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***Revenues***

The Village's governmental activities had revenues of \$16.55 million in fiscal year 2018, which represents an increase of \$0.39 million from the prior year. Property taxes collected in 2018 represent the majority of revenues, at 36.80% of governmental activities and were down from the prior year. Other revenue categories that decreased from the prior year include operating grants and contributions, other taxes, and telecommunication taxes. Utility taxes vary from year to year and are dependent upon weather conditions and can be difficult to project exactly. Telecommunication taxes could be causal due to the reliance of citizens on their communications appetite and changing provider rates. The most significant decrease from the prior year was in operating grants and contributions which is down over \$0.26 million. These decreases in revenue were offset by the following revenue categories which increased from the prior year including charges for services, cable tax, and intergovernmental revenues.

Below is a chart depicting revenues to the Village by source for the fiscal year 2018:



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

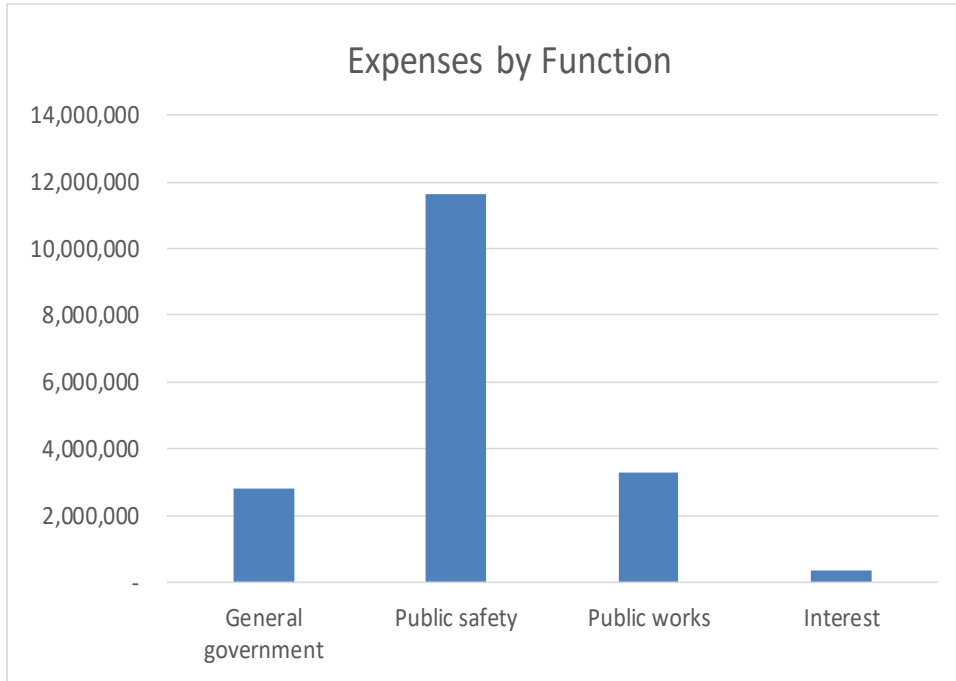
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**Expenses**

**General Government**

Expenses incurred for governmental activities were approximately \$18.09 million for fiscal year 2018, which represents a decrease of \$0.99 million or 5.20 % from the prior year.

The following chart depicts expenses of the Village by activity for the fiscal year 2018:



**Business-type Activities**

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

The total assets and deferred outflows of resources of the business-type activity are \$13.31 million and the total liabilities and deferred inflows of resources are \$4.05 million, leaving net position at \$9.26 million. Current year activity increased net position by \$0.19 million. The operating revenues and expenses of the Utility Fund were \$7.14 million and \$6.95 million, respectively, for fiscal year 2018.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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

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

**Governmental Funds**

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

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

At the end of the current fiscal year, the Village's governmental funds reported a combined (major and nonmajor) total ending fund balance of \$4.27 million, a decrease of \$0.75 million from fiscal year 2017. Of that \$4.27 million, \$2.99 million is unassigned.

**Revenues**

**General Fund:** The General Fund had revenues of \$15.04 million, an increase of \$0.47 million over prior year revenues of \$14.57 million. This represents a 3.22% increase from the prior year.

Revenues	Fiscal 2018	Fiscal 2017	Variance	Percentage
Taxes	\$ 8,246,891	\$ 8,389,260	\$ (142,369)	-1.70%
Intergovernmental	3,853,014	3,431,467	421,547	12.28%
Licenses and permits	1,467,415	1,188,147	279,268	23.50%
Charges for services	550,788	545,774	5,014	0.92%
Fines and forfeitures	639,867	774,736	(134,869)	-17.41%
Miscellaneous	282,395	241,898	40,497	16.74%
<b>Totals</b>	<b>\$ 15,040,370</b>	<b>\$ 14,571,282</b>	<b>\$ 469,088</b>	<b>3.22%</b>

Taxes decreased due primarily to a 2.2% decrease in property taxes. Intergovernmental revenue increased by 12.28% due primarily to a 10.44% increase in state income tax and a \$0.17 million increase in grants received over the prior year. Licenses and permits increased 23.5% primarily due to building permits and home compliance permits including receipt of \$0.17 million from the Westbrook Corporate Center. Charges for services approximated the prior year. Fines and forfeitures are down 17.41% due to decreased police fines.



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

**Expenditures**

**General Fund:** During fiscal year 2018, expenditures were \$15.51 million, a decrease of \$0.02 from \$15.53 million in the previous year. This represents a 0.13% decrease for the year.

Expenditures	Fiscal 2018	Fiscal 2017	Variance	Percentage
General government	\$ 1,702,591	\$ 1,776,305	\$ (73,714)	-4.15%
Community development	550,785	554,019	(3,234)	-0.58%
Planning and zoning	439	1,366	(927)	-67.86%
Fire and police commission	39,248	20,207	19,041	94.23%
Information technology	323,630	-	323,630	N/A
Police department	5,534,659	5,688,593	(153,934)	-2.71%
Civil defense	2,869	2,944	(75)	-2.55%
Fire department	4,445,130	4,553,364	(108,234)	-2.38%
Public works	1,950,248	2,088,606	(138,358)	-6.62%
Capital outlay	675,263	579,590	95,673	16.51%
Debt service	284,532	263,964	20,568	7.79%
<b>Totals</b>	<b>\$ 15,509,394</b>	<b>\$ 15,528,958</b>	<b>\$ (19,564)</b>	<b>-0.13%</b>

Overall expenditures approximated the prior year. Expenditures from general government, police department, fire department, and public works were redirected to the information technology department for the current year.

Capital Outlay expenditures increased due to the purchase of a public works dump truck, chipper, street patching machine, and truck along with five police interceptors.

**Proprietary Funds**

The Proprietary Fund is the Utility Fund. The Utility Fund had an increase in net position during the 2018 fiscal year of \$0.19 million. The net position of the Utility Fund at the end of fiscal 2018 equaled \$9.26 million, of which \$0.06 million, or 0.65%, is unrestricted.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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***Revenues***

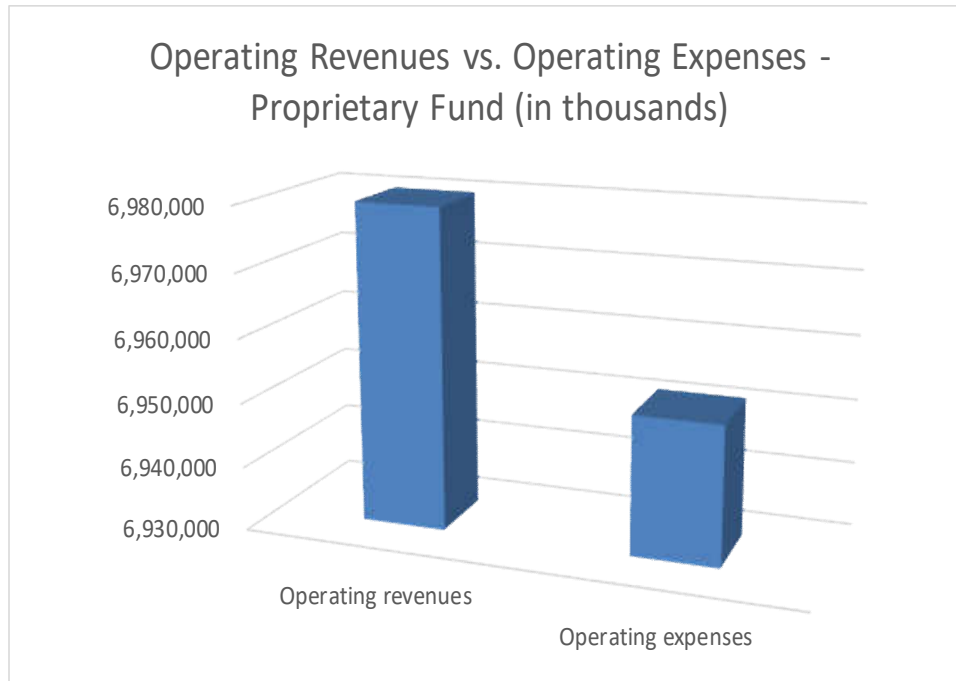
The Utility Fund recognized \$7.01 million in revenues, an increase of \$0.25 million, or 3.70% from \$6.76 million in fiscal 2017. This increase was attributable to an increase in rates billed for water, sewer, and infrastructure fees.

***Expenses***

Utility Fund operating expenses for the year increased from \$6.88 million in fiscal 2017 to \$6.95 million, an increase of \$0.07 million or 1.02%.

Contractual services represent a substantial portion of expenses in the Utility Fund. These costs decreased \$0.54 million from the prior year. The largest portion of contractual services represents fees paid to Waste Management for refuse collection. During the current year, the Village spent \$1.84 million, or 26.47% of utility fund expenses on refuse collection.

Commodities increased from \$2.44 million in Fiscal 2017 to \$2.78 million in Fiscal 2018, an increase of \$0.34 million or 13.93%. This increase was due primarily to an increase in water costs.



**General Fund Budgetary Highlights**

Over the course of Fiscal 2018, the Village's General Fund budgeted revenues fell short of the budget by \$0.19 million. This is primarily attributed to fines and forfeitures, intergovernmental other taxes and miscellaneous revenue being below budget.

The total General Fund expenditures of \$15.51 million were over the budget amount by \$0.38 million. The General Fund budget anticipated a net change in fund balance of \$0.10 million; the actual change in fund balance after unbudgeted loan proceeds was a decrease of \$0.14 million resulting in a total net budget variance of \$0.24 million.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

General Fund Budget and Actual (in millions)

	Original Budget	Amended Budget	Actual	Difference Over/(Under)
Revenues	\$ 15.23	\$ 15.23	\$ 15.04	\$ (0.19)
Expenditures	15.13	15.13	15.51	0.38
Deficiency of revenues over expenditures	0.10	0.10	(0.47)	(0.57)
Other financing sources	-	-	0.33	(0.33)
Change in fund balance	<u>\$ 0.10</u>	<u>\$ 0.10</u>	(0.14)	<u>\$ (0.24)</u>
Fund balance, beginning of year			3.44	
Fund balance, end of year			<u>\$ 3.30</u>	

**Capital Asset and Debt Administration**

**Capital Assets**

As of the end of Fiscal 2018, the Village has capital assets, net of depreciation, of \$41.76 million, compared to capital assets, net of depreciation, of \$42.30 million held at the end of Fiscal 2017. For governmental activities, capital assets were increased by capital additions of \$1.51 million, and decreased by depreciation of \$1.79 million in the current year. For business-type activities, the capital assets were increased by capital additions of \$0.31 million and decreased by depreciation expense of \$0.51 million.

