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**VILLAGE OF SWANSEA  
SWANSEA, ILLINOIS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
AND ADDITIONAL INFORMATION**

**FOR THE YEAR ENDED APRIL 30, 2014**

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**Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

To the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, as of April 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in fiscal year 2014, the Village adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit pension plan information and other post-employment benefits information on pages 6-13, 55-59, 60-61 and 62 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's basic financial statements. The combining fund financial statements and the other individual fund budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and the other individual fund budgetary comparison information 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 basic financial statements and certain additional procedures, including comparing and reconciling such

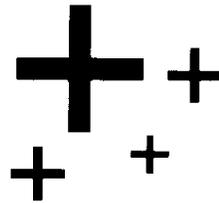
information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the other individual fund budgetary comparison information are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2014, on our consideration of the Village of Swansea's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Swansea's internal control over financial reporting and compliance.

RICE SULLIVAN, LLC

Swansea, Illinois  
September 3, 2014



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village of Swansea's basic financial statements, and have issued our report thereon dated September 3, 2014.

#### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

RICE SULLIVAN, LLC

Swansea, Illinois  
September 3, 2014

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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**USING THIS ANNUAL REPORT - Brief Discussion of the Financial Statements**

The annual report consists of a series of financial statements which provide information about the Village of Swansea (Village), its funds and its fiduciary responsibilities. The Village's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The Statement of Net Assets and the Statement of Activities convey information about the activities of the Village as a whole. Also, notes and supplemental information are included within the annual report to clarify the financial statements. Finally, the annual report contains an Independent Auditor's Report. The auditor expresses the auditing firm's opinion on whether or not the Basic Financial Statements and the Combined Fund Financial Statements are fairly stated. Additionally, the auditor provides any findings of weaknesses in the Village's accounting and records keeping processes.

**USING THE MANAGEMENT DISCUSSION & ANALYSIS**

The Annual Financial Report Management Discussion & Analysis (MD & A), which is compared to last year's basic financial statements, is designed to (1) provide an overview of the Village's financial activities for the fiscal year ending April 30, 2014, (2) assist the reader in understanding significant issues, (3) identify any material deviations from the financial plan or the approved budget, (4) identify individual fund issues or concerns, and (5) identify changes in the Village's financial position from one year to the next.

Since the MD & A is designed to focus on the current year's activities and currently known facts, it should be read in conjunction with the Village's financial statements.

As further described in Note 1, the Village implemented the Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities," for the year ended April 30, 2014. As a result, certain comparative information for the year ended April 30, 2013 has been restated. In addition, certain amounts in the financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources by \$46,133,599. Net position is comprised of \$32,404,212 net investment in capital assets, \$3,455,847 restricted for specific purposes and \$10,273,540 is unrestricted.
- The Village's total net position increased by \$1,008,713. Net position of governmental activities increased by \$1,210,175 while net position of business-type activities decreased by \$201,462.
- The Village's combined governmental funds ending fund balance was \$6,048,714 as of April 30, 2014. Of this amount, \$1,862,571 is unassigned which represents approximately 36% of General Fund expenditures.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Village's annual report includes two government-wide financial statements, both of which report the Village's net position or the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. This is one of the tools used to measure the Village's financial health or financial position. The *Statement of Net Position* and the *Statement of Activities* are two financial statements that report both long-term and short-term information about the Village as a whole and about its activities.

The Statement of Net Position is a government-wide statement of financial position presenting information that includes all of the Village's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as total net position. Over time, increases or decreases in the net position are an indicator as to whether the financial position is improving or deteriorating. Evaluation of the overall economic health of the Village would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are primarily supported by locally generated taxes and intergovernmental revenues, such as grants, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include legislative and executive functions, public safety, building safety and street and park maintenance. The Village's business-type activity is sewage collection and treatment. Fiduciary activities include employee pension plans that are not included in the government-wide statements since these assets are not available to fund Village programs.

**INFRASTRUCTURE ASSETS**

The Village depreciates infrastructure assets over their estimated useful life. If a road project is considered a recurring cost that does not extend the road's original useful life or expand its capacity, such as repainting a crosswalk, the cost of the project will be expensed. The "resurfacing" of a road and "reconstruction" of a road will generally be capitalized.

**FUND FINANCIAL STATEMENTS**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. All funds were considered major for reporting purposes.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER 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 benefits to its employees. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for special revenue funds, proprietary funds and fiduciary funds are presented in a subsequent section of this report.

**ANALYSIS OF VILLAGE-WIDE ACTIVITY**

The Statement of Net Position presents all of the Village's non-fiduciary assets, deferred outflows/inflows of resources and liabilities, with the difference reported as "net position." The following table provides a condensed Statement of Net Position as of April 30, 2014 and 2013.

