

**VILLAGE OF SWANSEA, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
APRIL 30, 2018

# VILLAGE OF SWANSEA, ILLINOIS

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**VILLAGE OF SWANSEA, ILLINOIS**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, Illinois as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 10), budgetary comparison information (pages 53 to 56) and schedules of funding progress and employer contributions (pages 57 to 65) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Swansea, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Certified Public Accountants  
Alton, Illinois

July 23, 2018

## **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, 2018. 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 and cemetery. The business-type activities relate entirely to operating the sewer system.

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

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

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

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental, proprietary and fiduciary.

**Governmental Funds.** Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financial decisions. The governmental fund's Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements.

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs.

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Current and other assets	\$ 8,543,952	\$ 7,643,761	\$ 8,011,257	\$ 6,939,738	\$ 16,555,209	\$ 14,583,499
Capital assets	23,827,060	24,769,255	24,533,448	25,650,042	48,360,508	50,419,297
Total assets	32,371,012	32,413,016	32,544,705	32,589,780	64,915,717	65,002,796
Deferred outflows	1,711,695	2,080,843	-	71,550	1,711,695	2,152,393
Long-term liabilities outstanding	11,945,875	13,072,720	12,825,564	14,137,714	24,771,439	27,210,434
Other liabilities	731,768	688,556	1,344,860	696,508	2,076,628	1,385,064
Total liabilities	12,677,643	13,761,276	14,170,424	14,834,222	26,848,067	28,595,498
Deferred inflows	322,475	-	204,120	-	526,595	-
Net position:						
Net investment in capital assets	22,372,766	22,979,061	10,779,797	11,343,779	33,152,563	34,322,840
Restricted	4,573,586	3,942,833	-	-	4,573,586	3,942,833
Unrestricted	(5,863,763)	(6,189,311)	7,390,364	6,483,329	1,526,601	294,018
Total net position	\$ 21,082,589	\$ 20,732,583	\$ 18,170,161	\$ 17,827,108	\$ 39,252,750	\$ 38,559,691

Total net position increased \$693,059 resulting in a balance of \$39,252,750 as of April 30, 2018. Total current assets, which are comprised of cash, investments and receivables, increased \$1,971,710. Non-current assets decreased \$2,058,789 due primarily to the increase in accumulated depreciation greatly exceeding the current year additions to capital assets.

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

Total liabilities decreased in the current year by \$1,747,431 for an ending total balance of \$26,848,067. The decrease is due primarily to paying down long-term notes payable and a decrease in the net pension liabilities.

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>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	84.5%	\$ 33,152,563	89.0%	\$ 34,322,840
Restricted	11.7%	4,573,586	10.2%	3,942,833
Unrestricted	3.9%	1,526,601	0.8%	294,018
Total net position	<u>100.0%</u>	<u>\$ 39,252,750</u>	<u>100.0%</u>	<u>\$ 38,559,691</u>

The Village had an overall increase in net position of \$693,059 for the government-wide financial statements for the year ended April 30, 2018. Capital net asset balances decreased by \$1,170,277 in the current year due to depreciation expenses exceeding capital acquisitions and the overall debt reduction. Unrestricted and restricted balances reported increases from operations.

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

**GOVERNMENTAL ACTIVITIES**

**REVENUE COMPARISON BY TYPE**

<u>Governmental activities</u>	<u>2018</u>	<u>2017</u>
Property tax	\$ 2,630,356	\$ 2,211,939
Utility tax	814,818	771,896
Telecommunications tax	147,744	168,121
State income tax	1,222,050	1,266,286
Sales and use tax	2,362,842	2,313,941
Motor fuel tax	359,067	356,839
Replacement tax	13,298	15,892
Other taxes	140,973	81,134
Franchise fees	251,994	182,603
Operating grants and contributions	40,717	47,012
Capital grants and contributions	52,198	-
Charges for services	316,003	427,662
Investment earnings	45,679	27,452
Miscellaneous	13,155	6,564
Total revenues	<u>\$ 8,410,894</u>	<u>\$ 7,877,341</u>

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

**EXPENDITURES BY CATEGORY**

<u>Expenditures by category</u>	<u>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	14.0%	\$ 1,128,924	15.9%	\$ 1,154,946
Public safety	56.8%	4,581,981	50.9%	3,693,098
Culture and recreation	3.1%	253,164	3.6%	262,852
Streets and public works	24.3%	1,963,217	25.2%	1,828,711
Community & Economic Dev	1.3%	104,578	3.8%	275,796
Interest on long-term debt	<u>0.5%</u>	<u>38,992</u>	<u>0.6%</u>	<u>44,632</u>
Total expenditures	<u>100.0%</u>	<u>\$ 8,070,856</u>	<u>100.0%</u>	<u>\$ 7,260,035</u>

Total revenues for the governmental activities increased \$533,553 for the year ended April 30, 2018. The largest increases were related to property taxes and franchise fees. Other taxes also increased due to video gaming tax revenue. Charges for services decreased due to having a large reimbursement for asphaltting streets in the prior year.

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

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>2018</u>	<u>2017</u>
General government	\$ 75,228	\$ 75,770
Public safety	220,378	197,189
Streets and public works	820,238	816,695
Culture and recreation	<u>107,481</u>	<u>103,263</u>
Total depreciation	<u>\$ 1,223,325</u>	<u>\$ 1,192,917</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$282,178, which was \$941,147 lower than the related depreciation in the current year.

**BUSINESS-TYPE ACTIVITIES**

**REVENUE COMPARISON BY TYPE**

<u>Business-type Activities</u>	<u>2018</u>	<u>2017</u>
Sewer Charges	\$ 3,426,785	\$ 3,279,474
Investment earnings	<u>66,362</u>	<u>46,583</u>
Total revenues	<u>\$ 3,493,147</u>	<u>\$ 3,326,057</u>

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

**EXPENDITURES BY CATEGORY**

<u>Operating Expenditures</u>	<u>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	23.6%	\$ 657,580	24.3%	\$ 642,390
Contractual services	30.6%	852,366	28.5%	752,082
Supplies and materials	2.5%	69,121	2.2%	58,304
Depreciation	43.4%	<u>1,208,759</u>	45.0%	<u>1,190,569</u>
Total expenditures	<u>100.0%</u>	<u>\$ 2,787,826</u>	<u>100.0%</u>	<u>\$ 2,643,345</u>

Revenues for the business-type activities increased \$167,090 for the year ended April 30, 2018.

Expenditures for the business-type activities also increased by \$144,481. The largest categories of operating disbursements are related to personal and contractual services. The increase in contractual services is largely related to engineering and legal expenses.

**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 2018, the Village's governmental funds reported combined ending fund balances of \$7,930,548, an increase of \$994,366 in comparison with the prior year. Of the total fund balance, \$4,573,586 constitutes restricted fund balance, which is restricted primarily for restricted tax purposes. The unassigned fund balance, \$2,409,475, constitutes amounts which are available for spending at the Village's discretion.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,409,475, while the total fund balance was \$2,482,728. 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 39.1% of the total general fund expenditures, while total fund balance represents 40.3% of that same amount. The fund balance of the General Fund increased \$241,292 during the current fiscal year.