Capital assets are invested in a broad range of resources including, but not limited to, police and fire equipment, buildings, village facilities, computer equipment, water facilities, roads, streets, and sewer lines. Governmental capital assets, net, account for \$30.00 million or 71.84% of total capital assets. The business-type capital assets, net, represent \$11.76 million or 28.16% of total capital assets.

Capital Assets (in millions)

	Governmental Activities	Business-type Activities	Total
Land	\$ 5.37	\$ 0.11	\$ 5.48
Construction in progress	0.30	0.25	0.55
Buildings, net	2.30	0.81	3.11
Building improvements, net	0.19	-	0.19
Equipment, net	3.00	1.46	4.46
Software, net	0.03	-	0.03
Infrastructure, net	18.81	9.13	27.94
Total capital assets	<u>\$ 30.00</u>	<u>\$ 11.76</u>	<u>\$ 41.76</u>

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

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2018**

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**Debt Administration**

The Village's debt is comprised of the categories referenced below. Total net pension liabilities comprise about 75.91% of long-term debt. General obligation bonds account for approximately 18.73% of long-term debt. Other components of the Village's debt include several installment contracts (split between governmental activities and business-type activities) and participation in an IEPA loan. Total debt decreased \$3.01 million from last year due to scheduled principal payments as well as a decrease in the net pension liabilities.

Long-term Liabilities (in millions)

	Governmental Activities	Business-type Activities	Total
Taxable G.O. Bonds, 2010	\$ 2.53	\$ 0.53	\$ 3.06
Taxable G.O. Bonds, 2013	4.87	-	4.87
Taxable G.O. Bonds, 2015	2.01	-	2.01
Unamortized bond premium	0.16	-	0.16
Installment contracts	0.71	0.93	1.64
Compensated absences	0.12	0.02	0.14
IEPA	(0.03)	1.14	1.11
Net pension (asset) liability:			
IMRF	(0.03)	(0.02)	(0.05)
Police	24.55	-	24.55
Fire	16.43	-	16.43
	<u>\$ 51.32</u>	<u>\$ 2.60</u>	<u>\$ 53.92</u>

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

**REQUESTS FOR INFORMATION**

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

Village of Westchester, Illinois

Statement of Net Position (Deficit)  
April 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current:			
Cash and cash equivalents	\$ 1,808,838	\$ 128,040	\$ 1,936,878
Investments	1,238,047	-	1,238,047
Receivables:			
Property taxes	3,470,346	-	3,470,346
Intergovernmental	1,125,209	126,311	1,251,520
Accounts, customers	209,651	1,184,104	1,393,755
Other	253,051	-	253,051
Prepaid items	261,679	53,039	314,718
Interfund balances	69,066	(69,066)	-
<b>Total current assets</b>	<b>8,435,887</b>	<b>1,422,428</b>	<b>9,858,315</b>
Noncurrent:			
Net pension asset	32,967	19,023	51,990
Net other post-employment benefit asset	120,589	-	120,589
Capital assets, not being depreciated	5,673,303	364,183	6,037,486
Capital assets, net of accumulated depreciation	24,323,933	11,426,228	35,750,161
<b>Total noncurrent assets</b>	<b>30,150,792</b>	<b>11,809,434</b>	<b>41,960,226</b>
<b>Total assets</b>	<b>38,586,679</b>	<b>13,231,862</b>	<b>51,818,541</b>
<b>Deferred Outflows of Resources</b>			
Pension actuarial adjustments	4,168,802	76,114	4,244,916
<b>Total assets and deferred outflows of resources</b>	<b>42,755,481</b>	<b>13,307,976</b>	<b>56,063,457</b>

(Continued)

Village of Westchester, Illinois

Statement of Net Position (Deficit) (Continued)  
April 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 495,542	\$ 775,206	\$ 1,270,748
Accrued interest	133,222	16,800	150,022
Other payables	247,334	-	247,334
Refundable deposits	-	3,439	3,439
Unearned revenue	246,783	185,392	432,175
Compensated absences	12,476	2,000	14,476
Installment notes payable	262,761	333,837	596,598
Illinois EPA revolving loan payable	-	65,464	65,464
General obligation bonds	530,000	170,000	700,000
<b>Total current liabilities</b>	<b>1,928,118</b>	<b>1,552,138</b>	<b>3,480,256</b>
Noncurrent:			
Net pension liability	40,977,489	-	40,977,489
Compensated absences	112,284	16,605	128,889
Installment notes payable	451,928	591,642	1,043,570
IEPA loan payable	-	1,070,404	1,070,404
General obligation bonds, net	9,033,984	360,000	9,393,984
<b>Total noncurrent liabilities</b>	<b>50,575,685</b>	<b>2,038,651</b>	<b>52,614,336</b>
<b>Total liabilities</b>	<b>52,503,803</b>	<b>3,590,789</b>	<b>56,094,592</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	3,174,141	-	3,174,141
Pension actuarial adjustments	7,485,930	456,124	7,942,054
<b>Total deferred inflows of resources</b>	<b>10,660,071</b>	<b>456,124</b>	<b>11,116,195</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	19,718,563	9,199,064	28,917,627
Restricted:			
Street and bridge improvements	237,486	-	237,486
Tourism	186,205	-	186,205
Public safety	67,931	-	67,931
Capital projects	399,139	-	399,139
Debt service	91	-	91
Unrestricted (deficit)	(41,017,808)	61,999	(40,955,809)
<b>Total net position (deficit)</b>	<b>\$ (20,408,393)</b>	<b>\$ 9,261,063</b>	<b>\$ (11,147,330)</b>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Activities  
Year Ended April 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities							
General government	\$ 2,805,610	\$ 1,657,980	\$ -	\$ -	\$ (1,147,630)	\$ -	\$ (1,147,630)
Public safety	11,613,218	1,139,522	184,299	-	(10,289,397)	-	(10,289,397)
Public works	3,316,841	26,171	-	-	(3,290,670)	-	(3,290,670)
Interest and fees	353,434	-	46,581	-	(306,853)	-	(306,853)
Total governmental activities	18,089,103	2,823,673	230,880	-	(15,034,550)	-	(15,034,550)
Business-type activities							
Waterworks, sewerage and trash removal	6,951,620	6,979,929	-	126,311	-	154,620	154,620
Total primary government	\$ 25,040,723	\$ 9,803,602	\$ 230,880	\$ 126,311	(15,034,550)	154,620	(14,879,930)
General revenues							
Taxes							
Property					6,088,247	-	6,088,247
Other taxes							
Non-home rule sales tax					646,311	-	646,311
Utility					769,133	-	769,133
Places for eating					265,596	-	265,596
Hotel/Motel					129,679	-	129,679
Cable TV					342,629	-	342,629
Other					183,196	-	183,196
Intergovernmental							
State sales tax					1,706,061	-	1,706,061
Income taxes					1,745,309	-	1,745,309
Personal property replacement					133,295	-	133,295
Telecommunication taxes					842,664	-	842,664
Motor fuel taxes					426,861	-	426,861
Other					84,050	-	84,050
Investment income					7,970	9,191	17,161
Loss on disposal of assets					(29,394)	-	(29,394)
Miscellaneous					152,196	30,665	182,861
Total general revenues and transfers					13,493,803	39,856	13,533,659
Change in net position					(1,540,747)	194,476	(1,346,271)
Net position (deficit):							
May 1, 2017					(18,867,646)	9,066,587	(9,801,059)
April 30, 2018					\$ (20,408,393)	\$ 9,261,063	\$ (11,147,330)

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Balance Sheet - Governmental Funds  
April 30, 2018

	Major Fund General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,414,768	\$ 394,070	\$ 1,808,838
Investments	766,754	471,293	1,238,047
Receivables:			
Property taxes	3,470,346	-	3,470,346
Intergovernmental	919,705	205,504	1,125,209
Accounts, net	324,478	138,224	462,702
Due from other funds	221,863	50	221,913
Prepaid items	261,679	-	261,679
<b>Total assets</b>	<b>\$ 7,379,593</b>	<b>\$ 1,209,141</b>	<b>\$ 8,588,734</b>
<b>Liabilities</b>			
Accounts payable	\$ 462,519	\$ 33,023	\$ 495,542
Other liabilities	247,334	-	247,334
Due to other funds	50	152,797	152,847
Unearned revenue	192,301	54,482	246,783
Total liabilities	902,204	240,302	1,142,506
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	3,174,141	-	3,174,141
<b>Fund Balances</b>			
Nonspendable - prepaid items	261,679	-	261,679
Restricted	22,798	997,281	1,020,079
Unassigned	3,018,771	(28,442)	2,990,329
Total fund balances	3,303,248	968,839	4,272,087
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,379,593</b>	<b>\$ 1,209,141</b>	<b>\$ 8,588,734</b>

See Notes to Basic Financial Statements.



Village of Westchester, Illinois

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
April 30, 2018

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Total fund balances-governmental funds		\$ 4,272,087
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		29,997,236
Deferred outflows and deferred inflows of resources related to pensions, which will be recognized as an increase or reduction to pension expense in future reporting periods:		
Deferred outflows due to pensions	4,168,802	
Deferred inflows due to pensions	<u>(7,485,930)</u>	(3,317,128)
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.		(158,984)
The pension (liability) asset related to the IMRF, police, and firefighters' pension plans are recorded on the Statement of Net Position, but not recorded in the funds:		
Net pension liability - Police Pension Plan	(24,545,107)	
Net pension liability - Firefighters' Pension Plan	(16,432,382)	
Net pension asset - IMRF	<u>32,967</u>	(40,944,522)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:		
Accrued interest	(133,222)	
Compensated absences	(124,760)	
Other postemployment benefits	120,589	
Installment notes payable	(714,689)	
General obligation bonds	<u>(9,405,000)</u>	(10,257,082)
Net position (deficit) of governmental activities		<u>\$ (20,408,393)</u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances –  
 Governmental Funds  
 Year Ended April 30, 2018

