



VILLAGE OF SWANSEA, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2023

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VILLAGE OF SWANSEA, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Swansea, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023 on our consideration of the Village of Swansea, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Swansea, Illinois' internal control over financial reporting and compliance.

C. J. Schlesselman & Co. LLC

Certified Public Accountants

Alton, Illinois

September 19, 2023

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, 2023. 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 accrual basis for the governmental activities and the accrual basis 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 Motor Fuel Tax 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 \$54,951,364 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, 2023	April 30, 2022	April 30, 2023	April 30, 2022	April 30, 2023	April 30, 2022
Current and other assets	\$ 18,646,523	\$ 15,279,833	\$ 8,944,384	\$ 9,339,588	\$ 27,590,907	\$ 24,619,421
Capital assets	29,324,233	29,986,630	19,845,993	20,191,699	49,170,226	50,178,329
Total assets	<u>47,970,756</u>	<u>45,266,463</u>	<u>28,790,377</u>	<u>29,531,287</u>	<u>76,761,133</u>	<u>74,797,750</u>
Deferred outflows	<u>3,539,356</u>	<u>3,471,615</u>	<u>356,277</u>	<u>176,319</u>	<u>3,895,633</u>	<u>3,647,934</u>
Long-term liabilities						
outstanding	13,249,356	12,095,564	7,640,791	8,366,838	20,890,147	20,462,402
Other liabilities	701,489	1,037,137	204,774	148,351	906,263	1,185,488
Total liabilities	<u>13,950,845</u>	<u>13,132,701</u>	<u>7,845,565</u>	<u>8,515,189</u>	<u>21,796,410</u>	<u>21,647,890</u>
Deferred inflows	<u>3,829,905</u>	<u>4,505,520</u>	<u>79,087</u>	<u>440,128</u>	<u>3,908,992</u>	<u>4,945,648</u>
Net position:						
Net investment in						
capital assets	29,094,233	29,530,017	12,945,289	12,037,311	42,039,522	41,567,328
Restricted	4,818,121	3,531,153	-	-	4,818,121	3,531,153
Unrestricted	<u>(182,992)</u>	<u>(1,961,313)</u>	<u>8,276,713</u>	<u>8,714,978</u>	<u>8,093,721</u>	<u>6,753,665</u>
Total net position	<u>\$ 33,729,362</u>	<u>\$ 31,099,857</u>	<u>\$ 21,222,002</u>	<u>\$ 20,752,289</u>	<u>\$ 54,951,364</u>	<u>\$ 51,852,146</u>

Total net position increased \$3,099,218 resulting in a balance of \$55,951,364 as of April 30, 2023. Total current assets, which are comprised of cash, investments and receivables, increased \$2,971,486. Non-current assets decreased \$1,008,103 due primarily to current year depreciation exceeding capital outlay additions.

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total liabilities increased in the current year by \$148,520 for an ending total balance of \$21,796,410. The increase is due primarily to fluctuations in the net pension liability which was slightly higher than the current 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>2023</u>		<u>2022</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	76.5%	\$ 42,039,522	80.2%	\$ 41,567,328
Restricted	8.8%	4,818,121	6.8%	3,531,153
Unrestricted	14.7%	8,093,721	13.0%	6,753,665
Total net position	<u>100.0%</u>	<u>\$ 54,951,364</u>	<u>100.0%</u>	<u>\$ 51,852,146</u>

The Village had an overall increase in net position of \$3,099,218 for the government-wide financial statements for the year ended April 30, 2023. Capital net asset balances increased by \$472,194 in the current year primarily due to capital acquisitions and debt reduction exceeding depreciation expense. 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>2023</u>	<u>2022</u>
Property tax	\$ 3,226,945	\$ 3,151,462
Utility tax	873,827	881,846
Excise tax	74,205	73,381
State income tax	2,213,883	2,222,492
Sales and use tax	3,310,536	3,056,883
Motor fuel tax	574,275	562,073
Replacement tax	49,209	43,536
Other taxes	391,922	367,901
Franchise fees	374,392	365,078
Operating grants and contributions	1,221,155	934,189
Capital grants and contributions	447,515	313,229
Charges for services	739,106	628,965
Investment earnings	96,519	56,814
Miscellaneous	2,248	8,297
Total revenues	<u>\$ 13,595,737</u>	<u>\$ 12,666,146</u>

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

<u>Expenditures by category</u>	<u>2023</u>		<u>2022</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	10.0%	\$ 1,090,104	10.9%	\$ 1,088,825
Public safety	60.4%	6,617,591	53.6%	5,337,284
Culture and recreation	2.8%	308,410	3.3%	324,076
Streets and public works	25.1%	2,754,807	27.5%	2,733,812
Community & economic dev	1.5%	168,378	4.5%	449,562
Interest on long-term debt	<u>0.1%</u>	<u>14,428</u>	<u>0.2%</u>	<u>19,402</u>
Total expenditures	<u>100.0%</u>	<u>\$ 10,953,718</u>	<u>100.0%</u>	<u>\$ 9,952,961</u>

Total revenues for the governmental activities increased \$929,591 for the year ended April 30, 2023. The largest increases resulted from sales taxes and operating grants. The Village also realized significant increases related to property taxes and charges for services.

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>2023</u>	<u>2022</u>
General government	\$ 96,825	\$ 100,264
Public safety	335,536	279,705
Streets and public works	925,708	856,714
Culture and recreation	<u>122,470</u>	<u>114,610</u>
Total depreciation	<u>\$ 1,480,539</u>	<u>\$ 1,351,293</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$818,142, which was \$662,397 lower than the related depreciation in the current year.

BUSINESS-TYPE ACTIVITIES

REVENUE COMPARISON BY TYPE

<u>Business-type Activities</u>	<u>2023</u>	<u>2022</u>
Sewer Charges	\$ 3,417,009	\$ 3,288,228
Investment earnings	<u>229,616</u>	<u>58,500</u>
Total revenues	<u>\$ 3,646,625</u>	<u>\$ 3,346,728</u>

VILLAGE OF SWANSEA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

<u>Operating Expenditures</u>	<u>2023</u>		<u>2022</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	25.2%	\$ 796,385	23.5%	\$ 556,072
Contractual services	31.7%	999,102	22.4%	530,079
Supplies and materials	4.3%	136,141	3.2%	74,645
Depreciation	<u>38.8%</u>	<u>1,223,355</u>	<u>50.9%</u>	<u>1,205,750</u>
Total expenditures	<u>100.0%</u>	<u>\$ 3,154,983</u>	<u>100.0%</u>	<u>\$ 2,366,546</u>

Revenues for the business-type activities increased \$299,897 for the year ended April 30, 2023.

Expenditures for the business-type activities also increased by \$788,437. The largest categories of operating disbursements are related to personal and contractual services.

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 2023, the Village’s governmental funds reported combined ending fund balances of \$15,581,822 an increase of \$3,599,726 in comparison with the prior year. Of the total fund balance, \$4,818,121 constitutes restricted fund balance, which is restricted primarily for restricted tax purposes. The unassigned fund balance, \$7,013,362 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 \$7,013,362, while the total fund balance was \$7,081,938. 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 88.20% of the total general fund expenditures, while total fund balance represents 89.07% of that same amount. The fund balance of the General Fund increased \$677,282 during the current fiscal year.

At the end of the current fiscal year, the restricted fund balance of the Tax Increment Financing Fund was \$1,979,174, an increase of \$731,837 in comparison with the prior year. At the end of the current fiscal year, the restricted fund balance of the Motor Fuel Tax Fund was \$1,275,108, an increase of \$296,540 in comparison with the prior year. The committed fund balance of the Capital Projects Fund was \$2,054,867, an increase of \$8,150 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 exceeded the approved budget in the Motor Fuel Tax Fund due to the timing of prior year accounts payables for projects. A comparison of budget and actual is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 8,379,507	\$ 7,888,172
Tax Increment Financing Fund	964,070	203,134
Motor Fuel Tax Fund	781,100	882,687
Capital Projects Fund	1,113,900	846,898

The appropriations were not amended in the current year.