**Table 1**  
**Net Position (In Thousands)**

|                                       | Governmental Activities |                    | Business-Type Activities |                    | Total Primary Government |                    |
|---------------------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|
|                                       | 2014                    | 2013<br>(restated) | 2014                     | 2013<br>(restated) | 2014                     | 2013<br>(restated) |
| <b>Assets</b>                         |                         |                    |                          |                    |                          |                    |
| Current and Other Assets              | \$ 7,289                | \$ 6,194           | \$ 8,844                 | \$ 9,168           | \$ 16,133                | \$ 15,362          |
| Capital Assets                        | 25,479                  | 24,978             | 28,004                   | 29,072             | 53,483                   | 54,050             |
|                                       | 32,768                  | 31,172             | 36,848                   | 38,240             | 69,616                   | 69,412             |
| <b>Deferred Outflows of Resources</b> | 80                      | 88                 | -                        | -                  | 80                       | 88                 |
| <b>Liabilities</b>                    |                         |                    |                          |                    |                          |                    |
| Other Liabilities                     | 328                     | 239                | 315                      | 276                | 643                      | 515                |
| Long-Term Liabilities                 | 3,223                   | 3,329              | 18,967                   | 20,197             | 22,190                   | 23,526             |
|                                       | 3,551                   | 3,568              | 19,282                   | 20,473             | 22,833                   | 24,041             |
| <b>Deferred Inflows of Resources</b>  | 729                     | 334                | -                        | -                  | 729                      | 334                |
| <b>Net Position</b>                   |                         |                    |                          |                    |                          |                    |
| Net Investment in Capital Assets      | 23,354                  | 22,678             | 9,051                    | 8,886              | 32,405                   | 31,564             |
| Restricted                            | 3,456                   | 3,169              | -                        | -                  | 3,456                    | 3,169              |
| Unrestricted                          | 1,758                   | 1,511              | 8,515                    | 8,881              | 10,273                   | 10,392             |
| <b>Total Net Position</b>             | <b>\$ 28,568</b>        | <b>\$ 27,358</b>   | <b>\$ 17,566</b>         | <b>\$ 17,767</b>   | <b>\$ 46,134</b>         | <b>\$ 45,125</b>   |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

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By far, the largest portion of the Village's net position (70%) reflects its investment in capital assets (e.g.: land, infrastructure, buildings and equipment), less any related outstanding debt used to acquire those assets. The Village uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investments in 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 Village's unrestricted net position for Governmental Activities, the part of the net position that can be used to fund day-to-day operations, is \$1,758,216, compared to \$1,510,832 last year which is an increase of 16.4%.

The Business-Type activities of the Village reflect assets of the sewage collection and treatment system operated by the Village. The Village provides sewer services to Swansea residents and businesses, and to certain portions of St. Clair Township. This business-type activity is funded by a fee for service to cover the cost of operation, including depreciation. The Village strives to control operating expenses for business-type activities in order to maintain stability in charges for services. The net position of Business-Type Activities was \$17,565,861 compared to \$17,767,323 last year. The Village has available unrestricted net position of \$8,515,324 compared to \$8,881,148 last year, for the maintenance and improvement of its sewer system. Types of maintenance work for the sewer system include the routine maintenance of pumps, filtering equipment and related machinery within the plant and sewage pumps at six pumping stations within the Village, and the cleaning, relining and replacement of sewer pipes throughout the Village determined to be in need of replacement due to their age and condition.

The Statement of Activities highlights the Village's revenues and expenditures as related to Governmental Activities and Business-type Activities. The Governmental Activities section reflects the Village's basic services, including police protection, fire protection, building safety, street maintenance, parks, senior services, general administration, public safety employee pensions, tax increment financing and other government-type activities. Governmental Activities of the Village of Swansea are primarily financed through various taxes such as property, income, sales, motor fuel and others.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

Table 2 shows the changes in net position for the year ended April 30, 2014 and 2013.