At the end of the current fiscal year, the restricted fund balance of the Tax Increment Financing Fund was \$2,025,322, an increase of \$413,885 in comparison with the prior year.

At the end of the current fiscal year, the restricted fund balance of the Capital Projects Fund was \$874,664, an increase of \$122,321 in comparison with the prior year.

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

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

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

**BUDGETARY HIGHLIGHTS**

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

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 6,074,544	\$ 6,065,533
Tax Increment Financing Fund	704,458	74,515
Capital Projects Fund	830,299	720,607

The appropriations were not amended in the current year.

**TRANSFERS**

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

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

**CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2018 amounted to \$48,360,508 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system improvements, and machinery and equipment.

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

- Improvements on Boul Avenue Trail Connector
- Ford police interceptor
- Motorola portable radios
- Playground equipment
- Purchase of Chevrolet cargo van
- UV modules and valve actuators for the WWTP
- Fire training facility

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

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

**LONG-TERM DEBT**

At April 30, 2018, the Village reported outstanding debt of \$15,207,945 with the principal obligations extending until fiscal year 2032. The Village did not enter into any new debt agreements in the current year. Total debt principal retirements were \$888,512 in the current year.

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

**REQUESTS FOR INFORMATION**

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

**VILLAGE OF SWANSEA, ILLINOIS**

STATEMENT OF NET POSITION  
APRIL 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 5,773,729	\$ 3,210,989	\$ 8,984,718
Investments	1,617,979	4,208,329	5,826,308
Receivables (Net of allowance for uncollectibles):	960,020	557,378	1,517,398
Prepaid Expenses	72,823	34,561	107,384
Capital Assets:			
Land	2,447,427	-	2,447,427
Buildings and Improvements	6,671,183	42,973	6,714,156
Sewer Plant	-	22,819,973	22,819,973
Equipment and Vehicles	5,024,374	969,361	5,993,735
Infrastructure	31,220,792	14,450,905	45,671,697
Less: Accumulated Depreciation	<u>(21,536,716)</u>	<u>(13,749,764)</u>	<u>(35,286,480)</u>
Net Capital Assets	<u>23,827,060</u>	<u>24,533,448</u>	<u>48,360,508</u>
Other Assets:			
Insurance Trust	<u>119,401</u>	<u>-</u>	<u>119,401</u>
Total Assets	<u>32,371,012</u>	<u>32,544,705</u>	<u>64,915,717</u>
<b><u>Deferred Outflows of Resources</u></b>			
Loss on Bond Refunding	44,191	-	44,191
Future Pension Expense	<u>1,667,504</u>	<u>-</u>	<u>1,667,504</u>
	<u>1,711,695</u>	<u>-</u>	<u>1,711,695</u>
<b><u>Liabilities</u></b>			
Accounts Payable	143,567	68,086	211,653
Accrued Wages and Compensated Absences	140,923	23,091	164,014
Accrued Interest Payable	11,815	143,867	155,682
Noncurrent Liabilities:			
Due Within One Year	435,463	1,109,816	1,545,279
Due in More Than One Year	<u>11,945,875</u>	<u>12,825,564</u>	<u>24,771,439</u>
Total Liabilities	<u>12,677,643</u>	<u>14,170,424</u>	<u>26,848,067</u>
<b><u>Deferred Inflows of Resources</u></b>			
Future Pension Expense	<u>322,475</u>	<u>204,120</u>	<u>526,595</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	22,372,766	10,779,797	33,152,563
Restricted for:			
Economic Development	2,025,322	-	2,025,322
Restricted Tax Revenues	2,547,834	-	2,547,834
Forfeitures and Seizures	430	-	430
Unrestricted	<u>(5,863,763)</u>	<u>7,390,364</u>	<u>1,526,601</u>
Total Net Position	<u>\$ 21,082,589</u>	<u>\$ 18,170,161</u>	<u>\$ 39,252,750</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, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/Programs</b>						
<b>Primary Government:</b>						
Governmental Activities:						
General Government	\$ 1,128,924	\$ 259,032	\$ 9,724	\$ (860,168)	\$	\$ (860,168)
Public Safety	4,581,981	47,366	16,716	(4,517,899)		(4,517,899)
Public Works	1,963,217	9,605	12,627	(1,940,985)		(1,940,985)
Culture and Recreation	253,164	-	1,650	(199,316)		(199,316)
Community and Economic Development	104,578	-	-	(104,578)		(104,578)
Interest on Long-term Debt	38,992	-	-	(38,992)		(38,992)
Total Governmental Activities	<u>8,070,856</u>	<u>316,003</u>	<u>40,717</u>	<u>(7,661,938)</u>		<u>(7,661,938)</u>
<b>Business-type Activities:</b>						
Sewerage	3,110,126	3,426,785	-		\$ 316,659	316,659
Total Business-type Activities	<u>3,110,126</u>	<u>3,426,785</u>	<u>-</u>		<u>316,659</u>	<u>316,659</u>
<b>Total Primary Government</b>	<u>\$ 11,180,982</u>	<u>\$ 3,742,788</u>	<u>\$ 40,717</u>	<u>(7,661,938)</u>	<u>316,659</u>	<u>(7,345,279)</u>
<b>General Revenues:</b>						
Property Tax, Levied for General Purposes				2,630,356	-	2,630,356
Intergovernmental Revenues:						
Sales and Use Tax				2,362,842	-	2,362,842
Replacement Tax				13,298	-	13,298
State Income Tax				1,222,050	-	1,222,050
Motor Fuel Tax				359,067	-	359,067
Telecommunications Tax				147,744	-	147,744
Utility Tax				814,818	-	814,818
Franchise Fees				251,994	-	251,994
Other Taxes				140,973	-	140,973
Unrestricted Investment Earnings				45,679	66,362	112,041
Miscellaneous				13,155	(30,000)	(16,845)
Transfers				9,968	(9,968)	-
Total General Revenues and Transfers				<u>8,011,944</u>	<u>26,394</u>	<u>8,038,338</u>
Change in Net Position				<u>350,006</u>	<u>343,053</u>	<u>693,059</u>
Net Position - Beginning				<u>20,732,583</u>	<u>17,827,108</u>	<u>38,559,691</u>
Net Position - Ending				<u>\$ 21,082,589</u>	<u>\$ 18,170,161</u>	<u>\$ 39,252,750</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2018