TRANSFERS

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

Additional information related to transfers 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, 2023 amounted to \$49,170,226 (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 IL 159 Streetscape
- Improvements on Schranz Park
- Purchase of 3 2022 Ford Super Duty trucks
- Improvements related to the UV Disinfection System for the WWTP
- Purchase of 3 2023 Ford Police Interceptors
- Purchase of a 2022 John Deere Wheel Loader
- Purchase of a Bobcat Tool Cat

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, 2023, the Village reported outstanding debt of \$7,130,704 with the principal obligations extending until fiscal year 2032. The Village did not enter into any new debt obligations in the current year. Total debt principal retirements were \$1,480,297 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, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 8,896,616	\$ 3,148,531	\$ 12,045,147
Investments	6,224,518	5,170,531	11,395,049
Receivables (Net of allowance for uncollectibles):	3,107,550	596,629	3,704,179
Prepaid Expenses	68,146	28,693	96,839
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	7,449,232	1,708,975	9,158,207
Infrastructure	33,850,124	14,989,028	48,839,152
Less: Accumulated Depreciation	<u>(28,035,609)</u>	<u>(19,714,956)</u>	<u>(47,750,565)</u>
Net Capital Assets	<u>29,324,233</u>	<u>19,845,993</u>	<u>49,170,226</u>
Other Assets:			
Insurance Trust	<u>349,693</u>	<u>-</u>	<u>349,693</u>
Total Assets	<u>47,970,756</u>	<u>28,790,377</u>	<u>76,761,133</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	2,986,570	296,928	3,283,498
Future OPEB Expense	<u>552,786</u>	<u>59,349</u>	<u>612,135</u>
	<u>3,539,356</u>	<u>356,277</u>	<u>3,895,633</u>
<u>Liabilities</u>			
Accounts Payable	603,700	191,586	795,286
Accrued Wages and Compensated Absences	95,393	10,081	105,474
Accrued Interest Payable	2,396	3,107	5,503
Noncurrent Liabilities:			
Due Within One Year	279,986	1,287,244	1,567,230
Due in More Than One Year	<u>12,969,370</u>	<u>6,353,547</u>	<u>19,322,917</u>
Total Liabilities	<u>13,950,845</u>	<u>7,845,565</u>	<u>21,796,410</u>
<u>Deferred Inflows of Resources</u>			
Unearned Revenues	1,739,378	-	1,739,378
Future Pension Expense	1,370,179	1,748	1,371,927
Future OPEB Expense	<u>720,348</u>	<u>77,339</u>	<u>797,687</u>
	<u>3,829,905</u>	<u>79,087</u>	<u>3,908,992</u>
<u>Net Position</u>			
Net Investment in Capital Assets	29,094,233	12,945,289	42,039,522
Restricted for:			
Economic Development	3,254,282	-	3,254,282
Restricted Tax Revenues	1,563,409	-	1,563,409
Forfeitures and Seizures	430	-	430
Unrestricted	<u>(182,992)</u>	<u>8,276,713</u>	<u>8,093,721</u>
Total Net Position	<u>\$ 33,729,362</u>	<u>\$ 21,222,002</u>	<u>\$ 54,951,364</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, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,090,104	\$ 453,925	\$ 12,032	\$ -	\$ (624,147)	\$	\$ (624,147)
Public Safety	6,617,591	259,978	1,180,348	-	(5,177,265)		(5,177,265)
Public Works	2,754,807	25,203	17,651	447,515	(2,264,438)		(2,264,438)
Culture and Recreation	308,410	-	11,124	-	(297,286)		(297,286)
Community and Economic Development	168,378	-	-	-	(168,378)		(168,378)
Interest on Long-term Debt	14,428	-	-	-	(14,428)		(14,428)
Total Governmental Activities	<u>10,953,718</u>	<u>739,106</u>	<u>1,221,155</u>	<u>447,515</u>	<u>(8,545,942)</u>		<u>(8,545,942)</u>
Business-type Activities:							
Sewerage	3,257,151	3,417,009	-	-	\$ 159,858		159,858
Total Business-type Activities	<u>3,257,151</u>	<u>3,417,009</u>	<u>-</u>	<u>-</u>	<u>159,858</u>		<u>159,858</u>
Total Primary Government	<u>\$ 14,210,869</u>	<u>\$ 4,156,115</u>	<u>\$ 1,221,155</u>	<u>\$ 447,515</u>	<u>(8,545,942)</u>	<u>159,858</u>	<u>(8,386,084)</u>
Intergovernmental Revenues:							
Property Tax, Levied for General Purposes					3,226,945	-	3,226,945
Sales and Use Tax					3,310,536	-	3,310,536
Replacement Tax					49,209	-	49,209
State Income Tax					2,213,883	-	2,213,883
Motor Fuel Tax					574,275	-	574,275
Video Gaming Tax					353,855	-	353,855
Excise Tax					74,205	-	74,205
Utility Tax					873,827	-	873,827
Franchise Fees					374,392	-	374,392
Other Taxes					38,067	-	38,067
Unrestricted Investment Earnings					96,519	229,616	326,135
Miscellaneous					2,248	67,725	69,973
Transfers					(12,514)	12,514	-
Total General Revenues and Transfers					<u>11,175,447</u>	<u>309,855</u>	<u>11,485,302</u>
Change in Net Position					<u>2,629,505</u>	<u>469,713</u>	<u>3,099,218</u>
Net Position - Beginning					<u>31,099,857</u>	<u>20,752,289</u>	<u>51,852,146</u>
Net Position - Ending					<u>\$ 33,729,362</u>	<u>\$ 21,222,002</u>	<u>\$ 54,951,364</u>

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

VILLAGE OF SWANSEA, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2023

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 2,547,410	\$ 1,752,051	\$ 1,706,908	\$ 1,238,310	\$ 1,651,937	\$ 8,896,616
Investments	4,001,827	240,001	482,690	-	1,500,000	6,224,518
Receivables (Net, where applicable, of allowances for uncollectibles):						
Property Tax	854,429	652,069	-	-	232,880	1,739,378
Services	1,798	-	-	-	-	1,798
Intergovernmental	1,001,694	-	121,966	51,111	66,208	1,240,979
Other	116,395	-	9,000	-	-	125,395
Prepaid Expenses	68,146	-	-	-	-	68,146
Total Assets	<u>\$ 8,591,699</u>	<u>\$ 2,644,121</u>	<u>\$ 2,320,564</u>	<u>\$ 1,289,421</u>	<u>\$ 3,451,025</u>	<u>\$ 18,296,830</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
<u>Liabilities:</u>						
Accounts Payable	\$ 353,456	\$ 12,878	\$ 220,099	\$ 14,313	\$ 2,954	\$ 603,700
Accrued Wages and Compensated Absences	95,393	-	-	-	-	95,393
Total Liabilities	<u>448,849</u>	<u>12,878</u>	<u>220,099</u>	<u>14,313</u>	<u>2,954</u>	<u>699,093</u>
<u>Deferred Inflows of Resources:</u>						
Deferred Revenue	1,060,912	652,069	45,598	-	257,336	2,015,915
<u>Fund Balance:</u>						
Nonspendable	68,146	-	-	-	-	68,146
Restricted	430	1,979,174	-	1,275,108	1,563,409	4,818,121
Committed	-	-	2,054,867	-	1,627,326	3,682,193
Unassigned	7,013,362	-	-	-	-	7,013,362
Total Fund Balance	<u>7,081,938</u>	<u>1,979,174</u>	<u>2,054,867</u>	<u>1,275,108</u>	<u>3,190,735</u>	<u>15,581,822</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 8,591,699</u>	<u>\$ 2,644,121</u>	<u>\$ 2,320,564</u>	<u>\$ 1,289,421</u>	<u>\$ 3,451,025</u>	<u>\$ 18,296,830</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, 2023

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 15,581,822
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	29,324,233
The balance of the pooled insurance trust is not recorded as an asset on the balance sheet of the governmental funds.	349,693
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(49,986)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(2,072,821)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(230,000)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(2,396)
Net pension liabilities/assets are not reported on the balance sheet of the governmental funds.	(9,447,720)
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>276,537</u>
Net position of governmental activities	<u>\$ 33,729,362</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, 2023

