



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF SWANSEA, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2019

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VILLAGE OF SWANSEA, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Board of Trustees
Village of Swansea
Swansea, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2019 the Village of Swansea adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 10), budgetary comparison information (pages 54 to 57) and schedules of funding progress and employer contributions (pages 58 to 67) 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 of Swansea, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate 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 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 combining and individual nonmajor fund financial statements and other schedules, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Alton, Illinois

August 21, 2019

VILLAGE OF SWANSEA, ILLINOIS **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Village of Swansea, Illinois' (Village) annual audit presents a management's discussion and analysis of the Village's financial activity during the fiscal year ended April 30, 2019. The Management's Discussion and Analysis is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Village.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Village's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains Required Supplementary Information and Other Supplementary Information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

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 of the Village include general government, public safety, culture and recreation, streets, and public works. The business-type activities relate entirely to operating the sewer system.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. Changes in net position are reported on the modified cash basis for the governmental activities and for the business-type activities.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. 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, readers may better understand the long-term impact of the Village's near-term financial decisions. The governmental fund's Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements.

The Village maintains 6 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for three major funds: General Fund, Tax Increment Financing Fund and Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for the nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The Village adopts an annual budget for all governmental funds. Budget comparison schedules for the major funds have been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its sewer operations.

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.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the Village's progress in funding its obligation to provide pension and retirement benefits to its employees. The Village also reports expenditures of its major funds in comparison to appropriated amounts.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Supplementary Information. The combining fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the Required Supplementary Information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$39,252,750 at the close of the most recent fiscal year.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2019	April 30, 2018	April 30, 2019	April 30, 2018	April 30, 2019	April 30, 2018
Current and other assets	\$ 9,323,857	\$ 8,543,952	\$ 8,413,438	\$ 8,011,257	\$ 17,737,295	\$ 16,555,209
Capital assets	28,767,538	23,827,060	23,345,765	24,533,448	52,113,303	48,360,508
Total assets	38,091,395	32,371,012	31,759,203	32,544,705	69,850,598	64,915,717
Deferred outflows	2,077,774	1,711,695	145,235	-	2,223,009	1,711,695
Long-term liabilities						
outstanding	14,373,900	12,381,338	13,309,161	13,935,380	27,683,061	26,316,718
Other liabilities	415,937	296,305	255,939	235,044	671,876	531,349
Total liabilities	14,789,837	12,677,643	13,565,100	14,170,424	28,354,937	26,848,067
Deferred inflows	-	322,475	-	204,120	-	526,595
Net position:						
Net investment in						
capital assets	27,587,448	22,372,766	10,684,795	10,779,797	38,272,243	33,152,563
Restricted	4,751,828	4,573,586	-	-	4,751,828	4,573,586
Unrestricted	(6,959,944)	(5,863,763)	7,654,543	7,390,364	694,599	1,526,601
Total net position	\$ 25,379,332	\$ 21,082,589	\$ 18,339,338	\$ 18,170,161	\$ 43,718,670	\$ 39,252,750

Total net position increased \$5,278,929 resulting in a balance of \$43,718,670 as of April 30, 2019. Total current assets, which are comprised of cash, investments and receivables, increased \$1,182,086. Non-current assets increased \$3,752,795 due primarily to the conveyance of the Clinton Hills property in the current year.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total liabilities increased in the current year by \$1,506,770 for an ending total balance of \$28,354,937. The increase is due primarily to a large increase in the net pension liabilities. In addition, the Village implemented GASB 75 in the current year which required the full recording of the OPEB benefits liability. Bonds and notes payable decreased by \$1,366,885 in the current year

The change in net position is further examined in the Analysis of Net Position section of the MD&A.

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2019</u>		<u>2018</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	87.5%	\$ 38,272,243	84.5%	\$ 33,152,563
Restricted	10.9%	4,751,828	11.7%	4,573,586
Unrestricted	1.6%	694,599	3.9%	1,526,601
Total net position	<u>100.0%</u>	<u>\$ 43,718,670</u>	<u>100.0%</u>	<u>\$ 39,252,750</u>

The Village had an overall increase in net position of \$4,465,920 for the government-wide financial statements for the year ended April 30, 2019. Capital net asset balances increased by \$5,119,680 in the current year primarily due to the conveyance of the Clinton Hills property. Unrestricted and restricted balances reported changes from general operations and were reduced as a result of the increases in the pension and OPEB liabilities.

The revenue and expenditure comparisons that comprise the current year increase follow.

GOVERNMENTAL ACTIVITIES

REVENUE COMPARISON BY TYPE

<u>Governmental activities</u>	<u>2019</u>	<u>2018</u>
Property tax	\$ 2,770,668	\$ 2,630,356
Utility tax	832,800	814,818
Telecommunications tax	141,111	147,744
State income tax	1,389,405	1,222,050
Sales and use tax	2,486,719	2,362,842
Motor fuel tax	356,878	359,067
Replacement tax	14,386	13,298
Other taxes	193,034	140,973
Franchise fees	351,214	251,994
Operating grants and contributions	106,571	40,717
Capital grants and contributions	5,583,653	52,198
Charges for services	514,328	316,003
Investment earnings	104,116	45,679
Miscellaneous	9,808	13,155
Total revenues	<u>\$ 14,854,691</u>	<u>\$ 8,410,894</u>

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

<u>Expenditures by category</u>	<u>2019</u>		<u>2018</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	11.9%	\$ 1,181,913	14.0%	\$ 1,128,924
Public safety	60.7%	6,027,451	56.8%	4,581,981
Culture and recreation	3.1%	306,632	3.1%	253,164
Streets and public works	20.2%	2,004,159	24.3%	1,963,217
Community & economic dev	3.8%	372,582	1.3%	104,578
Interest on long-term debt	0.3%	34,129	0.5%	38,992
Total expenditures	<u>100.0%</u>	<u>\$ 9,926,866</u>	<u>100.0%</u>	<u>\$ 8,070,856</u>

Total revenues for the governmental activities increased \$6,443,797 for the year ended April 30, 2019. The largest increase relates to the conveyance of Clinton Hills. Other increases were related to property taxes, sales taxes, income taxes, and franchise fees. Overall revenues generally increased or remained steady across all categories.

The largest category of expenditures is public safety which consists of the Village's police and fire departments. Streets and public works expenses of the Village, was the second largest category of governmental activities expenses. The large increase in public safety expenditures resulted from increased pension expenses related to actuarial calculations.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2019</u>	<u>2018</u>
General government	\$ 74,923	\$ 75,228
Public safety	220,148	220,378
Streets and public works	821,239	820,238
Culture and recreation	<u>110,305</u>	<u>107,481</u>
Total depreciation	<u>\$ 1,226,615</u>	<u>\$ 1,223,325</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$625,493, which was \$601,122 lower than the related depreciation in the current year.

BUSINESS-TYPE ACTIVITIES

REVENUE COMPARISON BY TYPE

<u>Business-type Activities</u>	<u>2019</u>	<u>2018</u>
Sewer Charges	\$ 3,298,079	\$ 3,426,785
Investment earnings	<u>144,415</u>	<u>66,362</u>
Total revenues	<u>\$ 3,442,494</u>	<u>\$ 3,493,147</u>

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

<u>Operating Expenditures</u>	<u>2019</u>		<u>2018</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.9%	\$ 550,632	23.6%	\$ 657,580
Contractual services	33.2%	917,229	30.6%	852,366
Supplies and materials	2.9%	80,285	2.5%	69,121
Depreciation	44.0%	<u>1,216,258</u>	43.4%	<u>1,208,759</u>
Total expenditures	<u>100.0%</u>	<u>\$ 2,764,404</u>	<u>100.0%</u>	<u>\$ 2,787,826</u>

Revenues for the business-type activities decreased \$50,653 for the year ended April 30, 2019.

Expenditures for the business-type activities also decreased by \$23,422. The largest categories of operating disbursements are related to personal and contractual services. The increase in contractual services is largely related to maintenance improvements.

FUNDS FINANCIAL ANALYSIS

As noted earlier, 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2019, the Village's governmental funds reported combined ending fund balances of \$8,601,458, an increase of \$670,910 in comparison with the prior year. Of the total fund balance, \$4,751,828 constitutes restricted fund balance, which is restricted primarily for restricted tax purposes. The unassigned fund balance, \$2,858,616, constitutes amounts which are available for spending at the Village's discretion.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,858,616, while the total fund balance was \$2,931,329. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44.2% of the total general fund expenditures, while total fund balance represents 45.3% of that same amount. The fund balance of the General Fund increased \$448,601 during the current fiscal year.

At the end of the current fiscal year, the restricted fund balance of the Tax Increment Financing Fund was \$2,090,156, an increase of \$64,834 in comparison with the prior year.

At the end of the current fiscal year, the restricted fund balance of the Capital Projects Fund was \$918,731, an increase of \$44,067 in comparison with the prior year.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Factors concerning the finances of this fund have already been addressed in the discussion of the Village's government-wide financial statements.

BUDGETARY HIGHLIGHTS

The Village's expenditures did not exceed the approved budget in any of the major funds. A comparison of budget and actual is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 6,540,444	\$ 6,451,490
Tax Increment Financing Fund	499,664	416,274
Capital Projects Fund	1,297,855	870,415

The appropriations were not amended in the current year.

TRANSFERS

The Village made interfund transfers to provide sufficient funds to pay for expenses incurred in funds with related purposes. All transfers were from unrestricted funds.