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,525,058	\$ 939,215	\$ 817,158	\$ 2,492,298	\$ 5,773,729
Investments	516,007	1,101,972	-	-	1,617,979
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	639,360	481,437	-	231,304	1,352,101
Services	1,908	-	-	-	1,908
Intergovernmental	659,524	-	87,427	99,766	846,717
Other	111,395	-	-	-	111,395
Prepaid Expenses	<u>72,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,823</u>
Total Assets	<u>\$ 3,526,075</u>	<u>\$ 2,522,624</u>	<u>\$ 904,585</u>	<u>\$ 2,823,368</u>	<u>\$ 9,776,652</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 108,370	\$ 15,865	\$ -	\$ 19,332	\$ 143,567
Accrued Wages and Compensated Absences	<u>140,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,923</u>
Total Liabilities	<u>249,293</u>	<u>15,865</u>	<u>-</u>	<u>19,332</u>	<u>284,490</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>794,054</u>	<u>481,437</u>	<u>29,921</u>	<u>256,202</u>	<u>1,561,614</u>
Fund Balance:					
Nonspendable	72,823	-	-	-	72,823
Restricted	430	2,025,322	-	2,547,834	4,573,586
Committed	-	-	874,664	-	874,664
Unassigned	<u>2,409,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,409,475</u>
Total Fund Balance	<u>2,482,728</u>	<u>2,025,322</u>	<u>874,664</u>	<u>2,547,834</u>	<u>7,930,548</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,526,075</u>	<u>\$ 2,522,624</u>	<u>\$ 904,585</u>	<u>\$ 2,823,368</u>	<u>\$ 9,776,652</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**

RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED APRIL 30, 2018

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 7,930,548
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	23,827,060
The balance of the pooled insurance trust is not recorded as an asset on the balance sheet of the governmental funds.	119,401
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(140,577)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(775,549)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,472,865)
The loss on debt refunding is not reported as an asset on the balance sheet of the governmental funds.	44,191
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(11,815)
Net pension liabilities/assets are not reported on the balance sheet of the governmental funds.	(8,647,318)
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>209,513</u>
Net position of governmental activities	<u><u>\$ 21,082,589</u></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, 2018

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property Tax	\$ 1,866,613	\$ 474,830	\$ 101,056	\$ 187,857	\$ 2,630,356
Intergovernmental:					
Sales and Use Tax	1,725,977	-	361,067	283,552	2,370,596
Replacement Tax	13,298	-	-	-	13,298
State Income Tax	1,402,051	-	-	-	1,402,051
Motor Fuel Tax	-	-	-	359,067	359,067
Telecommunications Tax	149,115	-	-	-	149,115
Grants	53,198	-	1,728	12,627	67,553
Other	140,973	-	-	-	140,973
Utility Tax	814,818	-	-	-	814,818
Licenses, Fees and Permits	197,770	-	-	-	197,770
Charges for Services	287,451	-	-	-	287,451
Fines	31,069	-	-	-	31,069
Investment Earnings	11,619	13,570	2,857	17,633	45,679
Gifts and Donations	25,362	-	-	-	25,362
Miscellaneous Revenues/Reimbursements	55,892	-	-	8,970	64,862
Total Revenues	<u>6,775,206</u>	<u>488,400</u>	<u>466,708</u>	<u>869,706</u>	<u>8,600,020</u>
Expenditures:					
Current:					
General Government	899,321	-	9,996	-	909,317
Public Safety	4,637,281	-	44,661	-	4,681,942
Public Works	435,377	-	365,234	319,551	1,120,162
Culture and Recreation	145,683	-	-	-	145,683
Community and Economic Development	-	3,996	-	100,582	104,578
Debt Service:					
Principal	-	11,063	124,837	200,000	335,900
Interest and Fees	-	-	3,157	32,705	35,862
Capital Outlay	50,000	59,456	172,722	-	282,178
Total Expenditures	<u>6,167,662</u>	<u>74,515</u>	<u>720,607</u>	<u>652,838</u>	<u>7,615,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>607,544</u>	<u>413,885</u>	<u>(253,899)</u>	<u>216,868</u>	<u>984,398</u>
Other Financing Sources (Uses):					
Transfers In	9,968	-	376,220	-	386,188
Transfers Out	<u>(376,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(376,220)</u>
Total Other Financing Sources	<u>(366,252)</u>	<u>-</u>	<u>376,220</u>	<u>-</u>	<u>9,968</u>
Net Change in Fund Balances	241,292	413,885	122,321	216,868	994,366
Fund Balance, Beginning of Year	<u>2,241,436</u>	<u>1,611,437</u>	<u>752,343</u>	<u>2,330,966</u>	<u>6,936,182</u>
Fund Balance, End of Year	<u>\$ 2,482,728</u>	<u>\$ 2,025,322</u>	<u>\$ 874,664</u>	<u>\$ 2,547,834</u>	<u>\$ 7,930,548</u>

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, 2018

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

Net change in fund balances - total governmental funds \$ 994,366

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 \$1,223,325 and loss on disposals of \$1,048 exceeded capital outlays of \$282,178 in the current year. (942,195)

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. 11,284

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. 241,396

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. (101,766)

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. 332,770

Intergovernmental revenues that are not available for current use are reported as deferred on the balance sheet of the governmental funds but not on the statement of net assets. This amount is the difference between beginning and ending deferred revenues that has been included in the statement of activities. (189,126)

The balance of the Village's portion of the pooled insurance trust is not recorded as an asset in the fund financial statements. In the statement of net assets, this amount is included and adjusted through the general functional expense category. This amount is the difference between beginning and ending insurance trust balance. 3,277

Change in net position of governmental activities \$ 350,006

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, 2018

<b><u>Assets:</u></b>		<b><u>Liabilities:</u></b>	
Current Assets:		Current Liabilities:	
Cash and Cash Equivalents	\$ 3,210,989	Accounts Payable	\$ 68,086
Investments	4,208,329	Accrued Wages	23,091
Receivables (Net, where applicable, of allowances for uncollectible):		Current Portion - Notes Payable	1,092,681
Services	557,378	Accrued Compensated Absences	17,135
Prepaid Insurance	34,561	Accrued Interest Payable	143,867
Total Current Assets	<u>8,011,257</u>	Total Current Liabilities	<u>1,344,860</u>
Noncurrent Assets:		Noncurrent Liabilities:	
Capital Assets:		Net Pension Liability	164,594
Sewer Plant	22,819,973	Notes Payable	12,660,970
Buildings and Improvements	42,973	Total Noncurrent Liabilities	<u>12,825,564</u>
Equipment and Vehicles	969,361	Total Liabilities	<u>14,170,424</u>
Sewer System	14,450,905		
Total	<u>38,283,212</u>		
Less - Accumulated Depreciation	<u>(13,749,764)</u>	<b><u>Deferred Inflows of Resources</u></b>	
Net Capital Assets	24,533,448	Future Pension Expense	\$ <u>204,120</u>
Total Noncurrent Assets	<u>24,533,448</u>	<b><u>Net Position:</u></b>	
Total Assets	<u>\$ 32,544,705</u>	Net Investment in Capital Assets	10,779,797
		Unrestricted	<u>7,390,364</u>
		Total Net Position	<u>\$ 18,170,161</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, 2018