	Major Fund General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Program:			
Charges for services	\$ 550,788	\$ -	\$ 550,788
Licenses and permits	1,467,415	-	1,467,415
Intergovernmental	3,853,014	721,359	4,574,373
Fines and forfeitures	639,867	-	639,867
General:			
Property taxes	6,088,247	-	6,088,247
Other taxes	2,158,644	775,990	2,934,634
Interest	11,536	(3,566)	7,970
Rental income	165,603	-	165,603
Miscellaneous	105,256	43,597	148,853
<b>Total revenues</b>	<b>15,040,370</b>	<b>1,537,380</b>	<b>16,577,750</b>
<b>Expenditures:</b>			
Current:			
General government	1,702,591	-	1,702,591
Community development department	550,785	-	550,785
Planning and zoning	439	-	439
Fire and police commission	39,248	-	39,248
Information technology	323,630	-	323,630
Tourism	-	147,166	147,166
Police, 911	-	203,851	203,851
Police department	5,534,659	2,880	5,537,539
Civil defense	2,869	-	2,869
Fire department	4,445,130	-	4,445,130
Public works	1,950,248	125,963	2,076,211
Capital outlay	675,263	768,376	1,443,639
Debt service:			
Principal	266,991	556,279	823,270
Interest and fees	17,541	345,528	363,069
<b>Total expenditures</b>	<b>15,509,394</b>	<b>2,150,043</b>	<b>17,659,437</b>
Deficiency of revenues over (under) expenditures	(469,024)	(612,663)	(1,081,687)
<b>Other financing sources (uses):</b>			
Installment note proceeds	328,013	-	328,013
Transfers in	-	561,038	561,038
Transfers (out)	-	(561,038)	(561,038)
Total other financing sources (uses)	328,013	-	328,013
<b>Change in fund balances</b>	<b>(141,011)</b>	<b>(612,663)</b>	<b>(753,674)</b>
<b>Fund balances:</b>			
May 1, 2017	3,444,259	1,581,502	5,025,761
April 30, 2018	\$ 3,303,248	\$ 968,839	\$ 4,272,087

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2018

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Net change in fund balances-total governmental funds		\$	(753,674)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets.			
Capital outlay	1,514,369		
Depreciation	<u>(1,793,798)</u>		(279,429)
A loss on the disposal of capital assets is not reported in the fund financial statements, but is recorded as an expense in the Statement of Activities			
			(29,393)
Items related to pension expense and revenue are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements:			
Deferred outflows of resources related to pension expense	(2,856,069)		
Deferred inflows of resources related to pension expense	<u>270,664</u>		(2,585,405)
Repayment of principal on long-term debt is an expenditure in the governmental funds but the repayment (refunding) reduces long-term liabilities in the Statement of Net Position:			
Bond principal retirement	515,000		
Installment notes payable retirement	<u>308,270</u>		823,270
Long-term debt issued is recorded as an other financing source in the fund financial statements, but is recorded as a liability in the Statement of Activities			
Issuance of notes payable			(328,013)

(Continued)

Village of Westchester, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities (Continued)  
Year Ended April 30, 2018**

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

Change in net pension liability	1,520,607	
Change in accrued interest	9,637	
Change in other postemployment benefits	53,929	
Change in compensated absences	17,495	
Amortization of bond premium	10,229	1,611,897
		<hr/>

Change in net position of governmental activities		<u>\$ (1,540,747)</u>
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See Notes to Basic Financial Statements.

Village of Westchester, Illinois

**Statement of Net Position  
Enterprise Funds  
April 30, 2018**

	Business-Type Activities <u>Enterprise Fund</u>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 128,040
Receivables:	
Accounts receivable, customer, net	1,184,104
Intergovernmental	126,311
Prepaid assets	<u>53,039</u>
<b>Total current assets</b>	<u><b>1,491,494</b></u>
Noncurrent Assets:	
Net pension asset	19,023
Capital assets not being depreciated	364,183
Capital assets, net of accumulated depreciation	<u>11,426,228</u>
<b>Total noncurrent assets</b>	<u><b>11,809,434</b></u>
<b>Total assets</b>	<u><b>13,300,928</b></u>
<b>Deferred Outflows of Resources</b>	
Pension related amounts	<u>76,114</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	775,206
Accrued interest	16,800
Unearned revenue	185,392
Deposits	3,439
Due to other funds	69,066
Compensated absences	2,000
Installment note payable	333,837
Illinois EPA revolving loan payable	65,464
General obligation bond payable	<u>170,000</u>
<b>Total current liabilities</b>	<u><b>1,621,204</b></u>
Long-term Liabilities, net of current maturities:	
Compensated absences	16,605
Installment note payable	591,642
Illinois EPA revolving loan payable	1,070,404
General obligation bond payable	<u>360,000</u>
<b>Total long-term liabilities</b>	<u><b>2,038,651</b></u>
<b>Total liabilities</b>	<u><b>3,659,855</b></u>
<b>Deferred Inflows of Resources</b>	
Pension related amounts	<u>456,124</u>
<b>Net Position</b>	
Net investment in capital assets	9,199,064
Unrestricted	<u>61,999</u>
<b>Total net position</b>	<u><u><b>\$ 9,261,063</b></u></u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

**Statement of Revenues, Expenses and  
Changes in Net Position  
Enterprise Funds  
Year Ended April 30, 2018**

	Business-Type Activities
	<u>Enterprise Fund</u>
Operating revenues:	
Service charges	\$ 6,979,929
Other	30,665
<b>Total operating revenues</b>	<u>7,010,594</u>
Operating expenses excluding depreciation:	
Personal services	1,264,301
Commodities	2,777,090
Contractual services	2,324,541
<b>Operating expenses, other than depreciation</b>	<u>6,365,932</u>
<b>Operating income before depreciation</b>	644,662
Depreciation	<u>514,242</u>
<b>Operating income</b>	<u>130,420</u>
Nonoperating income (expense):	
Grant revenue	126,311
Interest income	9,191
Interest (expense)	(71,446)
<b>Total nonoperating income (expense)</b>	<u>64,056</u>
<b>Change in net position</b>	194,476
<b>Net position</b>	
May 1, 2017	<u>9,066,587</u>
April 30, 2018	<u><u>\$ 9,261,063</u></u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds  
Year Ended April 30, 2018

	Business-Type Activities
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Received from residents for services	\$ 6,566,724
Payments to employees	(1,201,287)
Payments to suppliers	(5,290,068)
<b>Net cash provided by operating activities</b>	<u>75,369</u>
Cash flows from noncapital financing activities:	
Net advances to other fund	(325,659)
<b>Net cash used in noncapital financing activities</b>	<u>(325,659)</u>
Cash flows from capital and related financing activities:	
Capital assets purchased	(308,866)
Proceeds on installment notes payable	217,794
Principal paid on debt	(571,612)
Interest paid	(73,845)
<b>Net cash used in capital and related financing activities</b>	<u>(736,529)</u>
Cash flows from investing activities:	
Cash receipts from interest	9,191
<b>Net cash provided by investing activities</b>	<u>9,191</u>
<b>Net change in cash and cash equivalents</b>	(977,628)
Cash and cash equivalents:	
May 1, 2017	<u>1,105,668</u>
April 30, 2018	<u>\$ 128,040</u>

(Continued)

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds (Continued)  
Year Ended April 30, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 130,420</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	514,242
Changes in assets and liabilities:	
Accounts receivable	(439,929)
Prepaid assets	9,844
Accounts payable	(198,281)
Unearned revenue	(3,941)
Compensated absences payable	147
Deferred outflow of resources - pension related amounts	227,786
Deferred inflow of resources - pension related amounts	431,956
Net pension liability	<u>(596,875)</u>
Total adjustments	<u>(55,051)</u>
Net cash provided by operating activities	<u><u>\$ 75,369</u></u>

See Notes to Basic Financial Statements.



Village of Westchester, Illinois

Statement of Fiduciary Net Position  
Fiduciary Funds  
April 30, 2018

	Pension Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,966,483	\$ 703,394
Investments:		
Corporate bonds	8,073,569	-
U. S. Government securities	652,526	-
U. S. Treasuries	6,659,407	-
Municipal bonds	423,747	-
Equity investments	32,477,689	-
Receivables:		
Due from other governments	6,646	-
Accrued interest	123,830	-
Prepaid expenses	10,085	-
<b>Total assets</b>	<u>50,393,982</u>	<u>\$ 703,394</u>
<b>Liabilities</b>		
Accounts payable	23,853	\$ -
Due to others	-	703,394
<b>Total liabilities</b>	<u>23,853</u>	<u>\$ 703,394</u>
<b>Net Position</b>		
Restricted for pension benefits	<u>\$ 50,370,129</u>	

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year Ended April 30, 2018

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**Additions:**

**Contributions:**

Employer	\$ 1,745,062
Plan member	507,141
<b>Total contributions</b>	<u>2,252,203</u>

**Investment income (expense):**

Net appreciation in fair value	2,556,351
Interest	1,231,421
Less investment expenses	<u>(146,148)</u>
<b>Total investment income (expense)</b>	<u>3,641,624</u>

**Total additions** 5,893,827

**Deductions:**

Benefits and refunds	3,780,881
Administrative expenses	<u>127,476</u>
<b>Total deductions</b>	<u>3,908,357</u>

**Change in net position** 1,985,470

**Net position restricted for pensions:**

May 1, 2017	<u>48,384,659</u>
April 30, 2018	<u>\$ 50,370,129</u>

See Notes to Basic Financial Statements.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### ***Nature of Activities***

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

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

##### ***Financial Reporting Entity***

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

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

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

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

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

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

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

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

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

###### *Fund Financial Statements*

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

The Village administers the following major governmental funds:

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

**Capital Improvements Fund** – This is used to account for various capital projects that the Village funds with various restricted, committed and assigned revenues.

The Village administers the following major proprietary funds:

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

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

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

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

The Village has the following types of transactions between funds:

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

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

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

##### **Capital Assets**

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

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

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

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

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

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

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

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. The net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, as well as pension payments made subsequent to the pension liability measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Note 6 for pension related disclosures.

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

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

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

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

***Long-Term Obligations***

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

In the fund financial statements, governmental funds recognize bond issuances during the year the bonds are sold. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

***Net Position***

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

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

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

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

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

***Fund Balances***

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

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

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



Village of Westchester, Illinois

Notes to Basic Financial Statements

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

**Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village’s highest level of decision-making authority rests with the Village’s Board of Trustees. The Village passes formal resolutions to commit its fund balances. At April 30, 2018, 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, 2018, the Village has no assigned fund balances.

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

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

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

At April 30, 2018, the Village’s fund balance restrictions were for the following purposes:

Restricted purpose:

Street and bridge improvements	\$	237,486
Tourism		186,205
Public safety: Foreign fire insurance		22,798
Public safety: 911 surcharges		45,133
Debt service		91
Capital projects		399,139
	\$	<u>890,852</u>

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

**Accounting Estimates**

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

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

***Eliminations and Reclassifications***

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

**Note 2. Deposits and Investments**

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

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

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

As of April 30, 2018, cash and investments consisted of the following:

	Governmental & Business- Type Activities	Fiduciary Funds		
		Police Pension Fund	Firefighters' Pension Fund	Agency Funds
Petty Cash	\$ 575	\$ -	\$ -	\$ -
Demand Deposits	1,568,707	417,879	442,249	360,754
Money Market Funds	-	876,557	229,798	-
IMET	732,943	-	-	-
Illinois Funds	872,700	-	-	342,640
Corporate Bonds	-	4,156,921	3,916,648	-
U.S. Government Securities	-	256,454	396,072	-
U.S. Treasuries	-	3,592,439	3,066,968	-
Municipal Bonds	-	192,572	231,175	-
Equity Investments	-	17,427,671	15,050,018	-
<b>Total</b>	<b>\$ 3,174,925</b>	<b>\$ 26,920,493</b>	<b>\$ 23,332,928</b>	<b>\$ 703,394</b>

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *The Illinois Funds*

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

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

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by and agent of the Village in the Village's name. As of April 30, 2018, the Village was not exposed to custodial credit risk on deposits recorded in the Governmental and Business-Type Activities.

At April 30, 2018, deposits of \$781,493 and \$173,830 were uninsured and uncollateralized for the Village's Police and Firefighters' Pension Funds, respectively.

