



**VILLAGE OF SWANSEA, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
APRIL 30, 2021

233 East Center Drive, P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 Fax (618) 465-7710

80 Edwardsville Professional Park  
Edwardsville, Illinois 62025  
(618) 656-2146 Fax (618) 656-2147



**VILLAGE OF SWANSEA, ILLINOIS**

TABLE OF CONTENTS  
APRIL 30, 2021

	<u>Page</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 10
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	22 - 53
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule (Cash Basis):	
General Fund	54 - 55
Tax Increment Financing Fund	56
Capital Projects Fund	57
Special Business District Fund	58
Schedule of Changes in Net Pension Liability and Related Ratios	59 - 61
Schedule of Contributions – Pension Funds	62 - 64
Schedule of Investment Returns - Pension Funds	65 - 66
Schedule of Changes in Net OPEB Liability and Related Ratios	67
Schedule of Employer Paid Contributions – OPEB	68

**VILLAGE OF SWANSEA, ILLINOIS**

**TABLE OF CONTENTS (CONTINUED)  
APRIL 30, 2021**

	<u>Page</u>
<b>Other Supplementary Information:</b>	
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	70
Combining Statement of Fiduciary Net Position	71
Combining Statement of Changes in Fiduciary Net Position	72
Independent Auditor's Report on Compliance with Tax Increment Financing Act	73 - 74



## **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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

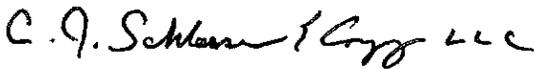
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 10), budgetary comparison information (pages 54 to 58) and schedules of funding progress and employer contributions (pages 59 to 68) 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 5, 2021

## **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, 2021. 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 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. 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 four major funds: General Fund, Tax Increment Financing Fund, Capital Projects Fund, and the Special Business District 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 Fund.** 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 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 \$48,155,408 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, 2021	April 30, 2020	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2019
Current and other assets	\$ 12,554,617	\$ 10,613,936	\$ 8,543,884	\$ 8,471,399	\$ 21,098,501	\$ 19,085,335
Capital assets	29,708,252	29,277,334	21,231,841	22,177,186	50,940,093	51,454,520
Total assets	42,262,869	39,891,270	29,775,725	30,648,585	72,038,594	70,539,855
Deferred outflows	3,197,445	3,441,899	301,109	308,615	3,498,554	3,750,514
Long-term liabilities						
outstanding	11,958,250	12,974,586	9,865,421	11,597,097	21,823,671	24,571,683
Other liabilities	345,851	303,413	100,503	174,262	446,354	477,675
Total liabilities	12,304,101	13,277,999	9,965,924	11,771,359	22,270,025	25,049,358
Deferred inflows	4,769,541	4,334,906	342,174	322,745	5,111,715	4,657,651
Net position:						
Net investment in						
capital assets	29,024,347	28,361,184	11,840,666	11,135,968	40,865,013	39,497,152
Restricted	4,540,048	4,865,170	-	-	4,540,048	4,865,170
Unrestricted	(5,177,723)	(7,506,090)	7,928,070	7,727,128	2,750,347	221,038
Total net position	\$ 28,386,672	\$ 25,720,264	\$ 19,768,736	\$ 18,863,096	\$ 48,155,408	\$ 44,583,360

Total net position increased \$3,572,048 resulting in a balance of \$48,155,408 as of April 30, 2021. Total current assets, which are comprised of cash, investments and receivables, increased \$2,013,166. Non-current assets decreased \$514,427 due primarily to current year depreciation exceeding capital outlay additions.

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

Total liabilities decreased in the current year by \$2,779,333 for an ending total balance of \$22,270,025. The increase is due primarily to a large decrease in the net pension liabilities as well as substantial payments for debt maturities.

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>2021</u>		<u>2020</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	84.9%	\$ 40,865,013	88.6%	\$ 39,497,152
Restricted	9.4%	4,540,048	10.9%	4,865,170
Unrestricted	5.7%	2,750,347	0.5%	221,038
Total net position	<u>100.0%</u>	<u>\$ 48,155,408</u>	<u>100.0%</u>	<u>\$ 44,583,360</u>

The Village had an overall increase in net position of \$3,572,048 for the government-wide financial statements for the year ended April 30, 2021. Capital net asset balances decreased by \$514,427 in the current year primarily due to depreciation expenses exceeding capital acquisitions and the overall debt reduction. Unrestricted and restricted balances reported changes from general operations and were reduced as a result of transferring money for capital additions.

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

**GOVERNMENTAL ACTIVITIES**

**REVENUE COMPARISON BY TYPE**

<u>Governmental activities</u>	<u>2021</u>	<u>2020</u>
Property tax	\$ 2,977,167	\$ 2,846,215
Utility tax	811,995	774,930
Telecommunications tax	88,029	114,604
State income tax	1,630,164	1,321,310
Sales and use tax	2,700,571	2,580,610
Motor fuel tax	519,454	499,561
Replacement tax	19,973	15,747
Other taxes	209,447	223,692
Franchise fees	361,668	357,985
Operating grants and contributions	566,566	21,869
Capital grants and contributions	1,229,196	256,195
Charges for services	532,811	556,897
Investment earnings	66,711	119,837
Miscellaneous	16,681	16,115
Total revenues	<u>\$ 11,730,433</u>	<u>\$ 9,705,567</u>

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

**EXPENDITURES BY CATEGORY**

<u>Expenditures by category</u>	<u>2021</u>		<u>2020</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	10.9%	\$ 992,497	9.0%	\$ 844,802
Public safety	59.0%	5,349,488	61.6%	5,764,794
Culture and recreation	3.1%	278,114	3.4%	318,828
Streets and public works	20.7%	1,877,770	21.8%	2,038,934
Community & economic dev	6.0%	542,072	3.9%	368,009
Interest on long-term debt	0.3%	24,084	0.3%	29,268
Total expenditures	<u>100.0%</u>	<u>\$ 9,064,025</u>	<u>100.0%</u>	<u>\$ 9,364,635</u>

Total revenues for the governmental activities increased 2,024,866 for the year ended April 30, 2021. The largest increases resulted from operating and capital grants and contributions. The Village also realized significant increases related to property taxes, sales taxes, and state income tax.

The largest category of expenditures is public safety which consists of the Village's police and fire departments. Streets and public works expenses was the second largest category of governmental activities expenses.

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>2021</u>	<u>2020</u>
General government	\$ 104,700	\$ 104,700
Public safety	306,481	292,835
Streets and public works	846,220	829,892
Culture and recreation	<u>118,846</u>	<u>115,963</u>
Total depreciation	<u>\$ 1,376,247</u>	<u>\$ 1,343,390</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$1,809,841, which was \$433,594 higher than the related depreciation in the current year.

**BUSINESS-TYPE ACTIVITIES**

**REVENUE COMPARISON BY TYPE**

<u>Business-type Activities</u>	<u>2021</u>	<u>2020</u>
Sewer Charges	\$ 3,382,384	\$ 3,258,977
Investment earnings	<u>169,183</u>	<u>185,392</u>
Total revenues	<u>\$ 3,551,567</u>	<u>\$ 3,444,369</u>

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

**EXPENDITURES BY CATEGORY**

<u>Operating Expenditures</u>	<u>2021</u>		<u>2020</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	23.8%	\$ 582,777	25.8%	\$ 701,086
Contractual services	23.5%	574,011	25.8%	701,677
Supplies and materials	3.0%	72,676	3.6%	97,489
Depreciation	49.7%	1,216,774	44.8%	1,218,453
Total expenditures	100.0%	\$ 2,446,238	100.0%	\$ 2,718,705

Revenues for the business-type activities increased \$107,198 for the year ended April 30, 2021.

Expenditures for the business-type activities decreased by \$272,467. The largest categories of operating disbursements are related to personal and contractual services. The increase in personal services is largely related to pension actuarial adjustments.

**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 2021, the Village's governmental funds reported combined ending fund balances of \$10,141,896 an increase of \$1,751,270 in comparison with the prior year. Of the total fund balance, \$4,540,048 constitutes restricted fund balance, which is restricted primarily for restricted tax purposes. The unassigned fund balance, \$3,948,744 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 \$3,948,744, while the total fund balance was \$4,013,291. 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 59.36% of the total general fund expenditures, while total fund balance represents 60.32% of that same amount. The fund balance of the General Fund increased \$1,222,468 during the current fiscal year.