Operating Revenues:	
Charges for Services	\$ 3,314,709
Fees	109,475
Miscellaneous Revenue	<u>2,601</u>
Total Operating Revenues	<u>3,426,785</u>
Operating Expenses:	
Salaries	434,755
Employee Benefits	222,825
Contractual Services	852,366
Commodities	69,121
Depreciation	<u>1,208,759</u>
Total Operating Expenses	<u>2,787,826</u>
Operating Income	<u>638,959</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	66,362
Loss on Asset Disposal	(30,000)
Interest and Fiscal Charges	<u>(322,300)</u>
Total Nonoperating Revenues (Expenses)	<u>(285,938)</u>
Income Before Capital Contributions and Transfers	353,021
Transfers Out	<u>(9,968)</u>
Change in Net Position	343,053
Net Position - Beginning of Year	<u>17,827,108</u>
Net Position - End of Year	<u>\$ 18,170,161</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, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,367,411
Payments to Suppliers	(1,149,871)
Payments to Employees	(409,881)
Net Cash Provided by Operating Activities	<u>1,807,659</u>
Cash Flows from Noncapital Financing Activities:	
Payments to Other Funds	(9,968)
Net Cash Used by Noncapital Financing Activities	<u>(9,968)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(122,165)
Principal Payments on Notes	(552,612)
Interest Payments and Fiscal Charges	(178,727)
Net Cash Used by Capital and Related Financing Activities	<u>(853,504)</u>
Cash Flows from Investing Activities:	
Sales (Purchases) of Investments	205,772
Interest Received	66,362
Net Cash Used by Investing Activities	<u>272,134</u>
Net Change in Cash and Cash Equivalents	1,216,321
Cash and Cash Equivalents, Beginning of Year	<u>1,994,668</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,210,989</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 638,959
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,208,759
(Increase) Decrease in Assets:	
Services Receivables	(59,374)
Prepaid Expenses	(1,596)
Future Pension Expense	275,670
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	24,874
Net Pension Liability	(219,469)
Accounts Payable	(60,164)
Net Cash Provided by Operating Activities	<u>\$ 1,807,659</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, 2018

Assets:		
Cash and Cash Equivalents		\$ 359,780
Investments:		
Municipal Bonds		126,834
Certificate of Deposits		43,379
Corporate Bonds		3,142,713
U.S. Government Securities		3,424,548
Common Stock		1,414,950
Mutual Funds		3,157,269
Receivables:		
Property Tax		1,322,089
Accrued Interest		<u>56,596</u>
Total Assets		<u>13,048,158</u>
Liabilities:		
None		<u>-</u>
Total Liabilities		<u>-</u>
Net Position - Restricted for Pension Benefits		<u>\$ 13,048,158</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, 2018

Additions:	
Employer Contributions	\$ 1,321,477
Employee Contributions	194,495
Investment Earnings:	
Investment Earnings	298,077
Less: Investment Expense	<u>(76,923)</u>
Net Investment Earnings	<u>221,154</u>
Total Additions	<u>1,737,126</u>
Deductions:	
Benefit Payments	600,074
Contractual Services	<u>6,338</u>
Total Deductions	<u>763,394</u>
Change in Net Position	973,732
Net Position - Beginning of Year	<u>12,074,426</u>
Net Position - End of Year	<u>\$ 13,048,158</u>

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

# VILLAGE OF SWANSEA, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2018

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(a) The financial reporting entity

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

(b) Government-wide and fund financial statements

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The Village reports the following major proprietary fund:

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

Additionally, the Village reports the following fund type:

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

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

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

(d) Assets, liabilities and net position or equity

Deposits and investments

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

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

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

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

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

Receivables and payables

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

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

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

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

The Village levied its 2017 property taxes on December 18, 2017 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 2017 become an enforceable lien in January 2018. Because this tax levy will be used to pay expenses budgeted in fiscal year 2019, no part of this tax levy is shown as a receivable as of April 30, 2018 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 \$2,000 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Village did not record any capitalized interest in the current year.

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

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

Compensated absences

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

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

At April 30, 2018, the Village estimated that the accumulated liability for unused vacation for governmental activities employees totaled \$140,577.

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

Amounts reflected in the financial statements at April 30, 2018 for business-type activities employees related to unused vacation benefits totaled \$17,135.

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, 2018.

Unassigned - the residual classification of the General Fund balance.

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

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 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	\$ 72,823
Restricted:	
TIF Economic Development	\$ 2,025,322
Forfeiture Funds	430
Business Districts	1,939,592
Motor Fuel Tax	580,875
Debt Service	27,367
	<u>\$ 4,573,586</u>
Committed:	
Capital Projects	<u>\$ 874,664</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, 2018, the carrying amount of the Village's deposits was \$14,809,826 and the bank balance was \$14,827,645. 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 had bank balances of \$34,710 that exceeded FDIC coverage and was uncollateralized at April 30, 2018.

As of April 30, 2018, the Village had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Cash on Hand		1,200
Deposits as reported above		<u>14,809,826</u>
Total deposits and investments		<u>\$ 14,811,026</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 8,984,718
Investments		<u>5,826,308</u>
		<u>\$ 14,811,026</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, 2018, 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, 2018, the Village did not have a concentration of credit risk related to investments.

Foreign Currency Risk. As of April 30, 2018, the Village has no foreign currency risk.

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

**Firefighter's Pension Fund**

At April 30, 2018, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$62,241. 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, 2018, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Corporate Bonds	5.10	\$ 303,922
FFCB	5.92	9,307
FHLMC	1.81	9,909
FHLB	4.28	43,552
FNMA	5.83	14,018
US Treasury Notes	4.49	356,277
Mutual Funds		83,448
Deposits as reported above		<u>62,241</u>
Total deposits and investments		<u>\$ 882,674</u>

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

Credit Risk. As of April 30, 2018, the Firefighter's Pension Fund's investments credit ratings were as follows:

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

Concentration of Credit Risk. As of April 30, 2018, the Firefighter's Pension Fund investments did not have a concentration of credit risk.

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

Foreign Currency Risk. As of April 30, 2018, the Firefighter’s Pension Fund has no foreign currency risk.

**Police Pension Fund**

At April 30, 2018, the carrying amount and bank balance of the Police Pension Fund’s deposits were \$340,918. 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, 2018, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	4.23	\$ 2,035,447
U.S. Treasury Bonds	21.56	448,899
FHLMC	2.01	97,720
FHLB	5.07	67,576
FNMA	4.89	264,076
FFCB	11.29	77,767
Municipal Bonds	8.85	126,834
Corporate Bonds	9.08	2,838,791
Mutual Fund	--	3,073,821
Common Stock	--	1,414,950
		10,445,881
Deposits as reported above		340,918
Total deposits and investments		<u>\$ 10,786,799</u>

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

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

Credit Risk. As of April 30, 2018, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
FNMA	AA+	Aaa
FFCB	AA+	Aaa
FHLB	AA+	Aaa
Corporate Bonds	AAA to BBB-	Aaa to Baa3
Municipal Bonds	AAA to AA+	Aaa to Aa2

Concentration of Credit Risk. As of April 30, 2018, the Police Pension Fund's investments did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2018, the Police Pension Fund has no foreign currency risk.