Additional information related to transfers can be located in Note 8 of the financial statements.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2019 amounted to \$52,113,303 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Improvements on Boul Avenue Trail Connector
- 2018 Ford F150 for the sewer department
- Several vehicles for the police department
- Clinton Hills land and structures
- Police station remodel and related equipment
- CAT generator
- 2 mowers for the parks department

Additional information related to capital assets can be located in Note 5 of the financial statements.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG-TERM DEBT

At April 30, 2019, the Village reported outstanding debt of \$13,841,060 with the principal obligations extending until fiscal year 2032. The Village entered into one new debt agreement for a vehicle in the current year for \$24,000. Total debt principal retirements were \$1,390,885 in the current year.

Additional information related to long-term debt can be located in Note 6 of the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Swansea, Illinois for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Swansea, 1444 Boul Avenue, Swansea, IL 62226.

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF NET POSITION
APRIL 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 6,456,058	\$ 3,579,660	\$ 10,035,718
Investments	1,632,044	4,276,674	5,908,718
Receivables (Net of allowance for uncollectibles):	1,080,284	527,443	1,607,727
Prepaid Expenses	72,283	29,661	101,944
Capital Assets:			
Land	7,389,027	-	7,389,027
Buildings and Improvements	7,543,178	42,973	7,586,151
Sewer Plant	-	22,819,973	22,819,973
Equipment and Vehicles	5,269,184	990,962	6,260,146
Infrastructure	31,263,011	14,449,905	45,712,916
Less: Accumulated Depreciation	<u>(22,696,862)</u>	<u>(14,958,048)</u>	<u>(37,654,910)</u>
Net Capital Assets	<u>28,767,538</u>	<u>23,345,765</u>	<u>52,113,303</u>
Other Assets:			
Insurance Trust	<u>83,188</u>	<u>-</u>	<u>83,188</u>
Total Assets	<u>38,091,395</u>	<u>31,759,203</u>	<u>69,850,598</u>
<u>Deferred Outflows of Resources</u>			
Loss on Bond Refunding	35,352	-	35,352
Future Pension Expense	<u>2,042,422</u>	<u>145,235</u>	<u>2,187,657</u>
	<u>2,077,774</u>	<u>145,235</u>	<u>2,223,009</u>
<u>Liabilities</u>			
Accounts Payable	246,964	92,033	338,997
Accrued Wages and Compensated Absences	158,867	23,950	182,817
Accrued Interest Payable	10,106	139,956	150,062
Noncurrent Liabilities:			
Due Within One Year	361,580	1,136,031	1,497,611
Due in More Than One Year	<u>14,012,320</u>	<u>12,173,130</u>	<u>26,185,450</u>
Total Liabilities	<u>14,789,837</u>	<u>13,565,100</u>	<u>28,354,937</u>
<u>Net Position</u>			
Net Investment in Capital Assets	27,587,448	10,684,795	38,272,243
Restricted for:			
Economic Development	2,090,156	-	2,090,156
Restricted Tax Revenues	2,661,242	-	2,661,242
Forfeitures and Seizures	430	-	430
Unrestricted	<u>(6,959,944)</u>	<u>7,654,543</u>	<u>694,599</u>
Total Net Position	<u>\$ 25,379,332</u>	<u>\$ 18,339,338</u>	<u>\$ 43,718,670</u>

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,181,913	\$ 359,789	\$ 8,631	\$ 5,541,600	\$ 4,728,107		\$ 4,728,107
Public Safety	6,027,451	137,874	29,232	-	(5,860,345)		(5,860,345)
Public Works	2,004,159	5,059	3,708	-	(1,995,392)		(1,995,392)
Culture and Recreation	306,632	11,106	65,000	42,053	(188,473)		(188,473)
Community and Economic Development	372,582	500	-	-	(372,082)		(372,082)
Interest on Long-term Debt	34,129	-	-	-	(34,129)		(34,129)
Total Governmental Activities	9,926,866	514,328	106,571	5,583,653	(3,722,314)		(3,722,314)
Business-type Activities:							
Sewerage	3,091,390	3,298,079	-	-		\$ 206,689	206,689
Total Business-type Activities	3,091,390	3,298,079	-	-		206,689	206,689
Total Primary Government	\$ 13,018,256	\$ 3,812,407	\$ 106,571	\$ 5,583,653	(3,722,314)	206,689	(3,515,625)
General Revenues:							
Property Tax, Levied for General Purposes					2,770,668	-	2,770,668
Intergovernmental Revenues:							
Sales and Use Tax					2,486,719	-	2,486,719
Replacement Tax					14,386	-	14,386
State Income Tax					1,389,405	-	1,389,405
Motor Fuel Tax					356,878	-	356,878
Video Gaming Tax					161,657	-	161,657
Telecommunications Tax					141,111	-	141,111
Utility Tax					832,800	-	832,800
Franchise Fees					351,214	-	351,214
Other Taxes					31,377	-	31,377
Unrestricted Investment Earnings					104,116	144,415	248,531
Miscellaneous					9,808	-	9,808
Transfers					7,977	(7,977)	-
Total General Revenues and Transfers					8,658,116	136,438	8,794,554
Change in Net Position					4,935,802	343,127	5,278,929
Net Position - Beginning, As Restated					20,443,530	17,996,211	38,439,741
Net Position - Ending					\$ 25,379,332	\$ 18,339,338	\$ 43,718,670

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

VILLAGE OF SWANSEA, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2019

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,902,184	\$ 1,028,988	\$ 881,240	\$ 2,643,646	\$ 6,456,058
Investments	520,195	1,111,849	-	-	1,632,044
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	759,084	510,270	-	237,231	1,506,585
Services	3,730	-	-	-	3,730
Intergovernmental	780,637	-	96,921	105,310	982,868
Other	93,686	-	-	-	93,686
Prepaid Expenses	<u>72,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,283</u>
Total Assets	<u>\$ 4,131,799</u>	<u>\$ 2,651,107</u>	<u>\$ 978,161</u>	<u>\$ 2,986,187</u>	<u>\$ 10,747,254</u>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 112,296	\$ 50,681	\$ 24,617	\$ 59,370	\$ 246,964
Accrued Wages and Compensated Absences	<u>158,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,867</u>
Total Liabilities	<u>271,163</u>	<u>50,681</u>	<u>24,617</u>	<u>59,370</u>	<u>405,831</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>929,307</u>	<u>510,270</u>	<u>34,813</u>	<u>265,575</u>	<u>1,739,965</u>
Fund Balance:					
Nonspendable	72,283	-	-	-	72,283
Restricted	430	2,090,156	-	2,661,242	4,751,828
Committed	-	-	918,731	-	918,731
Unassigned	<u>2,858,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,858,616</u>
Total Fund Balance	<u>2,931,329</u>	<u>2,090,156</u>	<u>918,731</u>	<u>2,661,242</u>	<u>8,601,458</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,131,799</u>	<u>\$ 2,651,107</u>	<u>\$ 978,161</u>	<u>\$ 2,986,187</u>	<u>\$ 10,747,254</u>

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

VILLAGE OF SWANSEA, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2019

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 8,601,458
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	28,767,538
The balance of the pooled insurance trust is not recorded as an asset on the balance sheet of the governmental funds.	83,188
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(98,134)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(1,689,625)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,194,947)
The loss on debt refunding is not reported as an asset on the balance sheet of the governmental funds.	35,352
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(10,106)
Net pension liabilities/assets are not reported on the balance sheet of the governmental funds.	(9,348,772)
Intergovernmental revenues that are not available for current use are reported as deferred on the balance sheet of the governmental funds but not on the statement of net position.	<u>233,380</u>
Net position of governmental activities	<u>\$ 25,379,332</u>

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	General Fund	Tax Increment Financing Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 1,957,576	\$ 481,607	\$ 100,637	\$ 230,848	\$ 2,770,668
Intergovernmental:					
Sales and Use Tax	1,787,173	-	374,959	299,168	2,461,300
Replacement Tax	14,386	-	-	-	14,386
State Income Tax	1,389,405	-	-	-	1,389,405
Motor Fuel Tax	-	-	-	356,878	356,878
Telecommunications Tax	142,663	-	-	-	142,663
Video Gaming Tax	161,657	-	-	-	161,657
Grants	14,093	-	42,053	3,708	59,854
Other	31,377	-	-	-	31,377
Utility Tax	832,800	-	-	-	832,800
Licenses, Fees and Permits	305,055	-	-	-	305,055
Charges for Services	400,308	-	-	-	400,308
Fines	58,110	-	-	-	58,110
Investment Earnings	29,024	33,817	6,450	34,825	104,116
Gifts and Donations	88,770	-	-	-	88,770
Miscellaneous Revenues/Reimbursements	<u>109,620</u>	<u>500</u>	<u>-</u>	<u>1,757</u>	<u>111,877</u>
Total Revenues	<u>7,322,017</u>	<u>515,924</u>	<u>524,099</u>	<u>927,184</u>	<u>9,289,224</u>
Expenditures:					
Current:					
General Government	982,343	-	19,472	-	1,001,815
Public Safety	4,811,102	-	146,026	-	4,957,128
Public Works	460,683	-	409,342	307,283	1,177,308
Culture and Recreation	187,048	-	-	-	187,048
Community and Economic Development	-	99,794	-	272,788	372,582
Debt Service:					
Principal	-	-	93,204	205,000	298,204
Interest and Fees	-	-	2,008	28,705	30,713
Capital Outlay	<u>25,217</u>	<u>351,296</u>	<u>248,980</u>	<u>-</u>	<u>625,493</u>
Total Expenditures	<u>6,466,393</u>	<u>451,090</u>	<u>919,032</u>	<u>813,776</u>	<u>8,650,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>855,624</u>	<u>64,834</u>	<u>(394,933)</u>	<u>113,408</u>	<u>638,933</u>
Other Financing Sources (Uses):					
Transfers In	7,977	-	415,000	-	422,977
Transfers Out	(415,000)	-	-	-	(415,000)
Proceeds From Debt	-	-	24,000	-	24,000
Total Other Financing Sources	<u>(407,023)</u>	<u>-</u>	<u>439,000</u>	<u>-</u>	<u>31,977</u>
Net Change in Fund Balances	448,601	64,834	44,067	113,408	670,910
Fund Balance, Beginning of Year	<u>2,482,728</u>	<u>2,025,322</u>	<u>874,664</u>	<u>2,547,834</u>	<u>7,930,548</u>
Fund Balance, End of Year	<u>\$ 2,931,329</u>	<u>\$ 2,090,156</u>	<u>\$ 918,731</u>	<u>\$ 2,661,242</u>	<u>\$ 8,601,458</u>