At the end of the current fiscal year, the restricted fund balance of the Tax Increment Financing Fund was \$1,839,085, a decrease of \$5,443 in comparison with the prior year. At the end of the current fiscal year, the restricted fund balance of the Capital Projects Fund was \$1,588,987, an increase of \$853,924 in comparison with the prior year. At the end of the current fiscal year, the restricted fund balance of the Special Business District Fund was \$1,398,494, a decrease of \$765,864 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	\$ 7,083,213	\$ 6,634,825
Tax Increment Financing Fund	953,500	557,586
Capital Projects Fund	1,163,141	689,155
Special Business District Fund	1,095,626	1,014,236

The appropriations were amended on October 19, 2020 for the Tax Increment Financing Fund and the Special Business District Fund 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 is 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, 2021 amounted to \$50,940,093 (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 Trailhead Park
- Purchase of 1808 and 1820 Garden Street
- Purchase of 212 Bobbie Drive
- Improvements on Metro Way/IL 159 Intersection
- Purchase of 6 2020 Ford vehicles
- Purchase of a 2020 Dodge Durango
- Purchase of a 2020 Tymco Street Sweeper

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

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

**LONG-TERM DEBT**

At April 30, 2021, the Village reported outstanding debt of \$10,075,080 with the principal obligations extending until fiscal year 2032. The Village entered into one new debt obligation in the current year. The loan was used to pay off an existing IEPA loan. The new loan also had a lower interest rate. Total debt principal retirements were \$1,882,288 in the current year.

Additional information related to long-term debt is 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, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 9,536,596	\$ 4,442,107	\$ 13,978,703
Investments	-	3,523,483	3,523,483
Receivables (Net of allowance for uncollectibles):	2,762,713	550,200	3,312,913
Prepaid Expenses	64,117	28,094	92,211
Capital Assets:			
Land	8,392,765	-	8,392,765
Buildings and Improvements	7,667,721	42,973	7,710,694
Sewer Plant	-	22,819,973	22,819,973
Equipment and Vehicles	6,354,834	1,312,265	7,667,099
Infrastructure	32,616,123	14,449,905	47,066,028
Less: Accumulated Depreciation	<u>(25,323,191)</u>	<u>(17,393,275)</u>	<u>(42,716,466)</u>
Net Capital Assets	<u>29,708,252</u>	<u>21,231,841</u>	<u>50,940,093</u>
Other Assets:			
Insurance Trust	<u>191,191</u>	<u>-</u>	<u>191,191</u>
Total Assets	<u>42,262,869</u>	<u>29,775,725</u>	<u>72,038,594</u>
<b><u>Deferred Outflows of Resources</u></b>			
Loss on Bond Refunding	17,674	-	17,674
Future Pension Expense	2,517,914	219,007	2,736,921
Future OPEB Expense	<u>661,857</u>	<u>82,102</u>	<u>743,959</u>
	<u>3,197,445</u>	<u>301,109</u>	<u>3,498,554</u>
<b><u>Liabilities</u></b>			
Accounts Payable	277,302	86,288	363,590
Accrued Wages and Compensated Absences	62,026	9,990	72,016
Accrued Interest Payable	6,523	4,225	10,748
Noncurrent Liabilities:			
Due Within One Year	282,719	1,256,886	1,539,605
Due in More Than One Year	<u>11,675,531</u>	<u>8,608,535</u>	<u>20,284,066</u>
Total Liabilities	<u>12,304,101</u>	<u>9,965,924</u>	<u>22,270,025</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unearned Revenues	1,620,203	-	1,620,203
Future Pension Expense	3,088,293	334,602	3,422,895
Future OPEB Expense	<u>61,045</u>	<u>7,572</u>	<u>68,617</u>
	<u>4,769,541</u>	<u>342,174</u>	<u>5,111,715</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	29,024,347	11,840,666	40,865,013
Restricted for:			
Economic Development	3,237,579	-	3,237,579
Restricted Tax Revenues	1,302,039	-	1,302,039
Forfeitures and Seizures	430	-	430
Unrestricted	<u>(5,177,723)</u>	<u>7,928,070</u>	<u>2,750,347</u>
Total Net Position	<u>\$ 28,386,672</u>	<u>\$ 19,768,736</u>	<u>\$ 48,155,408</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, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services		Governmental Activities		Primary Government Business-type Activities	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 992,497	\$ 269,426	\$ 11,225	\$ (711,846)	\$	\$ (711,846)	
Public Safety	5,349,488	244,276	554,741	(4,550,471)		(4,550,471)	
Public Works	1,877,770	14,332	-	(1,143,193)		(1,143,193)	
Culture and Recreation	278,114	4,005	600	235,442		235,442	
Community and Economic Development	542,072	772	-	(541,300)		(541,300)	
Interest on Long-term Debt	24,084	-	-	(24,084)		(24,084)	
Total Governmental Activities	9,064,025	532,811	1,229,196	(6,735,452)		(6,735,452)	
Business-type Activities:							
Sewerage	2,645,927	3,382,384	-	736,457	\$	736,457	
Total Business-type Activities	2,645,927	3,382,384	-	736,457		736,457	
Total Primary Government	\$ 11,709,952	\$ 3,915,195	\$ 1,229,196	(6,735,452)	736,457	(5,998,995)	
General Revenues:							
Property Tax, Levied for General Purposes				2,977,167	-	2,977,167	
Intergovernmental Revenues:							
Sales and Use Tax				2,700,571	-	2,700,571	
Replacement Tax				19,973	-	19,973	
State Income Tax				1,630,164	-	1,630,164	
Motor Fuel Tax				519,454	-	519,454	
Video Gaming Tax				169,164	-	169,164	
Telecommunications Tax				88,029	-	88,029	
Utility Tax				811,995	-	811,995	
Franchise Fees				361,668	-	361,668	
Other Taxes				40,283	-	40,283	
Unrestricted Investment Earnings				66,711	169,183	235,894	
Miscellaneous				16,681	-	16,681	
Total General Revenues and Transfers				9,401,860	169,183	9,571,043	
Change in Net Position				2,666,408	905,640	3,572,048	
Net Position - Beginning				25,720,264	18,863,096	44,583,360	
Net Position - Ending				\$ 28,386,672	\$ 19,768,736	\$ 48,155,408	

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

**VILLAGE OF SWANSEA, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2021

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Special Business District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 3,488,556	\$ 1,893,774	\$ 1,530,128	\$ 1,355,106	\$ 1,269,032	\$ 9,536,596
Receivables (Net, where applicable, of allowances for uncollectibles):						
Property Tax	806,403	580,227	-	-	233,573	1,620,203
Services	1,704	-	-	-	-	1,704
Intergovernmental	814,059	-	104,345	70,583	44,242	1,033,229
Other	101,577	-	6,000	-	-	107,577
Prepaid Expenses	<u>64,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,117</u>
Total Assets	<u>\$ 5,276,416</u>	<u>\$ 2,474,001</u>	<u>\$ 1,640,473</u>	<u>\$ 1,425,689</u>	<u>\$ 1,546,847</u>	<u>\$ 12,363,426</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accounts Payable	\$ 199,173	\$ 54,689	\$ 12,205	\$ -	\$ 11,235	\$ 277,302
Accrued Wages and Compensated Absences	<u>62,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,026</u>
Total Liabilities	<u>261,199</u>	<u>54,689</u>	<u>12,205</u>	<u>-</u>	<u>11,235</u>	<u>339,328</u>
Deferred Inflows of Resources:						
Deferred Revenue	<u>1,001,926</u>	<u>580,227</u>	<u>39,281</u>	<u>27,195</u>	<u>233,573</u>	<u>1,882,202</u>
Fund Balance:						
Nonspendable	64,117	-	-	-	-	64,117
Restricted	430	1,839,085	-	1,398,494	1,302,039	4,540,048
Committed	-	-	1,588,987	-	-	1,588,987
Unassigned	<u>3,948,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,948,744</u>
Total Fund Balance	<u>4,013,291</u>	<u>1,839,085</u>	<u>1,588,987</u>	<u>1,398,494</u>	<u>1,302,039</u>	<u>10,141,896</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,276,416</u>	<u>\$ 2,474,001</u>	<u>\$ 1,640,473</u>	<u>\$ 1,425,689</u>	<u>\$ 1,546,847</u>	<u>\$ 12,363,426</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  
APRIL 30, 2021