	General Fund	Tax Increment Financing Fund	Capital Projects Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Tax	\$ 2,275,428	\$ 618,245	\$ 100,234	\$ -	\$ 233,038	\$ 3,226,945
Intergovernmental:						
Sales and Use Tax	2,530,979	-	484,308	-	285,972	3,301,259
Replacement Tax	49,209	-	-	-	-	49,209
State Income Tax	2,213,883	-	-	-	-	2,213,883
Motor Fuel Tax	-	-	-	574,275	-	574,275
Excise Tax	74,142	-	-	-	-	74,142
Video Gaming Tax	353,855	-	-	-	-	353,855
Grants	28,275	300,000	241,313	147,515	908,365	1,625,468
Other	38,067	-	-	-	-	38,067
Utility Tax	873,827	-	-	-	-	873,827
Licenses, Fees and Permits	419,814	-	-	-	-	419,814
Charges for Services	458,041	-	-	-	-	458,041
Fines	162,573	-	-	-	-	162,573
Investment Earnings	40,344	15,156	16,415	6,377	18,227	96,519
Gifts and Donations	43,202	-	-	-	-	43,202
Miscellaneous Revenues/Reimbursements	54,157	-	19,828	1,333	-	75,318
Total Revenues	<u>9,615,796</u>	<u>933,401</u>	<u>862,098</u>	<u>729,500</u>	<u>1,445,602</u>	<u>13,586,397</u>
Expenditures:						
Current:						
General Government	1,116,599	-	10,686	-	-	1,127,285
Public Safety	5,623,491	-	9,744	-	96,998	5,730,233
Public Works	692,744	-	571,410	432,960	-	1,697,114
Culture and Recreation	188,184	-	6,743	-	-	194,927
Community and Economic Development	-	128,738	-	-	39,640	168,378
Debt Service:						
Principal	-	-	1,613	-	225,000	226,613
Interest and Fees	-	-	190	-	11,275	11,465
Capital Outlay	330,354	72,826	414,962	-	-	818,142
Total Expenditures	<u>7,951,372</u>	<u>201,564</u>	<u>1,015,348</u>	<u>432,960</u>	<u>372,913</u>	<u>9,974,157</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,664,424</u>	<u>731,837</u>	<u>(153,250)</u>	<u>296,540</u>	<u>1,072,689</u>	<u>3,612,240</u>
Other Financing Sources (Uses):						
Transfers In	82,623	-	161,400	-	813,228	1,057,251
Transfers Out	(1,069,765)	-	-	-	-	(1,069,765)
Total Other Financing Sources	<u>(987,142)</u>	<u>-</u>	<u>161,400</u>	<u>-</u>	<u>813,228</u>	<u>(12,514)</u>
Net Change in Fund Balances	677,282	731,837	8,150	296,540	1,885,917	3,599,726
Fund Balance, Beginning of Year	<u>6,404,656</u>	<u>1,247,337</u>	<u>2,046,717</u>	<u>978,568</u>	<u>1,304,818</u>	<u>11,982,096</u>
Fund Balance, End of Year	<u>\$ 7,081,938</u>	<u>\$ 1,979,174</u>	<u>\$ 2,054,867</u>	<u>\$ 1,275,108</u>	<u>\$ 3,190,735</u>	<u>\$ 15,581,822</u>

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

VILLAGE OF SWANSEA, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023

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

Net change in fund balances - total governmental funds \$ 3,599,726

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 depreciation expense of \$1,480,539 exceeded capital outlay of \$818,142 in the current year. (662,397)

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. (2,492)

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. (662,695)

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. (72,191)

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. 223,650

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. 9,340

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. 196,564

Change in net position of governmental activities \$ 2,629,505

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, 2023

<u>Assets:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,148,531	\$ 191,586
Investments	5,170,531	10,081
Receivables (Net, where applicable, of allowances for uncollectible):		1,270,577
Services	596,629	16,667
Prepaid Insurance	28,693	3,107
Total Current Assets	<u>8,944,384</u>	<u>1,492,018</u>
Noncurrent Assets:		
Capital Assets:		
Sewer Plant	22,819,973	204,557
Buildings and Improvements	42,973	518,863
Equipment and Vehicles	1,708,975	5,630,127
Sewer System	14,989,028	6,353,547
Total	39,560,949	7,845,565
Less - Accumulated Depreciation	<u>(19,714,956)</u>	
Net Capital Assets	19,845,993	
Total Noncurrent Assets	19,845,993	
Total Assets	<u>\$ 28,790,377</u>	<u>\$ 79,087</u>
<u>Deferred Outflows of Resources</u>		
Future Pension Expense	\$ 296,928	\$ 1,748
Future OPEB Expense	59,349	77,339
	<u>\$ 356,277</u>	<u>\$ 79,087</u>
<u>Liabilities:</u>		
Current Liabilities:		
Accounts Payable		\$ 191,586
Accrued Wages		10,081
Current Portion - Notes Payable		1,270,577
Accrued Compensated Absences		16,667
Accrued Interest Payable		3,107
Total Current Liabilities		<u>1,492,018</u>
Noncurrent Liabilities:		
Net OPEB Liability		204,557
Net Pension Liability		518,863
Notes Payable		5,630,127
Total Noncurrent Liabilities		<u>6,353,547</u>
Total Liabilities		<u>\$ 7,845,565</u>
<u>Deferred Inflows of Resources</u>		
Future Pension Expense		\$ 1,748
Future OPEB Expense		77,339
		<u>\$ 79,087</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	\$ 296,928	\$ 12,945,289
Unrestricted	59,349	8,276,713
Total Net Position	<u>\$ 356,277</u>	<u>\$ 21,222,002</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, 2023

Operating Revenues:	
Charges for Services	\$ 3,362,070
Fees	37,525
Miscellaneous Revenue	17,414
Total Operating Revenues	<u>3,417,009</u>
Operating Expenses:	
Salaries	526,857
Employee Benefits	269,528
Contractual Services	999,102
Commodities	136,141
Depreciation	1,223,355
Total Operating Expenses	<u>3,154,983</u>
Operating Income	<u>262,026</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	229,616
Gain (Loss) on Asset Disposal	67,725
Interest and Fiscal Charges	<u>(102,168)</u>
Total Nonoperating Revenues (Expenses)	<u>195,173</u>
Income Before Capital Contributions and Transfers	457,199
Transfers In	<u>12,514</u>
Change in Net Position	469,713
Net Position - Beginning of Year	<u>20,752,289</u>
Net Position - End of Year	<u>\$ 21,222,002</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, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,388,069
Payments to Suppliers	(1,259,366)
Payments to Employees	(525,442)
Net Cash Provided by Operating Activities	<u>1,603,261</u>
Cash Flows from Noncapital Financing Activities:	
Transfer from Other Fund	12,514
Net Cash Provided by Noncapital Financing Activities	<u>12,514</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(880,124)
Proceeds from Sale of Assets	70,200
Principal Payments on Notes	(1,253,684)
Interest Payments and Fiscal Charges	(102,730)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,166,338)</u>
Cash Flows from Investing Activities:	
Sales (Purchases) of Investments	(2,635,363)
Interest Received	229,616
Net Cash Provided by Investing Activities	<u>(2,405,747)</u>
Net Change in Cash and Cash Equivalents	(2,956,310)
Cash and Cash Equivalents, Beginning of Year	<u>6,104,841</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,148,531</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 262,026
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,223,355
Change in Net Pension Liability and Related Deferrals	61,606
Change in OPEB Liability and Related Deferrals	29,405
(Increase) Decrease in Assets:	
Services Receivables	(28,940)
Prepaid Expenses	(1,352)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	1,415
Accounts Payable	55,746
Net Cash Provided by Operating Activities	<u>\$ 1,603,261</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, 2023

Assets:		
Cash and Cash Equivalents		\$ 3,633,169
Investments:		
Certificate of Deposits		46,298
Illinois Police Officer's Pension Investment Fund		13,181,211
Illinois Firefighters Investment Fund		1,217,436
Receivables:		
Property Tax		1,536,366
Accrued Interest		10,508
Other		<u>15,373</u>
Total Assets		<u>19,640,361</u>
Liabilities:		
Benefit Withholdings		<u>-</u>
Total Liabilities		<u>-</u>
Net Position - Restricted for Pension Benefits		<u>\$ 19,640,361</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, 2023

Additions:	
Employer Contributions	\$ 1,533,974
Employee Contributions	203,268
Investment Earnings:	
Investment Earnings	240,186
Less: Investment Expense	<u>(10,953)</u>
Net Investment Earnings	<u>229,233</u>
Total Additions	<u>1,966,475</u>
Deductions:	
Benefit Payments	963,992
Refund of Contributions	12,138
Contractual Services	<u>37,850</u>
Total Deductions	<u>1,013,980</u>
Change in Net Position	952,495
Net Position - Beginning of Year	<u>18,687,866</u>
Net Position - End of Year	<u><u>\$ 19,640,361</u></u>

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

VILLAGE OF SWANSEA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2023

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 segment. Taxes

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

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 Motor Fuel Tax Fund accounts for the receipts of motor fuel taxes and the related expenditures.

The Capital Projects Fund accounts for the dedicated revenues and the expenditures to provide capital improvements and equipment for the Village.

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 2022 property taxes on December 5, 2022 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 2022 become an enforceable lien in January 2023. Because this tax levy will be used to pay expenses budgeted in fiscal year 2024, no part of this tax levy is shown as a revenue as of April 30, 2023 in the statement of activities.

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

Prepaid items

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

Capital assets

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

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

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

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

Compensated absences

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

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, 2023, the Village estimated that the accumulated liability for unused vacation for governmental activities employees totaled \$49,986. Amounts reflected in the financial statements at April 30, 2023 for business-type activities employees related to unused vacation benefits totaled \$16,667.

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, 2023.

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 then

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

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	\$ 68,146
Restricted:	
TIF Economic Development	\$ 1,979,174
Forfeiture Funds	430
Business Districts	1,551,289
Motor Fuel Tax	1,275,108
Debt Service	12,120
	<u>\$ 4,818,121</u>
Committed:	
Capital Projects	<u>\$ 3,682,193</u>

Estimates

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

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

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

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

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

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

General Government & Business-Like Activities

At April 30, 2023, the carrying amount of the Village’s deposits was \$23,440,196 and the bank balance was \$23,514,160. 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, 2023.