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

VILLAGE OF SWANSEA, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds \$ 670,910

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$625,493 and contributed capital of \$5,541,600 exceeded depreciation expense of \$1,226,615 in the current year. 4,940,478

The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities. 42,443

The amount of net pension liabilities/assets related to IMRF and the police and fire pensions are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the proper functional expense category. This amount is the difference between beginning and ending net pension liabilities/assets balances that has been included in the statement of activities. (701,454)

The amount of postemployment healthcare benefits is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities. (275,017)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items. 270,788

Intergovernmental revenues that are not available for current use are reported as deferred on the balance sheet of the governmental funds but not on the statement of net assets. This amount is the difference between beginning and ending deferred revenues that has been included in the statement of activities. 23,867

The balance of the Village's portion of the pooled insurance trust is not recorded as an asset in the fund financial statements. In the statement of net assets, this amount is included and adjusted through the general functional expense category. This amount is the difference between beginning and ending insurance trust balance. (36,213)

Change in net position of governmental activities \$ 4,935,802

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND - SEWERAGE
APRIL 30, 2019

<u>Assets:</u>		<u>Liabilities:</u>	
Current Assets:		Current Liabilities:	
Cash and Cash Equivalents	\$ 3,579,660	Accounts Payable	\$ 92,033
Investments	4,276,674	Accrued Wages	23,950
Receivables (Net, where applicable, of allowances for uncollectible):		Current Portion - Notes Payable	1,119,752
Services	527,443	Accrued Compensated Absences	16,279
Prepaid Insurance	29,661	Accrued Interest Payable	139,956
Total Current Assets	<u>8,413,438</u>	Total Current Liabilities	<u>1,391,970</u>
Noncurrent Assets:		Noncurrent Liabilities:	
Capital Assets:		Net Pension Liability	424,144
Sewer Plant	22,819,973	Net OPEB Liability	207,768
Buildings and Improvements	42,973	Notes Payable	11,541,218
Equipment and Vehicles	990,962	Total Noncurrent Liabilities	<u>12,173,130</u>
Sewer System	14,449,905	Total Liabilities	<u>13,565,100</u>
Total	38,303,813		
Less - Accumulated Depreciation	<u>(14,958,048)</u>		
Net Capital Assets	<u>23,345,765</u>	<u>Net Position:</u>	
Total Noncurrent Assets	<u>23,345,765</u>	Net Investment in Capital Assets	10,684,795
Total Assets	<u>\$ 31,759,203</u>	Unrestricted	7,654,543
		Total Net Position	<u>\$ 18,339,338</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	<u>\$ 145,235</u>		

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND - SEWERAGE FUND
FOR THE YEAR ENDED APRIL 30, 2019

Operating Revenues:	
Charges for Services	\$ 3,252,979
Fees	<u>45,100</u>
Total Operating Revenues	<u>3,298,079</u>
Operating Expenses:	
Salaries	437,026
Employee Benefits	113,606
Contractual Services	917,229
Commodities	80,285
Depreciation	<u>1,216,258</u>
Total Operating Expenses	<u>2,764,404</u>
Operating Income	<u>533,675</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	144,415
Interest and Fiscal Charges	<u>(326,986)</u>
Total Nonoperating Revenues (Expenses)	<u>(182,571)</u>
Income Before Capital Contributions and Transfers	351,104
Transfers Out	<u>(7,977)</u>
Change in Net Position	343,127
Net Position - Beginning of Year, As Restated	<u>17,996,211</u>
Net Position - End of Year	<u>\$ 18,339,338</u>

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWERAGE FUND
FOR THE YEAR ENDED APRIL 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,328,014
Payments to Suppliers	(1,138,260)
Payments to Employees	<u>(437,023)</u>
Net Cash Provided by Operating Activities	<u>1,752,731</u>
Cash Flows from Noncapital Financing Activities:	
Payments to Other Funds	<u>(7,977)</u>
Net Cash Used by Noncapital Financing Activities	<u>(7,977)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(28,575)
Principal Payments on Notes	(1,092,681)
Interest Payments and Fiscal Charges	<u>(330,897)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,452,153)</u>
Cash Flows from Investing Activities:	
Sales (Purchases) of Investments	(68,345)
Interest Received	<u>144,415</u>
Net Cash Used by Investing Activities	<u>76,070</u>
Net Change in Cash and Cash Equivalents	368,671
Cash and Cash Equivalents, Beginning of Year	<u>3,210,989</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,579,660</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 533,675
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,216,258
(Increase) Decrease in Assets:	
Services Receivables	29,935
Prepaid Expenses	4,900
Future Pension Expense	(349,355)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	3
Net Pension Liability	259,550
Net OPEB Liability	33,818
Accounts Payable	<u>23,947</u>
Net Cash Provided by Operating Activities	<u>\$ 1,752,731</u>

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2019

Assets:		
Cash and Cash Equivalents		\$ 331,795
Investments:		
Certificate of Deposits		43,765
Corporate Bonds		3,189,039
U.S. Government Securities		3,672,911
Common Stock		3,446,048
Mutual Funds		2,553,269
Receivables:		
Property Tax		1,255,291
Accrued Interest		60,369
Other		12,715
		<hr/>
Total Assets		14,565,202
		<hr/>
Liabilities:		
None		-
		<hr/>
Total Liabilities		-
		<hr/>
Net Position - Restricted for Pension Benefits		\$ 14,565,202
		<hr/>

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

VILLAGE OF SWANSEA, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

Additions:	
Employer Contributions	\$ 1,252,681
Employee Contributions	185,421
Investment Earnings:	
Investment Earnings	823,435
Less: Investment Expense	<u>(71,042)</u>
Net Investment Earnings	<u>752,393</u>
Total Additions	<u>2,190,495</u>
Deductions:	
Benefit Payments	649,163
Contractual Services	<u>24,288</u>
Total Deductions	<u>673,451</u>
Change in Net Position	1,517,044
Net Position - Beginning of Year	<u>13,048,158</u>
Net Position - End of Year	<u><u>\$ 14,565,202</u></u>

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

VILLAGE OF SWANSEA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Swansea, Illinois (“Village”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village’s accounting policies are described below.

(a) The financial reporting entity

The Village of Swansea has a President-Trustee form of Government. The Board consists of a Mayor and six Trustees who are elected at-large by the people of the Village. The Mayor and Board of Trustees, acting together, are the governing body. All governing body members serve four-year terms. The governing body, being the elected representative of the people, adopts all ordinances and resolutions, and determines the general goals and policies for the Village. The Village is a political subdivision of the State of Illinois. These financial statements present all the fund types of the Village. Component units are legally separate entities for which the Village is financially accountable, including a financial benefit or burden. The Village did not report any component units in the Village’s financial statements.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund 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.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Tax Increment Financing Fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs connected to the tax increment financing areas.

The Capital Projects Fund accounts for resources obtained and used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of bond issues and non-home rule sales tax.

The Village reports the following major proprietary fund:

The Sewerage Fund accounts for all activities related to the billing, administration, distribution and collection processes of the sewer utilities. The Village operates the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the Village reports the following fund type:

The pension trust fund accounts for the activities of the Police and Fire Pension Funds, which accumulate resources for pension benefit payments to qualified public safety employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

(d) Assets, liabilities and net position or equity

Deposits and investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

original maturities of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and interest allocated to each fund based on month-end balances and investment policies.

The Village is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds, the Illinois Metropolitan Investment Fund and repurchase agreements of government securities. The pension trust funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

All cash and investments are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Any allowance for uncollectible amounts has been deducted from the related receivable on the statement of net position.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The Village levied its 2018 property taxes on December 17, 2018 based upon the assessed valuation as of the previous January 1. Property taxes are due in installments in the following year, usually beginning in June, and are considered delinquent after the due dates. Property taxes for 2018 become an enforceable lien in January 2019. Because this tax levy will be used to pay expenses budgeted in fiscal year 2020, no part of this tax levy is shown as a receivable as of April 30, 2019 in the statement of activities.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects when constructed.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Public domain infrastructure	15 - 40
System infrastructure	5 - 50
Equipment and vehicles	3 - 10
Improvements other than buildings	10 - 25

Compensated absences

Accumulated unpaid vacation pay amounts are accrued when incurred. The Village's vacation policy permits employees to earn 80 to 168 hours of vacation per year, based on length of service and employee classification.