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

##### *Interest Rate Risk*

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

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

As of April 30, 2018, the Police and Firefighters' Pension Funds had the following investments with the following maturities:

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
<b>Fiduciary Activities:</b>					
Police Pension Fund:					
U.S. Treasuries	\$ 3,592,439	\$ 948,643	\$ 1,577,117	\$ 1,066,679	\$ -
U.S. Government Securities	256,454	-	7,823	157,851	90,780
Municipal Bonds	192,572	50,509	142,063	-	-
Corporate Bonds	4,156,921	336,866	2,391,727	1,329,726	98,602
Total Police Pension	8,198,386	1,336,018	4,118,730	2,554,256	189,382
Firefighters' Pension Fund:					
U.S. Treasuries	3,066,968	614,644	1,648,406	803,918	-
U.S. Government Securities	396,072	1,511	74,959	153,578	166,024
Municipal Bonds	231,175	125,614	105,561	-	-
Corporate Bonds	3,916,648	329,971	2,146,886	1,233,423	206,368
Total Firefighters' Pension	7,610,863	1,071,740	3,975,812	2,190,919	372,392
Total Fiduciary Activities	\$ 15,809,249	\$ 2,407,758	\$ 8,094,542	\$ 4,745,175	\$ 561,774

#### Credit Risk

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

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

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

As of April 30, 2018, the Pension Funds had the following fixed income investments which are rated by Moody's as follows:

	Fair Value	Aaa	Aa	A	Baa	Unrated
Police Pension Fund						
U.S. Government Securities	\$ 256,454	\$ 151,746	\$ -	\$ -	\$ -	\$ 104,708
Municipal Bonds	192,572	-	161,668	-	-	30,904
Corporate Bonds	4,156,921	249,473	237,102	1,726,951	1,943,395	-
Total Police Pension	4,605,947	401,219	398,770	1,726,951	1,943,395	135,612
Firefighters' Pension Fund						
U.S. Government Securities	396,072	226,917	-	-	-	169,155
Municipal Bonds	231,175	-	231,175	-	-	-
Corporate Bonds	3,916,648	166,236	208,607	1,667,720	1,729,633	144,452
Total Firefighters' Pension	4,543,895	393,153	439,782	1,667,720	1,729,633	313,607
Total Fiduciary Activities	\$ 9,149,842	\$ 794,372	\$ 838,552	\$ 3,394,671	\$ 3,673,028	\$ 449,219

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

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

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Village has no policy limiting the amount the Village may invest in any one issuer. As of April 30, 2018, more than 5% of the Village's investments are in Illinois Funds and IMET. These investments are 54% and 46%, respectively, of the Village's total investments.

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

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Village categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation of the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following recurring fair value measurements as of April 30, 2018, using a matrix pricing model:

Investments by fair value level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Police Pension Fund:				
U.S. Treasuries	\$ 3,592,439	\$ -	\$ 3,592,439	\$ -
U.S. Government Securities	256,454	-	256,454	-
Municipal Bonds	192,572	-	192,572	-
Corporate Bonds	4,156,921	-	4,156,921	-
Equity Investments	17,427,671	17,427,671	-	-
Total Police Pension	25,626,057	17,427,671	8,198,386	-
Firefighters' Pension Fund:				
U.S. Treasuries	3,066,968	-	3,066,968	-
U.S. Government Securities	396,072	-	396,072	-
Municipal Bonds	231,175	-	231,175	-
Corporate Bonds	3,916,648	-	3,916,648	-
Equity Investments	15,050,018	15,050,018	-	-
Total Firefighters' Pension	22,660,881	15,050,018	7,610,863	-
	\$ 48,286,938	\$ 32,477,689	\$ 15,809,249	\$ -

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, 2018	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Village:				
IMET	\$ 732,943	N/A	Daily	1 day
Illinois Funds	872,700	N/A	Daily	1 day
Police pension fund:				
Money Market Funds	876,557	N/A	Daily	1 day
Firefighters' pension fund:				
Money Market Funds	229,798	N/A	Daily	1 day
	<u>\$ 2,711,998</u>			

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 3. Property Taxes

The Village's property tax becomes a lien on real property on January 1 of the calendar year of the levy. The Cook County Assessor is responsible for the assessment of all taxable real property with Cook County. The Villager'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 2017 property tax assessment was levied in December 2017. Approximately one-half of the levied amount is intended to finance the fiscal year beginning May 1, 2017. 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 2017, 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 2017, less a provision for uncollectible amounts that were collected within 60 days of the fiscal year ended April 30, 2018.

The remaining December 2017 levy is intended to finance the Village's fiscal year 2019 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 \$96,674 at April 30, 2018.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 4. Capital Assets**

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

	Balance, May 1, 2017	Additions	Deletions and Transfers	Balance, April 30, 2018
Capital assets not being depreciated:				
Land	\$ 5,373,407	\$ -	\$ -	\$ 5,373,407
Construction in progress	84,953	214,943	-	299,896
	<u>5,458,360</u>	<u>214,943</u>	<u>-</u>	<u>5,673,303</u>
Capital assets being depreciated:				
Land improvements	326,765	-	-	326,765
Buildings	4,056,941	-	-	4,056,941
Building improvements	392,666	61,600	-	454,266
Machinery and equipment	7,452,243	583,292	219,356	7,816,179
Software	84,185	-	-	84,185
Infrastructure	46,805,746	654,534	-	47,460,280
	<u>59,118,546</u>	<u>1,299,426</u>	<u>219,356</u>	<u>60,198,616</u>
Less accumulated depreciation for:				
Land improvements	325,084	1,441	-	326,525
Buildings	1,703,552	50,471	-	1,754,023
Building improvements	239,134	21,406	-	260,540
Machinery and equipment	4,617,160	386,052	189,963	4,813,249
Software	59,548	9,854	-	69,402
Infrastructure	27,326,370	1,324,574	-	28,650,944
	<u>34,270,848</u>	<u>1,793,798</u>	<u>189,963</u>	<u>35,874,683</u>
Total capital assets being depreciated, net	<u>24,847,698</u>	<u>(494,372)</u>	<u>29,393</u>	<u>24,323,933</u>
Governmental activities capital assets, net	<u>\$ 30,306,058</u>	<u>\$ (279,429)</u>	<u>\$ 29,393</u>	<u>\$ 29,997,236</u>

Depreciation Charged to Functions/Programs

Depreciation was charged to functions/programs as follows:

	Governmental Activities
General government	\$ 80,575
Public safety	224,756
Public works	1,488,467
	<u>\$ 1,793,798</u>



**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

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

	Balance, May 1, 2017	Additions	Deletions and Transfers	Balance, April 30, 2018
Capital assets not being depreciated:				
Land	\$ 112,825	\$ -	\$ -	\$ 112,825
Construction in process	67,039	184,319	-	251,358
	<u>179,864</u>	<u>184,319</u>	<u>-</u>	<u>364,183</u>
Capital assets being depreciated:				
Land improvements	38,892	-	-	38,892
Buildings	1,257,174	-	-	1,257,174
Machinery and equipment	2,345,942	124,547	-	2,470,489
Software	49,275	-	-	49,275
Infrastructure	19,165,119	-	-	19,165,119
	<u>22,856,402</u>	<u>124,547</u>	<u>-</u>	<u>22,980,949</u>
Less accumulated depreciation for:				
Land improvements	38,892	-	-	38,892
Buildings	393,957	50,165	-	444,122
Machinery and equipment	806,133	203,614	-	1,009,747
Software	17,247	4,928	-	22,175
Infrastructure	9,784,251	255,534	-	10,039,785
	<u>11,040,480</u>	<u>514,241</u>	<u>-</u>	<u>11,554,721</u>
Total capital assets being depreciated, net	<u>11,815,922</u>	<u>(389,694)</u>	<u>-</u>	<u>11,426,228</u>
Business-type activities capital assets, net	<u>\$ 11,995,786</u>	<u>\$ (205,375)</u>	<u>\$ -</u>	<u>\$ 11,790,411</u>

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

**Note 5. Long-Term Obligations**

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

The following is a summary of long-term obligation activity for the Village associated with governmental activities for the year ended April 30, 2018:

	Balance, May 1, 2017	Additions	Reductions	Balance, April 30, 2018	Due Within One Year
General obligation bonds					
Series 2010A	\$ 2,680,000	\$ -	\$ 155,000	\$ 2,525,000	\$ 160,000
Series 2013	5,135,000	-	265,000	4,870,000	270,000
Series 2015	2,105,000	-	95,000	2,010,000	100,000
Installment notes payable	694,946	328,013	308,270	714,689	262,761
Unamortized bond premium	169,213	-	10,229	158,984	-
Compensated absences	142,255	14,225	31,720	124,760	12,476
Net pension liability (asset) - IMRF	1,170,287	-	1,203,254	(32,967)	-
Net pension liability - Police Pension	25,134,180	245,086	834,159	24,545,107	-
Net pension liability - Firefighters' Pension	16,160,663	1,423,030	1,151,311	16,432,382	-
	<u>\$ 53,391,544</u>	<u>\$ 2,010,354</u>	<u>\$ 4,053,943</u>	<u>\$ 51,347,955</u>	<u>\$ 805,237</u>

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

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2018:

	Balance, May 1, 2017	Additions	Reductions	Balance, April 30, 2018	Due Within One Year
General obligation bonds					
Series 2010B	\$ 700,000	\$ -	\$ 170,000	\$ 530,000	\$ 170,000
Installment notes payable	1,044,820	217,794	337,135	925,479	333,837
IEPA loans payable	1,200,345	-	64,477	1,135,868	65,464
Net pension liability (asset)	577,852	-	596,875	(19,023)	-
Compensated absences	18,458	147	-	18,605	2,000
	<u>\$ 3,541,475</u>	<u>\$ 217,941</u>	<u>\$ 1,168,487</u>	<u>\$ 2,590,929</u>	<u>\$ 571,301</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

***Long-Term Obligations Outstanding***

*Governmental Activities*

General Obligation Bonds Payable:

On May 18, 2010, the Village issued \$3,500,000 of Taxable General Obligation Bonds Series 2010A with principal payable in annual installments on December 1 of each year and interest rates ranging from 1.10% to 5.80%, payable semiannually on June 1 and December 1. Pursuant to the American Recovery and Reinvestment Act, the Village is eligible to receive a rebate from the U.S. Treasury Department of 35% of the interest paid each year. The net interest rate for these bonds, after rebate, is 0.72% to 3.77%. The final principal payment is due December 1, 2030. The bonds were used to finance capital projects. \$ 2,525,000

On March 12, 2013, the Village issued \$5,800,000 of General Obligation Alternative Revenue Source Bonds, Series 2013 with principal payable in annual installments on December 15 of each year and interest rates ranging from 2.00% to 3.15%, payable semiannually on June 15 and December 15. The final principal payment is due December 15, 2032. The bonds were used to finance capital projects. 4,870,000

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. 2,010,000

Total General Obligation Bonds 9,405,000

Installment Notes Payable:

On August 29, 2013, the Village was issued an installment loan in the amount of \$330,130 with principal and interest payable semiannually on February 29 and August 29 with interest rates at 2.245%. The final principal and interest payment is due August 29, 2018. 27,842