As of April 30, 2023, 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	<u>23,438,946</u>
Total deposits and investments		<u>\$ 23,440,196</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 12,045,147
Investments		<u>11,395,049</u>
		<u>\$ 23,440,196</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, 2023, 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, 2023, the Village did not have a concentration of credit risk related to investments.

Foreign Currency Risk. As of April 30, 2023, the Village has no foreign currency risk.

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

Firefighter's Pension Fund

At April 30, 2023, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$111,957. 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, 2023, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Firefighters Investment Fund	--	\$ 1,217,436
Deposits as reported above		<u>111,957</u>
Total deposits and investments		<u>\$ 1,329,393</u>

As of April 30, 2023, the Firefighter's Pension Fund has transferred a large percentage of the investment funds to the Illinois Firefighter's Pension Investment Fund (IFPIF) investment account. The IFPIF is a pooled investment account maintained by the State of Illinois. The Village's portion of the balance held in this investment pool is \$1,217,436 as of April 30, 2023.

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, 2023, the Firefighter's Pension Fund did not have any investments subject to credit risk.

Concentration of Credit Risk. As of April 30, 2023, the Firefighter's Pension Fund investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2023, 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, 2023, the carrying amount and bank balance of the Police Pension Fund's deposits were \$3,567,510. 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, 2023, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Police Officer's Pension Investment Fund	--	\$13,181,211
Deposits as reported above		<u>3,567,510</u>
Total deposits and investments		<u>\$16,748,721</u>

As of April 30, 2023, the Police Pension Fund has transferred a large percentage of the investment funds to the Illinois Police Officer's Pension Investment Fund (IPOPIF) investment account. The IPOPIF is a pooled investment account maintained by the State of Illinois. The Village's portion of the balance held in this investment pool is \$13,181,211 as of April 30, 2023.

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, 2023 the Police Pension Fund did not have any investments subject to credit risk.

Concentration of Credit Risk. As of April 30, 2023, the Police Pension Fund's investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2023, the Police Pension Fund has no foreign currency risk.

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

NOTE 4: RECEIVABLES

The Village reports the following receivables in the statement of net position as of April 30, 2023. 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	\$ 854,429	\$ 652,069	\$ -	\$ 232,880	\$ 1,739,378
Intergovernmental	1,001,694	173,077	-	66,208	1,240,979
Accounts	1,798	-	596,629	-	598,427
Other	116,395	9,000	-	-	125,395
	<u>1,974,316</u>	<u>834,146</u>	<u>596,629</u>	<u>299,088</u>	<u>3,704,179</u>
Gross Receivables					
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,974,316</u>	<u>\$ 834,146</u>	<u>\$ 596,629</u>	<u>\$ 299,088</u>	<u>\$ 3,704,179</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	\$ 1,739,378	\$ --
Intergovernmental taxes	276,537	--

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, 2023 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	\$ 8,392,765	\$ -	\$ -	\$ 8,392,765
Capital assets, being depreciated:				
Buildings and improvements	7,667,721	-	-	7,667,721
Equipment and vehicles	6,844,949	682,987	78,704	7,449,232
Infrastructure	33,714,969	135,155	-	33,850,124
Total capital assets being depreciated	48,227,639	818,142	78,704	48,967,077
Less accumulated depreciation for:				
Buildings and improvements	3,398,807	213,989	-	3,612,796
Equipment and vehicles	4,768,218	388,546	78,704	5,078,060
Infrastructure	18,466,749	878,004	-	19,344,753
Total accumulated depreciation	26,633,774	1,480,539	78,704	28,035,609
Total capital assets, being depreciated, net	21,593,865	(662,397)	-	20,931,468
Governmental activities capital assets, net	\$ 29,986,630	\$ (662,397)	\$ -	\$ 29,324,233

Capital asset activity for business-type activities for the year ended April 30, 2023 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	1,391,304	427,570	109,899	1,708,975
Sewer system	14,536,474	452,554	-	14,989,028
Total capital assets being depreciated	38,790,724	880,124	109,899	39,560,949
Less accumulated depreciation for:				
Sewer plant	9,520,172	800,013	-	10,320,185
Buildings and improvements	28,589	1,295	-	29,884
Equipment and vehicles	862,396	127,955	107,424	882,927
Sewer system	8,187,868	294,092	-	8,481,960
Total accumulated depreciation	18,599,025	1,223,355	107,424	19,714,956
Total capital assets, being depreciated, net	20,191,699	(343,231)	2,475	19,845,993
Business-type activities capital assets, net	\$ 20,191,699	\$ (343,231)	\$ 2,475	\$ 19,845,993

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	\$ 96,825
Public safety	335,536
Public works, including depreciation of general infrastructure assets	925,708
Culture and recreation	<u>122,470</u>
Total depreciation expense - governmental activities	<u>\$ 1,480,539</u>
Business-type activities:	
Sewerage	<u>\$ 1,223,355</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 one final installment of \$230,000 on December 1, 2023; interest at 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, 2023 is \$230,000.

The annual requirements to retire the outstanding bond issue as of April 30, 2023 are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 230,000</u>	<u>\$ 5,750</u>
	<u>\$ 230,000</u>	<u>\$ 5,750</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:

\$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, 2023 is \$6,568,850.

\$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, 2023 is \$331,854.

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, 2023 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 1,270,577	\$ 85,837
2025	-	-	1,288,115	68,299
2026	-	-	1,305,684	50,730
2027	-	-	1,323,494	32,920
2028	-	-	1,341,529	14,885
2029-2032	-	-	371,305	5,047
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,900,704</u>	<u>\$ 257,718</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, 2023:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation bonds	\$ 455,000	\$ -	\$ 225,000	\$ 230,000	\$ 230,000
Bond premium	3,715	-	3,715	-	-
Notes from direct borrowings	1,613	-	1,613	-	-
Other liabilities:					
OPEB liability	2,029,815	-	124,556	1,905,259	-
Net pension liability	9,557,927	1,506,184	-	11,064,111	-
Compensated absences	47,494	2,492	-	49,986	49,986
Governmental activities long-term liabilities	<u>\$ 11,958,250</u>	<u>\$ 1,508,676</u>	<u>\$ 354,884</u>	<u>\$ 13,249,356</u>	<u>\$ 279,986</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
Notes from direct borrowings	\$ 8,154,388	\$ -	\$ 1,253,684	\$ 6,900,704	\$ 1,270,577
Other liabilities:					
OPEB liability	195,959	8,598	-	204,557	-
Net pension liability	-	518,863	-	518,863	-
Compensated absences	16,491	176	-	16,667	16,667
Business-type activities long-term liabilities	<u>\$ 9,865,421</u>	<u>\$ 527,637</u>	<u>\$ 1,253,684</u>	<u>\$ 7,640,791</u>	<u>\$ 1,287,244</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, 2023 is as follows:

Bonded Debt Limit*	\$ 28,351,317
Bonded Indebtedness	<u>230,000</u>
Legal Debt Margin	<u>\$ 28,121,317</u>

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

NOTE 8: INTERFUND TRANSFERS

The Village made a transfer of \$161,400 from the General Fund to the Capital Projects Fund and a net transfer of \$936,853 from the General Fund to the ARPA Fund during the year ended April 30, 2023. The ARPA Fund made a transfer of \$12,514 to the Sewerage Fund during the year ended April 30, 2023.

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

NOTE 9: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

Plan Description. The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2022 was 11.68 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	26
Inactive, non-Retired Members	20
Active Members	<u>25</u>
Total	<u>71</u>

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

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay

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

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 4.05%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/22
Measurement Date of the Net Pension Liability	12/31/22
Fiscal Year End	04/30/23

Development of the Single Discount Rate as of December 31, 2022	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	4.05%
Last year ending December 31 in the 2023 to 2122 projection period for which projected benefit payments are fully funded	2122
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2021 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, 2022.

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.