The Board of Trustees approved a revision to the sick leave policy on April 8, 2011, effective April 19, 2011. Employees who are enrolled in IMRF, except police officers and firefighters, earn sick leave at the rate of 4 hours per month to a maximum of 2,080 hours. Those employees hired prior to this ordinance accumulate sick leave at 8 hours per month. There is no limit on sick leave accrual for police officers and firefighters.

At April 30, 2019, the Village estimated that the accumulated liability for unused vacation for governmental activities employees totaled \$98,134. Amounts reflected in the financial statements at April 30, 2019 for business-type activities employees related to unused vacation benefits totaled \$16,279.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance

In the fund financial statements, the Village classifies the fund balances based upon the following criteria:

Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted - balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal approval of the Village Trustees, which has the highest level of decision-making authority. Formal Board approval is required to establish and amend or remove any specific committed balances.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances are authorized by the Village Board or by the Village Administrator under the direction of the Village Board. The Village does not maintain any assigned balances as of April 30, 2019.

Unassigned - the residual classification of the General Fund balance.

When expenditures are incurred for which the Village has both restricted and unrestricted funds available, the Village spends any restricted funds before using unrestricted sources. Likewise, the Village uses committed, assigned and

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

then unassigned balances, in that order, when spending amounts for which all three categories are available. The following details the description and amount of all constraints recorded by the Village in the fund financial statements:

<u>Governmental Funds</u>	
Nonspendable:	
Prepaid Items	\$ <u>72,283</u>
Restricted:	
TIF Economic Development	\$ 2,085,998
Forfeiture Funds	430
Business Districts	1,995,168
Motor Fuel Tax	641,145
Debt Service	<u>24,929</u>
	<u>\$ 4,747,670</u>
Committed:	
Capital Projects	<u>\$ 918,731</u>

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

Village ordinance requires that a legally adopted annual budget be prepared for all funds. The Village Administrator compiles a budget of estimated revenues and expenditures for the Village and submits the budget to the Village Board prior to May 1 each year. The legal level of budgetary control is defined as the budgeted appropriation amount at the program level of expenditures within a department. Unexpended appropriations lapse at year-end. Supplemental appropriations can be made with the majority vote of the Village Board.

The Village prepares its annual budget on the cash basis of accounting, which differs from accounting principles generally accepted in the United States of America (GAAP). The budget and all transactions are presented in accordance with the Village's method (budget basis) in the required supplementary information for the major governmental funds to provide a meaningful comparison of actual results with the budget.

VILLAGE OF SWANSEA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

General Government & Business-Like Activities

At April 30, 2019, the carrying amount of the Village's deposits was \$15,943,186 and the bank balance was \$15,976,012. The deposits were comprised of checking accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Village's name. The Village did not have any bank balances that exceeded FDIC coverage and was uncollateralized at April 30, 2019.

As of April 30, 2019, the Village had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Cash on Hand		1,250
Deposits as reported above		15,943,186
Total deposits and investments		<u>\$ 15,944,436</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 10,035,718
Investments		5,908,718
		<u>\$ 15,944,436</u>

Interest Rate Risk. The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2019, the Village did not have any investments subject to credit risk.

To minimize credit risk, it is the Village's policy to limit investments to the safest type of security and diversify the portfolio, to the extent necessary, in order to minimize potential losses on individual securities

Concentration of Credit Risk. As of April 30, 2019, the Village did not have a concentration of credit risk related to investments.

Foreign Currency Risk. As of April 30, 2019, the Village has no foreign currency risk.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Firefighter's Pension Fund

At April 30, 2019, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$59,548. The deposits were comprised of money market accounts and a certificate of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Firefighter's Pension Fund's deposits may not be returned to it. The Firefighter's Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension's name.

As of April 30, 2019, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Corporate Bonds	5.26	\$ 395,194
FFCB	3.32	25,201
FHLMC	0.81	9,966
FHLB	3.61	4,924
FNMA	4.83	14,584
US Treasury Notes	4.03	490,347
Mutual Funds		106,072
Deposits as reported above		<u>59,548</u>
Total deposits and investments		<u>\$ 1,105,836</u>

Interest Rate Risk. The Firefighter's Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund. The policy also requires diversification of the investment portfolio via length of maturity to manage its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2019, the Firefighter's Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Corporate Bonds	AAA to BBB	Aaa to Baa3
FNMA	AA+	Aaa
FFCB	AA+	Aaa
FHLB	AA+	Aaa
FHLMC	AA+	Aaa

Concentration of Credit Risk. As of April 30, 2019, the Firefighter's Pension Fund investments did not have a concentration of credit risk.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Foreign Currency Risk. As of April 30, 2019, the Firefighter's Pension Fund has no foreign currency risk.

Police Pension Fund

At April 30, 2019, the carrying amount and bank balance of the Police Pension Fund's deposits were \$316,012. The deposits were comprised of checking and interest checking accounts.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2019, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	3.47	\$ 2,338,167
U.S. Treasury Bonds	24.95	446,600
FHLB	5.89	74,834
FNMA	3.80	70,356
FFCB	11.09	197,932
Corporate Bonds	3.47	2,793,845
Mutual Fund	--	2,447,197
Common Stock	--	<u>3,446,048</u>
		11,814,979
Deposits as reported above		<u>316,012</u>
Total deposits and investments		<u>\$ 12,130,991</u>

Interest Rate Risk. The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity to manage its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2019, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
FNMA	AA+	Aaa
FFCB	AA+	Aaa
FHLB	AA+	Aaa
Corporate Bonds	AAA to BBB-	Aaa to Baa3

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Concentration of Credit Risk. As of April 30, 2019, the Police Pension Fund's investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2019, the Police Pension Fund has no foreign currency risk.

NOTE 4: RECEIVABLES

The Village reports the following receivables in the statement of net position as of April 30, 2019. These amounts are reported net of the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Other Major Funds</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Fines/Franchise Fees	\$ 93,686	\$ -	\$ -	\$ -	\$ 93,686
Accounts	3,730	-	527,443	-	531,173
Intergovernmental	<u>780,637</u>	<u>96,921</u>	<u>-</u>	<u>105,310</u>	<u>982,868</u>
Gross Receivables	878,053	96,921	527,443	105,310	1,607,727
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 878,053</u>	<u>\$ 96,921</u>	<u>\$ 527,443</u>	<u>\$ 105,310</u>	<u>\$ 1,607,727</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,506,585	\$ --
Intergovernmental taxes	233,380	--

VILLAGE OF SWANSEA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2019 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,447,427	\$ 4,941,600	\$ -	\$ 7,389,027
Capital assets, being depreciated:				
Buildings and improvements	6,671,183	871,995	-	7,543,178
Equipment and vehicles	5,024,374	311,279	66,469	5,269,184
Infrastructure	31,220,792	42,219	-	31,263,011
Total capital assets being depreciated	42,916,349	1,225,493	66,469	44,075,373
Less accumulated depreciation for:				
Buildings and improvements	2,581,791	176,041	-	2,757,832
Equipment and vehicles	3,875,679	209,955	66,469	4,019,165
Infrastructure	15,079,246	840,619	-	15,919,865
Total accumulated depreciation	21,536,716	1,226,615	66,469	22,696,862
Total capital assets, being depreciated, net	21,379,633	(1,122)	-	21,378,511
Governmental activities capital assets, net	\$ 23,827,060	\$ 4,940,478	\$ -	\$ 28,767,538

Capital asset activity for business-type activities for the year ended April 30, 2019 was as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Sewer plant	\$ 22,819,973	\$ -	\$ -	\$ 22,819,973
Buildings and improvements	42,973	-	-	42,973
Equipment and vehicles	969,361	28,575	6,974	990,962
Sewer system	14,450,905	-	1,000	14,449,905
Total capital assets being depreciated	38,283,212	28,575	7,974	38,303,813
Less accumulated depreciation for:				
Sewer plant	6,221,095	837,148	-	7,058,243
Buildings and improvements	23,409	1,295	-	24,704
Equipment and vehicles	537,893	69,000	6,974	599,919
Sewer system	8,967,367	308,815	1,000	9,275,182
Total accumulated depreciation	15,749,764	1,216,258	7,974	16,958,048
Total capital assets, being depreciated, net	22,533,448	(1,187,683)	-	21,345,765
Business-type activities capital assets, net	\$ 22,533,448	\$ (1,187,683)	\$ -	\$ 21,345,765

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental activities:		
General government	\$	74,923
Public safety		220,148
Public works, including depreciation of general infrastructure assets		821,239
Culture and recreation		110,305
Total depreciation expense - governmental activities	\$	<u>1,226,615</u>
Business-type activities:		
Sewerage	\$	<u>1,216,258</u>

NOTE 6: LONG-TERM DEBT

Bond Issues

The Village issues bonds to provide funds for the acquisition and construction of major capital facilities and development purposes. Bonds have been issued for the governmental activities. The Village has the following outstanding bond issue:

\$2,115,000 General Obligation Fire Protection Refunding Bonds, Series 2013 dated March 20, 2013, due in annual installments of \$215,000 to \$230,000 through December 1, 2023; interest at 2.00% to 2.50%. The proceeds were used to refund bonds that were originally issued to fund a new firehouse. The amount of bonds outstanding as of April 30, 2019 is \$1,105,000.

The annual requirements to retire the outstanding bond issue as of April 30, 2019 are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 215,000	\$ 24,255
2021	215,000	19,955
2022	220,000	15,655
2023	225,000	10,925
2024	<u>230,000</u>	<u>5,750</u>
	<u>\$ 1,105,000</u>	<u>\$ 76,540</u>

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Notes Payable

The Village has entered into several notes payable. The following are descriptions of the Village's outstanding notes payable:

\$112,200 note payable through The Bank of Belleville, dated April 2, 2015, for a 2016 Peterbilt truck, bears interest at 1.59%; monthly installments of \$1,948 through April 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2019 is \$21,252.