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 10,141,896
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	29,708,252
The balance of the pooled insurance trust is not recorded as an asset on the balance sheet of the governmental funds.	191,191
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(56,502)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(1,850,729)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(691,334)
The loss on debt refunding is not reported as an asset on the balance sheet of the governmental funds.	17,674
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(6,523)
Net pension liabilities/assets are not reported on the balance sheet of the governmental funds.	(9,406,969)
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>261,999</u>
Net position of governmental activities	<u>\$ 28,308,955</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, 2021

	General Fund	Tax Increment Financing Fund	Capital Projects Fund	Special Business District Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Tax	\$ 2,131,677	\$ 512,855	\$ 100,787	\$ -	\$ 231,848	\$ 2,977,167
<b>Intergovernmental:</b>						
Sales and Use Tax	2,076,941	-	346,084	232,342	-	2,655,367
Replacement Tax	19,973	-	-	-	-	19,973
State Income Tax	1,630,164	-	-	-	-	1,630,164
Motor Fuel Tax	-	-	-	-	519,454	519,454
Telecommunications Tax	89,782	-	-	-	-	89,782
Video Gaming Tax	169,164	-	-	-	-	169,164
Grants	554,028	-	508,951	-	446,314	1,509,293
Other	40,283	-	-	-	-	40,283
Utility Tax	811,995	-	-	-	-	811,995
Licenses, Fees and Permits	289,168	-	-	-	-	289,168
Charges for Services	382,925	-	-	-	-	382,925
Fines	117,485	-	-	-	-	117,485
Investment Earnings	23,851	16,911	4,830	15,166	5,953	66,711
Gifts and Donations	12,538	-	-	-	-	12,538
Miscellaneous Revenues/Reimbursements	117,309	534	75	238	3,426	121,582
<b>Total Revenues</b>	<b>8,467,283</b>	<b>530,300</b>	<b>960,727</b>	<b>247,746</b>	<b>1,206,995</b>	<b>11,413,051</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	892,236	-	41,554	-	-	933,790
Public Safety	5,088,694	-	91,695	-	-	5,180,389
Public Works	504,833	-	13,111	-	536,391	1,054,335
Culture and Recreation	162,009	-	280	-	-	162,289
Community and Economic Development	-	184,491	-	357,581	-	542,072
<b>Debt Service:</b>						
Principal	-	-	17,245	-	215,000	232,245
Interest and Fees	-	-	446	-	20,305	20,751
Capital Outlay	5,043	340,366	534,472	656,029	-	1,535,910
<b>Total Expenditures</b>	<b>6,652,815</b>	<b>524,857</b>	<b>698,803</b>	<b>1,013,610</b>	<b>771,696</b>	<b>9,661,781</b>
Excess (Deficiency) of Revenues Over Expenditures	1,814,468	5,443	261,924	(765,864)	435,299	1,751,270
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	592,000	-	-	592,000
Transfers Out	(592,000)	-	-	-	-	(592,000)
<b>Total Other Financing Sources</b>	<b>(592,000)</b>	<b>-</b>	<b>592,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	1,222,468	5,443	853,924	(765,864)	435,299	1,751,270
Fund Balance, Beginning of Year	2,790,823	1,833,642	735,063	2,164,358	866,740	8,390,626
Fund Balance, End of Year	\$ 4,013,291	\$ 1,839,085	\$ 1,588,987	\$ 1,398,494	\$ 1,302,039	\$ 10,141,896

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, 2021

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

Net change in fund balances - total governmental funds \$ 1,751,270

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 \$1,535,910 and contributed capital of \$273,931 exceeded depreciation expense of \$1,376,247 in the current year. 430,918

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. (13,832)

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. 230,727

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. (107,932)

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. 228,912

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. This amount is the difference between beginning and ending deferred revenues that has been included in the statement of activities. 43,451

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 position, this amount is included and adjusted through the general functional expense category. This amount is the difference between beginning and ending insurance trust balance. 25,177

Change in net position of governmental activities \$ 2,588,691

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, 2021

<b><u>Assets:</u></b>		<b><u>Liabilities:</u></b>	
Current Assets:		Current Liabilities:	
Cash and Cash Equivalents	\$ 4,442,107	Accounts Payable	\$ 86,288
Investments	3,523,483	Accrued Wages	9,990
Receivables (Net, where applicable, of allowances for uncollectible):		Current Portion - Notes Payable	1,236,815
Services	550,200	Accrued Compensated Absences	20,071
Prepaid Insurance	28,094	Accrued Interest Payable	4,225
Total Current Assets	<u>8,543,884</u>	Total Current Liabilities	<u>1,357,389</u>
Noncurrent Assets:		Noncurrent Liabilities:	
Capital Assets:		Net Pension Liability	150,063
Sewer Plant	22,819,973	Net OPEB Liability	304,112
Buildings and Improvements	42,973	Notes Payable	8,154,360
Equipment and Vehicles	1,312,265	Total Noncurrent Liabilities	<u>8,608,535</u>
Sewer System	14,449,905	Total Liabilities	<u>\$ 9,965,924</u>
Total	38,625,116		
Less - Accumulated Depreciation	<u>(17,393,275)</u>	<b><u>Deferred Inflows of Resources</u></b>	
Net Capital Assets	21,231,841	Future Pension Expense	\$ 334,602
Total Noncurrent Assets	<u>21,231,841</u>	Future OPEB Expense	7,572
Total Assets	<u>\$ 29,775,725</u>		<u>\$ 342,174</u>
		<b><u>Net Position:</u></b>	
<b><u>Deferred Outflows of Resources</u></b>		Net Investment in Capital Assets	\$ 11,840,666
Future Pension Expense	\$ 219,007	Unrestricted	7,928,070
Future OPEB Expense	82,102	Total Net Position	<u>\$ 19,768,736</u>
	<u>\$ 301,109</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, 2021

Operating Revenues:	
Charges for Services	\$ 3,322,034
Fees	<u>60,350</u>
Total Operating Revenues	<u>3,382,384</u>
Operating Expenses:	
Salaries	454,515
Employee Benefits	128,262
Contractual Services	574,011
Commodities	72,676
Depreciation	<u>1,216,774</u>
Total Operating Expenses	<u>2,446,238</u>
Operating Income	<u>936,146</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	169,183
Interest and Fiscal Charges	<u>(199,689)</u>
Total Nonoperating Revenues (Expenses)	<u>(30,506)</u>
Change in Net Position	905,640
Net Position - Beginning of Year	<u>18,863,096</u>
Net Position - End of Year	<u>\$ 19,768,736</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, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,418,699
Payments to Suppliers	(867,108)
Payments to Employees	(455,434)
Net Cash Provided by Operating Activities	<u>2,096,157</u>
Cash Flows from Noncapital Financing Activities:	
None	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(271,429)
Principal Payments on Notes	(1,650,043)
Interest Payments and Fiscal Charges	(233,501)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,154,973)</u>
Cash Flows from Investing Activities:	
Sales (Purchases) of Investments	474,237
Interest Received	169,183
Net Cash Provided (Used) by Investing Activities	<u>643,420</u>
Net Change in Cash and Cash Equivalents	584,604
Cash and Cash Equivalents, Beginning of Year	<u>3,857,503</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,442,107</u>
Reconciliation of Operating Income to Net Cash Provided	
by Operating Activities:	
Operating Income	\$ 936,146
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation	1,216,774
Change in Net Pension Liability and Related Deferrals	(55,152)
Change in OPEB Liability and Related Deferrals	3,460
(Increase) Decrease in Assets:	
Services Receivables	36,315
Prepaid Expenses	1,567
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	(919)
Accounts Payable	(42,034)
Net Cash Provided by Operating Activities	<u>\$ 2,096,157</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, 2021

Assets:	
Cash and Cash Equivalents	\$ 951,939
Investments:	
Certificate of Deposits	45,570
Corporate Bonds	3,160,154
U.S. Government Securities	3,053,907
Common Stock	5,665,300
Mutual Funds	4,268,197
Receivables:	
Property Tax	1,442,585
Accrued Interest	47,749
Other	<u>21,168</u>
Total Assets	<u>18,656,569</u>
Liabilities:	
Benefit Withholdings	<u>10,197</u>
Total Liabilities	<u>10,197</u>
Net Position - Restricted for Pension Benefits	<u>\$ 18,646,372</u>

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, 2021

Additions:	
Employer Contributions	\$ 1,436,828
Employee Contributions	186,803
Investment Earnings:	
Investment Earnings	2,390,717
Less: Investment Expense	<u>(105,464)</u>
Net Investment Earnings	<u>2,285,253</u>
Total Additions	<u>3,908,884</u>
Deductions:	
Benefit Payments	842,089
Contractual Services	<u>31,389</u>
Total Deductions	<u>973,109</u>
Change in Net Position	2,935,775
Net Position - Beginning of Year	<u>15,710,597</u>
Net Position - End of Year	<u>\$ 18,646,372</u>

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

# VILLAGE OF SWANSEA, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

### **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 districts.

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 Special Business District accounts for the revenues and related expenditures that occurred in the business districts.