**NOTE 4: RECEIVABLES**

The Village reports the following receivables in the statement of net position as of April 30, 2018. These amounts are reported net of the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Other Major Funds</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Fines/Franchise Fees	\$ 111,395	\$ -	\$ -	\$ -	\$ 111,395
Accounts	1,908	-	557,378	-	559,286
Intergovernmental	<u>659,524</u>	<u>87,427</u>	<u>-</u>	<u>99,766</u>	<u>846,717</u>
Gross Receivables	772,827	87,427	557,378	99,766	1,517,398
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 772,827</u>	<u>\$ 87,427</u>	<u>\$ 557,378</u>	<u>\$ 99,766</u>	<u>\$ 1,517,398</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,352,101	\$ --
Intergovernmental taxes	209,513	--

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, 2018 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,448,475	\$ -	\$ 1,048	\$ 2,447,427
Capital assets, being depreciated:				
Buildings and improvements	6,577,073	116,654	22,544	6,671,183
Equipment and vehicles	5,133,770	114,502	223,898	5,024,374
Infrastructure	31,169,770	51,022	-	31,220,792
Total capital assets being depreciated	42,880,613	282,178	246,442	42,916,349
Less accumulated depreciation for:				
Buildings and improvements	2,430,507	173,828	22,544	2,581,791
Equipment and vehicles	3,888,963	210,614	223,898	3,875,679
Infrastructure	14,240,363	838,883	-	15,079,246
Total accumulated depreciation	20,559,833	1,223,325	246,442	21,536,716
Total capital assets, being depreciated, net	22,320,780	(941,147)	-	21,379,633
Governmental activities capital assets, net	\$ 24,769,255	\$ (941,147)	\$ 1,048	\$ 23,827,060

Capital asset activity for business-type activities for the year ended April 30, 2018 was as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ -	\$ 30,000	\$ -
Capital assets, being depreciated:				
Sewer plant	22,819,973	-	-	22,819,973
Buildings and improvements	42,973	-	-	42,973
Equipment and vehicles	910,200	105,215	46,054	969,361
Sewer system	14,433,955	16,950	-	14,450,905
Total capital assets being depreciated	38,207,101	122,165	46,054	38,283,212
Less accumulated depreciation for:				
Sewer plant	5,383,947	837,148	-	6,221,095
Buildings and improvements	22,114	1,295	-	23,409
Equipment and vehicles	522,272	61,675	46,054	537,893
Sewer system	6,658,726	308,641	-	6,967,367
Total accumulated depreciation	12,587,059	1,208,759	46,054	13,749,764
Total capital assets, being depreciated, net	25,620,042	(1,086,594)	-	24,533,448
Business-type activities capital assets, net	\$ 25,650,042	\$ (1,086,594)	\$ 30,000	\$ 24,533,448

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	\$ 75,228
Public safety	220,378
Public works, including depreciation of general infrastructure assets	820,238
Culture and recreation	<u>107,481</u>
Total depreciation expense - governmental activities	<u>\$ 1,223,325</u>
Business-type activities:	
Sewerage	<u>\$ 1,208,759</u>

**NOTE 6: LONG-TERM DEBT**

Bond Issues

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

\$2,115,000 General Obligation Fire Protection Refunding Bonds, Series 2013 dated March 20, 2013, due in annual installments of \$205,000 to \$230,000 through December 1, 2023; interest at 2.00% to 2.50%. The proceeds were used to refund bonds that were originally issued to fund a new firehouse. The amount of bonds outstanding as of April 30, 2018 is \$1,310,000.

The annual requirements to retire the outstanding bond issue as of April 30, 2018 are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 205,000	\$ 28,355
2020	215,000	24,255
2021	215,000	19,955
2022	220,000	15,655
2023	225,000	10,925
2024	<u>230,000</u>	<u>5,750</u>
	<u>\$ 1,310,000</u>	<u>\$ 104,895</u>

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

Notes Payable

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

\$112,200 note payable through The Bank of Belleville, dated April 2, 2015, for a 2016 Peterbilt truck, bears interest at 1.59%; monthly installments of \$1,948 through April 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2018 is \$44,082.

\$106,462 note payable through The Bank of Belleville, dated December 5, 2015, for a 2016 Peterbilt truck, bears interest at 1.99%; monthly installments of \$1,866 through November 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2018 is \$54,586.

\$26,000 note payable through The Bank of Edwardsville, dated December 2, 2016, for a senior van, bears interest at 2.00%; monthly installments of \$1,106 through December 2018. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2018 is \$7,681.

\$26,609 note payable through The Bank of Springfield, dated January 5, 2017, for a Ford F250, bears interest at 1.65%; monthly installments of \$1,128 through January 2019. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2018 is \$8,983.

\$57,925 note payable through the Illinois Department of Transportation for reimbursement of construction costs on Huntwood Road, payable in two annual interest free installments of \$28,963 through August 2018. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2018 is \$28,962.

\$21,156,248 note payable through the Illinois Environmental Protection Agency (IEPA), dated October 2008, for the improvement of the wastewater plant, bears interest at 2.50%; semiannual principal and interest payments of \$692,239 are due through May 2029. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2018 is \$13,252,896.

\$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, 2018 is \$500,755.

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

The annual debt requirements to retire the notes payable as of April 30, 2018 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 89,886	\$ 1,637	\$ 1,092,681	\$ 330,895
2020	43,173	702	1,119,752	303,824
2021	11,235	86	1,147,501	276,075
2022	-	-	1,175,942	247,634
2023	-	-	1,205,092	218,484
2024-2028	-	-	6,488,844	629,036
2029-2032	-	-	1,523,839	30,322
	<u>\$ 144,294</u>	<u>\$ 2,425</u>	<u>\$ 13,753,651</u>	<u>\$ 2,036,270</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and notes payable:					
General obligation bonds	\$ 1,510,000	\$ -	\$ 200,000	\$ 1,310,000	\$ 205,000
Bond premium	22,285	-	3,714	18,571	-
Notes payable	280,194	-	135,900	144,294	89,886
Other liabilities:					
OPEB liability	673,783	101,766	-	775,549	-
Net pension liability	10,916,527	-	924,180	9,992,347	-
Compensated absences	151,861	-	11,284	140,577	140,577
	11,742,171	101,766	935,464	10,908,473	140,577
Governmental activities long-term liabilities	<u>\$ 13,554,650</u>	<u>\$ 101,766</u>	<u>\$ 1,275,078</u>	<u>\$ 12,381,338</u>	<u>\$ 435,463</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
Notes payable	\$ 14,306,263	\$ -	\$ 552,612	\$ 13,753,651	\$ 1,092,681
Other liabilities:					
Net pension liability	384,063	-	219,469	164,594	-
Compensated absences	15,352	1,783	-	17,135	17,135
	399,415	1,783	219,469	181,729	17,135
Business-type activities long-term liabilities	<u>\$ 14,705,678</u>	<u>\$ 1,783</u>	<u>\$ 772,081</u>	<u>\$ 13,935,380</u>	<u>\$ 1,109,816</u>

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

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

**NOTE 7: LEGAL DEBT MARGIN**

The computation of legal debt margin at April 30, 2018 is as follows:

Bonded Debt Limit*	\$ 23,525,928
Bonded Indebtedness	<u>1,454,294</u>
Legal Debt Margin	<u>\$ 22,071,634</u>

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

**NOTE 8: INTERFUND TRANSFERS**

The Village made the following interfund transfers during the year ended April 30, 2018:

General Fund Transfer From (To):	
Sewerage	\$ 9,968
Capital Projects Fund	(376,220)

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

**NOTE 9: RETIREMENT AND PENSION FUND COMMITMENTS**

1. Illinois Municipal Retirement Fund

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

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2017 was 12.45 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF

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

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

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

Retirees and Beneficiaries	20
Inactive, non-Retired Members	21
Active Members	<u>21</u>
Total	<u>62</u>

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

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

Actuarial Valuation Date	12/31/17
Measurement Date of the Net Pension Liability	12/31/17
Fiscal Year End	04/30/18

Development of the Single Discount Rate as of December 31, 2017	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.31%
Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2117
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2016 Measurement Date	7.50%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 29, 2017.