**Table 2**  
**Changes in Net Position (In Thousands)**

|   | Governmental<br>Activities |                    | Business-Type<br>Activities |                    | Total Primary<br>Government |                    |
|---|----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|
|   | 2014                       | 2013<br>(restated) | 2014                        | 2013<br>(restated) | 2014                        | 2013<br>(restated) |
| <b>Revenues</b>                           |                            |                    |                             |                    |                             |                    |
| Program Revenues:                         |                            |                    |                             |                    |                             |                    |
| Fees and Charges for Services             | \$ 1,017                   | \$ 916             | \$ 2,445                    | \$ 2,529           | \$ 3,462                    | \$ 3,445           |
| Operating Grants and Contributions        | 31                         | 129                | -                           | -                  | 31                          | 129                |
| Capital Grants and Contributions          | 669                        | -                  | -                           | -                  | 669                         | -                  |
| General Revenue:                          |                            |                    |                             |                    |                             |                    |
| Property Taxes                            | 980                        | 979                | -                           | -                  | 980                         | 979                |
| Income Taxes                              | 1,283                      | 1,271              | -                           | -                  | 1,283                       | 1,271              |
| Sales Taxes                               | 2,112                      | 2,128              | -                           | -                  | 2,112                       | 2,128              |
| Motor Fuel Tax                            | 446                        | 383                | -                           | -                  | 446                         | 383                |
| Utility Tax                               | 809                        | 789                | -                           | -                  | 809                         | 789                |
| Franchise and Other Taxes                 | 422                        | 426                | -                           | -                  | 422                         | 426                |
| Other                                     | 319                        | 188                | 34                          | 29                 | 353                         | 217                |
| <b>Total Revenue</b>                      | <b>8,088</b>               | <b>7,209</b>       | <b>2,479</b>                | <b>2,558</b>       | <b>10,567</b>               | <b>9,767</b>       |
| <b>Expenses</b>                           |                            |                    |                             |                    |                             |                    |
| Governmental Activities:                  |                            |                    |                             |                    |                             |                    |
| General Administration                    | 721                        | 823                | -                           | -                  | 721                         | 823                |
| Planning and Zoning                       | 222                        | 143                | -                           | -                  | 222                         | 143                |
| Police Protection                         | 2,493                      | 2,631              | -                           | -                  | 2,493                       | 2,631              |
| Police Pension                            | 887                        | 1,058              | -                           | -                  | 887                         | 1,058              |
| Fire Protection                           | 389                        | 379                | -                           | -                  | 389                         | 379                |
| Fire Pension                              | 56                         | 53                 | -                           | -                  | 56                          | 53                 |
| Streets                                   | 730                        | 666                | -                           | -                  | 730                         | 666                |
| Park                                      | 161                        | 181                | -                           | -                  | 161                         | 181                |
| Senior Services                           | -                          | 1                  | -                           | -                  | -                           | 1                  |
| Audit                                     | 29                         | 34                 | -                           | -                  | 29                          | 34                 |
| Workmen's Comp and Liability Insurance    | 160                        | 141                | -                           | -                  | 160                         | 141                |
| Motor Fuel Tax                            | 260                        | 302                | -                           | -                  | 260                         | 302                |
| Special Business District                 | 13                         | 22                 | -                           | -                  | 13                          | 22                 |
| Tax Increment Financing                   | 31                         | 22                 | -                           | -                  | 31                          | 22                 |
| Infrastructure Depreciation Expense       | 670                        | 672                | -                           | -                  | 670                         | 672                |
| Debt Service Interest and Service Charges | 56                         | 107                | -                           | -                  | 56                          | 107                |
| Business-Type Activities                  |                            |                    |                             |                    |                             |                    |
| Sewerage                                  | -                          | -                  | 2,680                       | 2,682              | 2,680                       | 2,682              |
| <b>Total Expenses</b>                     | <b>6,878</b>               | <b>7,235</b>       | <b>2,680</b>                | <b>2,682</b>       | <b>9,558</b>                | <b>9,917</b>       |
| Transfers                                 | -                          | 25                 | -                           | (25)               | -                           | -                  |
| <b>Change in Net Position</b>             | <b>1,210</b>               | <b>(1)</b>         | <b>(201)</b>                | <b>(149)</b>       | <b>1,009</b>                | <b>(150)</b>       |
| <b>Beginning Net Position</b>             | <b>27,358</b>              | <b>27,359</b>      | <b>17,767</b>               | <b>17,916</b>      | <b>45,125</b>               | <b>45,275</b>      |
| <b>Ending Net Position</b>                | <b>\$ 28,568</b>           | <b>\$ 27,358</b>   | <b>\$ 17,566</b>            | <b>\$ 17,767</b>   | <b>\$ 46,134</b>            | <b>\$ 45,125</b>   |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

**ANALYSIS OF INDIVIDUAL FUNDS**

The Village's governmental funds total ending fund balance for FY 2014 was \$6,048,714 compared to \$5,400,389 during FY 2013. The Village's activities are organized into the following funds: General, Motor Fuel Fund, Special Business District Fund, Tax Increment Financing Fund, Debt Service and Capital Projects. These major governmental funds do not reflect capital assets or debt.

The following table reflects the fund balance as of April 30, 2014 and 2013 with respect to each fund.

**Table 3: Change in Governmental Fund Balances**

| <u>Fund</u>               | <u>Fund Balance</u><br><u>April 30, 2014</u> | <u>Fund Balance</u><br><u>April 30, 2013</u><br><u>(restated)</u> | <u>Increase</u><br><u>(Decrease)</u> |
|---------------------------|--|---|--------------------------------------|
| General                   | \$ 2,060,108                                 | \$ 1,704,780  | \$ 355,328                           |
| Motor Fuel                | 426,007                                      | 361,471   | 64,536                               |
| Special Business District | 1,445,668                                    | 1,181,134   | 264,534                              |
| Tax Increment Financing   | 1,479,425                                    | 1,547,086   | (67,661)                             |
| Debt Service              | 118,173                                      | 36,817  | 81,356                               |
| Capital Projects          | 519,333                                      | 569,101   | (49,768)                             |
| <b>Total</b>              | <u>\$ 6,048,714</u>                          | <u>\$ 5,400,389</u>   | <u>\$ 648,325</u>                    |

The General Fund is the primary operating fund of the Village.

The Proprietary Fund reflects assets and liabilities associated with the sewer services provided by the Village of Swansea. The total current assets are \$7,316,326, compared to \$7,342,080 last year. The total assets are \$36,847,999 compared to last year's \$38,239,898. The total current liabilities are \$1,292,576, compared to \$1,218,625 in FY 2013. FY 2014 total long-term liabilities, which are comprised of loans payable, are \$17,989,562. Last year's total long-term liabilities were \$19,253,950. Total liabilities are \$19,282,138, compared to last year's total of \$20,472,575. Net position totals \$17,565,861, which includes \$8,515,324 in unrestricted funds. This compares to net position last year totaling \$17,767,323, which includes \$8,881,148 in unrestricted funds.