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 Firefighter 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.

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

(d) Assets, liabilities and net position or equity

Deposits and investments

The Village's cash and cash equivalents are cash on hand, demand deposits, certificates of deposits and short-term investments with 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 2020 property taxes on December 21, 2020 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 2020 become an enforceable lien in January 2021. Because this tax levy will be used to pay

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

expenses budgeted in fiscal year 2022, no part of this tax levy is shown as a revenue as of April 30, 2021 in the statement of activities.

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.

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, 2021, the Village estimated that the accumulated liability for unused vacation for governmental activities employees totaled \$56,502. Amounts reflected in the financial statements at April 30, 2021 for business-type activities employees related to unused vacation benefits totaled \$20,071.

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	\$ 64,117
Restricted:	
TIF Economic Development	\$ 1,839,085
Forfeiture Funds	430
Business Districts	1,398,494
Motor Fuel Tax	1,283,637
Debt Service	18,402
	<u>\$ 4,540,048</u>
Committed:	
Capital Projects	\$ 1,588,987

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, 2021, the carrying amount of the Village's deposits was \$17,500,936 and the bank balance was \$17,501,473. 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, 2021.

As of April 30, 2021, 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	N/A	17,500,936
Total deposits and investments		<u>\$ 17,502,186</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 13,978,703
Investments		3,523,483
		<u>\$ 17,502,186</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, 2021, 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, 2021, the Village did not have a concentration of credit risk related to investments.

Foreign Currency Risk. As of April 30, 2021, the Village has no foreign currency risk.

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

**Firefighter's Pension Fund**

At April 30, 2021, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$102,630. 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, 2021, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Corporate Bonds	4.19	\$ 456,459
FHLB	1.61	15,413
FNMA	4.99	5,305
US Treasury Notes	3.37	581,108
Mutual Funds		113,974
Deposits as reported above		<u>148,200</u>
Total deposits and investments		<u>\$ 1,320,459</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, 2021, the Firefighter's Pension Fund's investments credit ratings were as follows:

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

Concentration of Credit Risk. As of April 30, 2021, the Firefighter's Pension Fund investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2021, the Firefighter's Pension Fund has no foreign currency risk.

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

**Police Pension Fund**

At April 30, 2021, the carrying amount and bank balance of the Police Pension Fund's deposits were \$849,309. 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, 2021, 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	3.40	\$ 1,573,645
U.S. Treasury Bonds	23.19	533,143
FHLB	5.30	49,455
FNMA	3.36	42,934
FFCB	12.60	252,904
Corporate Bonds	9.46	2,703,695
Mutual Fund	--	4,154,223
Common Stock	--	5,665,300
Deposits as reported above		<u>849,309</u>
Total deposits and investments		<u>\$ 15,824,608</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, 2021, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; 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, 2021, the Police Pension Fund's investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2021, 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, 2021. 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:					
Property Tax	\$ 806,403	\$ 580,227	\$ -	\$ 233,573	\$ 1,620,203
Intergovernmental	814,059	174,928	-	44,242	1,033,229
Accounts	1,704	-	550,200	-	551,904
Other	<u>101,577</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>107,577</u>
Gross Receivables	1,723,743	761,155	550,200	277,815	3,312,913
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,723,743</u>	<u>\$ 761,155</u>	<u>\$ 550,200</u>	<u>\$ 277,815</u>	<u>\$ 3,312,913</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 components of unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,620,203	\$ --
Intergovernmental taxes	261,999	--

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, 2021 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	\$ 7,830,505	\$ 562,260	\$ -	\$ 8,392,765
Capital assets, being depreciated:				
Buildings and improvements	7,667,721	-	-	7,667,721
Equipment and vehicles	5,973,079	408,520	26,765	6,354,834
Infrastructure	31,777,062	839,061	-	32,616,123
Total capital assets being depreciated	45,417,862	1,247,581	26,765	46,638,678
Less accumulated depreciation for:				
Buildings and improvements	2,964,956	216,529	-	3,181,485
Equipment and vehicles	4,249,591	307,588	24,089	4,533,090
Infrastructure	16,756,486	852,130	-	17,608,616
Total accumulated depreciation	23,971,033	1,376,247	24,089	25,323,191
Total capital assets, being depreciated, net	21,446,829	(128,666)	2,676	21,315,487
Governmental activities capital assets, net	\$ 29,277,334	\$ 433,594	\$ 2,676	\$ 29,708,252

Capital asset activity for business-type activities for the year ended April 30, 2021 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	1,040,836	271,429	-	1,312,265
Sewer system	14,449,905	-	-	14,449,905
Total capital assets being depreciated	38,353,687	271,429	-	38,625,116
Less accumulated depreciation for:				
Sewer plant	7,895,391	824,768	-	8,720,159
Buildings and improvements	25,999	1,295	-	27,294
Equipment and vehicles	671,114	81,898	-	753,012
Sewer system	7,583,997	308,813	-	7,892,810
Total accumulated depreciation	16,176,501	1,216,774	-	17,393,275
Total capital assets, being depreciated, net	22,177,186	(945,345)	-	21,231,841
Business-type activities capital assets, net	\$ 22,177,186	\$ (945,345)	\$ -	\$ 21,231,841

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	\$ 104,700
Public safety	306,481
Public works, including depreciation of general infrastructure assets	846,220
Culture and recreation	<u>118,846</u>
Total depreciation expense - governmental activities	<u>\$ 1,376,247</u>
Business-type activities:	
Sewerage	<u>\$ 1,216,774</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 \$220,000 to \$230,000 through December 1, 2023; interest at 2.15% 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, 2021 is \$675,000.

The annual requirements to retire the outstanding bond issue as of April 30, 2021 are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 220,000	\$ 15,655
2023	225,000	10,925
2024	<u>230,000</u>	<u>5,750</u>
	<u>\$ 675,000</u>	<u>\$ 32,330</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:

\$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. The note is secured by the related vehicle and is being retired by the Capital Projects Fund. The principal amount of the note outstanding as of April 30, 2021 is \$8,905.

\$9,387,981 note payable through the Bank of Springfield, dated December 18, 2020 for the improvement of the wastewater plant, bears interest at 1.34%; monthly principal and interest payments of \$109,776 are due through June 2028. This loan was used to pay off a similar loan through the Illinois Environmental Protection Agency (IEPA), dated October 2008, with interest at 2.50%. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2021 is \$8,990,495.

\$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, 2020 is \$400,680.

Upon default of the above notes payable, the lender has the option to make all amounts due and payable at that time.

The annual debt requirements to retire the notes payable as of April 30, 2021 are as follows:

Fiscal Year Ended April 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,217	\$ 241	\$ 1,236,815	\$ 119,599
2023	2,688	30	1,253,685	102,729
2024	-	-	1,270,577	85,837
2025	-	-	1,288,115	68,299
2026	-	-	1,305,684	50,730
2027-2031	-	-	2,997,563	52,489
2032	-	-	38,736	363
	<u>\$ 8,905</u>	<u>\$ 271</u>	<u>\$ 9,391,175</u>	<u>\$ 480,046</u>

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

The following is a summary of changes in long-term liabilities for the year ended April 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation bonds	\$ 890,000	\$ -	\$ 215,000	\$ 675,000	\$ 220,000
Bond premium	11,143	-	3,714	7,429	-
Notes from direct borrowings	26,150	-	17,245	8,905	6,217
Other liabilities:					
OPEB liability	1,675,674	775,867	-	2,451,541	-
Net pension liability	10,328,949	-	1,570,076	8,758,873	-
Compensated absences	<u>42,670</u>	<u>13,832</u>	<u>-</u>	<u>56,502</u>	<u>56,502</u>
Governmental activities long-term liabilities	<u>\$ 12,974,586</u>	<u>\$ 789,699</u>	<u>\$ 1,806,035</u>	<u>\$ 11,958,250</u>	<u>\$ 282,719</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
Notes from direct borrowings	\$ 11,041,218	\$ 9,387,981	\$ 11,038,024	\$ 9,391,175	\$ 1,236,815
Other liabilities:					
OPEB liability	217,413	86,699	-	304,112	-
Net pension liability	315,389	-	165,326	150,063	-
Compensated absences	<u>23,077</u>	<u>-</u>	<u>3,006</u>	<u>20,071</u>	<u>20,071</u>
Business-type activities long-term liabilities	<u>\$ 11,597,097</u>	<u>\$ 9,474,680</u>	<u>\$ 11,206,356</u>	<u>\$ 9,865,421</u>	<u>\$ 1,256,886</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.