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

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 26 year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table.

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

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

<b>Total pension liability</b>	
Service Cost	\$ 127,088
Interest on the Total Pension Liability	474,337
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(196,655)
Changes of assumptions	(187,513)
Benefit payments, including refunds of employee contributions	<u>(267,043)</u>
Net change in total pension liability	\$ (49,786)
Total pension liability - beginning	<u>6,394,476</u>
Total pension liability - ending	<u><u>\$ 6,344,690</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 146,464
Contributions - employee	52,939
Net investment income	888,481
Benefit payments, including refunds of employee contributions	(267,043)
Other	<u>(80,146)</u>
Net change in plan fiduciary net position	\$ 740,695
Plan fiduciary net position - beginning	<u>5,179,370</u>
Plan fiduciary net position - ending	<u><u>\$ 5,920,065</u></u>
<b>Net pension liability/(asset)</b>	<u><u>\$ 424,625</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.31%
<b>Covered valuation payroll</b>	\$ 1,176,414
<b>Net pension liability as a percentage of covered valuation payroll</b>	36.09%

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.

	<u>Current Single Discount</u>		
	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 7,120,932	\$ 6,344,690	\$ 5,700,403
Plan Fiduciary Net Position	5,920,065	5,920,065	5,920,065
Net Pension Liability/(Asset)	<u>\$ 1,200,867</u>	<u>\$ 424,625</u>	<u>\$ (219,662)</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.

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 11,561	\$ 178,295
Changes in assumptions	4,306	159,414
Payments subsequent to measurement date	44,393	-
Net difference between projected and actual earnings on pension plan investments	<u>155,310</u>	<u>404,456</u>
Total	<u>\$ 215,570</u>	<u>\$ 742,165</u>

<u>Year Ending</u> <u>December 31,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2018	\$ (97,398)
2019	(125,656)
2020	(188,203)
2021	(115,338)
2020	-
Thereafter	-
	<u>\$ (526,595)</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, 2018:

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

Benefits Provided.

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

Normal Retirement:

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

Cost of Living Adjustment:

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

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

Disability Benefit:

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

Pre-Retirement Death Benefit:

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

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

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

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

Contributions.

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

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

b) Investments

Investment Policy:

The Board adopted an investment policy in accordance with the Illinois Complied Statues. The following was the Board's adopted asset allocation policy as of April 30, 2018:

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

Concentrations:

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

Rate of Return:

For the year ended April 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (4.54%). 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, 2018 were as follows:

Total Pension Liability	\$ 1,430,869
Plan Fiduciary Net Position	<u>(1,101,896)</u>
Net Pension Liability	<u>\$ 328,973</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	77.01%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2018 using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Pre-Retirement Mortality Rate: RP-2014 Healthy Employee Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2017	
Post-Retirement Mortality Rate: RP-2014 Healthy Annuitant Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2017	

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

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

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

Discount Rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net Pension Liability	\$ 634,211	\$ 328,973	\$ 164,322

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (132,588)
Changes in assumptions	559,250	(332,138)
Net difference between projected and actual earnings on pension plan investments	<u>68,000</u>	<u>-</u>
Total	<u>\$ 627,250</u>	<u>\$ (464,726)</u>

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 10,121
2020	10,121
2021	4,490
2022	2,858
2023	(10,101)
Thereafter	<u>145,035</u>
	<u>\$ 162,524</u>

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

3. Police Pension Fund

a) Plan Description

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

Plan Membership as of April 30, 2018:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	13
Active Plan Members	<u>22</u>
Total	<u>35</u>

Benefits Provided.

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

Normal Retirement:

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

Cost of Living Adjustment:

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

Disability Benefit:

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

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

Pre-Retirement Death Benefit:

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

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

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

Contributions.

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

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2018:

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

Concentrations:

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

Rate of Return:

For the year ended April 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 2.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2018 were as follows:

Total Pension Liability	\$ 21,349,605
Plan Fiduciary Net Position	<u>(11,946,262)</u>
Net Pension Liability	<u>\$ 9,403,343</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	55.96%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2017 using the following actuarial assumptions.

Inflation	2.75%
Salary Increases	4.00%
Investment Rate of Return	5.75%

Pre-Retirement Mortality Rate: RP-2014 Healthy Employee Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2017

Post-Retirement Mortality Rate: RP-2014 Healthy Annuitant Blue Collar Table for Males/Females with expected mortality Improvement using Scale MP 2017

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

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

Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>4.75%</u>	<u>5.75%</u>	<u>6.75%</u>
Net Pension Liability	\$ 12,961,006	\$ 9,403,343	\$ 7,674,383

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (759,622)
Changes in assumptions	899,419	-
Net difference between projected and actual earnings on pension plan investments	<u>1,365,183</u>	<u>-</u>
Total	<u>\$ 2,264,602</u>	<u>\$ (759,622)</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2019	\$ 478,178
2020	478,178
2021	304,023
2022	169,230
2023	16,106
Thereafter	<u>59,265</u>
	<u>\$ 1,504,980</u>

**NOTE 10: RISK MANAGEMENT**

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

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

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

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

	Balances as of April 30,	
	<u>2018</u>	<u>2017</u>
Administrative Account	\$ 246	\$ 2,010
Benefit Account	119,929	110,380
HMO Account	-	-
Terminal Reserve Account	<u>(774)</u>	<u>3,734</u>
	<u>\$ 119,401</u>	<u>\$ 116,124</u>

**NOTE 11: POSTEMPLOYMENT HEALTHCARE PLAN**

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

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

*Annual OPEB Cost and Net OPEB Obligation.* The Village's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

The following shows the components of the annual OPEB for the year, the actual amount contributed to the plan, and the change in the OPEB obligation.

Annual required contribution	\$ 148,601
Interest on OPEB obligation	26,951
Adjustment to ARC	<u>(38,970)</u>
Annual OPEB cost	136,582
Contributions made	<u>(34,816)</u>
Increase in OPEB	101,766
Net OPEB – Beg of Year	<u>673,783</u>
Net OPEB – End of Year	<u>\$ 775,549</u>

The Village’s annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligations are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
04/30/18	\$ 136,583	25.50%	\$ 775,549
04/30/17	125,470	28.60%	673,783
04/30/16	126,312	31.50%	584,205

Actuarial Valuation Date - April 30, 2018

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	1,588,558
Total Unfunded Actuarial Liability	1,588,558
Actuarial Value of Assets as a % of the Actuarial Accrued Liability	0.00%
Annual Covered Payroll	2,840,583
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	55.92%

*Funding Status and Funding Progress.* As of April 30, 2018, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$1,588,558. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$2,840,583 and the ratio of the UAAL to the covered payroll was 55.92 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 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

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

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, 2018 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.00 percent to be reduced by 1.00 increments to an ultimate rate of 4.00 percent. The remaining amortization period at April 30, 2018, was 30 years.