**BUDGETARY HIGHLIGHTS**

As required by state statute, the Village of Swansea Board of Trustees adopts a budget annually for all government and business type activities prior to the beginning of the fiscal year on May 1. The Village administration prepares the budget for the fiscal year. The proposed budget is reviewed at meetings of the Board of Trustees, and a public hearing is conducted to obtain citizen input in accordance with state statute (65 ILCS 5/8-2-9.9). The budget is legally enacted by approval of an ordinance by the Board of Trustees. The budget can be amended from time to time by action of the Board. A 2/3rd majority of the voting members is necessary to enact an ordinance to make amendments to the budget. There were no budget amendments enacted in FY 2014.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

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General fund revenue results were \$275,146 over the budget projection of \$5,204,550. Actual general fund expenditures were \$37,142 over the budget projection of \$5,087,226. Variances are mainly due to early distributions of the 2013 property taxes which are collected by St. Clair County. The Village was not anticipating its first distribution until July 2014.

In FY 2014, the number of authorized staff positions, not including paid on-call (volunteer) firefighters, was 45 positions. This number was the same as the previous fiscal year.

**CAPITAL ASSETS**

Governmental Activities capital assets consist of facilities such as streets, parks, the Village Government Center, Street Department garage and fire stations. As of April 30, 2014, the Village's value in Governmental Activities capital assets amounted to \$25,478,958, compared to \$24,978,389 in FY 2013. The Village's capital assets in Business-Type Activities, the Village's sewer system and treatment plant, were valued on April 30, 2014 at \$28,003,592, compared to \$29,072,098 last year. Additional information of the Village's capital assets can be found in Note 5.

**DEBT OUTSTANDING**

The Village has debt in both Governmental Activities and in Business Type Activities. In Governmental Activities, payments are being made on schedule on the \$3,000,000 bond issued for the construction of Fire Station No. 2, located at 144 Huntwood Road. The source of funds for repayment is a property tax which is levied exclusively for debt repayment on an annual basis on the Village's behalf by St. Clair County. Payments (including principal and interest) amount to approximately \$235,000 annually. The fire station was constructed in 2004. Interest rates vary between 2.0% and 2.5% through the life of the bond. The final payment will be made in 2024. The remaining debt consists of loans for purchases of police cars and tax increment financing debt.

In Business-Type Activities, debt consists of a loan from the Illinois Environmental Protection Agency Water Pollution Control Revolving Fund for the \$21,156,246 received for the expansion and improvement of the sewage treatment plant that was completed in fiscal year 2011. The loan repayments began in May 2011. A principal payment of \$1,201,915 was made during FY 2014. Final payment will be made in May 2030. The Western Avenue Lift Station was completed in FY 2013 and loan repayments began in March 2013. The total principal amount of the loan was \$673,139 and the balance remaining as of April 30, 2014 was \$628,403. Final payment will be made in April 2032.

To accommodate costs associated with the expansion, an increase in rates was enacted by the Board of Trustees on August 18, 2008 (Ordinance No. 1530). The Debt Service Charge was increased from \$18.00 to \$24.00 bi-monthly and the Basic User Charge was increased from \$1.60 to \$2.48 per 100 cubic feet of water consumption.

Additional information on the Village's debt can be found in Note 6.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Management's Discussion and Analysis (continued)*

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**ECONOMIC FACTORS & NEXT YEAR'S BUDGET**

Sales tax, the Village's share of the state income tax and property tax represent the largest sources of revenue for the General Fund. Tax revenue has remained flat over the last 5 years.

Property tax revenue growth is expected to remain modest due to the continuing national economic slump in new home and commercial construction. In FY 2014, 26 permits were issued for construction of single family residences with a total estimated value of \$7,766,645. In FY 2013, 42 building permits for single family homes were issued. No new permits for new commercial construction were issued in FY 2014 or FY 2013. The estimated value for all construction within the Village, including additions and building modifications, during FY 2014 totaled \$9,754,201. In the previous fiscal year, the total estimated value for all construction within the Village amounted to \$12,882,590.

The Village is working to improve communication systems. In FY 2015, the Village plans to update its website and phone systems.

The Village administration has continually sought grants of federal and state funds for street improvements and park improvements. In FY 2014 the Village completed the work on phase 2 of the Richland Creek bike trail. This was accomplished through a grant from the Illinois Department of Transportation.

In 2003 the residents passed a ½ cent sales tax to improve our roads. In FY 2015 the Village will be using those funds to resurface 4 roads and purchase another dump truck with a plow and spreader. In addition, the Village will be resurfacing roads, repairing infrastructure and purchasing new sewer equipment

**REQUESTS FOR INFORMATION**

The financial report is designed to provide readers with an overview of the finances of the Village of Swansea and comply with finance related laws and regulations. The Board of Trustees of the Village of Swansea is committed to full accountability. For questions about this report, or to request additional information, contact the President of the Board of Trustees or the Village Administrator at 1400 North Illinois Street; Swansea, IL 62226; 618-234-0044; or e-mail [swanadmn@swanseail.org](mailto:swanadmn@swanseail.org).