Total pension liability	
Service Cost	\$ 110,926
Interest on the Total Pension Liability	580,415
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	28,013
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(505,608)</u>
Net change in total pension liability	\$ 213,746
Total pension liability - beginning	<u>8,203,062</u>
Total pension liability - ending	<u>\$ 8,416,808</u>
 Plan fiduciary net position	
Contributions - employer	\$ 165,205
Contributions - employee	60,532
Net investment income	(1,107,010)
Benefit payments, including refunds of employee contributions	<u>(505,608)</u>
Other	<u>(83,709)</u>
Net change in plan fiduciary net position	\$ (1,470,590)
Plan fiduciary net position - beginning	<u>8,461,832</u>
Plan fiduciary net position - ending	<u>\$ 6,991,242</u>
 Net pension liability/(asset)	 <u>\$ 1,425,566</u>
 Plan fiduciary net position as a percentage of the total pension liability	 83.06%
 Covered valuation payroll	 \$ 1,345,165
 Net pension liability as a percentage of covered valuation payroll	 105.98%

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	\$ 9,318,372	\$ 8,416,808	\$ 7,693,894
Plan Fiduciary Net Position	<u>6,991,242</u>	<u>6,991,242</u>	<u>6,991,242</u>
Net Pension Liability/(Asset)	<u>\$ 2,327,130</u>	<u>\$ 1,425,566</u>	<u>\$ 702,652</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 129,685	\$ -
Changes in assumptions	-	4,803
Contributions subsequent to valuation date	48,924	-
Net difference between projected and actual earnings on pension plan investments	<u>637,195</u>	<u>-</u>
Total	<u>\$ 815,804</u>	<u>\$ 4,803</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of Resources
2023	\$ 62,863
2024	151,798
2025	205,955
2026	341,461
2027	-
Thereafter	-
	<u>\$ 762,077</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, 2023:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	1
Active Plan Members	1
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 long-term asset allocation is determined by the Illinois Firefighter's Pension Investment Fund and is as follows as of April 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	25.00%	5.20%
Developed Market Equity	13.00	5.60
Emerging Market Equity	7.00	5.50
Private Equity	10.00	8.60
Public Credit	3.00	1.90
Private Credit	7.00	7.00
Core Fixed Income	9.00	1.80
Core Plus Fixed Income	9.00	2.40
Short-Term Treasuries	3.00	0.30
Real Estate	10.00	4.90
Infrastructure	4.00	5.10
Total	<u>100.00%</u>	

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.

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, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 1.06%. 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, 2023 were as follows:

Total Pension Liability	\$ 1,763,971
Plan Fiduciary Net Position	<u>(1,415,757)</u>
Net Pension Liability	<u>\$ 348,214</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	80.26%

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2023 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 2021	
Post-Retirement Mortality Rate: PRI-2012 Annuitant Tables for Males/Females with expected mortality improvement using Scale MP 2021	

Discount Rate:

The discount rate used to measure the total pension liability was 5.00 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability..

	1% Decrease	Current Discount Rate	1% Increase
	4.00%	5.00%	6.00%
Net Pension Liability	\$ 693,006	\$ 348,214	\$ 140,307

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 44,303	\$ 11,946
Changes in assumptions	182,396	59,069
Net difference between projected and actual earnings on pension plan investments	139,410	-
Total	<u>\$ 366,109</u>	<u>\$ 71,015</u>

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

Year Ending <u>April 30,</u>	Net Deferred Outflows of <u>Resources</u>
2024	\$ 79,166
2025	116,635
2026	76,092
2027	13,636
2028	3,287
Thereafter	<u>6,278</u>
	<u>\$ 295,094</u>

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, 2023:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	18
Active Plan Members	<u>22</u>
Total	<u>40</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

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

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.

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 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.

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

The long-term asset allocation is determined by the Illinois Police Officer’s Pension Investment Fund and is as follows as of April 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Large	23.00%	4.15%
U.S Small	5.00	4.54
International Developed	18.00	4.64
International Developed Small	5.00	-.25
Emerging Markets	7.00	5.31
Private Equity	7.00	7.15
Bank Loans	3.00	2.48
High Yield Corp Credit	3.00	2.48
Emerging Market Debt	3.00	2.82
Private Credit	5.00	4.37
TIPS	3.00	-.12
Real Estate/Infrastructure	8.00	4.00
Cash	1.00	-.27
Short-Term Gov’t/Credit	3.00	.73
U.S. Treasury	3.00	-.60
Core Plus Fixed Income	<u>3.00</u>	.73
Total	<u>100.00%</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, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 1.24%. 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, 2023 were as follows:

Total Pension Liability	\$ 28,033,798
Plan Fiduciary Net Position	<u>(18,224,604)</u>
Net Pension Liability	<u>\$ 9,809,194</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	65.01%

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2023 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 2021	
Post-Retirement Mortality Rate: PRI-2012 Annuitant Tables for Males/Females with expected mortality Improvement using Scale MP 2021	

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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	4.75%	5.75%	6.75%
Net Pension Liability	\$ 14,169,207	\$ 9,809,194	\$ 6,219,505

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 312,013	\$ 506,761
Changes in assumptions	1,064,245	789,348
Net difference between projected and actual earnings on pension plan investments	725,327	-
Total	<u>\$ 2,101,585</u>	<u>\$ 1,296,109</u>

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

Year Ending <u>April 30,</u>	Net Deferred Outflows of <u>Resources</u>
2024	\$ 297,962
2025	190,428
2026	464,577
2027	140,452
2028	49,877
Thereafter	<u>(337,820)</u>
	<u>\$ 805,476</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.

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>2022</u>	<u>2023</u>
Administrative Account	\$ 269	\$ 531
Benefit Account	135,613	341,704
HMO Account	(63)	1,626
Wellness Fund	896	977
Terminal Reserve Account	<u>16,414</u>	<u>4,855</u>
	<u>\$ 153,129</u>	<u>\$ 349,693</u>

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

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, 2023, is calculated at \$2,109,816. This is a decrease of \$115,958 in the current year from the prior year estimated balance of \$2,225,774.

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

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

Total OPEB liability	
Service Cost	\$ 115,247
Interest on the Total OPEB Liability	75,654
Changes of benefit terms	-
Difference between expected and actual experience of the Total OPEB Liability	(152,048)
Changes of assumptions	(76,338)
Benefit payments, including refunds of employee contributions	<u>(78,473)</u>
Net change in total OPEB liability	\$ (115,958)
Total OPEB liability - beginning	<u>2,225,774</u>
Total OPEB liability - ending	<u>\$ 2,109,816</u>
Plan fiduciary net position	
Contributions - employer	\$ 78,473
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(78,473)
Other	<u>-</u>
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB liability/(asset)	<u>\$ 2,109,816</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered valuation payroll	\$ 3,833,209
Net OPEB liability as a percentage of covered valuation payroll	55.04%

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
	<u>3.16%</u>	<u>4.16%</u>	<u>5.16%</u>
Total OPEB Liability	\$ 2,331,798	\$ 2,109,816	\$ 1,903,831
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability/(Asset)	<u>\$ 2,331,798</u>	<u>\$ 2,109,816</u>	<u>\$ 1,903,831</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	\$ 311,630	\$ 140,243
Changes in assumptions	300,504	657,443
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 612,134</u>	<u>\$ 797,686</u>

Year Ending April 30,	Net Deferred Inflows of Resources
2024	\$ (10,832)
2025	(10,832)
2026	(10,832)
2027	(10,832)
2028	(10,832)
Thereafter	<u>(131,392)</u>
	<u>\$ (185,552)</u>

Funding Status and Funding Progress. As of April 30, 2023, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$2,109,816. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$3,833,209 and the ratio of the UAAL to the covered payroll was 55.04 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 and

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

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, 2023 actuarial valuation, the entry age normal cost method was used.

The actuarial assumptions included the following:

Annual healthcare cost trend rate: 6.00% to be reduced by .25% increments to an ultimate rate of 4.00 percent.

Remaining amortization period at April 30, 2023: 20 years.

Inflation rate: 2.75%

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

Pre-Retirement Mortality Rate: PRI-2012 Employee Tables for Males and Females with expected mortality improvement using Scale MP 2021

Post-Retirement Mortality Rate: PRI-2012 Annuitant Tables for Males/Females with expected mortality Improvement using Scale MP 2021

NOTE 12: SUBSEQUENT EVENTS

The Village has evaluated events occurring after the financial statement date through September 19, 2023 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, 2023

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
Receipts:				
Property Tax	\$ 2,278,140	\$ 2,278,140	\$ 2,275,428	\$ (2,712)
Intergovernmental:				
Sales and Use Tax	2,297,475	2,297,475	2,535,566	238,091
Replacement Tax	25,400	25,400	39,604	14,204
State Income Tax	1,903,268	1,903,268	2,324,467	421,199
Excise Tax	60,000	60,000	73,623	13,623
Grants	977,818	977,818	10,624	(967,194)
Video Gaming Tax	240,000	240,000	364,677	124,677
Other	30,000	30,000	38,067	8,067
Utility Tax	695,000	695,000	891,140	196,140
Licenses, Fees and Permits	342,030	342,030	419,814	77,784
Charges for Services	470,060	470,060	447,356	(22,704)
Fines	153,600	153,600	162,573	8,973
Investment Earnings	24,200	24,200	40,344	16,144
Gifts and Donations	12,900	12,900	43,202	30,302
Miscellaneous Revenues and Reimbursements	43,900	43,900	54,157	10,257
Total Receipts	<u>9,553,791</u>	<u>9,553,791</u>	<u>9,720,642</u>	<u>166,851</u>
Disbursements:				
General Government:				
Centralized Services	464,887	464,887	472,584	(7,697)
Swansea Report	18,400	18,400	19,026	(626)
Elected Officials	81,554	81,554	80,908	646
General Administration	308,691	308,691	290,305	18,386
Building & Zoning	265,499	265,499	280,329	(14,830)
Total Administration	<u>1,139,031</u>	<u>1,139,031</u>	<u>1,143,152</u>	<u>(4,121)</u>
Public Safety:				
Police	5,317,357	5,317,357	5,219,205	98,152
Fire	679,516	679,516	447,937	231,579
Total Public Safety	<u>5,996,873</u>	<u>5,996,873</u>	<u>5,667,142</u>	<u>329,731</u>
Public Works:				
Streets	717,247	717,247	641,360	75,887
Refuse & Recycling	59,500	59,500	71,463	(11,963)
Total Public Works	<u>776,747</u>	<u>776,747</u>	<u>712,823</u>	<u>63,924</u>