**NOTE 12: SUBSEQUENT EVENT**

The Village has evaluated events occurring after the financial statement date through July 23, 2018 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, 2018

	Budgeted Amounts		Actual (Budget Basis)	Variance - Actual vs. Budget Final
	Original	Final		
Receipts:				
Property Tax	\$ 1,813,852	\$ 1,813,852	\$ 1,866,613	\$ 52,761
Intergovernmental:				
Sales and Use Tax	1,694,061	1,694,061	1,690,592	(3,469)
Replacement Tax	14,229	14,229	12,895	(1,334)
State Income Tax	1,369,866	1,369,866	1,448,604	78,738
Telecommunications Tax	173,205	173,205	152,663	(20,542)
Grants	30,000	30,000	53,198	23,198
Other	94,600	94,600	136,375	41,775
Utility Tax	753,608	753,608	804,763	51,155
Licenses, Fees and Permits	143,915	143,915	197,770	53,855
Charges for Services	228,633	228,633	286,631	57,998
Fines	33,521	33,521	31,069	(2,452)
Investment Earnings	4,008	4,008	11,502	7,494
Gifts and Donations	14,312	14,312	25,362	11,050
Miscellaneous Revenues and Reimbursements	100,713	100,713	108,866	8,153
Total Receipts	<u>6,468,523</u>	<u>6,468,523</u>	<u>6,826,903</u>	<u>358,380</u>
Disbursements:				
General Government:				
Centralized Services	422,655	422,655	365,478	57,177
Swansea Report	34,776	34,776	33,562	1,214
Elected Officials	80,052	80,052	78,840	1,212
General Administration	325,828	325,828	289,681	36,147
Building & Zoning	85,727	85,727	106,865	(21,138)
Total Administration	<u>949,038</u>	<u>949,038</u>	<u>874,426</u>	<u>74,612</u>
Public Safety:				
Police	3,972,941	3,972,941	4,008,130	(35,189)
Fire	504,053	504,053	521,936	(17,883)
Total Public Safety	<u>4,476,994</u>	<u>4,476,994</u>	<u>4,530,066</u>	<u>(53,072)</u>
Public Works:				
Streets	437,088	437,088	393,467	43,621
Refuse & Recycling	60,781	60,781	77,694	(16,913)
Total Public Works	<u>497,869</u>	<u>497,869</u>	<u>471,161</u>	<u>26,708</u>

**VILLAGE OF SWANSEA, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Disbursements (continued):				
Culture and Recreation:				
Parks	149,263	149,263	189,379	(40,116)
Senior Services	<u>1,380</u>	<u>1,380</u>	<u>501</u>	<u>879</u>
Total Culture and Recreation	<u>150,643</u>	<u>150,643</u>	<u>189,880</u>	<u>(39,237)</u>
Total Disbursements	<u>6,074,544</u>	<u>6,074,544</u>	<u>6,065,533</u>	<u>9,011</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>393,979</u>	<u>393,979</u>	<u>761,370</u>	<u>367,391</u>
Other Financing Sources:				
Transfers In (Out)	<u>(258,032)</u>	<u>(258,032)</u>	<u>(258,032)</u>	<u>-</u>
Total Other Financing Sources	<u>(258,032)</u>	<u>(258,032)</u>	<u>(258,032)</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 135,947</u>	<u>\$ 135,947</u>	<u>503,338</u>	<u>\$ 367,391</u>
Change in intergovernmental revenue on modified accrual basis			(9,715)	
Change in accounts payable on modified accrual basis			(39,287)	
Change in accrued wages on modified accrual basis			(127,541)	
Change in prepaid expenses on modified accrual basis			(14,769)	
Change in franchise fees receivable on modified accrual basis			820	
Change in utility tax receivable on modified accrual basis			10,055	
Change related to transfer of foreign fire insurance funds			<u>(81,609)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 241,292</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

TAX INCREMENT FINANCING FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual (Budget Basis)	Variance - Actual vs. Budget Final
	Original	Final		
Receipts:				
Property Tax	\$ 412,303	\$ 412,303	\$ 474,830	\$ 62,527
Investment Earnings	3,420	3,420	13,570	10,150
Total Receipts	<u>415,723</u>	<u>415,723</u>	<u>488,400</u>	<u>72,677</u>
Disbursements:				
Community Development	91,214	91,214	3,996	87,218
Capital Outlay	601,614	601,614	59,456	542,158
Debt Service	<u>11,630</u>	<u>11,630</u>	<u>11,063</u>	<u>567</u>
Total Disbursements	<u>704,458</u>	<u>704,458</u>	<u>74,515</u>	<u>629,943</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (288,735)</u>	<u>\$ (288,735)</u>	413,885	<u>\$ 702,620</u>
No change for modified accrual basis			<u>-</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 413,885</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual (Budget Basis)	Variance -
	Original	Final		Actual vs. Budget Final
Receipts:				
Property Tax	\$ 99,903	\$ 99,903	\$ 101,056	\$ 1,153
Intergovernmental Revenues	370,005	370,005	363,891	(6,114)
Investment Earnings	<u>660</u>	<u>660</u>	<u>2,857</u>	<u>2,197</u>
Total Receipts	<u>470,568</u>	<u>470,568</u>	<u>467,804</u>	<u>(2,764)</u>
Disbursements:				
Capital Outlay:				
General Government	21,723	21,723	9,996	11,727
Public Safety	321,485	321,485	239,747	81,738
Public Works	473,807	473,807	456,484	17,323
Culture and Recreation	<u>13,284</u>	<u>13,284</u>	<u>14,380</u>	<u>(1,096)</u>
Total Disbursements	<u>830,299</u>	<u>830,299</u>	<u>720,607</u>	<u>109,692</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(359,731)</u>	<u>(359,731)</u>	<u>(252,803)</u>	<u>106,928</u>
Other Financing Sources (Uses):				
Operating Transfers In	<u>381,221</u>	<u>381,221</u>	<u>376,220</u>	<u>(5,001)</u>
Total Other Financing Sources (Uses)	<u>381,221</u>	<u>381,221</u>	<u>376,220</u>	<u>(5,001)</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ 21,490</u>	<u>\$ 21,490</u>	123,417	<u>\$ 101,927</u>
Change in sales tax receivable on modified accrual basis			<u>(1,096)</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 122,321</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND  
APRIL 30, 2018

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

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

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

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CONTRIBUTIONS  
POLICE PENSION FUND  
APRIL 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,150,046	\$ 1,087,514	\$ 1,194,476	\$ 1,129,528
Contributions in relation to actuarial determined contribution	<u>1,108,825</u>	<u>1,070,890</u>	<u>816,678</u>	<u>793,711</u>
Contribution deficiency (excess)	<u>\$ 41,221</u>	<u>\$ 16,624</u>	<u>\$ 377,798</u>	<u>\$ 335,817</u>
Covered-employee Payroll	<u>1,809,887</u>	<u>1,657,344</u>	<u>1,645,607</u>	<u>1,585,893</u>
Contributions as a percentage of covered-employee payroll	<u>61.26%</u>	<u>64.61%</u>	<u>49.63%</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, 2018.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	22 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	5.50%
Salary Appreciation	3.00%
Inflation	3.00%