On October 1, 2013, the Village was issued an installment loan in the amount of \$297,815 with principal and interest payable semiannually on April 1 and October 1 with interest rates at 2.55%. The final interest payment is due April 1, 2020. 96,913

On November 24, 2013, the Village was issued an installment loan in the amount of \$281,179 with principal and interest payable semiannually on May 24 and November 24 with interest rates at 2.58%. The final principal and interest payment is due November 24, 2018. 41,499

On November 19, 2013, the Village was issued an installment loan in the amount of \$54,150 with principal and interest payable semiannually on May 19 and November 19 with interest rates at 2.18%. The final principal and interest payment is due November 19, 2018. 11,304

On December 26, 2013, the Village was issued an installment loan in the amount of \$196,666 with principal and interest payable semiannually on June 26 and December 26 with interest rates at 1.25%. The final principal and interest payment is due December 26, 2018. 40,990

(continued)

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

On June 24, 2016, the Village was issued an installment loan in the amount of \$199,695 with principal and interest payable semiannually on June 24 and December 24 with interest rates at 1.99%. The final principal and interest payment is due June 24, 2023.	\$ 200,020
On December 22, 2016, the Village was issued an installment loan in the amount of \$73,053 with principal and interest payable semiannually on June 22 and December 22 with interest rates at 2.42%. The final principal and interest payment is due June 22, 2021.	38,942
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.	140,723
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.	116,456
Total Installment Notes Payable	714,689
<b>Total Governmental Activities</b>	<b>\$ 10,119,689</b>

*Business-Type Activities*

General Obligation Bonds Payable:

On May 18, 2010, the Village issued \$1,610,000 of Taxable General Obligation Bonds Series 2010B with principal payable in annual installments on December 1 of each year and interest rates ranging from 1.25% to 4.50%, payable semiannually on June 1 and December 1. Pursuant to the American Recovery and Reinvestment Act, the Village is eligible to receive a rebate from the U.S. Treasury Department of 35% of the interest paid each year. The net interest rate for these bonds, after rebate, is 0.81% to 2.93%. The final principal payment is due December 1, 2030. The bonds were used to finance capital projects.	\$ 530,000
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Installment Notes Payable:

On October 1, 2013, the Village was issued an installment loan in the amount of \$65,218 with principal and interest payable semiannually on April 1 and October 1 with interest rates at 2.55%. The final interest payment is due April 1, 2020.	6,855
On November 19, 2013, the Village was issued an installment loan in the amount of \$54,150 with principal and interest payable semiannually on May 19 and November 19 with interest rates at 2.18%. The final principal and interest payment is due November 19, 2018.	11,304
On August 6, 2015, the Village was issued an installment loan in the amount of \$1,230,000 with principal and interest payable semiannually on February 6 and August 6 with interest rates at 2.20%. The final principal and interest payment is due August 6, 2020.	631,784

(continued)

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

On February 6, 2016, the Village was issued an installment loan in the amount of \$140,415 with principal and interest payable semiannually on February 6 and August 6 with interest rates at 2.30%. The final principal and interest payment is due August 6, 2020. \$ 79,747

On December 22, 2016, the Village was issued an installment loan in the amount of \$73,053 with principal and interest payable semiannually on June 22 and December 22 with interest rates at 2.42%. The final principal and interest payment is due June 22, 2021. 79,333

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. 116,456

**Total Installment Notes Payable** 925,479

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

On April 14, 2013, the Village entered into an agreement with the IEPA to borrow an amount not to exceed \$841,041. The Village completed the project, drawing all of the available funds. Principal and interest payments are payable semiannually on April 14 and October 14 with an interest rate of 1.25%. The final payment is due October 14, 2032. 652,952

On January 10, 2015, the Village entered into an agreement with the IEPA to borrow an amount not to exceed \$548,895. The Village completed the project, drawing all of the available funds. Principal and interest payments are payable semiannually on January 8 and June 8 with an interest rate of 1.995%. The final payment is due January 8, 2035. 482,916

**Total Illinois EPA Loans Payable** 1,135,868

**Total Business-Type Activities** \$ 2,591,347

***Pledged Revenue and Payments***

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

Debt Issue	Pledged Revenue Source	Interest Rates	Pledged Revenue	Pledge Remaining	Principal and Interest Retired	Commencement End Date	Percentage of Revenue Pledged
<i>Governmental Activities:</i>							
2010A	Motor fuel taxes	1.10% to 5.80%	\$ 426,861	\$ 3,590,750	\$ 297,723	December 1, 2030	69.75%
2013	Sales, use and non-home rule sales tax	2.00% to 3.15%	2,352,372	6,115,372	403,920	December 15, 2032	17.17%
2015	Sales, use and non-home rule sales tax	2.25% to 3.125%	2,352,372	2,553,385	150,893	December 15, 2034	6.41%
				<u>\$ 8,668,757</u>			
<i>Business-type Activities:</i>							
2010B	Water and sewerage fees	1.25% to 4.50%	\$ 6,979,929	\$ 577,430	\$ 199,370	December 1, 2030	2.86%

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

**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	
2019	\$ 530,000	\$ 329,411	\$ 262,761	\$ 15,526	\$ 1,137,698
2020	535,000	314,916	144,690	10,125	1,004,731
2021	545,000	299,681	97,928	6,877	949,486
2022	565,000	283,786	96,321	4,512	949,619
2023	580,000	263,555	67,613	2,270	913,438
2024 - 2028	3,165,000	988,346	45,376	1,002	4,199,724
2029 - 2033	3,200,000	361,374	-	-	3,561,374
2034 - 2035	285,000	13,438	-	-	298,438
	<u>\$ 9,405,000</u>	<u>\$ 2,854,507</u>	<u>\$ 714,689</u>	<u>\$ 40,312</u>	<u>\$ 13,014,508</u>

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

Year	General Obligation Bonds		Installment Notes Payable		IEPA Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 170,000	\$ 23,080	\$ 333,837	\$ 19,411	\$ 65,464	\$ 17,546	\$ 629,338
2020	175,000	16,025	322,722	12,020	66,466	16,545	608,778
2021	185,000	8,325	182,984	4,730	67,484	15,527	464,050
2022	-	-	38,551	2,136	68,519	14,493	123,699
2023	-	-	18,545	1,237	69,570	13,441	102,793
2024 - 2028	-	-	28,840	838	364,228	50,828	444,734
2029 - 2033	-	-	-	-	368,510	21,859	390,369
2034 - 2035	-	-	-	-	65,627	1,644	67,271
	<u>\$ 530,000</u>	<u>\$ 47,430</u>	<u>\$ 925,479</u>	<u>\$ 40,372</u>	<u>\$ 1,135,868</u>	<u>\$ 151,883</u>	<u>\$ 2,831,032</u>

**Legal Debt Limitation**

The Village's legal debt limitation of \$46,288,440 based on 8.625% of the 2017 equalized assessed valuation of \$536,677,571, less outstanding debt of \$714,689 results in a legal debt margin of \$45,573,751 as of April 30, 2018.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### 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 asset	\$ 51,990	\$ -	\$ -	\$ 51,990
Net pension liability	-	24,545,107	16,432,382	40,977,489
Deferred outflows of resources	237,782	3,123,315	883,819	4,244,916
Deferred inflows of resources	1,250,561	4,392,331	2,299,162	7,942,054
Pension expense (benefit)	345,144	1,778,320	1,089,839	3,213,303

#### Illinois Municipal Retirement Fund

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

##### Plan Description

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

##### Benefits Provided

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

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.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *Employees Covered by Benefit Terms*

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	66
Inactive Plan members entitled to benefits but not yet receiving them	59
Active Plan members	<u>49</u>
Total membership	<u><u>174</u></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 2018 and 2017 were 11.06 percent and 11.03 percent, respectively. For the fiscal year ended April 30, 2018, \$316,181 was contributed to the plan by the Village and the Library. The contributions as of April 30, 2018 are reported in the financial statements as follows:

Governmental Activities - general government expense	\$ 160,181
Business-Type Activities - Enterprise Fund	<u>92,349</u>
Total primary government	252,530
Westchester Public Library	<u>63,651</u>
Total	<u><u>\$ 316,181</u></u>

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, 2017. 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, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled retirees**, an IMRF-specific mortality table was used with fully-generational projection scale MP-2017 (based year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.



Village of Westchester, Illinois

Notes to Basic Financial Statements

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

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of the one year arithmetic and the then year geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return	
		One Year Arithmetic	Ten Year Geometric
Equities	37%	8.30%	6.85%
International equity	18%	8.45%	6.75%
Fixed income	28%	3.05%	3.00%
Real estate	9%	6.90%	5.75%
Alternative investments	7%	4.25 - 12.45%	2.65 - 7.35%
Cash equivalents	1%	2.25%	2.25%
Total	100%		

The assumptions were changed from the prior year as follows:

- Inflation rate changed from 2.75% to 2.50%.
- Salary increases were changed from 3.75%-14.50% to 3.39%-14.25%.
- The mortality assumption was updated from the MP-2014 table to include mortality improvements based on the MP-2017 table.
- The experience-based table of rates used for the projected retirement ages was updated from the 2014 valuation according to an experience study from years 2011-2013 to a 2017 valuation pursuant to an experience study from year 2014-2016.

*Single Discount Rate*

A Single Discount Rate of 7.50 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. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on Plan investments of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

*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, 2017:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at December 31, 2016</b>	\$ 20,369,666	\$ 18,291,283	\$ 2,078,383
<b>Changes for the year:</b>			
Service cost	300,707	-	300,707
Interest on the total pension liability	1,492,678	-	1,492,678
Differences between expected and actual experience of the total pension liability	108,348	-	108,348
Changes of assumptions	(673,174)	-	(673,174)
Contributions - employer	-	315,731	(315,731)
Contributions - employee	-	147,287	(147,287)
Net investment income	-	3,334,129	(3,334,129)
Benefit payments, including refunds of employee contributions	(1,235,285)	(1,235,285)	-
Other (net transfer)	-	(425,104)	425,104
Net changes	(6,726)	2,136,758	(2,143,484)
<b>Balances at December 31, 2017</b>	\$ 20,362,940	\$ 20,428,041	\$ (65,101)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Governmental Activities	\$ 1,109,624	\$ (32,967)	\$ (977,351)
Business-type Activities - Enterprise Fund	640,288	(19,023)	(563,963)
Total primary government	1,749,912	(51,990)	(1,541,314)
Westchester Public Library	441,298	(13,111)	(388,693)
Net pension (asset) liability	\$ 2,191,210	\$ (65,101)	\$ (1,930,007)

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

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

For the year ended April 30, 2018, the Village and Library recognized pension expense of \$345,144 and \$87,043, respectively. Pension expense is reported in the financial statements as follows:

Governmental Activities	\$ 218,859
Business-Type Activities - Enterprise Fund	126,285
Total primary government	<u>345,144</u>
Westchester Library	87,043
Total pension expense	<u><u>\$ 432,187</u></u>

At April 30, 2018, 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
<u>Deferred Amounts to be Recognized in Pension</u>		
Expense in Future Periods		
Differences between expected and actual experience	\$ 128,320	\$ 16,102
Changes of assumptions	2,810	488,853
Net difference between projected and actual earnings on pension plan investments	-	1,056,529
Total deferred amounts to be recognized in pension expense in future periods	<u>131,130</u>	<u>1,561,484</u>
Employer contribution subsequent to the measurement date	<u>135,442</u>	-
Total Deferred Amounts Related to Pensions	<u><u>\$ 266,572</u></u>	<u><u>\$ 1,561,484</u></u>
Governmental Activities	\$ 161,668	\$ 794,437
Business-Type Activities - Enterprise Fund	76,114	456,124
Total primary government	<u>237,782</u>	<u>1,250,561</u>
Westchester Library	28,790	310,923
	<u><u>\$ 266,572</u></u>	<u><u>\$ 1,561,484</u></u>

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

Employer contributions subsequent to the measurement date of \$135,442 will be recognized in fiscal year 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	Governmental Activities	Business-type Activities: Enterprise Fund	Total Primary Government	Westchester Library
Net deferred inflows of resources as of				
December 31,				
2018	\$ 149,805	\$ 86,439	\$ 236,244	\$ 59,579
2019	149,974	86,537	236,511	59,646
2020	221,265	127,673	348,938	88,000
2021	203,287	117,300	320,587	80,849
Total	<u>\$ 724,331</u>	<u>\$ 417,949</u>	<u>\$ 1,142,280</u>	<u>\$ 288,074</u>

***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.

***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, 2018, 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 2018.