**NOTE 7: LEGAL DEBT MARGIN**

The computation of legal debt margin at April 30, 2021 is as follows:

Bonded Debt Limit*	\$ 26,091,842
Bonded Indebtedness	<u>683,905</u>
Legal Debt Margin	<u>\$ 25,407,937</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.

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

**NOTE 8: INTERFUND TRANSFERS**

The Village made the following interfund transfer during the year ended April 30, 2021:

General Fund Transfer to:	
Capital Projects Fund	\$ 592,000

**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](http://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 2020 was 11.61 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by 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	24
Inactive, non-Retired Members	22
Active Members	<u>22</u>
Total	<u>68</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

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

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 2.75%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/20
Measurement Date of the Net Pension Liability	12/31/20
Fiscal Year End	04/30/21

Development of the Single Discount Rate as of December 31, 2020	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	2.00%
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2019 Measurement Date	7.25%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2020.

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

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

Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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.

<b>Total pension liability</b>	
Service Cost	\$ 109,964
Interest on the Total Pension Liability	529,992
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	125,174
Changes of assumptions	(25,395)
Benefit payments, including refunds of employee contributions	<u>(399,866)</u>
Net change in total pension liability	\$ 339,869
Total pension liability - beginning	<u>7,455,185</u>
Total pension liability - ending	<u>\$ 7,795,054</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 137,326
Contributions - employee	53,227
Net investment income	930,902
Benefit payments, including refunds of employee contributions	(399,866)
Other	<u>45,667</u>
Net change in plan fiduciary net position	\$ 767,256
Plan fiduciary net position - beginning	<u>6,633,965</u>
Plan fiduciary net position - ending	<u>\$ 7,401,221</u>
 <b>Net pension liability/(asset)</b>	 <u>\$ 393,833</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 94.95%
 <b>Covered valuation payroll</b>	 \$ 1,182,825
 <b>Net pension liability as a percentage of covered valuation payroll</b>	 33.30%

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.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 8,690,123	\$ 7,795,054	\$ 7,074,956
Plan Fiduciary Net Position	<u>7,401,221</u>	<u>7,401,221</u>	<u>7,401,221</u>
Net Pension Liability/(Asset)	<u>\$ 1,288,902</u>	<u>\$ 393,833</u>	<u>\$ (326,265)</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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 210,699	\$ 7,283
Changes in assumptions	12,656	25,472
Contributions subsequent to valuation date	52,747	-
Net difference between projected and actual earnings on pension plan investments	<u>298,672</u>	<u>845,393</u>
Total	<u>\$ 574,774</u>	<u>\$ 878,148</u>

Year Ending <u>December 31,</u>	Net Deferred Inflows of <u>Resources</u>
2021	\$ (12,814)
2022	(552)
2023	(198,832)
2024	(91,176)
2025	-
Thereafter	-
	<u>\$ (303,374)</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, 2021:

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 Statutes. The following was the Board's adopted asset allocation policy as of April 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	85%
U. S. Equity	10%
Cash Equivalents	<u>5%</u>
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, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 4.94%. 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, 2021 were as follows:

Total Pension Liability	\$ 1,645,881
Plan Fiduciary Net Position	<u>(1,413,218)</u>
Net Pension Liability	<u>\$ 232,663</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	85.86%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2021 using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Pre-Retirement Mortality Rate: PRI-2012 Employee Tables for Males and Females with expected mortality improvement using Scale MP 2019	
Post-Retirement Mortality Rate: PRI-2012 Annuitant Tables for Males/Females with expected mortality improvement using Scale MP 2019	

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	1.84%
U. S. Equity	7.01%
Cash Equivalents	.28%

**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.

	1% Decrease	Current Discount Rate	1% Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net Pension Liability	\$ 616,713	\$ 232,663	\$ (284)

*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	\$ 57,127	\$ (59,674)
Changes in assumptions	333,138	(176,477)
Net difference between projected and actual earnings on pension plan investments	<u>3,106</u>	<u>8,067</u>
Total	<u>\$ 393,371</u>	<u>\$ (228,084)</u>

Year Ending <u>April 30,</u>	Net Deferred Outflows of <u>Resources</u>
2022	\$ 6,264
2023	(6,696)
2024	40,291
2025	77,761
2026	34,815
Thereafter	<u>12,852</u>
	<u>\$ 165,287</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, 2021:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	16
Active Plan Members	<u>22</u>
Total	<u>38</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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	41%
U. S. Equity	55%
Cash Equivalents	4%
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, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 15.41%. 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, 2021 were as follows:

Total Pension Liability	\$ 25,515,594
Plan Fiduciary Net Position	<u>(17,233,154)</u>
Net Pension Liability	<u>\$ 8,282,440</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	67.54%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2021 using the following actuarial assumptions.

Inflation	2.75%
Salary Increases	4.00%
Investment Rate of Return	5.75%
Pre-Retirement Mortality Rate: PRI-2012 Employee Tables for Males and Females with expected mortality Improvement using Scale MP 2019	
Post-Retirement Mortality Rate: PRI-2012 Annuitant Tables for Males/Females with expected mortality Improvement using Scale MP 2019	

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	1.84%
U. S. Equity	6.45%
Cash Equivalents	0.28%

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 current plan members. Therefore, the long-term expected rate of return on

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

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
	<u>4.75%</u>	<u>5.75%</u>	<u>6.75%</u>
Net Pension Liability	\$ 12,480,054	\$ 8,282,440	\$ 5,064,330

*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	\$ 381,845	\$ (759,725)
Changes in assumptions	1,559,638	(936,066)
Net difference between projected and actual earnings on pension plan investments	<u>(172,707)</u>	<u>(620,872)</u>
Total	<u>\$ 1,768,776</u>	<u>\$ (2,316,663)</u>

Year Ending <u>April 30,</u>	Net Deferred Outflows of <u>Resources</u>
2022	\$ (8,449)
2023	(161,573)
2024	(75,219)
2025	(182,754)
2026	91,396
Thereafter	<u>(211,288)</u>
	<u>\$ (547,887)</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>2021</u>	<u>2020</u>
Administrative Account	\$ 285	\$ 245
Benefit Account	175,761	155,597
HMO Account	334	-
Wellness Fund	858	948
Terminal Reserve Account	<u>13,953</u>	<u>9,224</u>
	<u>\$ 191,191</u>	<u>\$ 166,014</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.

The OPEB liability as of April 30, 2021, is calculated at \$2,755,653. This is an increase of \$862,566 in the current year from the prior year estimated balance of \$1,893,087.

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.