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**Basic Financial Statements**

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**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF NET POSITION**  
**APRIL 30, 2014**

| ASSETS                               | Primary Government         |                             |                      |
|--------------------------------------|----------------------------|-----------------------------|----------------------|
|                                      | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| Cash and cash equivalents            | \$ 5,297,684               | \$ 6,249,244                | \$ 11,546,928        |
| Investments                          | -                          | 2,131,440                   | 2,131,440            |
| Property tax receivable              | 1,676,696                  | -                           | 1,676,696            |
| Accounts receivable - other          | 117,513                    | -                           | 117,513              |
| Accounts receivable - trade (net)    | -                          | 420,882                     | 420,882              |
| Interest receivable                  | -                          | 2,653                       | 2,653                |
| Prepaid insurance                    | 92,790                     | 40,188                      | 132,978              |
| Restricted assets:                   |                            |                             |                      |
| Cash and cash equivalents            | 104,746                    | -                           | 104,746              |
| Capital assets:                      |                            |                             |                      |
| Non-depreciable                      | 1,270,259                  | 30,000                      | 1,300,259            |
| Depreciable, net                     | 24,208,699                 | 27,973,592                  | 52,182,291           |
| <b>Total Assets</b>                  | <b>32,768,387</b>          | <b>36,847,999</b>           | <b>69,616,386</b>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b> |                            |                             |                      |
| Deferred charge on refunding         | 79,547                     | -                           | 79,547               |
| <b>LIABILITIES</b>                   |                            |                             |                      |
| Accounts payable                     | 203,556                    | 99,713                      | 303,269              |
| Accrued interest payable             | 19,371                     | 209,175                     | 228,546              |
| Accrued wages and payroll taxes      | 105,340                    | 5,720                       | 111,060              |
| Long-term liabilities                |                            |                             |                      |
| Due within one year                  | 262,390                    | 977,968                     | 1,240,358            |
| Due in more than one year            | 2,960,707                  | 17,989,562                  | 20,950,269           |
| <b>Total Liabilities</b>             | <b>3,551,364</b>           | <b>19,282,138</b>           | <b>22,833,502</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |                             |                      |
| Unavailable revenue - property taxes | 728,832                    | -                           | 728,832              |
| <b>NET POSITION</b>                  |                            |                             |                      |
| Net investment in capital assets     | 23,353,675                 | 9,050,537                   | 32,404,212           |
| Restricted for:                      |                            |                             |                      |
| Police protection                    | 430                        | -                           | 430                  |
| Fire protection                      | 104,317                    | -                           | 104,317              |
| Motor fuel tax                       | 426,007                    | -                           | 426,007              |
| Special business district            | 1,445,668                  | -                           | 1,445,668            |
| Tax increment financing              | 1,479,425                  | -                           | 1,479,425            |
| Unrestricted                         | 1,758,216                  | 8,515,324                   | 10,273,540           |
| <b>Total Net Position</b>            | <b>\$ 28,567,738</b>       | <b>\$ 17,565,861</b>        | <b>\$ 46,133,599</b> |