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

*Plan Membership*

At April 30, 2018, the Police Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	27
Inactive Plan members entitled to benefits but not yet receiving them	-
Active Plan members	<u>29</u>
Total membership	<u><u>56</u></u>

*Benefits Provided*

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

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

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

*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, 2018, the statutory minimum which the Village was required to contribute was \$1,165,326, or 43.95 percent of member payroll, to the Police Pension Fund.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *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 2018. 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, 2018:

<b>Asset Class</b>	<b>Minimum Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash and Cash Equivalents	2%	1.05%
Fixed income	38%	2.50%
U.S. large cap equities	27%	6.86%
U.S. mid cap equities	3%	7.55%
U.S. small cap equities	3%	8.05%
Developed international equities	16%	6.45%
Emerging international equities	8%	9.06%
Real estate equities	3%	5.70%

##### *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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *Net Pension Liability*

The total pension liability was determined by an actuarial valuation as of April 30, 2018 using the following methods and actuarial assumptions, applied to all periods included in the measurement:

##### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	6.03%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.97%
Projected Individual Salary Increases	3.06 - 16.04%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Actuarial assumptions:	
Mortality Table	Lauterbach & Amen (L&A) 2016 Illinois Police Mortality Rates
Retirement Rates	80% of L&A 2016 Illinois Police Retirement Rates Capped at 65
Disability Rates	100% of L&A 2016 Illinois Police Disability Rates
Termination Rates	100% of L&A 2016 Illinois Police Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ending December 2009-June 2015. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to Police and Firefighter Pension Funds across the State of Illinois.

The assumptions were changed from the prior year. The assumed rate on High Quality 20 year Tax-Exempt General Obligation Bonds was changed from 3.82 percent to 3.97 percent

##### *Discount Rate*

The discount rate used to measure the total pension liability is 6.03 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return of 7 percent was blended with the Municipal bond rate of 3.97 percent to arrive at a discount rate of 6.03 percent used to determine the total pension liability.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (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, 2017</b>	\$ 51,284,008	\$ 26,149,828	\$ 25,134,180
<b>Changes for the year:</b>			
Service cost	767,326	-	767,326
Interest on the total pension liability	3,027,139	-	3,027,139
Actuarial experience	(756,965)	-	(756,965)
Changes of assumptions	(627,028)	-	(627,028)
Contributions - employer	-	934,159	(934,159)
Contributions - employee	-	266,940	(266,940)
Contributions - other	-	(512)	512
Net investment income	-	1,883,261	(1,883,261)
Benefit payments, including refunds of employee contributions	(2,165,383)	(2,165,383)	-
Other (net transfer)	-	(84,303)	84,303
Net changes	245,089	834,162	(589,073)
<b>Balances at April 30, 2018</b>	\$ 51,529,097	\$ 26,983,990	\$ 24,545,107

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

The following presents the net pension liability of the Village, calculated using the discount rate of 6.03 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease 5.03%	Current Discount Rate 6.03%	1% Increase 7.03%
Net pension liability	\$ 32,232,485	\$ 24,545,107	\$ 18,303,071



**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

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

For the year ended April 30, 2018, the Village recognized pension expense of \$1,778,320. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Deferred Amounts to be Recognized in Pension</b>		
Expense in Future Periods		
Differences between expected and actual experience	\$ 757,068	\$ 2,257,051
Changes of assumptions	1,907,685	2,135,280
Net difference between projected and actual earnings on pension plan investments	458,562	-
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 3,123,315</b>	<b>\$ 4,392,331</b>

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

	Net Deferred Inflows of Resources
Year ending April 30:	
2019	\$ (40,251)
2020	(40,251)
2021	(470,537)
2022	(431,867)
2023	(237,164)
Thereafter	(48,946)
<b>Total</b>	<b>\$ (1,269,016)</b>

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

**Firefighters' Pension Fund**

*Basis of Accounting:*

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

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

*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, 2018, 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 2018.

*Plan Membership*

At April 30, 2018, the Firefighters' Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	27
Inactive Plan members entitled to benefits but not yet receiving them	3
Active Plan members	<u>27</u>
Total membership	<u><u>57</u></u>

*Benefits Provided*

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

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

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. In 2018, a firefighter's salary for pension purposes is capped at \$113,645. 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., 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.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *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, 2018, the statutory minimum which the Village was required to contribute was \$931,522, or 38.66 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.

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 2018. 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, 2018:

<b>Asset Class</b>	<b>Long-Term Expected Rate of Return</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
Cash and Cash Equivalents	3.38%	1.08%	0.00%
Fixed Income	4.80%	2.50%	40.00%
Equities:			
US Large-Cap Equities	9.16%	6.86%	27.00%
US Mid-Cap Equities	9.85%	7.55%	3.00%
US Small-Cap Equities	10.35%	8.05%	3.00%
International Equities	8.75%	6.45%	16.00%
Emerging Markets	11.36%	9.06%	8.00%
REITS	8.00%	5.70%	3.00%

##### *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.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

##### *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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.74 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, 2018, using the following methods and actuarial assumptions, applied to all periods included in the measurement:

##### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	6.39%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.97%
Projected Individual Salary Increases	3.38% - 17.85%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Actuarial assumptions:	
Mortality Table	Lauterbach & Amen (L&A) 2016 Illinois Firefighters Mortality Rates
Retirement Rates	80% of L&A 2016 Illinois Firefighters Retirement Rates Capped at 62
Disability Rates	100% of L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ending December 2009-June 2015. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to Police and Firefighter Pension Funds across the State of Illinois.

The assumptions were changed from the prior year. The assumed rate on High Quality 20 year Tax-Exempt General Obligation Bonds was changed from 3.82 percent to 3.97 percent

##### *Discount Rate*

The discount rate used to measure the total pension liability is 6.39 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 2065. Therefore, the long-term expected rate of return of 7 percent was blended with the Municipal bond rate of 3.97 percent to arrive at a discount rate of 6.39 percent used to determine the total pension liability.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (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, 2017</b>	\$ 38,395,494	\$ 22,234,831	\$ 16,160,663
<b>Changes for the year:</b>			
Service cost	623,728	-	623,728
Interest on the total pension liability	2,401,857	-	2,401,857
Actuarial experience	(93,070)	-	(93,070)
Changes of assumptions	106,012	-	106,012
Contributions - employer	-	810,903	(810,903)
Contributions - employee	-	223,966	(223,966)
Contributions - other	-	16,747	(16,747)
Net investment income	-	1,758,362	(1,758,362)
Benefit payments, including refunds of employee contributions	(1,615,498)	(1,615,498)	-
Other (net transfer)	-	(43,170)	43,170
Net changes	1,423,029	1,151,310	271,719
<b>Balances at April 30, 2018</b>	\$ 39,818,523	\$ 23,386,141	\$ 16,432,382

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

The following presents the net pension liability of the Village, calculated using the discount rate of 6.39 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease 5.39%	Current Discount Rate 6.39%	1% Increase 7.39%
Net pension liability	\$ 22,353,430	\$ 16,432,382	\$ 11,631,857

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

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

For the year ended April 30, 2018, the Village recognized pension expense of \$1,089,839. At April 30, 2018, 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
<hr/>		
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 381,144	\$ 79,812
Changes of assumptions	273,915	2,219,350
Net difference between projected and actual earnings on pension plan investments	228,760	-
	<hr/>	<hr/>
Total Deferred Amounts Related to Pensions	<u>\$ 883,819</u>	<u>\$ 2,299,162</u>

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

	Net deferred Inflows of Resources
Year ending April 30:	
2019	\$ (203,012)
2020	(203,016)
2021	(551,868)
2022	(455,060)
2023	(23,236)
Thereafter	20,849
	<hr/>
Total	<u>\$ (1,415,343)</u>

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

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

**Combining Statement of Net Position  
Pension Trust Funds  
April 30, 2018**

	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,294,436	\$ 672,047	\$ 1,966,483
Investments:			
Corporate Bonds	4,156,921	3,916,648	8,073,569
U.S. Government Securities	256,454	396,072	652,526
U.S. Treasuries	3,592,439	3,066,968	6,659,407
Municipal Bonds	192,572	231,175	423,747
Equity Investments	17,427,671	15,050,018	32,477,689
Receivables:			
Due from other governments	4,361	2,285	6,646
Accrued interest	66,702	57,128	123,830
Prepaid items	4,975	5,110	10,085
<b>Total assets</b>	<b>26,996,531</b>	<b>23,397,451</b>	<b>50,393,982</b>
<b>Liabilities</b>			
Accounts payable	12,544	11,309	23,853
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 26,983,987</u>	<u>\$ 23,386,142</u>	<u>\$ 50,370,129</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Combining Statement of Changes in Net Position  
Pension Trust Funds  
Year Ended April 30, 2018

	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 934,159	\$ 810,903	\$ 1,745,062
Plan members	266,428	240,713	507,141
<b>Total contributions</b>	<u>1,200,587</u>	<u>1,051,616</u>	<u>2,252,203</u>
Investment income (expense):			
Net increase in fair value of investments	1,230,152	1,326,199	2,556,351
Interest	731,312	500,109	1,231,421
Less investment expenses	(78,205)	(67,943)	(146,148)
<b>Total investment income (expense)</b>	<u>1,883,259</u>	<u>1,758,365</u>	<u>3,641,624</u>
<b>Total additions</b>	<u>3,083,846</u>	<u>2,809,981</u>	<u>5,893,827</u>
<b>Deductions</b>			
Benefits and refunds	2,165,383	1,615,498	3,780,881
Administrative expenses	84,304	43,172	127,476
<b>Total deductions</b>	<u>2,249,687</u>	<u>1,658,670</u>	<u>3,908,357</u>
<b>Change in net position</b>	834,159	1,151,311	1,985,470
Net position restricted for pension benefits May 1, 2017	<u>26,149,828</u>	<u>22,234,831</u>	<u>48,384,659</u>
April 30, 2018	<u>\$ 26,983,987</u>	<u>\$ 23,386,142</u>	<u>\$ 50,370,129</u>



**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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**Note 7. Postemployment Healthcare Plan**

*Plan Description.* The Village provides employer paid retiree medical (including prescription drugs) to current and future eligible retirees. This is a single-employer plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Retiree Health Plan does not issue a publicly available financial report.