<b>Total OPEB liability</b>	
Service Cost	\$ 79,815
Interest on the Total OPEB Liability	54,458
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	412,295
Changes of assumptions	397,577
Benefit payments, including refunds of employee contributions	<u>(81,579)</u>
Net change in total OPEB liability	\$ 862,566
Total OPEB liability - beginning	<u>1,893,087</u>
Total OPEB liability - ending	<u>\$ 2,755,653</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 81,579
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(81,579)
Other	<u>-</u>
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending	<u>\$ -</u>
<b>Net OPEB liability/(asset)</b>	<u>\$ 2,755,653</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%
<b>Covered valuation payroll</b>	\$ 3,544,017
<b>Net OPEB liability as a percentage of covered valuation payroll</b>	77.76%

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
	0.74%	1.74%	2.74%
Total OPEB Liability	\$ 3,189,759	\$ 2,755,653	\$ 2,409,961
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability/(Asset)	<u>\$ 3,189,759</u>	<u>\$ 2,755,653</u>	<u>\$ 2,409,961</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	\$ 378,740	\$ -
Changes in assumptions	365,219	(68,617)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 743,959</u>	<u>\$ (68,617)</u>

Year Ending April 30,	Net Deferred Outflows of Resources
2022	\$ 58,698
2023	58,698
2024	58,698
2025	58,698
2026	58,698
Thereafter	<u>381,852</u>
	<u>\$ 675,342</u>

*Funding Status and Funding Progress.* As of April 30, 2021, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$2,755,653. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$3,544,017 and the ratio of the UAAL to the covered payroll was 77.76 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 healthcare cost trend. Amounts determined regarding the funded status of the plan

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

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, 2021 actuarial valuation, the entry age normal cost method was used.

The actuarial assumptions included the following:

Annual healthcare cost trend rate: 5.875% to be reduced by .375% increments to an ultimate rate of 4.00 percent.

Remaining amortization period at April 30, 2021: 30 years.

Inflation rate: 2.75%

Assumed retirement age is 58 with the completion of 20 years of service.

Pre-Retirement Mortality Rate: PRI-2012 Healthy Employee Tables for Males and Females with expected mortality improvement using Scale MP 2019

Post-Retirement Mortality Rate: PRI-2012 Healthy Annuitant Tables for Males/Females with expected mortality Improvement using Scale MP 2019

**NOTE 12: SUBSEQUENT EVENTS**

The Village has evaluated events occurring after the financial statement date through August 5, 2021 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, 2021

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
<b>Receipts:</b>				
Property Tax	\$ 2,139,193	\$ 2,139,193	\$ 2,131,677	\$ (7,516)
<b>Intergovernmental:</b>				
Sales and Use Tax	1,973,265	1,973,265	1,991,637	18,372
Replacement Tax	15,223	15,223	16,520	1,297
State Income Tax	1,410,150	1,410,150	1,539,578	129,428
Telecommunications Tax	125,000	125,000	93,087	(31,913)
Grants	26,000	26,000	579,028	553,028
Other	245,000	245,000	186,755	(58,245)
Utility Tax	690,000	690,000	808,559	118,559
Licenses, Fees and Permits	252,516	252,516	289,168	36,652
Charges for Services	538,890	538,890	384,714	(154,176)
Fines	91,700	91,700	117,485	25,785
Investment Earnings	31,500	31,500	23,851	(7,649)
Gifts and Donations	11,400	11,400	12,538	1,138
Miscellaneous Revenues and Reimbursements	119,960	119,960	117,309	(2,651)
<b>Total Receipts</b>	<b>7,669,797</b>	<b>7,669,797</b>	<b>8,291,906</b>	<b>622,109</b>
<b>Disbursements:</b>				
<b>General Government:</b>				
Centralized Services	373,445	373,445	260,757	112,688
Swansea Report	17,520	17,520	17,542	(22)
Elected Officials	81,405	81,405	78,634	2,771
General Administration	277,536	277,536	259,563	17,973
Building & Zoning	236,002	236,002	223,650	12,352
<b>Total Administration</b>	<b>985,908</b>	<b>985,908</b>	<b>840,146</b>	<b>145,762</b>
<b>Public Safety:</b>				
Police	4,724,408	4,724,408	4,731,754	(7,346)
Fire	477,888	477,888	408,330	69,558
<b>Total Public Safety</b>	<b>5,202,296</b>	<b>5,202,296</b>	<b>5,140,084</b>	<b>62,212</b>
<b>Public Works:</b>				
Streets	524,626	524,626	466,269	58,357
Refuse & Recycling	70,000	70,000	27,088	42,912
<b>Total Public Works</b>	<b>594,626</b>	<b>594,626</b>	<b>493,357</b>	<b>101,269</b>

**VILLAGE OF SWANSEA, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2021

	<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	298,563	298,563	160,820	137,743
Senior Services	1,820	1,820	418	1,402
Total Culture and Recreation	<u>300,383</u>	<u>300,383</u>	<u>161,238</u>	<u>139,145</u>
Total Disbursements	<u>7,083,213</u>	<u>7,083,213</u>	<u>6,634,825</u>	<u>448,388</u>
Excess of Receipts Over Disbursements	<u>586,584</u>	<u>586,584</u>	<u>1,657,081</u>	<u>1,070,497</u>
Other Financing Sources:				
Transfers In (Out)	<u>(592,000)</u>	<u>(592,000)</u>	<u>(592,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(592,000)</u>	<u>(592,000)</u>	<u>(592,000)</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ (5,416)</u>	<u>\$ (5,416)</u>	<u>1,065,081</u>	<u>\$ 1,070,497</u>
Change in intergovernmental revenue on modified accrual basis			198,731	
Change in accounts payable on modified accrual basis			(69,477)	
Change in accrued wages on modified accrual basis			1,134	
Change in prepaid expenses on modified accrual basis			(8,166)	
Change in other receivable on modified accrual basis			765	
Change in franchise fees receivable on modified accrual basis			(1,789)	
Change in utility tax receivable on modified accrual basis			3,436	
Change related to transfer of foreign fire insurance funds			<u>32,753</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 1,222,468</u>	

VILLAGE OF SWANSEA, ILLINOIS

TAX INCREMENT FINANCING FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual (Budget Basis)	Variance - Actual vs. Budget Final
	Original	Final		
Receipts:				
Property Tax	\$ 440,000	\$ 440,000	\$ 512,855	\$ 72,855
Investment Earnings	24,351	24,351	16,911	(7,440)
Miscellaneous Revenues/Reimbursements	100,000	100,000	534	(99,466)
Total Receipts	<u>564,351</u>	<u>564,351</u>	<u>530,300</u>	<u>(34,051)</u>
Disbursements:				
Community Development	358,500	368,500	311,342	57,158
Capital Outlay	485,000	585,000	246,244	338,756
Total Disbursements	<u>843,500</u>	<u>953,500</u>	<u>557,586</u>	<u>395,914</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (279,149)</u>	<u>\$ (389,149)</u>	(27,286)	<u>\$ 361,863</u>
Change in accounts payable on modified accrual basis			<u>32,729</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 5,443</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
Receipts:				
Property Tax	\$ 101,000	\$ 101,000	\$ 100,787	\$ (213)
Intergovernmental Revenues	375,000	375,000	335,834	(39,166)
Grants	-	-	508,951	508,951
Investment Earnings	9,000	9,000	4,830	(4,170)
Other	-	-	75	75
Total Receipts	<u>485,000</u>	<u>485,000</u>	<u>950,477</u>	<u>465,477</u>
Disbursements:				
General Government	48,458	48,458	209,773	(161,315)
Public Safety	279,975	279,975	332,971	(52,996)
Public Works	818,708	818,708	138,050	680,658
Culture and Recreation	16,000	16,000	8,361	7,639
Total Disbursements	<u>1,163,141</u>	<u>1,163,141</u>	<u>689,155</u>	<u>473,986</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(678,141)</u>	<u>(678,141)</u>	<u>261,322</u>	<u>939,463</u>
Other Financing Sources (Uses):				
Operating Transfers In	<u>592,000</u>	<u>592,000</u>	<u>592,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>592,000</u>	<u>592,000</u>	<u>592,000</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (86,141)</u>	<u>\$ (86,141)</u>	853,322	<u>\$ 939,463</u>
Change in sales tax receivable on modified accrual basis			10,249	
Change in accounts payable on modified accrual basis			<u>(9,647)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 853,924</u>	