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTER'S PENSION FUND  
APRIL 30, 2018

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

The actuarial valuations presented are prepared using the following parameters:

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

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2018

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

Actuarial valuation date for above is December 31, 2017.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	26 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	7.50%
Wage Growth	3.50%
Inflation	2.75%

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND  
APRIL 30, 2018

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

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF INVESTMENT RETURNS  
FIREFIGHTER'S PENSION FUND  
APRIL 30, 2018

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

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF POST-EMPLOYMENT HEALTHCARE  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
APRIL 30, 2018

	Fiscal Year			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	1,588,558	1,452,962	1,376,663	1,397,885
Unfunded AAL (UAAL)	1,588,558	1,452,962	1,376,663	1,397,885
Funded Ratio	0.00%	0.00%	0.00%	0.00%
Covered Payroll	2,840,583	3,156,174	3,058,690	2,831,013
UAAL as a % of Covered Payroll	55.92%	46.04%	45.01%	49.38%
Employer Contributions:				
Required	148,601	134,269	133,808	123,988
Made	34,816	35,850	39,822	33,712
Percentage of Employer Contributions				
Made to Required Contributions	23.43%	26.70%	29.76%	27.19%

The actuarial valuations presented are prepared for the post-retirement healthcare benefits using the following parameters:

Actuarial Cost Method:	Projected Unit Credit
Remaining Amortization Period:	30 Years
Investment Earnings Assumption	4.00%
Actuarial Assumptions:	
Healthcare Trend	7.0% decreasing to 4.0% by 1.00% Increments

**VILLAGE OF SWANSEA, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2018

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Motor Fuel Tax Fund</u>	<u>Special Business District Fund</u>	<u>Total</u>		
<u>Assets</u>					
Cash and Cash Equivalents	\$ 568,962	\$ 1,895,969	\$ 2,464,931	\$ 27,367	\$ 2,492,298
Receivables:					
Property Taxes	-	-	-	231,304	231,304
Intergovernmental	<u>30,745</u>	<u>69,021</u>	<u>99,766</u>	<u>-</u>	<u>99,766</u>
Total Assets	<u>\$ 599,707</u>	<u>\$ 1,964,990</u>	<u>\$ 2,564,697</u>	<u>\$ 258,671</u>	<u>\$ 2,823,368</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts Payable	<u>\$ 18,832</u>	<u>\$ 500</u>	<u>\$ 19,332</u>	<u>\$ -</u>	<u>\$ 19,332</u>
Total Liabilities	<u>18,832</u>	<u>500</u>	<u>19,332</u>	<u>-</u>	<u>19,332</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>-</u>	<u>24,898</u>	<u>24,898</u>	<u>231,304</u>	<u>256,202</u>
Fund Balance:					
Restricted	<u>580,875</u>	<u>1,939,592</u>	<u>2,520,467</u>	<u>27,367</u>	<u>2,547,834</u>
Total Fund Balance	<u>580,875</u>	<u>1,939,592</u>	<u>2,520,467</u>	<u>27,367</u>	<u>2,547,834</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 599,707</u>	<u>\$ 1,964,990</u>	<u>\$ 2,564,697</u>	<u>\$ 258,671</u>	<u>\$ 2,823,368</u>

**VILLAGE OF SWANSEA, ILLINOIS**

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Motor Fuel Tax Fund</u>	<u>Special Business District Fund</u>	<u>Total</u>		
Revenues:					
Property Tax	\$ -	\$ -	\$ -	\$ 187,857	\$ 187,857
Sales Tax	-	283,552	283,552	-	283,552
Motor Fuel Tax	359,067	-	359,067	-	359,067
Grant Revenue	12,627	-	12,627	-	12,627
Investment Earnings	1,966	15,353	17,319	314	17,633
Miscellaneous	870	8,100	8,970	-	8,970
Total Revenues	<u>374,530</u>	<u>307,005</u>	<u>681,535</u>	<u>188,171</u>	<u>869,706</u>
Expenditures:					
Public Works	319,551	-	319,551	-	319,551
Community/Economic Development	-	100,582	100,582	-	100,582
Debt Service	-	-	-	232,705	232,705
Total Expenditures	<u>319,551</u>	<u>100,582</u>	<u>420,133</u>	<u>232,705</u>	<u>652,838</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>54,979</u>	<u>206,423</u>	<u>261,402</u>	<u>(44,534)</u>	<u>216,868</u>
Fund Balance, Beginning of Year	<u>525,896</u>	<u>1,733,169</u>	<u>2,259,065</u>	<u>71,901</u>	<u>2,330,966</u>
Fund Balance, End of Year	<u>\$ 580,875</u>	<u>\$ 1,939,592</u>	<u>\$ 2,520,467</u>	<u>\$ 27,367</u>	<u>\$ 2,547,834</u>

**VILLAGE OF SWANSEA, ILLINOIS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2018

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 340,918	\$ 18,862	\$ 359,780
Investments:			
Municipal Bonds	126,834	-	126,834
Certificates of Deposit	-	43,379	43,379
Corporate Bonds	2,838,791	303,922	3,142,713
U.S. Government Securities	2,991,485	433,063	3,424,548
Common Stock	1,414,950	-	1,414,950
Mutual Funds	3,073,821	83,448	3,157,269
Receivables:			
Property Taxes	1,109,333	212,756	1,322,089
Accrued Interest	50,130	6,466	56,596
Total Assets	<u>11,946,262</u>	<u>1,101,896</u>	<u>13,048,158</u>
Liabilities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position -			
Restricted for Pension Benefits	<u>\$ 11,946,262</u>	<u>\$ 1,101,896</u>	<u>\$ 13,048,158</u>

**VILLAGE OF SWANSEA, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Employer Contributions	\$ 1,108,824	\$ 212,653	\$ 1,321,477
Employee Contributions	180,718	13,777	194,495
Investment Earnings:			
Investment Earnings	300,151	(2,074)	298,077
Less: Investment Expense	<u>(74,549)</u>	<u>(2,374)</u>	<u>(76,923)</u>
Net Investment Earnings	<u>225,602</u>	<u>(4,448)</u>	<u>221,154</u>
Total Additions	<u>1,515,144</u>	<u>221,982</u>	<u>1,737,126</u>
Deductions:			
Benefit Payments	600,074	-	600,074
Refund/Transfer of Contributions	156,982	-	156,982
Administrative Expenses	<u>6,138</u>	<u>200</u>	<u>6,338</u>
Total Deductions	<u>763,194</u>	<u>200</u>	<u>763,394</u>
Change in Net Position	751,950	221,782	973,732
Net Position, Beginning of Year	<u>11,194,312</u>	<u>880,114</u>	<u>12,074,426</u>
Net Position, End of Year	<u>\$ 11,946,262</u>	<u>\$ 1,101,896</u>	<u>\$ 13,048,158</u>

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

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Other Matters*

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

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

Certified Public Accountants

July 23, 2018