*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, 2018, the Village contributed \$185,084. 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.

*Annual OPEB Cost and Net OPEB Obligation (Asset).* The Village’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Village’s net OPEB obligation (asset) at April 30, 2018 is included as an asset on the Statement of Net Position as “other postemployment benefits.” The following table shows the components of the Village’s annual OPEB cost for the year ended April 30, 2018, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation (asset) to the plan:

Annual required contribution	\$ 131,598
Interest on net OPEB obligation	(2,666)
Adjustment to annual required contribution	2,223
Annual OPEB cost (expense)	<u>131,155</u>
Contributions made	<u>185,084</u>
Increase in net OPEB (asset) obligation	(53,929)
Net OPEB (asset) obligation beginning of year	<u>(66,660)</u>
Net OPEB (asset) obligation end of year	<u><u>\$ (120,589)</u></u>

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2018 and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Costs	Percentage of OPEB Costs Contributed	Net OPEB Obligation (Asset)
4/30/2018	\$ 131,155	141.12%	\$ (120,589)
4/30/2017	178,734	110.94%	(66,660)
4/30/2016	178,734	110.94%	(46,969)

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

*Funded Status and Funding Progress.* As of April 30, 2018, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$2,150,160 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$2,150,160. The covered payroll (annual payroll of active employees covered by the plan) was \$7,393,143, and the ratio of the UAAL to the covered payroll was 29 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined reporting the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2018 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, projected salary increases of 4 percent, and an annual healthcare cost trend rate of 4 percent initially, increased by increments to an ultimate rate of 5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2018 was 30 years.

#### **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.

#### **Intergovernmental Risk Management Agency**

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois, which have formed an association under the Illinois Intergovernmental Cooperation Statute, to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### **Note 8. Risk Management (Continued)**

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence. IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the bylaws of IRMA, experience modification factors based on past member loss experience and optional deductible credits. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. 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 sub-ped. Additionally, there is an Executive Board that sets the strategic direction of IPBC. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

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

Other information related to individual funds include the following:

**Interfunds**

Individual interfund balances for the Village at April 30, 2018, are shown as follows:

Fund	Due from Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 152,797
Waterworks and Sewerage Fund	69,066
Nonmajor Governmental Funds	
General Fund	50
Total	\$ 221,913

Fund	Due to Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 50
Nonmajor Governmental Funds	
General Fund	152,797
Waterworks and Sewerage Fund	
General Fund	69,066
Total	\$ 221,913

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

**Transfers**

Interfund transfers consist of a transfer out of the aggregate nonmajor fund (capital improvements fund) to the aggregate nonmajor fund (debt service fund) in the amount of \$561,038.

Transfers are used to (a) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (b) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund; and (c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in accordance with budgetary authorizations.

**Budgets Over Expenditures**

For the year ended April 30, 2018, expenditures exceeded budget in the following aggregate nonmajor funds: 911 Fund in the amount of \$203,851 and in the Police Forfeiture Fund in the amount of \$2,880.

**Deficit Fund Balances**

For the year ended April 30, 2018, the 911 Fund had a deficit fund balance of \$28,442. The Village intends to finance this deficit with intergovernmental revenue.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer)*, will be effective for the Village beginning with its year ending April 30, 2019. This statement outlines accounting and financial reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

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

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

GASB Statement No. 85, *Omnibus 2017*, will be effective for the Village beginning with its year ending April 30, 2019. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the Village beginning with its year ending April 30, 2019. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance.

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

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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

GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowing Placements*, will be effective for the Village beginning with its year ended April 30, 2020. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

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

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

Management has not determined the impact, if any, the above statements will have on the financial position and results of operations of the Village; however, the impact of GASB Statement No. 75 will likely be material to the statement footnotes and required supplementary information of the Village.

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

On September 5, 2018, the Village entered into a loan agreement with the Illinois Environmental Protection Agency in the amount of \$3,520,203 and annual fixed loan rate of 1.84%. Principal and interest are due semi-annually and the repayment period begins on May 1, 2019 and matures on May 1, 2039. The purpose of the loan is for the construction of a sanitary sewer and other wastewater projects.

**Required Supplementary Information**

**Village of Westchester, Illinois**

**Required Supplementary Information - GASB Statement No. 45  
Postemployment Healthcare Plan**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2018	\$ -	\$ 2,150,160	\$ 2,150,160	- %	\$ 7,393,143	29.1 %
4/30/2017	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2016	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	-	3,019,172	3,019,172	-	7,099,992	42.5 %
4/30/2014	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2013	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2012	-	1,627,299	1,627,299	-	7,025,713	23.2 %

The Village has elected to have triennial valuations performed. Information has been presented for as many years as available.

**Schedule of Employer Contributions**

Fiscal Year Ending	Employer Contributions	Annual Required Contribution	Percentage Contributed
4/30/2018	\$ 185,084	\$ 131,598	140.64%
4/30/2017	198,294	178,917	110.83%
4/30/2016	198,294	178,917	110.83%
4/30/2015	198,294	178,917	110.83%



Village of Westchester, Illinois

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

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

**Notes to Schedule:**

Employees of the Westchester Library participate in the Village's Illinois Municipal Retirement Fund (IMRF). Therefore, the information above includes both the Village and Library balances. The Village comprises 79.9% and the Library comprises 20.1%

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

Village of Westchester, Illinois

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

Fiscal year ended April 30,	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 767,326	\$ 735,886	\$ 644,513	\$ 746,186
Interest on the total pension liability	3,027,140	2,963,588	2,727,718	2,463,037
Differences between expected and actual experience	(756,968)	1,129,094	(3,142,212)	-
Changes in assumptions	(627,029)	(2,399,754)	3,696,141	-
Benefit payments	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
<b>Net change in total pension liability</b>	245,086	355,093	1,885,296	1,226,425
<b>Total pension liability—beginning</b>	51,284,008	50,928,915	49,043,619	47,817,194
<b>Total pension liability—ending (a)</b>	<u>\$ 51,529,094</u>	<u>\$ 51,284,008</u>	<u>\$ 50,928,915</u>	<u>\$ 49,043,619</u>
<b>Plan fiduciary net position</b>				
Contributions - Employer	\$ 934,159	\$ 1,010,389	\$ 996,315	\$ 918,481
Contributions - Member	266,940	269,063	257,642	253,106
Contributions - Other	(512)	-	-	-
Pension plan net investment income	1,883,259	2,252,947	(364,913)	1,569,330
Benefit payments	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
Pension plan administrative expense	(84,304)	(47,735)	(48,849)	(55,905)
<b>Net change in plan fiduciary net position</b>	834,159	1,410,943	(1,200,669)	702,214
<b>Plan fiduciary net position—beginning</b>	26,149,828	24,738,885	25,939,554	25,237,340
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 26,983,987</u>	<u>\$ 26,149,828</u>	<u>\$ 24,738,885</u>	<u>\$ 25,939,554</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 24,545,107</u>	<u>\$ 25,134,180</u>	<u>\$ 26,190,030</u>	<u>\$ 23,104,065</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	52.37%	50.99%	48.58%	52.89%
<b>Covered-Employee Payroll</b>	<u>\$ 2,693,847</u>	<u>\$ 2,357,318</u>	<u>\$ 2,455,279</u>	<u>\$ 2,609,053</u>
<b>Employer net pension liability as a percentage of covered-employee payroll</b>	911.15%	1066.22%	1066.68%	885.53%
Annual money-weighted rate of return, net of investment expense	7.45%	5.90%	-1.39%	9.34%

**Notes to Schedule:**

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

Village of Westchester, Illinois

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

Fiscal year ended April 30,	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 623,728	\$ 624,637	\$ 548,586	\$ 799,025
Interest on the total pension liability	2,401,857	2,298,712	2,443,423	1,997,463
Differences between expected and actual experience	(93,070)	147,120	471,224	
Changes in assumptions	106,013	251,419	(3,816,007)	
Benefit payments	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
<b>Net change in total pension liability</b>	<b>1,423,030</b>	<b>1,746,413</b>	<b>(1,763,357)</b>	<b>1,525,181</b>
<b>Total pension liability—beginning</b>	<b>38,395,494</b>	<b>36,649,081</b>	<b>38,412,438</b>	<b>36,887,257</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 39,818,524</b>	<b>\$ 38,395,494</b>	<b>\$ 36,649,081</b>	<b>\$ 38,412,438</b>
<b>Plan fiduciary net position</b>				
Contributions - Employer	\$ 810,903	\$ 884,336	\$ 1,027,335	\$ 628,706
Contributions - Member	223,966	222,967	217,769	223,583
Contributions - Other	16,747			
Pension plan net investment income	1,758,365	1,923,728	(260,954)	1,336,306
Benefit payments	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
Pension plan administrative expense	(43,172)	(44,130)	(46,419)	(48,107)
<b>Net change in plan fiduciary net position</b>	<b>1,151,311</b>	<b>1,411,426</b>	<b>(472,852)</b>	<b>869,181</b>
<b>Plan fiduciary net position—beginning</b>	<b>22,234,831</b>	<b>20,823,405</b>	<b>21,296,257</b>	<b>20,427,076</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 23,386,142</b>	<b>\$ 22,234,831</b>	<b>\$ 20,823,405</b>	<b>\$ 21,296,257</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 16,432,382</b>	<b>\$ 16,160,663</b>	<b>\$ 15,825,676</b>	<b>\$ 17,116,181</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>58.73%</b>	<b>57.91%</b>	<b>56.82%</b>	<b>55.44%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 2,448,170</b>	<b>\$ 2,343,788</b>	<b>\$ 2,299,574</b>	<b>\$ 2,371,109</b>
<b>Employer net pension liability as a percentage of covered-employee payroll</b>	<b>671.21%</b>	<b>689.51%</b>	<b>688.20%</b>	<b>721.86%</b>
Annual money-weighted rate of return, net of investment expense	7.74%	5.38%	-1.02%	9.71%

**Notes to Schedule:**

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

**Village of Westchester, Illinois**

**Required Supplementary Information  
Schedule of Contributions**

**Police Pension Plan**

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

**Firefighters' Pension Plan**

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

**Illinois Municipal Retirement Fund**

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

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

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - General Fund  
Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Program:			
Charges for services	\$ 577,762	\$ 550,788	\$ (26,974)
Licenses and permits	1,337,200	1,467,415	130,215
Intergovernmental	3,757,450	3,853,014	95,564
Fines and forfeitures	763,500	639,867	(123,633)
General:			
Property taxes	6,144,720	6,088,247	(56,473)
Other taxes	2,253,000	2,158,644	(94,356)
Interest	5,000	11,536	6,536
Rental income	191,500	165,603	(25,897)
Miscellaneous	195,500	105,256	(90,244)
<b>Total revenues</b>	<u>15,225,632</u>	<u>15,040,370</u>	<u>(185,262)</u>
<b>Expenditures:</b>			
Current:			
General government	1,712,593	1,702,591	10,002
Community development department	598,680	550,785	47,895
Planning and zoning	2,050	439	1,611
Fire and police commission	27,974	39,248	(11,274)
Information technology	310,393	323,630	(13,237)
Police department	5,478,350	5,534,659	(56,309)
Civil defense	3,685	2,869	816
Fire department	4,466,815	4,445,130	21,685
Public works	1,909,275	1,950,248	(40,973)
Debt service:			
Principal	292,271	266,991	25,280
Interest and fees	21,896	17,541	4,355
Capital outlay	306,900	675,263	(368,363)
<b>Total expenditures</b>	<u>15,130,882</u>	<u>15,509,394</u>	<u>(378,512)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>94,750</u>	<u>(469,024)</u>	<u>(563,774)</u>
Other financing sources:			
Installment note proceeds	<u>-</u>	<u>328,013</u>	<u>328,013</u>
<b>Change in fund balance</b>	<u>\$ 94,750</u>	<u>(141,011)</u>	<u>\$ (235,761)</u>
Fund balances:			
May 1, 2017		<u>3,444,259</u>	
April 30, 2018		<u>\$ 3,303,248</u>	