VILLAGE OF SWANSEA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2023

	Budgeted Amounts		Actual (Budget Basis)	Variance - Actual vs. Budget Final
	Original	Final		
Disbursements (continued):				
Culture and Recreation:				
Parks	465,256	465,256	364,163	101,093
Senior Services	1,600	1,600	892	708
Total Culture and Recreation	<u>466,856</u>	<u>466,856</u>	<u>365,055</u>	<u>101,801</u>
Total Disbursements	<u>8,379,507</u>	<u>8,379,507</u>	<u>7,888,172</u>	<u>491,335</u>
Excess of Receipts Over Disbursements	<u>1,174,284</u>	<u>1,174,284</u>	<u>1,832,470</u>	<u>658,186</u>
Other Financing Sources:				
Transfers In (Out)	<u>(161,400)</u>	<u>(161,400)</u>	<u>(987,142)</u>	<u>(825,742)</u>
Total Other Financing Sources	<u>(161,400)</u>	<u>(161,400)</u>	<u>(987,142)</u>	<u>(825,742)</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ 1,012,884</u>	<u>\$ 1,012,884</u>	<u>845,328</u>	<u>\$ (167,556)</u>
Change in intergovernmental revenue on modified accrual basis			(115,869)	
Change in grant revenue on modified accrual basis			17,650	
Change in accounts payable on modified accrual basis			(50,804)	
Change in accrued wages on modified accrual basis			(14,350)	
Change in prepaid expenses on modified accrual basis			1,956	
Change in other receivable on modified accrual basis			(3,237)	
Change in franchise fees receivable on modified accrual basis			13,977	
Change in utility tax receivable on modified accrual basis			(17,313)	
Change in services receivable on modified accrual basis			<u>(56)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 677,282</u>	

VILLAGE OF SWANSEA, ILLINOIS

TAX INCREMENT FINANCING FUND
SCHEDULE OF REVENUES AND EXPENDITURES
WITH BUDGETARY COMPARISON
FOR THE YEAR ENDED APRIL 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Tax	\$ 545,000	\$ 545,000	\$ 618,245	\$ 73,245
Grants	300,000	300,000	300,000	-
Investment Earnings	6,601	6,601	15,156	8,555
Total Receipts	<u>851,601</u>	<u>851,601</u>	<u>933,401</u>	<u>81,800</u>
Disbursements:				
Community Development	314,070	314,070	130,308	183,762
Capital Outlay	650,000	650,000	72,826	577,174
Total Disbursements	<u>964,070</u>	<u>964,070</u>	<u>203,134</u>	<u>760,936</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (112,469)</u>	<u>\$ (112,469)</u>	730,267	<u>\$ 842,736</u>
Change in accounts payable on modified accrual basis			<u>1,570</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 731,837</u>	

VILLAGE OF SWANSEA, ILLINOIS

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
WITH BUDGETARY COMPARISON
FOR THE YEAR ENDED APRIL 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Tax	\$ 100,000	\$ 100,000	\$ 100,234	\$ 234
Intergovernmental Revenues	345,000		480,632	480,632
Grant Receipts	350,000	350,000	241,313	(108,687)
Investment Earnings	7,500	7,500	16,415	8,915
Other	-	-	19,828	19,828
Total Receipts	<u>802,500</u>	<u>457,500</u>	<u>858,422</u>	<u>400,922</u>
Disbursements:				
Capital Projects	<u>1,113,900</u>	<u>1,113,900</u>	<u>846,898</u>	<u>267,002</u>
Total Disbursements	<u>1,113,900</u>	<u>1,113,900</u>	<u>846,898</u>	<u>267,002</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (311,400)</u>	<u>\$ (656,400)</u>	<u>11,524</u>	<u>\$ 667,924</u>
Other Financing Sources (Uses):				
Operating Transfers In	<u>161,400</u>	<u>161,400</u>	<u>161,400</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>161,400</u>	<u>161,400</u>	<u>161,400</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (150,000)</u>	<u>\$ (495,000)</u>	<u>172,924</u>	<u>\$ 667,924</u>
Change in sales tax receivable on modified accrual basis			3,676	
Change in accounts payable on modified accrual basis			<u>(168,450)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 8,150</u>	

VILLAGE OF SWANSEA, ILLINOIS

MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES AND EXPENDITURES
WITH BUDGETARY COMPARISON
FOR THE YEAR ENDED APRIL 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Motor Fuel Tax	\$ 592,703	\$ 592,703	\$ 568,230	\$ (24,473)
Rebuild Illinois Grant	147,515	147,515	147,515	-
Other Grant Receipts	3,800	3,800	-	(3,800)
Investment Earnings	5,000	5,000	6,377	1,377
Other	3,000	3,000	1,333	(1,667)
Total Receipts	<u>752,018</u>	<u>752,018</u>	<u>723,455</u>	<u>(28,563)</u>
Disbursements:				
Public Works	331,100	331,100	452,687	(121,587)
Capital Outlay:	450,000	450,000	430,000	20,000
Total Disbursements	<u>781,100</u>	<u>781,100</u>	<u>882,687</u>	<u>(101,587)</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (29,082)</u>	<u>\$ (29,082)</u>	<u>(159,232)</u>	<u>\$ (130,150)</u>
Change in motor fuel tax receivable on modified accrual basis			6,045	
Change in accounts payable on modified accrual basis			<u>449,727</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 296,540</u>	