**VILLAGE OF SWANSEA  
SWANSEA, ILLINOIS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2014**

| Activities  | Program Revenues    |                               |                                    | Net (Expense) Revenue and Changes in Net Position |                         |                          |                      |
|---|---------------------|-------------------------------|------------------------------------|---|-------------------------|--------------------------|----------------------|
|   | Expenses            | Fees and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Governmental Activities | Business-Type Activities | Total                |
| <b>Governmental Activities</b>                    |                     |                               |                                    |   |                         |                          |                      |
| General administration                            | \$ 720,674          | \$ 125,952                    | \$ -                               | \$ -  | \$(594,722)             | \$ -                     | \$(594,722)          |
| Planning and zoning                               | 222,407             | 62,510                        | -                                  | -   | (159,897)               | -                        | (159,897)            |
| Police protection                                 | 2,492,299           | 38,963                        | 3,139                              | -   | (2,450,197)             | -                        | (2,450,197)          |
| Police pension                                    | 887,194             | 739,600                       | -                                  | -   | (147,594)               | -                        | (147,594)            |
| Fire protection                                   | 389,238             | 125                           | 248                                | -   | (388,865)               | -                        | (388,865)            |
| Fire pension                                      | 56,363              | 50,286                        | -                                  | -   | (6,077)                 | -                        | (6,077)              |
| Streets   | 729,519             | -                             | -                                  | 430,025   | (299,494)               | -                        | (299,494)            |
| Park  | 161,411             | -                             | 27,751                             | 238,425   | 104,765                 | -                        | 104,765              |
| Senior services                                   | 75                  | -                             | -                                  | -   | (75)                    | -                        | (75)                 |
| Audit   | 28,809              | -                             | -                                  | -   | (28,809)                | -                        | (28,809)             |
| Workmen's compensation and liability insurance    | 159,969             | -                             | -                                  | -   | (159,969)               | -                        | (159,969)            |
| Motor fuel tax                                    | 260,441             | -                             | -                                  | -   | (260,441)               | -                        | (260,441)            |
| Special business district                         | 12,866              | -                             | -                                  | -   | (12,866)                | -                        | (12,866)             |
| Tax increment financing                           | 30,966              | -                             | -                                  | -   | (30,966)                | -                        | (30,966)             |
| Infrastructure depreciation expense               | 669,825             | -                             | -                                  | -   | (669,825)               | -                        | (669,825)            |
| Debt service                                      |                     |                               |                                    |   |                         |                          |                      |
| Interest and service charge                       | 55,673              | -                             | -                                  | -   | (55,673)                | -                        | (55,673)             |
| <b>Total Governmental Activities</b>              | <b>6,877,729</b>    | <b>1,017,436</b>              | <b>3,138</b>                       | <b>668,450</b>                                    | <b>(5,160,705)</b>      | <b>-</b>                 | <b>(5,160,705)</b>   |
| <b>Business-Type Activities</b>                   |                     |                               |                                    |   |                         |                          |                      |
| Sewerage  | 2,680,011           | 2,445,413                     | -                                  | -   | -                       | (234,598)                | (234,598)            |
| <b>Total Government</b>                           | <b>\$ 9,557,740</b> | <b>\$ 3,462,849</b>           | <b>\$ 3,138</b>                    | <b>\$ 668,450</b>                                 | <b>(5,160,705)</b>      | <b>(234,598)</b>         | <b>(5,395,303)</b>   |
| <b>General Revenues</b>                           |                     |                               |                                    |   |                         |                          |                      |
| Taxes:  |                     |                               |                                    |   |                         |                          |                      |
| Property  |                     |                               |                                    |   |                         |                          |                      |
| General   |                     |                               |                                    |   | 178,278                 |                          | 178,278              |
| TIF   |                     |                               |                                    |   | 451,112                 |                          | 451,112              |
| Debt service                                      |                     |                               |                                    |   | 239,016                 |                          | 239,016              |
| Road and bridge                                   |                     |                               |                                    |   | 111,880                 |                          | 111,880              |
| Income  |                     |                               |                                    |   | 1,282,543               |                          | 1,282,543            |
| Sales   |                     |                               |                                    |   | 2,111,848               |                          | 2,111,848            |
| Motor fuel  |                     |                               |                                    |   | 446,441                 |                          | 446,441              |
| Auto rental                                       |                     |                               |                                    |   | 15,182                  |                          | 15,182               |
| Foreign fire tax                                  |                     |                               |                                    |   | 25,234                  |                          | 25,234               |
| Utility   |                     |                               |                                    |   | 809,015                 |                          | 809,015              |
| Franchise   |                     |                               |                                    |   | 381,899                 |                          | 381,899              |
| Interest income                                   |                     |                               |                                    |   | 14,445                  | 33,136                   | 47,581               |
| Miscellaneous                                     |                     |                               |                                    |   | 134,605                 |                          | 134,605              |
| Expiration of TIF debt                            |                     |                               |                                    |   | 169,382                 |                          | 169,382              |
| <b>Total General Revenues</b>                     |                     |                               |                                    |   | <b>6,370,880</b>        | <b>33,136</b>            | <b>6,404,016</b>     |
| <b>Change in Net Position</b>                     |                     |                               |                                    |   | <b>1,210,175</b>        | <b>(201,462)</b>         | <b>1,008,713</b>     |
| <b>Net Position - Beginning of Year, Restated</b> |                     |                               |                                    |   | <b>27,357,563</b>       | <b>17,767,323</b>        | <b>45,124,886</b>    |
| <b>Net Position - End of Year</b>                 |                     |                               |                                    |   | <b>\$ 28,567,738</b>    | <b>\$ 17,565,861</b>     | <b>\$ 46,133,599</b> |