\$106,462 note payable through The Bank of Belleville, dated December 5, 2015, for a 2016 Peterbilt truck, bears interest at 1.99%; monthly installments of \$1,866 through November 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2019 is \$33,126.

\$24,000 note payable through The Bank of Edwardsville, dated October 5, 2018, for a Ford F150, bears interest at 3.65%; monthly installments of \$538 through October 2022. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2019 is \$20,712.

\$21,156,248 note payable through the Illinois Environmental Protection Agency (IEPA), dated October 2008, for the improvement of the wastewater plant, bears interest at 2.50%; semiannual principal and interest payments of \$692,239 are due through May 2029. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2019 is \$12,193,159.

\$665,850 note payable through the Illinois Environmental Protection Agency (IEPA), dated December 2010, for the improvement of the Western Avenue lift station, bears interest at 1.25%; semiannual principal and interest payments of \$19,950 are due through April 2032. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2019 is \$467,811.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual debt requirements to retire the notes payable as of April 30, 2019 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 48,446	\$ 1,285	\$ 1,119,752	\$ 303,824
2021	17,229	550	1,147,501	276,075
2022	6,217	241	1,175,942	247,634
2023	3,198	30	1,205,092	218,484
2024	-	-	1,234,970	188,606
2025-2029	-	-	6,649,813	468,067
2030-2032	-	-	127,900	2,685
	<u>\$ 75,090</u>	<u>\$ 2,106</u>	<u>\$ 12,660,970</u>	<u>\$ 1,705,375</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2019:

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation bonds	\$ 1,310,000	\$ -	\$ 205,000	\$ 1,105,000	\$ 215,000
Bond premium	18,571	-	3,714	14,857	-
Notes payable	144,294	24,000	93,204	75,090	48,446
Other liabilities:					
OPEB liability	1,414,608	275,017	-	1,689,625	-
Net pension liability	9,992,347	1,432,377	33,530	11,391,194	-
Compensated absences	140,577	-	42,443	98,134	98,134
Governmental activities long-term liabilities	<u>\$ 13,020,397</u>	<u>\$ 1,731,394</u>	<u>\$ 377,891</u>	<u>\$ 14,373,900</u>	<u>\$ 361,580</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
Notes payable	\$ 13,753,651	\$ -	\$ 1,092,681	\$ 12,660,970	\$ 1,119,752
Other liabilities:					
OPEB liability	173,950	33,818	-	207,768	-
Net pension liability	164,594	259,550	-	424,144	-
Compensated absences	17,135	-	856	16,279	16,279
Business-type activities long-term liabilities	<u>\$ 14,109,330</u>	<u>\$ 293,368</u>	<u>\$ 1,093,537</u>	<u>\$ 13,309,161</u>	<u>\$ 1,136,031</u>

The liabilities related to the pension benefit obligation, the OPEB liability and the compensated absences in the governmental activities are being retired by the General Fund.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: LEGAL DEBT MARGIN

The computation of legal debt margin at April 30, 2019 is as follows:

Bonded Debt Limit*	\$ 24,526,094
Bonded Indebtedness	<u>1,180,090</u>
Legal Debt Margin	<u>\$ 23,346,004</u>

* The bonded indebtedness of the Village is limited by Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

NOTE 8: INTERFUND TRANSFERS

The Village made the following interfund transfers during the year ended April 30, 2019:

General Fund Transfer From (To):	
Sewerage	\$ 7,977
Capital Projects Fund	(415,000)

The General Fund receives a transfer for reimbursement of administrative expenses paid for the Sewerage Fund.

NOTE 9: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

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 Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 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 employer annual required contribution rate for calendar year 2018 was 13.05 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	21
Inactive, non-Retired Members	20
Active Members	<u>23</u>
Total	<u>64</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and the resulting single discount rate is 7.25%.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Valuation Date	12/31/18
Measurement Date of the Net Pension Liability	12/31/18
Fiscal Year End	04/30/19

Development of the Single Discount Rate as of December 31, 2018	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	3.71%
Last year ending December 31 in the 2019 to 2118 projection period for which projected benefit payments are fully funded	2118
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2017 Measurement Date	7.50%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2018.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 25 year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	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. The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ 103,086
Interest on the Total Pension Liability	468,564
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	122,598
Changes of assumptions	191,990
Benefit payments, including refunds of employee contributions	<u>(297,430)</u>
Net change in total pension liability	\$ 588,808
Total pension liability - beginning	<u>6,344,690</u>
Total pension liability - ending	<u>\$ 6,933,498</u>
 Plan fiduciary net position	
Contributions - employer	\$ 162,583
Contributions - employee	53,458
Net investment income	(299,808)
Benefit payments, including refunds of employee contributions	(297,430)
Other	<u>157,918</u>
Net change in plan fiduciary net position	\$ (223,279)
Plan fiduciary net position - beginning	<u>5,920,065</u>
Plan fiduciary net position - ending	<u>\$ 5,696,786</u>
 Net pension liability/(asset)	 <u>\$ 1,236,712</u>
 Plan fiduciary net position as a percentage of the total pension liability	 82.16%
 Covered valuation payroll	 \$ 1,187,954
 Net pension liability as a percentage of covered valuation payroll	 104.10%

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease <u>6.25%</u>	Rate Assumption <u>7.25%</u>	1% Increase <u>8.25%</u>
Total Pension Liability	\$ 7,799,119	\$ 6,933,498	\$ 6,215,616
Plan Fiduciary Net Position	<u>5,696,786</u>	<u>5,696,786</u>	<u>5,696,786</u>
Net Pension Liability/(Asset)	<u>\$ 2,102,333</u>	<u>\$ 1,236,712</u>	<u>\$ 518,830</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 91,137	\$ 106,985
Changes in assumptions	132,956	107,121
Payments subsequent to measurement date	38,688	-
Net difference between projected and actual earnings on pension plan investments	<u>678,142</u>	<u>303,342</u>
Total	<u>\$ 940,923</u>	<u>\$ 517,448</u>

Year Ending December 31,	Net Deferred Outflows of Resources
2019	\$ 160,319
2020	59,084
2021	54,737
2022	149,335
2023	-
Thereafter	-
	<u>\$ 423,475</u>

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Firefighters' Pension Fund

a) Plan Description

Plan Administration. The Board consists of two members appointed by the Village, two active members of the fire department elected by the membership, and one retired member of the fire department elected by the membership.

Plan Membership as of April 30, 2019:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	1
Active Plan Members	<u>1</u>
Total	<u>2</u>

Benefits Provided.

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,159.27 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60. Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Seven years of service required for non-service connected disability. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 54% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the deceased member at time of death, regardless of whether death occurs before or after age 50.

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is based on the monthly salary attached to the Member's rank at separation from service. The following schedule applies:

<u>Service</u>	<u>% of Salary</u>
10	15.0%
11	17.6%
12	20.4%
13	23.4%
14	26.6%
15	30.0%
16	33.6%
17	37.4%
18	41.4%
19	45.6%

Contributions.

Employee: 9.455% of Salary. Village: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability by December 31, 2040.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

b) Investments

Investment Policy:

The Board adopted an investment policy in accordance with the Illinois Compiled Statues. The following was the Board's adopted asset allocation policy as of April 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	88%
U. S. Equity	6%
Cash Equivalents	2%
International Equity	4%
Total	<u>100%</u>

Concentrations:

The Plan has does not have a concentration of 5% or more of the investments.

Rate of Return:

For the year ended April 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 3.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2019 were as follows:

Total Pension Liability	\$ 1,491,244
Plan Fiduciary Net Position	<u>(1,195,801)</u>
Net Pension Liability	<u>\$ 295,443</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	80.19%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2019 using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Pre-Retirement Mortality Rate: RP-2014 Healthy Employee Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2018	
Post-Retirement Mortality Rate: RP-2014 Healthy Annuitant Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2018	

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The long-term expected rate of return on pension plan investments is the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) and 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 by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	2.20%
U. S. Equity	6.70%
International Equity	7.30%
Cash Equivalents	0.00%

Discount Rate:

The discount rate used to measure the total pension liability was 5.00 percent. This rate was used due to the nature of the current investments and limited expected returns.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net Pension Liability	\$ 612,753	\$ 295,443	\$ 123,037

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,527	\$ (108,283)
Changes in assumptions	483,879	(270,971)
Net difference between projected and actual earnings on pension plan investments	53,990	-
Total	<u>\$ 543,396</u>	<u>\$ (379,254)</u>

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 12,921
2021	7,290
2022	5,658
2023	(7,301)
2024	(8,853)
Thereafter	154,427
	<u>\$ 164,142</u>

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Police Pension Fund

a) Plan Description

Plan Administration. The Board consists of two members appointed by the Village, two active members of the police department elected by the membership, and one retired member of the police department elected by the membership.

Plan Membership as of April 30, 2019:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	13
Active Plan Members	<u>21</u>
Total	<u>34</u>

Benefits Provided.

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 50% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the deceased member at time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

Contributions.

Employee: 9.91% of Salary. Village: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	40%
U. S. Equity	36%
Cash Equivalents	22%
International Equity	<u>2%</u>
Total	<u>100%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended April 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 5.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2019 were as follows:

Total Pension Liability	\$ 23,652,584
Plan Fiduciary Net Position	<u>(13,369,401)</u>
Net Pension Liability	<u>\$ 10,283,183</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	56.52%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2019 using the following actuarial assumptions.