## Village of Westchester, Illinois

### Notes to Required Supplementary Information

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#### Note 1. Budgetary Information

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

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

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

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

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

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

## Village of Westchester, Illinois

### Notes to Required Supplementary Information

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#### Note 2. Pension Contributions

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

##### Police Pension Plan

###### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year Smoothed Market Value
Amortization method	Level Percentage of Payroll Closed
Remaining Amortization Period	22 Years
Investment rate of return	7.00%
Projected Individual Salary Increases	3.06% - 16.04%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.00%
Mortality Table	Lauterbach & Amen (L&A) 2016 Illinois Police

##### Firefighters' Pension Plan

###### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year Smoothed Market Value
Amortization method	Level Percentage of Payroll Closed
Remaining Amortization Period	23 Years
Investment rate of return	7.00%
Projected Individual Salary Increases	3.38% - 17.85%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Mortality Table	Lauterbach & Amen (L&A) 2016 Illinois Firefighter's

Village of Westchester, Illinois

Notes to Required Supplementary Information

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

Illinois Municipal Retirement Fund

Methods and Assumptions

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year Smoothed Market Value, 20% corridor
Amortization method	Level Percentage of Payroll Closed
Remaining Amortization Period	26-year closed period
Investment rate of return	7.50%
Projected Individual Salary Increases	3.75% - 14.5%
Projected Increase in Total Payroll	3.50%
Consumer Price Index (Utilities)	2.75%
Inflation Rate Included	2.75%

Mortality Table

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.



## **Supplementary Information**

Village of Westchester, Illinois

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 April 30, 2018

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 394,070	\$ -	\$ -	\$ 394,070
Investments	84,023	387,179	91	471,293
Receivables:				
Intergovernmental	38,272	167,232	-	205,504
Other	138,224	-	-	138,224
Due from other funds	50	-	-	50
<b>Total assets</b>	<b>\$ 654,639</b>	<b>\$ 554,411</b>	<b>\$ 91</b>	<b>\$ 1,209,141</b>
<b>Liabilities</b>				
Accounts payable	\$ 4,479	\$ 28,544	\$ -	\$ 33,023
Due to other funds	152,797	-	-	152,797
Unearned revenue	-	54,482	-	54,482
<b>Total liabilities</b>	<b>157,276</b>	<b>83,026</b>	<b>-</b>	<b>240,302</b>
<b>Fund Balances</b>				
Restricted	525,805	471,385	91	997,281
Unassigned	(28,442)	-	-	(28,442)
<b>Total fund balances</b>	<b>497,363</b>	<b>471,385</b>	<b>91</b>	<b>968,839</b>
<b>Total liabilities and fund balances</b>	<b>\$ 654,639</b>	<b>\$ 554,411</b>	<b>\$ 91</b>	<b>\$ 1,209,141</b>

Village of Westchester, Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended April 30, 2018**

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	129,679	646,311	-	775,990
Intergovernmental	721,359	-	-	721,359
Interest	513	(4,079)	-	(3,566)
Other	43,597	-	-	43,597
<b>Total revenues</b>	<b>895,148</b>	<b>642,232</b>	<b>-</b>	<b>1,537,380</b>
<b>Expenditures:</b>				
Current:				
Tourism	147,166	-	-	147,166
Police 911	203,851	-	-	203,851
Police department	2,880	-	-	2,880
Public works	125,963	-	-	125,963
Debt service:				
Principal	196,279	-	360,000	556,279
Interest and fees	144,490	-	201,038	345,528
Capital outlay	-	768,376	-	768,376
<b>Total expenditures</b>	<b>820,629</b>	<b>768,376</b>	<b>561,038</b>	<b>2,150,043</b>
Deficiency of revenues under expenditures	74,519	(126,144)	(561,038)	(612,663)
Other financing sources (uses):				
Transfers in	-	-	561,038	561,038
Transfers (out)	-	(561,038)	-	(561,038)
Total other financing sources (uses)	-	(561,038)	561,038	-
<b>Change in fund balances</b>	<b>74,519</b>	<b>(687,182)</b>	<b>-</b>	<b>(612,663)</b>
Fund balances:				
May 1, 2017	422,844	1,158,567	91	1,581,502
April 30, 2018	\$ 497,363	\$ 471,385	\$ 91	\$ 968,839

Village of Westchester, Illinois

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 April 30, 2018

	Motor Fuel Tax	Police Forfeiture	911	Hotel/Motel Tax	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 172,172	\$ 47,583	\$ -	\$ 174,315	\$ 394,070
Investments	84,023	-	-	-	84,023
Receivables:					
Intergovernmental	38,272	-	-	-	38,272
Other	-	-	125,173	13,051	138,224
Due from other funds	-	50	-	-	50
<b>Total assets</b>	<b>\$ 294,467</b>	<b>\$ 47,633</b>	<b>\$ 125,173</b>	<b>\$ 187,366</b>	<b>\$ 654,639</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 3,318	\$ 1,161	\$ 4,479
Due to other funds	-	2,500	150,297	-	152,797
Total liabilities	-	2,500	153,615	1,161	157,276
<b>Fund Balances</b>					
Restricted	294,467	45,133	-	186,205	525,805
Unassigned	-	-	(28,442)	-	(28,442)
	294,467	45,133	(28,442)	186,205	497,363
<b>Total liabilities and fund balances</b>	<b>\$ 294,467</b>	<b>\$ 47,633</b>	<b>\$ 125,173</b>	<b>\$ 187,366</b>	<b>\$ 654,639</b>

Village of Westchester, Illinois

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Year Ended April 30, 2018

	Motor Fuel Tax	Police Forfeiture	911	Hotel/Motel Tax	Total
Revenues:					
Other local taxes	\$ -	\$ -	\$ -	\$ 129,679	\$ 129,679
Intergovernmental	473,442	3,343	244,574	-	721,359
Other revenue	-	-	9,126	34,471	43,597
Interest	-	513	-	-	513
<b>Total revenues</b>	<b>473,442</b>	<b>3,856</b>	<b>253,700</b>	<b>164,150</b>	<b>895,148</b>
Expenditures:					
Current:					
Tourism	-	-	-	147,166	147,166
Police 911	-	-	203,851	-	203,851
Police department	-	2,880	-	-	2,880
Public works	125,963	-	-	-	125,963
Debt service:					
Principal	155,000	-	41,279	-	196,279
Interest	143,323	-	1,167	-	144,490
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>424,286</b>	<b>2,880</b>	<b>246,297</b>	<b>147,166</b>	<b>820,629</b>
<b>Change in fund balances</b>	<b>49,156</b>	<b>976</b>	<b>7,403</b>	<b>16,984</b>	<b>74,519</b>
Fund balances (deficits):					
May 1, 2017	245,311	44,157	(35,845)	169,221	422,844
April 30, 2018	\$ 294,467	\$ 45,133	\$ (28,442)	\$ 186,205	\$ 497,363

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Nonmajor Capital Projects Fund  
 Year Ended April 30, 2018

	Original and Final Budget	Actual
Revenues:		
Other Local Taxes	\$ 700,000	\$ 646,311
Interest	500	(4,079)
<b>Total revenues</b>	<u>700,500</u>	<u>642,232</u>
Expenditures:		
Capital outlay, project costs	<u>1,254,000</u>	<u>768,376</u>
Deficiency of revenues over expenditures	(553,500)	(126,144)
Other financing uses:		
Transfers out	<u>(561,037)</u>	<u>(561,038)</u>
<b>Change in fund balance</b>	<u>\$ (1,114,537)</u>	(687,182)
Fund balance:		
May 1, 2017		<u>1,158,567</u>
April 30, 2018		<u>\$ 471,385</u>

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Nonmajor Debt Service Fund  
 Year Ended April 30, 2018

	Original and Final Budget	Actual
Expenditures:		
Debt service:		
Principal	\$ 360,000	\$ 360,000
Interest and fees	201,037	201,038
<b>Total expenditures</b>	<u>561,037</u>	<u>561,038</u>
Deficiency of revenues under expenditures	(561,037)	(561,038)
Other financing sources:		
Transfers in	<u>561,037</u>	<u>561,038</u>
<b>Change in fund balance</b>	<u>\$ -</u>	-
Fund balance:		
May 1, 2017		<u>91</u>
April 30, 2018		<u>\$ 91</u>

Village of Westchester, Illinois

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual**  
**Waterworks and Sewerage**  
**Year Ended April 30, 2018**

	Original and Final Budget	Actual
Operating revenues:		
Charges for services:		
Water sales	\$ 3,747,200	\$ 4,018,764
Sewer sales	827,000	920,606
Trash removal fees	2,200,000	1,944,809
Penalties	109,000	95,750
Other	27,500	30,665
<b>Total operating revenues</b>	<u>6,910,700</u>	<u>7,010,594</u>
Operating expenses:		
Personal services	1,306,875	1,264,301
Commodities	2,400,000	2,777,090
Contractual services	2,877,950	2,324,541
<b>Total operating expenses, other than depreciation</b>	<u>6,584,825</u>	<u>6,365,932</u>
<b>Operating income before depreciation</b>	325,875	644,662
Depreciation	-	514,242
<b>Operating income</b>	<u>325,875</u>	<u>130,420</u>
Nonoperating income (expense):		
Grant revenue	-	126,311
Interest income	5,500	9,191
Interest expense	(70,967)	(71,446)
<b>Total nonoperating income (expense)</b>	<u>(65,467)</u>	<u>64,056</u>
<b>Change in net position</b>	<u>\$ 260,408</u>	194,476
<b>Net position</b>		
May 1, 2017		<u>9,066,587</u>
April 30, 2018		<u>\$ 9,261,063</u>



Village of Westchester, Illinois

Statement of Changes in Assets and Liabilities  
Agency Funds  
April 30, 2018

	Balances May 1, 2017	Additions	Deletions	Balances April 30, 2018
<hr/>				
REFUNDABLE DEPOSITS				
Assets:				
Cash and cash equivalents	\$ 615,771	\$ 205,964	\$ 118,341	\$ 703,394
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 615,771</b>	<b>\$ 205,964</b>	<b>\$ 118,341</b>	<b>\$ 703,394</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities:				
Due to others	\$ 615,771	\$ 205,964	\$ 118,341	\$ 703,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>