**VILLAGE OF SWANSEA  
SWANSEA, ILLINOIS**

**BALANCE SHEET – GOVERNMENTAL FUNDS  
APRIL 30, 2014**

|   | Major Governmental Funds |                   |                                 |                               |                   |                     |           | Total<br>Governmental<br>Funds |
|---|--------------------------|-------------------|---------------------------------|-------------------------------|-------------------|---------------------|-----------|--------------------------------|
|   | General                  | Motor<br>Fuel     | Special<br>Business<br>District | Tax<br>Increment<br>Financing | Debt<br>Service   | Capital<br>Projects |           |                                |
| <b>ASSETS</b>   |                          |                   |                                 |                               |                   |                     |           |                                |
| Cash and cash equivalents   | \$ 1,412,098             | \$ 435,525        | \$ 1,405,164                    | \$ 1,453,065                  | \$ 82,115         | \$ 509,717          | \$        | 5,297,684                      |
| Property tax receivable   | 1,034,836                | -                 | -                               | 376,061                       | 210,613           | 55,186              | -         | 1,676,696                      |
| Accounts receivable - other   | -                        | 74,009            | 43,504                          | -                             | -                 | -                   | -         | 117,513                        |
| Prepaid expenses  | 92,790                   | -                 | -                               | -                             | -                 | -                   | -         | 92,790                         |
| Reserved assets, cash   | 104,746                  | -                 | -                               | -                             | -                 | -                   | -         | 104,746                        |
| <b>Total Assets</b>   | <b>\$ 2,644,470</b>      | <b>\$ 509,534</b> | <b>\$ 1,448,668</b>             | <b>\$ 1,829,126</b>           | <b>\$ 292,728</b> | <b>\$ 564,903</b>   | <b>\$</b> | <b>7,289,429</b>               |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b>           |                          |                   |                                 |                               |                   |                     |           |                                |
| <b>Liabilities</b>  |                          |                   |                                 |                               |                   |                     |           |                                |
| Accounts payable  | \$ 71,459                | \$ 83,527         | \$ 3,000                        | \$ -                          | \$ -              | \$ 45,570           | \$        | 203,556                        |
| Accrued wages and payroll taxes   | 105,340                  | -                 | -                               | -                             | -                 | -                   | -         | 105,340                        |
| <b>Total Liabilities</b>  | <b>176,799</b>           | <b>83,527</b>     | <b>3,000</b>                    | <b>-</b>                      | <b>-</b>          | <b>45,570</b>       | <b>\$</b> | <b>308,896</b>                 |
| <b>Deferred Inflows of Resources</b>  |                          |                   |                                 |                               |                   |                     |           |                                |
| Unavailable revenue - income taxes  | 202,987                  | -                 | -                               | -                             | -                 | -                   | -         | 202,987                        |
| Unavailable revenue - property taxes  | 204,576                  | -                 | -                               | 349,701                       | 174,555           | -                   | -         | 728,832                        |
| <b>Total Deferred Inflows<br/>of Resources</b>                                    | <b>407,563</b>           | <b>-</b>          | <b>-</b>                        | <b>349,701</b>                | <b>174,555</b>    | <b>-</b>            | <b>-</b>  | <b>931,819</b>                 |
| <b>Fund Balances</b>  |                          |                   |                                 |                               |                   |                     |           |                                |
| Nonspendable  | 92,790                   | -                 | -                               | -                             | -                 | -                   | -         | 92,790                         |
| Restricted for:   |                          |                   |                                 |                               |                   |                     |           |                                |
| Police protection   | 430                      | -                 | -                               | -                             | -                 | -                   | -         | 430                            |
| Fire protection   | 104,317                  | -                 | -                               | -                             | -                 | -                   | -         | 104,317                        |
| Motor fuel tax  | -                        | 426,007           | -                               | -                             | -                 | -                   | -         | 426,007                        |
| Special business district   | -                        | -                 | 1,445,668                       | -                             | -                 | -                   | -         | 1,445,668                      |
| Tax increment financing   | -                        | -                 | -                               | 1,479,425                     | -                 | -                   | -         | 1,479,425                      |
| Assigned for:   |                          |                   |                                 |                               |                   |                     |           |                                |
| Debt service  | -                        | -                 | -                               | -                             | 118,173           | -                   | -         | 118,173                        |
| Capital projects  | -                        | -                 | -                               | -                             | -                 | 519,333             | -         | 519,333                        |
| Unassigned  | 1,862,571                | -                 | -                               | -                             | -                 | -                   | -         | 1,862,571                      |
| <b>Total Fund Balances</b>  | <b>2,060,108</b>         | <b>426,007</b>    | <b>1,445,668</b>                | <b>1,479,425</b>              | <b>118,173</b>    | <b>519,333</b>      | <b>\$</b> | <b>6,048,714</b>               |
| <b>Total Liabilities, Deferred<br/>Inflows of Resources<br/>and Fund Balances</b> | <b>\$ 2,644,470</b>      | <b>\$ 509,534</b> | <b>\$ 1,448,668</b>             | <b>\$ 1,829,126</b>           | <b>\$ 292,728</b> | <b>\$ 564,903</b>   | <b>\$</b> | <b>7,289,429</b>               |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
APRIL 30, 2014**

|  |                             |
|--|-----------------------------|
| <b>Total Fund Balances for Governmental Funds</b>  | \$ 6,048,714                |
| Total net assets reported for governmental activities in the<br>Statement of Net Assets is different because:  |                             |
| Capital assets used in governmental activities are not<br>financial resources and therefore are not reported in the<br>governmental funds. The cost of the assets is \$42,976,832<br>and the accumulated depreciation is \$17,497,874. | 25,478,958                  |
| Earned income taxes not collected within 60 days of year<br>end are deferred within the fund financial statements.<br>However, revenue for this amount is recognized in the<br>government-wide statements.                             |                             |
| Income Taxes   | 202,987                     |
| Net pension assets (obligation) do not require the use of current<br>financial resources and therefore are not reported as revenue<br>(expenses) in the governmental funds.  | (437,693)                   |
| Some liabilities reported in the Statement of Activities do not<br>require the use of current financial resources and<br>therefore are not reported as liabilities in governmental<br>funds. These activities consist of:              |                             |
| Lease/purchase agreements  | (25,283)                    |
| Notes payable  | (40,241)                    |
| Bonds payable  | (2,100,000)                 |
| Other post employment benefit obligation   | (413,669)                   |
| Unamortized bond (premium) discount  | (33,427)                    |
| Unamortized deferred amount on refunding   | 79,547                      |
| Accrued interest   | (19,371)                    |
| Accrued compensated absences   | (172,784)                   |
| <b>Total Net Position of Governmental Activities</b>   | <b><u>\$ 28,567,738</u></b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2014**