VILLAGE OF SWANSEA, ILLINOIS

SPECIAL BUSINESS DISTRICT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Budgeted Amounts</u>		Actual (Budget Basis)	Variance -
	<u>Original</u>	<u>Final</u>		Actual vs. <u>Budget Final</u>
Receipts:				
Intergovernmental Revenues	\$ 296,000	\$ 296,000	\$ 228,252	\$ (67,748)
Investment Earnings	24,625	24,625	15,166	(9,459)
Other	<u>100,000</u>	<u>100,000</u>	<u>238</u>	<u>(99,762)</u>
Total Receipts	<u>420,625</u>	<u>420,625</u>	<u>243,656</u>	<u>(176,969)</u>
Disbursements:				
Public Works	<u>870,500</u>	<u>1,095,626</u>	<u>1,014,236</u>	<u>81,390</u>
Total Disbursements	<u>870,500</u>	<u>1,095,626</u>	<u>1,014,236</u>	<u>81,390</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (449,875)</u>	<u>\$ (675,001)</u>	<u>(770,580)</u>	<u>\$ (95,579)</u>
Change in sales tax receivable on modified accrual basis			4,090	
Change in accounts payable on modified accrual basis			<u>626</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (765,864)</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:						
Service Cost	\$ 109,964	\$ 116,946	\$ 103,086	\$ 127,088	\$ 134,672	\$ 130,502
Interest	529,992	494,523	468,564	474,337	447,715	429,324
Difference between expected and actual	125,174	252,143	122,598	(196,655)	21,261	(100,884)
Assumption changes	(25,395)	-	191,990	(187,513)	(31,344)	14,992
Benefit payments, including refunds	<u>(399,866)</u>	<u>(341,925)</u>	<u>(297,430)</u>	<u>(267,043)</u>	<u>(224,063)</u>	<u>(204,147)</u>
Net change in total pension liability	339,869	521,687	588,808	(49,786)	348,241	269,787
Total pension liability - beginning	<u>7,455,185</u>	<u>6,933,498</u>	<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>\$ 7,795,054</u>	<u>\$ 7,455,185</u>	<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	137,326	127,900	162,583	146,464	165,275	152,341
Contributions - employee	53,227	53,341	53,458	52,939	56,344	65,155
Net investment income	930,902	1,041,857	(299,808)	888,481	331,445	24,818
Benefit payments, including refunds	(399,866)	(341,925)	(297,430)	(267,043)	(224,063)	(204,147)
Other	<u>45,667</u>	<u>56,006</u>	<u>157,918</u>	<u>(80,146)</u>	<u>22,531</u>	<u>(167,186)</u>
Net change in plan fiduciary net position	767,256	937,179	(223,279)	740,695	351,532	(129,019)
Plan fiduciary net position - beginning	<u>6,633,965</u>	<u>5,696,786</u>	<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>\$ 7,401,221</u>	<u>\$ 6,633,965</u>	<u>\$ 5,696,786</u>	<u>\$ 5,920,065</u>	<u>\$ 5,179,370</u>	<u>\$ 4,827,838</u>
Net Pension Liability	<u>\$ 393,833</u>	<u>\$ 821,220</u>	<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>94.95%</u>	<u>88.98%</u>	<u>82.16%</u>	<u>93.31%</u>	<u>81.00%</u>	<u>79.85%</u>
Covered-employee payroll	<u>\$ 1,182,825</u>	<u>\$ 1,185,362</u>	<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>33.30%</u>	<u>69.28%</u>	<u>104.10%</u>	<u>36.09%</u>	<u>97.05%</u>	<u>103.17%</u>

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND  
APRIL 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability:</b>							
Service Cost	\$ 769,804	\$ 727,947	\$ 685,366	\$ 630,223	\$ 595,956	\$ 616,724	\$ 584,245
Interest	1,348,423	1,340,232	1,209,970	1,147,167	1,079,592	1,017,610	950,507
Changes in assumptions	-	(1,113,810)	1,403,310	-	1,106,659	-	-
Actuarial Losses/(Gains)	425,385	-	(382,367)	-	(934,650)	-	100,406
Benefit payments, including refunds	<u>(977,594)</u>	<u>(657,377)</u>	<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	1,566,018	296,992	2,302,979	1,020,336	1,259,962	1,109,146	1,224,057
Total pension liability - beginning	<u>23,949,576</u>	<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>	<u>16,736,104</u>
Total pension liability - ending	<u>\$ 25,515,594</u>	<u>\$ 23,949,576</u>	<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>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	1,353,686	1,294,833	1,171,143	1,108,824	1,070,890	816,678	794,979
Contributions - employee	179,795	183,280	177,293	180,718	163,098	158,915	142,668
Net investment income	2,220,924	239,065	708,770	225,602	369,054	76,620	390,673
Benefit payments, including refunds	(899,799)	(657,377)	(613,300)	(757,056)	(581,181)	(508,188)	(500,782)
Administrative	<u>(29,501)</u>	<u>(21,153)</u>	<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	2,825,105	1,038,648	1,423,139	751,950	1,016,253	533,899	823,122
Plan fiduciary net position - beginning	<u>14,408,049</u>	<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>	<u>8,821,038</u>
Plan fiduciary net position - ending	<u>\$ 17,233,154</u>	<u>\$ 14,408,049</u>	<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>\$ 8,282,440</u>	<u>\$ 9,541,527</u>	<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>67.54%</u>	<u>60.16%</u>	<u>56.52%</u>	<u>55.96%</u>	<u>55.07%</u>	<u>53.37%</u>	<u>53.70%</u>
Covered-employee Payroll	<u>\$ 2,023,328</u>	<u>\$ 1,946,264</u>	<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>409.35%</u>	<u>490.25%</u>	<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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability:</b>							
Service Cost	\$ 27,531	\$ 26,872	\$ 25,592	\$ 104,099	\$ 101,659	\$ 45,662	\$ 43,488
Interest	78,021	73,479	70,646	43,935	40,523	44,558	36,510
Actuarial Losses/(Gains)	-	67,236	-	(154,501)	-	(2,902)	80,939
Changes in assumptions	-	(34,090)	-	(393,305)	-	709,996	-
Benefit payments, including refunds	<u>(43,810)</u>	<u>(40,602)</u>	<u>(35,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	61,742	92,895	60,375	(399,772)	142,182	797,314	160,937
Total pension liability - beginning	<u>1,584,139</u>	<u>1,491,244</u>	<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>\$ 1,645,881</u>	<u>\$ 1,584,139</u>	<u>\$ 1,491,244</u>	<u>\$ 1,430,869</u>	<u>\$ 1,830,641</u>	<u>\$ 1,688,459</u>	<u>\$ 891,145</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	83,142	81,393	81,538	212,653	216,612	73,886	46,844
Contributions - employee	7,008	6,830	8,128	13,777	12,620	11,461	12,113
Net investment income	64,329	61,841	43,623	(4,448)	9,187	1,444	1,191
Benefit payments, including refunds	(41,921)	(40,602)	(35,863)	-	-	-	-
Administrative	<u>(1,888)</u>	<u>(2,715)</u>	<u>(3,521)</u>	<u>(200)</u>	<u>(154)</u>	<u>(99)</u>	<u>(88)</u>
Net change in plan fiduciary net position	110,670	106,747	93,905	221,782	238,265	86,692	60,060
Plan fiduciary net position - beginning	<u>1,302,548</u>	<u>1,195,801</u>	<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>\$ 1,413,218</u>	<u>\$ 1,302,548</u>	<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>\$ 232,663</u>	<u>\$ 281,591</u>	<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>85.86%</u>	<u>82.22%</u>	<u>80.19%</u>	<u>77.01%</u>	<u>48.08%</u>	<u>38.01%</u>	<u>62.30%</u>
Covered-employee payroll	<u>\$ 74,122</u>	<u>\$ 72,241</u>	<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>313.89%</u>	<u>389.79%</u>	<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 CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 137,326	\$ 127,901	\$ 155,028	\$ 146,464	\$ 165,275	\$ 152,341
Contributions in relation to actuarial determined contribution	<u>137,326</u>	<u>127,900</u>	<u>162,583</u>	<u>146,464</u>	<u>165,275</u>	<u>152,341</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (7,555)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>1,182,825</u>	 <u>1,185,362</u>	 <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>11.61%</u>	 <u>10.79%</u>	 <u>13.69%</u>	 <u>12.45%</u>	 <u>13.20%</u>	 <u>12.90%</u>

Actuarial valuation date for above is December 31, 2020.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	23 years
Asset Valuation Method:	5-Year smoothed market: 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Wage Growth	3.25%
Price Inflation	2.50%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CONTRIBUTIONS  
POLICE PENSION FUND  
APRIL 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,329,220	\$ 1,231,104	\$ 1,087,514	\$ 1,028,382	\$ 1,194,476	\$ 1,129,528	\$ 1,129,528
Contributions in relation to actuarial determined contribution	<u>1,353,686</u>	<u>1,294,833</u>	<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>\$ (24,466)</u>	<u>\$ (63,729)</u>	<u>\$ (83,396)</u>	<u>\$ (80,443)</u>	<u>\$ 92,008</u>	<u>\$ 313,628</u>	<u>\$ 335,817</u>
Covered-employee Payroll	<u>1,946,264</u>	<u>1,791,023</u>	<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>69.55%</u>	<u>72.30%</u>	<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, 2021.