Inflation	2.75%
Salary Increases	4.00%
Investment Rate of Return	5.75%
Pre-Retirement Mortality Rate: RP-2014 Healthy Employee Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2018	
Post-Retirement Mortality Rate: RP-2014 Healthy Annuitant Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2018	

The long-term expected rate of return on pension plan investments is the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) and 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 by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	2.20%
U. S. Equity	6.70%
International Equity	7.30%
Cash Equivalents	0.00%

Discount Rate:

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future projected benefit payments of

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	4.75%	5.75%	6.75%
Net Pension Liability	\$ 14,454,877	\$ 10,283,183	\$ 6,987,893

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (1,012,689)
Changes in assumptions	2,055,032	-
Net difference between projected and actual earnings on pension plan investments	557,697	-
Total	<u>\$ 2,612,729</u>	<u>\$ (1,012,689)</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2020	\$ 496,933
2021	322,779
2022	187,986
2023	34,862
2024	121,216
Thereafter	436,264
	<u>\$ 1,600,040</u>

NOTE 10: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

The Village is a member of the Intergovernmental Personnel Benefit Cooperative (IPBC). The IPBC is a pooled insurance cooperative established by certain units of local government in Illinois to administer personnel benefit programs to the participating members.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As a member of the cooperative, the Village has made contributions to the insurance plan, some of which are being maintained by the cooperative for future claims or for return to the Village. The funds are being held in several accounts and the balances as of April 30 for each of the past two years are as follows:

	Balances as of April 30,	
	<u>2019</u>	<u>2018</u>
Administrative Account	\$ 943	\$ 246
Benefit Account	84,618	119,929
Wellness Fund	753	-
Terminal Reserve Account	<u>(3,126)</u>	<u>(774)</u>
	<u>\$ 83,188</u>	<u>\$ 119,401</u>

NOTE 11: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The Village maintains a single-employer defined benefit healthcare plan available for retirees. The Village provides pre and post Medicare post-retirement healthcare benefits to all retirees who worked for the Village, were enrolled in one of the Village’s healthcare plans at the time of employment, and receive a pension from the Village through IMRF, the Police Pension Fund or the Firefighter’s Pension Fund. The various eligibility requirements vary with the type of retirement plan the employee was associated with. The Village does not issue a separate report related to post-retirement healthcare benefits.

Funding Policy. The contribution requirements are as determined by the contracts with Village employees and are funded as a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The Village’s annual other postemployment benefit (OPEB) cost is calculated based an amount actuarially determined in accordance with the parameters of GASB Statement 75. 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 over a period not to exceed thirty years.

GASB Statement 75 was implemented in the current fiscal year and requires the Village to recognize the full liability related to Other Post-Employment Benefits (OPEB). This resulted in a restatement of in the beginning balance of the governmental funds with a decrease of \$639,059, and in the business-type funds with a decrease of \$173,950.

The OPEB liability as of April 30, 2019, is calculated at \$1,897,391. This is an increase in the current year from the prior year calculated balance of \$1,588,558.

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net OPEB Liability. The following is a summary of the Net OPEB Liability as shown as a liability in the financial statements.

Total OPEB liability	
Service Cost	\$ 73,655
Interest on the Total OPEB Liability	48,082
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	-
Changes of assumptions	228,963
Benefit payments, including refunds of employee contributions	(41,867)
Net change in total OPEB liability	\$ 308,833
Total OPEB liability - beginning	1,588,558
Total OPEB liability - ending	<u>\$ 1,897,391</u>
 Plan fiduciary net position	
Contributions - employer	\$ 41,867
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(41,867)
Other	-
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	<u>\$ -</u>
 Net OPEB liability/(asset)	 <u>\$ 1,897,391</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%
 Covered valuation payroll	 \$ 2,840,583
 Net OPEB liability as a percentage of covered valuation payroll	 66.80%

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	1.66%	2.66%	3.66%
Total OPEB Liability	\$ 2,232,709	\$ 1,897,391	\$ 1,637,651
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability/(Asset)	<u>\$ 2,232,709</u>	<u>\$ 1,897,391</u>	<u>\$ 1,637,651</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future OPEB Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Payments subsequent to measurement date	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

Year Ending December 31,	Net Deferred Outflows of Resources
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	-
	<u>\$ -</u>

Funding Status and Funding Progress. As of April 30, 2019, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$1,897,391. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$2,840,583 and the ratio of the UAAL to the covered payroll was 66.80 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 future employment, mortality and the

VILLAGE OF SWANSEA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

healthcare cost trend. Amounts determined regarding 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 multiyear 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 and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the 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, 2019 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.625% to be reduced by .375% increments to an ultimate rate of 4.00 percent. The remaining amortization period at April 30, 2019, was 30 years. Inflation is expected to be 2.75% and the assumed retirement age is 58 with the completion of 20 years of service.

NOTE 12: SUBSEQUENT EVENTS

The Village has evaluated events occurring after the financial statement date through August 21, 2019 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

VILLAGE OF SWANSEA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
Receipts:				
Property Tax	\$ 1,960,302	\$ 1,960,302	\$ 1,957,576	\$ (2,726)
Intergovernmental:				
Sales and Use Tax	1,721,723	1,721,723	1,776,503	54,780
Replacement Tax	13,804	13,804	13,308	(496)
State Income Tax	1,286,599	1,286,599	1,303,905	17,306
Telecommunications Tax	152,406	152,406	138,882	(13,524)
Grants	31,000	31,000	14,093	(16,907)
Other	127,457	127,457	188,479	61,022
Utility Tax	822,011	822,011	841,666	19,655
Licenses, Fees and Permits	182,569	182,569	305,055	122,486
Charges for Services	440,297	440,297	400,130	(40,167)
Fines	62,820	62,820	58,110	(4,710)
Investment Earnings	19,716	19,716	28,805	9,089
Gifts and Donations	15,358	15,358	88,770	73,412
Miscellaneous Revenues and Reimbursements	170,654	170,654	109,620	(61,034)
Total Receipts	7,006,716	7,006,716	7,224,902	218,186
Disbursements:				
General Government:				
Centralized Services	368,200	368,200	348,989	19,211
Swansea Report	34,020	34,020	31,179	2,841
Elected Officials	82,148	82,148	78,614	3,534
General Administration	280,196	280,196	315,685	(35,489)
Building & Zoning	219,159	219,159	205,372	13,787
Total Administration	983,723	983,723	979,839	3,884
Public Safety:				
Police	4,261,312	4,261,312	4,318,416	(57,104)
Fire	531,872	531,872	501,904	29,968
Total Public Safety	4,793,184	4,793,184	4,820,320	(27,136)
Public Works:				
Streets	449,392	449,392	409,671	39,721
Refuse & Recycling	84,863	84,863	51,012	33,851
Total Public Works	534,255	534,255	460,683	73,572

VILLAGE OF SWANSEA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Disbursements (continued):				
Culture and Recreation:				
Parks	228,202	228,202	189,025	39,177
Senior Services	<u>1,080</u>	<u>1,080</u>	<u>1,623</u>	<u>(543)</u>
Total Culture and Recreation	<u>229,282</u>	<u>229,282</u>	<u>190,648</u>	<u>38,634</u>
Total Disbursements	<u>6,540,444</u>	<u>6,540,444</u>	<u>6,451,490</u>	<u>88,954</u>
Excess of Receipts Over				
Disbursements	<u>466,272</u>	<u>466,272</u>	<u>773,412</u>	<u>307,140</u>
Other Financing Sources:				
Transfers In (Out)	<u>(407,023)</u>	<u>(407,023)</u>	<u>(407,023)</u>	<u>-</u>
Total Other Financing Sources	<u>(407,023)</u>	<u>(407,023)</u>	<u>(407,023)</u>	<u>-</u>
Excess of Receipts and Other				
Financing Sources Over Disbursements	<u>\$ 59,249</u>	<u>\$ 59,249</u>	<u>366,389</u>	<u>\$ 307,140</u>
Change in intergovernmental revenue on modified accrual basis			105,584	
Change in accounts payable on modified accrual basis			(5,277)	
Change in accrued wages on modified accrual basis			(17,944)	
Change in prepaid expenses on modified accrual basis			(540)	
Change in franchise fees receivable on modified accrual basis			178	
Change in utility tax receivable on modified accrual basis			(8,866)	
Change related to transfer of foreign fire insurance funds			<u>11,043</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 450,567</u>	

VILLAGE OF SWANSEA, ILLINOIS

TAX INCREMENT FINANCING FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 WITH BUDGETARY COMPARISON
 FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
Receipts:				
Property Tax	\$ 474,005	\$ 474,005	\$ 481,607	\$ 7,602
Investment Earnings	19,766	19,766	29,659	9,893
Miscellaneous Revenues/Reimbursements	-	-	500	500
Total Receipts	493,771	493,771	511,766	17,495
Disbursements:				
Community Development	132,316	132,316	98,613	33,703
Capital Outlay	367,348	367,348	317,661	49,687
Total Disbursements	499,664	499,664	416,274	83,390
Excess (Deficiency) of Receipts Over				
Disbursements	\$ (5,893)	\$ (5,893)	95,492	\$ 100,885
Change in accounts payable on modified accrual basis			(34,816)	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			\$ 60,676	