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
APRIL 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:									
Service Cost	\$ 888,962	\$ 808,294	\$ 769,804	\$ 727,947	\$ 685,366	\$ 630,223	\$ 595,956	\$ 616,774	\$ 584,245
Interest	1,500,183	1,432,598	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)	21,412	-	425,385	-	(382,367)	-	(934,650)	-	100,406
Benefit payments, including refunds	(931,555)	(1,201,690)	(977,594)	(657,377)	(613,300)	(757,054)	(587,595)	(525,188)	(411,101)
Net change in total pension liability	1,479,002	1,039,202	1,566,018	296,992	2,302,979	1,020,336	1,259,962	1,109,146	1,224,057
Total pension liability - beginning	26,554,796	25,515,594	23,949,576	23,652,584	21,349,605	20,329,269	19,069,307	17,960,161	16,736,104
Total pension liability - ending	\$ 28,033,798	\$ 26,554,796	\$ 25,515,594	\$ 23,949,576	\$ 23,652,584	\$ 21,349,605	\$ 20,329,269	\$ 19,069,307	\$ 17,960,161
Plan Fiduciary Net Position									
Contributions - employer	1,448,348	1,352,477	1,353,686	1,294,833	1,171,143	1,108,824	1,070,890	816,678	794,979
Contributions - employee	195,436	186,221	179,795	183,280	177,293	180,718	163,098	158,915	142,668
Net investment income	214,841	(553,777)	2,220,924	239,065	708,770	225,602	369,054	76,620	390,673
Benefit payments, including refunds	(931,555)	(859,877)	(899,799)	(657,377)	(613,300)	(757,056)	(581,181)	(508,188)	(500,782)
Administrative	(31,975)	(28,689)	(29,501)	(21,153)	(20,767)	(6,138)	(5,608)	(10,126)	(4,416)
Net change in plan fiduciary net position	895,095	96,355	2,825,105	1,038,648	1,423,139	751,950	1,016,253	533,899	823,122
Plan fiduciary net position - beginning	17,329,509	17,233,154	14,408,049	13,369,401	11,946,262	11,194,312	10,178,059	9,644,160	8,821,038
Plan fiduciary net position - ending	\$ 18,224,604	\$ 17,329,509	\$ 17,233,154	\$ 14,408,049	\$ 13,369,401	\$ 11,946,262	\$ 11,194,312	\$ 10,178,059	\$ 9,644,160
Net Pension Liability	\$ 9,809,194	\$ 9,225,287	\$ 8,282,440	\$ 9,541,527	\$ 10,283,183	\$ 9,403,343	\$ 9,134,957	\$ 8,891,248	\$ 8,316,001
Plan fiduciary net position as a percentage of the total pension liability	<u>65.01%</u>	<u>65.26%</u>	<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 Payroll	\$ 1,969,206	\$ 2,104,261	\$ 2,023,328	\$ 1,946,264	\$ 1,791,023	\$ 1,809,887	\$ 1,657,344	\$ 1,645,607	\$ 1,645,607
Net position liability as a percentage of covered payroll	<u>498.13%</u>	<u>438.41%</u>	<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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:									
Service Cost	\$ 34,285	\$ 28,908	\$ 27,531	\$ 26,872	\$ 25,592	\$ 104,099	\$ 101,659	\$ 45,662	\$ 43,488
Interest	83,264	81,086	78,021	73,479	70,646	43,935	40,523	44,558	36,510
Actuarial Losses/(Gains)	-	(1,584)	-	67,236	-	(154,501)	-	(2,902)	80,939
Changes in assumptions	-	(20,116)	-	(34,090)	-	(393,305)	-	709,996	-
Benefit payments, including refunds	(44,575)	(43,178)	(43,810)	(40,602)	(35,863)	-	-	-	-
Net change in total pension liability	72,974	45,116	61,742	92,895	60,375	(399,772)	142,182	797,314	160,937
Total pension liability - beginning	1,690,997	1,645,881	1,584,139	1,491,244	1,430,869	1,830,641	1,688,459	891,145	730,208
Total pension liability - ending	\$ 1,763,971	\$ 1,690,997	\$ 1,645,881	\$ 1,584,139	\$ 1,491,244	\$ 1,430,869	\$ 1,830,641	\$ 1,688,459	\$ 891,145
Plan Fiduciary Net Position									
Contributions - employer	85,626	83,201	83,142	81,393	81,538	212,653	216,612	73,886	46,844
Contributions - employee	7,832	7,569	7,008	6,830	8,128	13,777	12,620	11,461	12,113
Net investment income	14,392	(99,946)	64,329	61,841	43,623	(4,448)	9,187	1,444	1,191
Benefit payments, including refunds	(44,575)	(43,178)	(41,921)	(40,602)	(35,863)	-	-	-	-
Administrative	(5,875)	(2,307)	(1,888)	(2,715)	(3,521)	(200)	(154)	(99)	(88)
Net change in plan fiduciary net position	57,400	(54,861)	110,670	106,747	93,905	221,782	238,265	86,692	60,060
Plan fiduciary net position - beginning	1,358,357	1,413,218	1,302,548	1,195,801	1,101,896	880,114	641,849	555,157	495,097
Plan fiduciary net position - ending	\$ 1,415,757	\$ 1,358,357	\$ 1,413,218	\$ 1,302,548	\$ 1,195,801	\$ 1,101,896	\$ 880,114	\$ 641,849	\$ 555,157
Net Pension Liability	\$ 348,214	\$ 332,640	\$ 232,663	\$ 281,591	\$ 295,443	\$ 328,973	\$ 950,527	\$ 1,046,610	\$ 335,988
Plan fiduciary net position as a percentage of the total pension liability	<u>80.26%</u>	<u>80.33%</u>	<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 payroll	\$ 80,280	\$ 77,942	\$ 74,122	\$ 72,241	\$ 62,376	\$ 56,601	\$ 128,310	\$ 118,549	\$ 122,174
Net position liability as a percentage of covered payroll	<u>433.75%</u>	<u>426.78%</u>	<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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:								
Service Cost	\$ 110,926	\$ 102,908	\$ 109,964	\$ 116,946	\$ 103,086	\$ 127,088	\$ 134,672	\$ 130,502
Interest	580,415	552,982	529,992	494,523	468,564	474,337	447,715	429,324
Difference between expected and actual Assumption changes	28,013	190,451	125,174	252,143	122,598	(196,655)	21,261	(100,884)
Benefit payments, including refunds	(505,608)	(438,333)	(399,866)	(341,925)	(297,430)	(267,043)	(224,063)	(204,147)
Net change in total pension liability	213,746	408,008	339,869	521,687	588,808	(49,786)	348,241	269,787
Total pension liability - beginning	8,203,062	7,795,054	7,455,185	6,933,498	6,344,690	6,394,476	6,046,235	5,776,448
Total pension liability - ending	<u>\$ 8,416,808</u>	<u>\$ 8,203,062</u>	<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	165,205	163,913	137,326	127,900	162,583	146,464	165,275	152,341
Contributions - employee	60,532	57,943	53,227	53,341	53,458	52,939	56,344	65,155
Net investment income	(1,107,010)	1,230,075	930,902	1,041,857	(299,808)	888,481	331,445	24,818
Benefit payments, including refunds	(505,608)	(438,333)	(399,866)	(341,925)	(297,430)	(267,043)	(224,063)	(204,147)
Other	(83,709)	47,013	45,667	56,006	157,918	(80,146)	22,531	(167,186)
Net change in plan fiduciary net position	(1,470,590)	1,060,611	767,256	937,179	(223,279)	740,695	351,532	(129,019)
Plan fiduciary net position - beginning	8,461,832	7,401,221	6,633,965	5,696,786	5,920,065	5,179,370	4,827,838	4,956,857
Plan fiduciary net position - ending	<u>\$ 6,991,242</u>	<u>\$ 8,461,832</u>	<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>\$ 1,425,566</u>	<u>\$ (258,770)</u>	<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>83.06%</u>	<u>103.15%</u>	<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 valuation payroll	<u>\$ 1,345,165</u>	<u>\$ 1,287,614</u>	<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 valuation payroll	<u>105.98%</u>	<u>-20.10%</u>	<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 CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,422,426	\$ 1,148,361	\$ 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>1,448,220</u>	<u>1,352,443</u>	<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>\$ (25,794)</u>	<u>\$ (204,082)</u>	<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 Payroll	<u>1,969,206</u>	<u>2,104,261</u>	<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 payroll	<u>73.54%</u>	<u>64.27%</u>	<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, 2022.

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:	20 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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 74,485	\$ 57,755	\$ 59,317	\$ 52,814	\$ 80,115	\$ 213,325	\$ 208,325	\$ 71,002	\$ 71,002
Contributions in relation to actuarial determined contribution	83,490	83,077	83,142	81,393	81,380	212,653	219,543	72,844	44,932
Contribution deficiency (excess)	<u>\$ (9,005)</u>	<u>\$ (25,322)</u>	<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 Payroll	<u>\$ 80,280</u>	<u>\$ 77,942</u>	<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 payroll	<u>104.00%</u>	<u>106.59%</u>	<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, 2022.

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:	20 years	
Asset Valuation Method:	Gains and losses recognized over a five year period	
Actuarial Assumptions:		
Interest Rate		5.00%
Salary Appreciation		3.00%
Inflation		3.00%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 157,115	\$ 163,913	\$ 137,326	\$ 127,901	\$ 155,028	\$ 146,464	\$ 165,275	\$ 152,341
Contributions in relation to actuarial determined contribution	<u>165,205</u>	<u>163,913</u>	<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>\$ (8,090)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (7,555)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Valuation Payroll	<u>1,345,165</u>	<u>1,287,614</u>	<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 valuation payroll	<u>12.28%</u>	<u>12.73%</u>	<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, 2022.

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:	21 years
Asset Valuation Method:	5-Year smoothed market: 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Wage Growth	2.75%
Price Inflation	2.25%

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
APRIL 30, 2023

	<u>2023</u>	<u>2022</u>	<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	1.24%	-3.21%	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, 2023

	<u>2023</u>	<u>2022</u>	<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	1.06%	-7.07%	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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:							
Service Cost	\$ 115,247	\$ 145,737	\$ 79,815	\$ 75,570	\$ 73,655	\$ 48,679	\$ 44,253
Interest	75,654	47,197	54,458	48,740	48,082	65,924	67,936
Differences between expected and actual	(152,048)	-	412,295	-	228,963	55,809	-
Changes in assumptions	(76,338)	(636,441)	397,577	(83,047)	-	-	-
Benefit payments, including refunds	<u>(78,473)</u>	<u>(86,372)</u>	<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	(115,958)	(529,879)	862,566	(4,304)	308,833	135,596	76,296
Total OPEB liability - beginning	<u>2,225,774</u>	<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>	<u>1,376,666</u>
Total OPEB liability - ending	<u>\$ 2,109,816</u>	<u>\$ 2,225,774</u>	<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	78,473	86,372	81,579	45,567	41,867	34,816	35,893
Contributions - employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds	<u>(78,473)</u>	<u>(86,372)</u>	<u>(81,579)</u>	<u>(45,567)</u>	<u>(41,867)</u>	<u>(34,816)</u>	<u>(35,893)</u>
Administrative	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>						
Net OPEB Liability	<u>\$ 2,109,816</u>	<u>\$ 2,225,774</u>	<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>						
Covered payroll	<u>\$ 3,833,209</u>	<u>\$ 3,685,778</u>	<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 payroll	<u>55.04%</u>	<u>60.39%</u>	<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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 271,289	\$ 310,065	\$ 206,355	\$ 198,435	\$ 134,269	\$ 133,808	\$ 123,988	\$ 123,813	\$ 128,179
Contributions in relation to actuarial determined contribution	<u>78,473</u>	<u>86,372</u>	<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>\$ 192,816</u>	<u>\$ 223,693</u>	<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 Payroll	<u>3,833,209</u>	<u>3,685,778</u>	<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 payroll	<u>2.05%</u>	<u>2.34%</u>	<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, 2023.