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:	21 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 59,317	\$ 52,814	\$ 80,115	\$ 213,325	\$ 208,325	\$ 71,002	\$ 71,002
Contributions in relation to actuarial determined contribution	<u>83,142</u>	<u>81,393</u>	<u>81,380</u>	<u>212,653</u>	<u>219,543</u>	<u>72,844</u>	<u>44,932</u>
Contribution deficiency (excess)	<u>\$ (23,825)</u>	<u>\$ (28,579)</u>	<u>\$ (1,265)</u>	<u>\$ 672</u>	<u>\$ (11,218)</u>	<u>\$ (1,842)</u>	<u>\$ 26,070</u>
 Covered-employee Payroll	 <u>\$ 74,122</u>	 <u>\$ 72,241</u>	 <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>112.17%</u>	 <u>112.67%</u>	 <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, 2021.

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:	21 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 INVESTMENT RETURNS  
POLICE PENSION FUND  
APRIL 30, 2021

	<u>2021</u>	<u>2020</u>	<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	15.41%	15.09%	1.99%	10.22%	-0.99%	-0.50%	-0.76%

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
FIREFIGHTER'S PENSION FUND  
APRIL 30, 2021**

	<u>2021</u>	<u>2020</u>	<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	4.94%	5.62%	5.80%	4.96%	-7.44%	1.37%	0.25%

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
RETIREE MEDICAL PROGRAM  
APRIL 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service Cost	\$ 79,815	\$ 75,570	\$ 73,655	\$ 48,679	\$ 44,253
Interest	54,458	48,740	48,082	65,924	67,936
Differences between expected and actual	412,295	-	228,963	55,809	-
Changes in assumptions	397,577	(83,047)	-	-	-
Benefit payments, including refunds	<u>(81,579)</u>	<u>(45,567)</u>	<u>(41,867)</u>	<u>(34,816)</u>	<u>(35,893)</u>
Net change in total OPEB liability	862,566	(4,304)	308,833	135,596	76,296
Total OPEB liability - beginning	<u>1,893,087</u>	<u>1,897,391</u>	<u>1,588,558</u>	<u>1,452,962</u>	<u>1,376,666</u>
Total OPEB liability - ending	<u>\$ 2,755,653</u>	<u>\$ 1,893,087</u>	<u>\$ 1,897,391</u>	<u>\$ 1,588,558</u>	<u>\$ 1,452,962</u>
Plan Fiduciary Net Position					
Contributions - employer	81,579	45,567	41,867	34,816	35,893
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds	(81,579)	(45,567)	(41,867)	(34,816)	(35,893)
Administrative	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>				
Net OPEB Liability	<u>\$ 2,755,653</u>	<u>\$ 1,893,087</u>	<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>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ 3,544,017</u>	<u>\$ 3,494,775</u>	<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>77.76%</u>	<u>54.17%</u>	<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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 206,355	\$ 198,435	\$ 134,269	\$ 133,808	\$ 123,988	\$ 123,813	\$ 128,179
Contributions in relation to actuarial determined contribution	<u>81,579</u>	<u>45,567</u>	<u>41,867</u>	<u>34,816</u>	<u>35,893</u>	<u>39,822</u>	<u>33,712</u>
Contribution deficiency (excess)	<u>\$ 124,776</u>	<u>\$ 152,868</u>	<u>\$ 92,402</u>	<u>\$ 98,992</u>	<u>\$ 88,095</u>	<u>\$ 83,991</u>	<u>\$ 94,467</u>
Covered-employee Payroll	<u>3,544,017</u>	<u>3,494,774</u>	<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>2.30%</u>	<u>1.30%</u>	<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, 2021.

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	1.74%
Healthcare Inflation	5.875% 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, 2021

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Debt Service Fund	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,250,630	\$ 18,402	\$ 1,269,032
Receivables:			
Property Taxes	-	233,573	233,573
Intergovernmental	44,242	-	44,242
 Total Assets	 <u>\$ 1,294,872</u>	 <u>\$ 251,975</u>	 <u>\$ 1,546,847</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ 11,235	\$ -	\$ 11,235
Total Liabilities	<u>11,235</u>	<u>-</u>	<u>11,235</u>
Deferred Inflows of Resources:			
Deferred Revenue	<u>-</u>	<u>233,573</u>	<u>233,573</u>
Fund Balance:			
Restricted	<u>1,283,637</u>	<u>18,402</u>	<u>1,302,039</u>
Total Fund Balance	<u>1,283,637</u>	<u>18,402</u>	<u>1,302,039</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,294,872</u>	 <u>\$ 251,975</u>	 <u>\$ 1,546,847</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2021

	Special Revenue Fund		Total Nonmajor Governmental Funds
	<u>Motor Fuel Tax Fund</u>	<u>Debt Service Fund</u>	
Revenues:			
Property Tax	\$ -	\$ 231,848	\$ 231,848
Motor Fuel Tax	519,454	-	519,454
Grant Revenue	446,314	-	446,314
Investment Earnings	5,733	220	5,953
Miscellaneous	<u>3,426</u>	<u>-</u>	<u>3,426</u>
Total Revenues	<u>974,927</u>	<u>232,068</u>	<u>1,206,995</u>
Expenditures:			
Public Works	536,391	-	536,391
Debt Service	<u>-</u>	<u>235,305</u>	<u>235,305</u>
Total Expenditures	<u>536,391</u>	<u>235,305</u>	<u>771,696</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>438,536</u>	<u>(3,237)</u>	<u>435,299</u>
Fund Balance, Beginning of Year	<u>845,101</u>	<u>21,639</u>	<u>866,740</u>
Fund Balance, End of Year	<u>\$ 1,283,637</u>	<u>\$ 18,402</u>	<u>\$ 1,302,039</u>

**VILLAGE OF SWANSEA, ILLINOIS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2021

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 849,309	\$ 102,630	\$ 951,939
Investments:			
Certificates of Deposit	-	45,570	45,570
Corporate Bonds	2,703,695	456,459	3,160,154
U.S. Government Securities	2,452,081	601,826	3,053,907
Common Stock	5,665,300	-	5,665,300
Mutual Funds	4,154,223	113,974	4,268,197
Receivables:			
Property Taxes	1,359,103	83,482	1,442,585
Accrued Interest	39,791	7,958	47,749
Other	19,849	1,319	21,168
Total Assets	<u>17,243,351</u>	<u>1,413,218</u>	<u>18,656,569</u>
Liabilities:			
Benefit Withholdings	<u>10,197</u>	<u>-</u>	<u>10,197</u>
Total Liabilities	<u>10,197</u>	<u>-</u>	<u>10,197</u>
Net Position -			
Restricted for Pension Benefits	<u>\$ 17,233,154</u>	<u>\$ 1,413,218</u>	<u>\$ 18,646,372</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Employer Contributions	\$ 1,353,686	\$ 83,142	\$ 1,436,828
Employee Contributions	179,795	7,008	186,803
Investment Earnings:			
Investment Earnings	2,322,749	67,968	2,390,717
Less: Investment Expense	<u>(101,825)</u>	<u>(3,639)</u>	<u>(105,464)</u>
Net Investment Earnings	<u>2,220,924</u>	<u>64,329</u>	<u>2,285,253</u>
Total Additions	<u>3,754,405</u>	<u>154,479</u>	<u>3,908,884</u>
Deductions:			
Benefit Payments	800,168	41,921	842,089
Refund/Transfer of Contributions	99,631	-	99,631
Administrative Expenses	<u>29,501</u>	<u>1,888</u>	<u>31,389</u>
Total Deductions	<u>929,300</u>	<u>43,809</u>	<u>973,109</u>
Change in Net Position	2,825,105	110,670	2,935,775
Net Position, Beginning of Year	<u>14,408,049</u>	<u>1,302,548</u>	<u>15,710,597</u>
Net Position, End of Year	<u>\$ 17,233,154</u>	<u>\$ 1,413,218</u>	<u>\$ 18,646,372</u>



**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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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. Q. Schlem & Co. LLC*

Certified Public Accountants  
Alton, Illinois

August 5, 2021