VILLAGE OF SWANSEA, ILLINOIS

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 WITH BUDGETARY COMPARISON
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Tax	\$ 101,142	\$ 101,142	\$ 100,637	\$ (505)
Intergovernmental Revenues	370,006	370,006	412,410	42,404
Investment Earnings	2,532	2,532	6,450	3,918
Total Receipts	<u>473,680</u>	<u>473,680</u>	<u>519,497</u>	<u>45,817</u>
Disbursements:				
Capital Outlay:				
General Government	197,220	197,220	23,240	173,980
Public Safety	547,021	547,021	342,706	204,315
Public Works	516,458	516,458	468,441	48,017
Culture and Recreation	37,156	37,156	36,028	1,128
Total Disbursements	<u>1,297,855</u>	<u>1,297,855</u>	<u>870,415</u>	<u>427,440</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(824,175)</u>	<u>(824,175)</u>	<u>(350,918)</u>	<u>473,257</u>
Other Financing Sources (Uses):				
Operating Transfers In	415,000	415,000	415,000	-
Total Other Financing Sources (Uses)	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (409,175)</u>	<u>\$ (409,175)</u>	64,082	<u>\$ 473,257</u>
Change in sales tax receivable on modified accrual basis			4,602	
Change in accounts payable on modified accrual basis			<u>(24,617)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 44,067</u>	

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 685,366	\$ 630,223	\$ 595,956	\$ 616,724	\$ 584,245
Interest	1,209,970	1,147,167	1,079,592	1,017,610	950,507
Differences between expected and actual	(382,367)	-	(934,650)	-	100,406
Changes in assumptions	1,403,310	-	1,106,659	-	-
Benefit payments, including refunds	<u>(613,300)</u>	<u>(757,054)</u>	<u>(587,595)</u>	<u>(525,188)</u>	<u>(411,101)</u>
Net change in total pension liability	2,302,979	1,020,336	1,259,962	1,109,146	1,224,057
Total pension liability - beginning	<u>21,349,605</u>	<u>20,329,269</u>	<u>19,069,307</u>	<u>17,960,161</u>	<u>16,736,104</u>
Total pension liability - ending	<u>\$ 23,652,584</u>	<u>\$ 21,349,605</u>	<u>\$ 20,329,269</u>	<u>\$ 19,069,307</u>	<u>\$ 17,960,161</u>
Plan Fiduciary Net Position					
Contributions - employer	1,171,143	1,108,824	1,070,890	816,678	794,979
Contributions - employee	177,293	180,718	163,098	158,915	142,668
Net investment income	708,770	225,602	369,054	76,620	390,673
Benefit payments, including refunds	(613,300)	(757,056)	(581,181)	(508,188)	(500,782)
Administrative	<u>(20,767)</u>	<u>(6,138)</u>	<u>(5,608)</u>	<u>(10,126)</u>	<u>(4,416)</u>
Net change in plan fiduciary net position	1,423,139	751,950	1,016,253	533,899	823,122
Plan fiduciary net position - beginning	<u>11,946,262</u>	<u>11,194,312</u>	<u>10,178,059</u>	<u>9,644,160</u>	<u>8,821,038</u>
Plan fiduciary net position - ending	<u>\$ 13,369,401</u>	<u>\$ 11,946,262</u>	<u>\$ 11,194,312</u>	<u>\$ 10,178,059</u>	<u>\$ 9,644,160</u>
Net Pension Liability	<u>\$ 10,283,183</u>	<u>\$ 9,403,343</u>	<u>\$ 9,134,957</u>	<u>\$ 8,891,248</u>	<u>\$ 8,316,001</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>56.52%</u>	<u>55.96%</u>	<u>55.07%</u>	<u>53.37%</u>	<u>53.70%</u>
Covered-employee Payroll	<u>\$ 1,791,023</u>	<u>\$ 1,809,887</u>	<u>\$ 1,657,344</u>	<u>\$ 1,645,607</u>	<u>\$ 1,645,607</u>
Net position liability as a percentage of covered-employee payroll	<u>574.15%</u>	<u>519.55%</u>	<u>551.18%</u>	<u>540.30%</u>	<u>505.35%</u>

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTER'S PENSION FUND
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 25,592	\$ 104,099	\$ 101,659	\$ 45,662	\$ 43,488
Interest	70,646	43,935	40,523	44,558	36,510
Differences between expected and actual	-	(154,501)	-	(2,902)	80,939
Changes in assumptions	-	(393,305)	-	709,996	-
Benefit payments, including refunds	<u>(35,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	60,375	(399,772)	142,182	797,314	160,937
Total pension liability - beginning	<u>1,430,869</u>	<u>1,830,641</u>	<u>1,688,459</u>	<u>891,145</u>	<u>730,208</u>
Total pension liability - ending	<u>\$ 1,491,244</u>	<u>\$ 1,430,869</u>	<u>\$ 1,830,641</u>	<u>\$ 1,688,459</u>	<u>\$ 891,145</u>
Plan Fiduciary Net Position					
Contributions - employer	81,538	212,653	216,612	73,886	46,844
Contributions - employee	8,128	13,777	12,620	11,461	12,113
Net investment income	43,623	(4,448)	9,187	1,444	1,191
Benefit payments, including refunds	(35,863)	-	-	-	-
Administrative	<u>(3,521)</u>	<u>(200)</u>	<u>(154)</u>	<u>(99)</u>	<u>(88)</u>
Net change in plan fiduciary net position	93,905	221,782	238,265	86,692	60,060
Plan fiduciary net position - beginning	<u>1,101,896</u>	<u>880,114</u>	<u>641,849</u>	<u>555,157</u>	<u>495,097</u>
Plan fiduciary net position - ending	<u>\$ 1,195,801</u>	<u>\$ 1,101,896</u>	<u>\$ 880,114</u>	<u>\$ 641,849</u>	<u>\$ 555,157</u>
Net Pension Liability	<u>\$ 295,443</u>	<u>\$ 328,973</u>	<u>\$ 950,527</u>	<u>\$ 1,046,610</u>	<u>\$ 335,988</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>80.19%</u>	<u>77.01%</u>	<u>48.08%</u>	<u>38.01%</u>	<u>62.30%</u>
Covered-employee payroll	<u>\$ 62,376</u>	<u>\$ 56,601</u>	<u>\$ 128,310</u>	<u>\$ 118,549</u>	<u>\$ 122,174</u>
Net position liability as a percentage of covered-employee payroll	<u>473.65%</u>	<u>581.21%</u>	<u>740.81%</u>	<u>882.85%</u>	<u>275.01%</u>

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:				
Service Cost	\$ 103,086	\$ 127,088	\$ 134,672	\$ 130,502
Interest	468,564	474,337	447,715	429,324
Difference between expected and actual	122,598	(196,655)	21,261	(100,884)
Assumption changes	191,990	(187,513)	(31,344)	14,992
Benefit payments, including refunds	<u>(297,430)</u>	<u>(267,043)</u>	<u>(224,063)</u>	<u>(204,147)</u>
Net change in total pension liability	588,808	(49,786)	348,241	269,787
Total pension liability - beginning	<u>6,344,690</u>	<u>6,394,476</u>	<u>6,046,235</u>	<u>5,776,448</u>
Total pension liability - ending	<u>\$ 6,933,498</u>	<u>\$ 6,344,690</u>	<u>\$ 6,394,476</u>	<u>\$ 6,046,235</u>
Plan Fiduciary Net Position				
Contributions - employer	162,583	146,464	165,275	152,341
Contributions - employee	53,458	52,939	56,344	65,155
Net investment income	(299,808)	888,481	331,445	24,818
Benefit payments, including refunds	(297,430)	(267,043)	(224,063)	(204,147)
Other	<u>157,918</u>	<u>(80,146)</u>	<u>22,531</u>	<u>(167,186)</u>
Net change in plan fiduciary net position	(223,279)	740,695	351,532	(129,019)
Plan fiduciary net position - beginning	<u>5,920,065</u>	<u>5,179,370</u>	<u>4,827,838</u>	<u>4,956,857</u>
Plan fiduciary net position - ending	<u>\$ 5,696,786</u>	<u>\$ 5,920,065</u>	<u>\$ 5,179,370</u>	<u>\$ 4,827,838</u>
Net Pension Liability	<u>\$ 1,236,712</u>	<u>\$ 424,625</u>	<u>\$ 1,215,106</u>	<u>\$ 1,218,397</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.16%</u>	<u>93.31%</u>	<u>81.00%</u>	<u>79.85%</u>
Covered-employee payroll	<u>\$ 1,187,954</u>	<u>\$ 1,176,414</u>	<u>\$ 1,252,080</u>	<u>\$ 1,180,937</u>
Net position liability as a percentage of covered-employee payroll	<u>104.10%</u>	<u>36.09%</u>	<u>97.05%</u>	<u>103.17%</u>