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	4.16%
Healthcare Inflation	6.00% grading down .25% per year until 4.00%
Salary Appreciation	4.00%
Inflation	2.75%

VILLAGE OF SWANSEA, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2023

	Special Revenue Funds				
	Special Business District Fund	ARPA Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,009,537	\$ 630,280	\$ 1,639,817	\$ 12,120	\$ 1,651,937
Investments	500,000	1,000,000	1,500,000	-	1,500,000
Receivables:					
Property Taxes	-	-	-	232,880	232,880
Intergovernmental	66,208	-	66,208	-	66,208
Other	-	-	-	-	-
 Total Assets	 <u>\$ 1,575,745</u>	 <u>\$ 1,630,280</u>	 <u>\$ 3,206,025</u>	 <u>\$ 245,000</u>	 <u>\$ 3,451,025</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -	\$ 2,954	\$ 2,954	\$ -	\$ 2,954
Total Liabilities	<u>-</u>	<u>2,954</u>	<u>2,954</u>	<u>-</u>	<u>2,954</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>24,456</u>	<u>-</u>	<u>24,456</u>	<u>232,880</u>	<u>257,336</u>
Fund Balance:					
Restricted	1,551,289	-	1,551,289	12,120	1,563,409
Committed	-	1,627,326	1,627,326	-	1,627,326
Total Fund Balance	<u>1,551,289</u>	<u>1,627,326</u>	<u>3,178,615</u>	<u>12,120</u>	<u>3,190,735</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,575,745</u>	 <u>\$ 1,630,280</u>	 <u>\$ 3,206,025</u>	 <u>\$ 245,000</u>	 <u>\$ 3,451,025</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	<u>Special Revenue Funds</u>				
	<u>Special Business District Fund</u>	<u>ARPA Fund</u>	<u>Total</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Property Tax	\$ -	\$ -	\$ -	\$ 233,038	\$ 233,038
Sales Tax	285,972	-	285,972	-	285,972
Grant Revenue	-	908,365	908,365	-	908,365
Investment Earnings	15,164	2,731	17,895	332	18,227
Total Revenues	<u>301,136</u>	<u>911,096</u>	<u>1,212,232</u>	<u>233,370</u>	<u>1,445,602</u>
Expenditures:					
Public Safety	-	96,998	96,998	-	96,998
Community/Economic Development	39,640	-	39,640	-	39,640
Debt Service:					
Principal	-	-	-	225,000	225,000
Interest and Fees	-	-	-	11,275	11,275
Total Expenditures	<u>39,640</u>	<u>96,998</u>	<u>136,638</u>	<u>236,275</u>	<u>372,913</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>261,496</u>	<u>814,098</u>	<u>1,075,594</u>	<u>(2,905)</u>	<u>1,072,689</u>
Other Financing Sources (Uses):					
Transfers In (Out)	-	813,228	813,228	-	813,228
Total Other Financing Sources (Uses)	<u>-</u>	<u>813,228</u>	<u>813,228</u>	<u>-</u>	<u>813,228</u>
Net Change in Fund Balances	261,496	1,627,326	1,888,822	(2,905)	1,885,917
Fund Balance, Beginning of Year	<u>1,289,793</u>	<u>-</u>	<u>1,289,793</u>	<u>15,025</u>	<u>1,304,818</u>
Fund Balance, End of Year	<u>\$ 1,551,289</u>	<u>\$ 1,627,326</u>	<u>\$ 3,178,615</u>	<u>\$ 12,120</u>	<u>\$ 3,190,735</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2023

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 3,567,510	\$ 65,659	\$ 3,633,169
Investments:			
Certificates of Deposit	-	46,298	46,298
Illinois Police Officer's Pension Investment Fund	13,181,211	-	13,181,211
Illinois Firefighters Investment Fund	-	1,217,436	1,217,436
Receivables:			
Property Taxes	1,450,602	85,764	1,536,366
Accrued Interest	10,508	-	10,508
Other	14,773	600	15,373
Total Assets	<u>18,224,604</u>	<u>1,415,757</u>	<u>19,640,361</u>
Liabilities:			
None	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -			
Restricted for Pension Benefits	<u>\$ 18,224,604</u>	<u>\$ 1,415,757</u>	<u>\$ 19,640,361</u>

VILLAGE OF SWANSEA, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
Additions:			
Employer Contributions	\$ 1,448,348	\$ 85,626	\$ 1,533,974
Employee Contributions	195,436	7,832	203,268
Investment Earnings:			
Investment Earnings	225,794	14,392	240,186
Less: Investment Expense	(10,953)	-	(10,953)
Net Investment Earnings	214,841	14,392	229,233
Total Additions	1,858,625	107,850	1,966,475
Deductions:			
Benefit Payments	919,417	44,575	963,992
Refund/Transfer of Contributions	12,138	-	12,138
Administrative Expenses	31,975	5,875	37,850
Total Deductions	963,530	50,450	1,013,980
Change in Net Position	895,095	57,400	952,495
Net Position, Beginning of Year	17,329,509	1,358,357	18,687,866
Net Position, End of Year	\$ 18,224,604	\$ 1,415,757	\$ 19,640,361



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the President and Board of Trustees
Village of Swansea
Swansea, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements 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 and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Swansea, Illinois' basic financial statements, and have issued our report thereon dated September 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Swansea, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Swansea, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Swansea, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Swansea, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C. J. Schless & Co. LLC

Certified Public Accountants

Alton, Illinois

September 19, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Board of Trustees
Village of Swansea
Swansea, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Swansea, Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Village of Swansea, Illinois' major federal programs for the year ended April 30, 2023. The Village of Swansea, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village of Swansea, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village of Swansea, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village of Swansea, Illinois' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village of Swansea, Illinois' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village of Swansea, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user

of the report on compliance about the Village of Swansea, Illinois' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village of Swansea, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village of Swansea, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village of Swansea, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C. J. Schluenger 44c

Certified Public Accountants
Alton, Illinois
September 19, 2023

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2023

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Assistance Listing <u>Number</u>	Agency or Pass-through <u>Number</u>	Program or Award <u>Amount</u>	Federal Disbursements/ <u>Expenditures</u>
<u>Department of the Treasury</u>				
Passed Through State of Illinois Commerce and Economic Opportunity:				
Coronavirus Relief Fund	21.027	N/A	\$ 1,814,855	\$ <u>908,365</u>
Total Federal Awards				\$ <u>908,365</u>

No awards were passed through to Sub-recipients

See notes to schedule of expenditures of federal awards

VILLAGE OF SWANSEA, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Federal Awards presents the activity of all federal award programs of the Village of Swansea, Illinois. The Village's reporting entity is defined in Note 1 to the Village's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Village's financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The Village did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended April 30, 2023.

Subrecipient Monitoring

The Village did not provide any funds to subrecipients for federal funds.

Indirect Cost Rate

The Village elected to use the de minimis indirect cost rate of 10%.

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

APRIL 30, 2023

Part 1 -- Summary of Auditor's Results

- (a) The independent accountants' report expresses an unmodified opinion on the governmental activities and the business-type activities and fund financial statements.
- (b) No significant deficiencies or material weaknesses in internal control were disclosed during the audit of the financial statements which would be required to be reported in accordance with Government Auditing Standards.
- (c) No instances of noncompliance material to the financial statements were disclosed during the audit which would be required to be reported in accordance with Governmental Auditing Standards.
- (d) No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit of the financial statements of the Village.
- (e) An unmodified opinion was issued in the report on compliance for major programs.
- (f) The audit did not disclose any findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- (g) The Village's major program is Coronavirus Relief Fund - ALN #21.027.
- (h) The dollar threshold to distinguish between Type A and Type B programs is \$750,000.
- (i) The Village did not qualify as a low-risk auditee under Section .530.

Part 2 -- The Village has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The Village has no findings or questioned costs for federal awards

VILLAGE OF SWANSEA, ILLINOIS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
APRIL 30, 2023**

None



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Swansea, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

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

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

C. J. Schlosser & Company, LLC

Certified Public Accountants
Alton, Illinois

September 19, 2023