VILLAGE OF SWANSEA, ILLINOIS

**SCHEDULE OF CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,231,104	\$ 1,087,514	\$ 1,028,382	\$ 1,194,476	\$ 1,129,528
Contributions in relation to actuarial determined contribution	<u>1,170,910</u>	<u>1,108,825</u>	<u>1,102,468</u>	<u>815,900</u>	<u>793,711</u>
Contribution deficiency (excess)	<u>\$ 60,194</u>	<u>\$ (21,311)</u>	<u>\$ (74,086)</u>	<u>\$ 378,576</u>	<u>\$ 335,817</u>
Covered-employee Payroll	<u>1,791,023</u>	<u>1,809,887</u>	<u>1,657,344</u>	<u>1,645,607</u>	<u>1,585,893</u>
Contributions as a percentage of covered-employee payroll	<u>65.38%</u>	<u>61.26%</u>	<u>66.52%</u>	<u>49.58%</u>	<u>50.05%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2019.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	22 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	5.75%
Salary Appreciation	4.00%
Inflation	2.75%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
FIREFIGHTER'S PENSION FUND
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 80,115	\$ 213,325	\$ 208,325	\$ 71,002	\$ 71,002
Contributions in relation to actuarial determined contribution	<u>81,380</u>	<u>212,653</u>	<u>219,543</u>	<u>72,844</u>	<u>44,932</u>
Contribution deficiency (excess)	<u>\$ (1,265)</u>	<u>\$ 672</u>	<u>\$ (11,218)</u>	<u>\$ (1,842)</u>	<u>\$ 26,070</u>
Covered-employee Payroll	<u>\$ 62,376</u>	<u>\$ 56,601</u>	<u>\$ 128,310</u>	<u>\$ 118,549</u>	<u>\$ 122,174</u>
Contributions as a percentage of covered-employee payroll	<u>130.47%</u>	<u>375.71%</u>	<u>171.10%</u>	<u>61.45%</u>	<u>36.78%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2019.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	22 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	5.00%
Salary Appreciation	3.00%
Inflation	3.00%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 155,028	\$ 146,464	\$ 165,275	\$ 152,341
Contributions in relation to actuarial determined contribution	<u>162,583</u>	<u>146,464</u>	<u>165,275</u>	<u>152,341</u>
Contribution deficiency (excess)	<u>\$ (7,555)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>1,187,954</u>	 <u>1,176,414</u>	 <u>1,252,080</u>	 <u>1,180,937</u>
 Contributions as a percentage of covered-employee payroll	 <u>13.69%</u>	 <u>12.45%</u>	 <u>13.20%</u>	 <u>12.90%</u>

Actuarial valuation date for above is December 31, 2018.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	25 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	7.50%
Wage Growth	3.50%
Inflation	2.75%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	5.93%	2.01%	-0.50%	-0.76%	18.47%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTER'S PENSION FUND
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	3.96%	-4.54%	1.37%	0.25%	6.00%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE MEDICAL PROGRAM
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service Cost	\$ 73,655	\$ 48,679	\$ 44,253
Interest	48,082	65,924	67,936
Differences between expected and actual	228,963	55,809	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	<u>(41,867)</u>	<u>(34,816)</u>	<u>(35,893)</u>
Net change in total OPEB liability	308,833	135,596	76,296
Total OPEB liability - beginning	<u>1,588,558</u>	<u>1,452,962</u>	<u>1,376,666</u>
Total OPEB liability - ending	<u>\$ 1,897,391</u>	<u>\$ 1,588,558</u>	<u>\$ 1,452,962</u>
Plan Fiduciary Net Position			
Contributions - employer	41,867	34,816	35,893
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	(41,867)	(34,816)	(35,893)
Administrative	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	<u>\$ 1,897,391</u>	<u>\$ 1,588,558</u>	<u>\$ 1,452,962</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ 2,840,583</u>	<u>\$ 2,840,583</u>	<u>\$ 3,156,174</u>
Net position liability as a percentage of covered-employee payroll	<u>66.80%</u>	<u>55.92%</u>	<u>46.04%</u>

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF EMPLOYER PAID CONTRIBUTIONS
RETIREE MEDICAL PROGRAM
APRIL 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 193,406	\$ 148,601	\$ 134,269	\$ 133,808	\$ 123,988
Contributions in relation to actuarial determined contribution	<u>41,867</u>	<u>34,816</u>	<u>35,893</u>	<u>39,822</u>	<u>33,712</u>
Contribution deficiency (excess)	<u>\$ 151,539</u>	<u>\$ 113,785</u>	<u>\$ 98,376</u>	<u>\$ 93,986</u>	<u>\$ 90,276</u>
 Covered-employee Payroll	 <u>2,840,583</u>	 <u>2,840,583</u>	 <u>3,156,174</u>	 <u>3,058,690</u>	 <u>2,831,013</u>
 Contributions as a percentage of covered-employee payroll	 <u>1.47%</u>	 <u>1.23%</u>	 <u>1.14%</u>	 <u>1.30%</u>	 <u>1.19%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2019.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Assumed Retirement Age	Age 58 and completion of 20 years of service
Actuarial Assumptions:	
Discount Rate	2.60%
Healthcare Inflation	6.625% grading down .375% per year until 4.00%
Salary Appreciation	4.00%
Inflation	2.75%

VILLAGE OF SWANSEA, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2019

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Motor Fuel Tax Fund</u>	<u>Special Business District Fund</u>	<u>Total</u>		
<u>Assets</u>					
Cash and Cash Equivalents	\$ 627,327	\$ 1,991,390	\$ 2,618,717	\$ 24,929	\$ 2,643,646
Receivables:					
Property Taxes	-	-	-	237,231	237,231
Intergovernmental	<u>29,727</u>	<u>75,583</u>	<u>105,310</u>	<u>-</u>	<u>105,310</u>
Total Assets	<u>\$ 657,054</u>	<u>\$ 2,066,973</u>	<u>\$ 2,724,027</u>	<u>\$ 262,160</u>	<u>\$ 2,986,187</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 15,909	\$ 43,461	\$ 59,370	\$ -	\$ 59,370
Total Liabilities	<u>15,909</u>	<u>43,461</u>	<u>59,370</u>	<u>-</u>	<u>59,370</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>-</u>	<u>28,344</u>	<u>28,344</u>	<u>237,231</u>	<u>265,575</u>
Fund Balance:					
Restricted	<u>641,145</u>	<u>1,995,168</u>	<u>2,636,313</u>	<u>24,929</u>	<u>2,661,242</u>
Total Fund Balance	<u>641,145</u>	<u>1,995,168</u>	<u>2,636,313</u>	<u>24,929</u>	<u>2,661,242</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 657,054</u>	<u>\$ 2,066,973</u>	<u>\$ 2,724,027</u>	<u>\$ 262,160</u>	<u>\$ 2,986,187</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	Special Revenue Funds				
	Motor Fuel Tax Fund	Special Business District Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Tax	\$ -	\$ -	\$ -	\$ 230,848	\$ 230,848
Sales Tax	-	299,168	299,168	-	299,168
Motor Fuel Tax	356,878	-	356,878	-	356,878
Grant Revenue	3,708	-	3,708	-	3,708
Investment Earnings	5,210	29,196	34,406	419	34,825
Miscellaneous	<u>1,757</u>	-	<u>1,757</u>	-	<u>1,757</u>
Total Revenues	<u>367,553</u>	<u>328,364</u>	<u>695,917</u>	<u>231,267</u>	<u>927,184</u>
Expenditures:					
Public Works	307,283	-	307,283	-	307,283
Community/Economic Development	-	272,788	272,788	-	272,788
Debt Service	-	-	-	233,705	233,705
Total Expenditures	<u>307,283</u>	<u>272,788</u>	<u>580,071</u>	<u>233,705</u>	<u>813,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>60,270</u>	<u>55,576</u>	<u>115,846</u>	<u>(2,438)</u>	<u>113,408</u>
Fund Balance, Beginning of Year	<u>580,875</u>	<u>1,939,592</u>	<u>2,520,467</u>	<u>27,367</u>	<u>2,547,834</u>
Fund Balance, End of Year	<u>\$ 641,145</u>	<u>\$ 1,995,168</u>	<u>\$ 2,636,313</u>	<u>\$ 24,929</u>	<u>\$ 2,661,242</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2019

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
Assets:			
Cash and Cash Equivalents	\$ 316,012	\$ 15,783	\$ 331,795
Investments:			
Certificates of Deposit	-	43,765	43,765
Corporate Bonds	2,793,845	395,194	3,189,039
U.S. Government Securities	3,127,889	545,022	3,672,911
Common Stock	3,446,048	-	3,446,048
Mutual Funds	2,447,197	106,072	2,553,269
Receivables:			
Property Taxes	1,173,333	81,958	1,255,291
Accrued Interest	52,840	7,529	60,369
Other	12,237	478	12,715
Total Assets	<u>13,369,401</u>	<u>1,195,801</u>	<u>14,565,202</u>
Liabilities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -			
Restricted for Pension Benefits	<u>\$ 13,369,401</u>	<u>\$ 1,195,801</u>	<u>\$ 14,565,202</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firefighters'</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Total</u>
Additions:			
Employer Contributions	\$ 1,171,143	\$ 81,538	\$ 1,252,681
Employee Contributions	177,293	8,128	185,421
Investment Earnings:			
Investment Earnings	776,723	46,712	823,435
Less: Investment Expense	<u>(67,953)</u>	<u>(3,089)</u>	<u>(71,042)</u>
Net Investment Earnings	<u>708,770</u>	<u>43,623</u>	<u>752,393</u>
Total Additions	<u>2,057,206</u>	<u>133,289</u>	<u>2,190,495</u>
Deductions:			
Benefit Payments	613,300	35,863	649,163
Administrative Expenses	<u>20,767</u>	<u>3,521</u>	<u>24,288</u>
Total Deductions	<u>634,067</u>	<u>39,384</u>	<u>673,451</u>
Change in Net Position	1,423,139	93,905	1,517,044
Net Position, Beginning of Year	<u>11,946,262</u>	<u>1,101,896</u>	<u>13,048,158</u>
Net Position, End of Year	<u>\$ 13,369,401</u>	<u>\$ 1,195,801</u>	<u>\$ 14,565,202</u>



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

Honorable President and Board of Trustees
Village of Swansea
Swansea, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Other Matters

The management of the Village of Swansea, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the Village of Swansea, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the Village of Swansea, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schuman & Company LLC
Certified Public Accountants

August 21, 2019