| REVENUES  | Major Governmental Funds |                   |                           |                         |                   |                   | Total               |
|---|--------------------------|-------------------|---------------------------|-------------------------|-------------------|-------------------|---------------------|
|   | General                  | Motor Fuel        | Special Business District | Tax Increment Financing | Debt Service      | Capital Projects  |                     |
| Property taxes  | \$ 178,278               | \$ -              | \$ -                      | \$ 451,112              | \$ 239,016        | \$ -              | \$ 868,406          |
| Township road and bridge tax  | 111,880                  | -                 | -                         | -                       | -                 | -                 | 111,880             |
| Licenses and permits  | 62,635                   | -                 | -                         | -                       | -                 | -                 | 62,635              |
| Utility tax   | 809,015                  | -                 | -                         | -                       | -                 | -                 | 809,015             |
| Intergovernmental   | 2,811,899                | 446,441           | 273,901                   | -                       | -                 | 349,933           | 3,882,174           |
| Fines   | 38,964                   | -                 | -                         | -                       | -                 | -                 | 38,964              |
| Foreign fire tax  | 25,234                   | -                 | -                         | -                       | -                 | -                 | 25,234              |
| Franchise fees  | 381,899                  | -                 | -                         | -                       | -                 | -                 | 381,899             |
| Interest income   | 3,868                    | 956               | 3,499                     | 4,378                   | 438               | 1,306             | 14,445              |
| Administrative fee  | 75,396                   | -                 | -                         | -                       | -                 | -                 | 75,396              |
| Miscellaneous   | 123,664                  | 4,163             | -                         | -                       | -                 | 3,213             | 131,040             |
| Rental  | 44,397                   | -                 | -                         | -                       | -                 | -                 | 44,397              |
| Donations   | 10,181                   | -                 | -                         | -                       | -                 | -                 | 10,181              |
| Grants  | 12,500                   | -                 | -                         | -                       | -                 | 448,206           | 460,706             |
| Taxes to police pension   | 739,600                  | -                 | -                         | -                       | -                 | -                 | 739,600             |
| Taxes to firefighters pension   | 50,286                   | -                 | -                         | -                       | -                 | -                 | 50,286              |
| <b>Total Revenues</b>   | <b>5,479,696</b>         | <b>451,560</b>    | <b>277,400</b>            | <b>455,490</b>          | <b>239,454</b>    | <b>802,658</b>    | <b>7,706,258</b>    |
| <b>EXPENDITURES</b>   |                          |                   |                           |                         |                   |                   |                     |
| General administration  | 581,486                  | -                 | -                         | -                       | 22                | -                 | 581,508             |
| Planning and zoning   | 222,407                  | -                 | -                         | -                       | -                 | -                 | 222,407             |
| Police protection   | 2,393,799                | -                 | -                         | -                       | -                 | -                 | 2,393,799           |
| Police pension  | 739,600                  | -                 | -                         | -                       | -                 | -                 | 739,600             |
| Fire protection   | 226,224                  | -                 | -                         | -                       | -                 | -                 | 226,224             |
| Fire pension  | 50,286                   | -                 | -                         | -                       | -                 | -                 | 50,286              |
| Streets   | 583,908                  | -                 | -                         | -                       | -                 | -                 | 583,908             |
| Park  | 60,476                   | -                 | -                         | -                       | -                 | -                 | 60,476              |
| Senior services   | 75                       | -                 | -                         | -                       | -                 | -                 | 75                  |
| Audit   | 28,809                   | -                 | -                         | -                       | -                 | -                 | 28,809              |
| Workmen's compensation and liability insurance  | 159,969                  | -                 | -                         | -                       | -                 | -                 | 159,969             |
| Motor fuel tax  | -                        | 243,586           | -                         | -                       | -                 | -                 | 243,586             |
| Tax increment financing   | -                        | -                 | -                         | 30,186                  | -                 | -                 | 30,186              |
| Capital outlay  | 77,329                   | 143,438           | 12,866                    | 481,815                 | -                 | 797,295           | 1,512,743           |
| Debt service  |                          |                   |                           |                         |                   |                   |                     |
| Lease and note payments   | -                        | -                 | -                         | 8,649                   | -                 | 22,048            | 30,697              |
| Bond principal retired  | -                        | -                 | -                         | -                       | 180,000           | -                 | 180,000             |
| Interest and service charge   | -                        | -                 | -                         | 2,501                   | 34,830            | 3,504             | 40,835              |
| <b>Total Expenditures</b>   | <b>5,124,368</b>         | <b>387,024</b>    | <b>12,866</b>             | <b>523,151</b>          | <b>214,852</b>    | <b>822,847</b>    | <b>7,085,108</b>    |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>  | <b>355,328</b>           | <b>64,536</b>     | <b>264,534</b>            | <b>(67,661)</b>         | <b>24,602</b>     | <b>(20,189)</b>   | <b>621,150</b>      |
| <b>Other Financing Sources (Uses)</b>   |                          |                   |                           |                         |                   |                   |                     |
| Transfers from other funds  | -                        | -                 | -                         | -                       | 56,754            | -                 | 56,754              |
| Transfers to other funds  | -                        | -                 | -                         | -                       | -                 | (56,754)          | (56,754)            |
| Lease/purchase proceeds   | -                        | -                 | -                         | -                       | -                 | 27,175            | 27,175              |
| <b>Total Other Financing Sources (Uses)</b>   | <b>-</b>                 | <b>-</b>          | <b>-</b>                  | <b>-</b>                | <b>56,754</b>     | <b>(29,579)</b>   | <b>27,175</b>       |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b> | <b>355,328</b>           | <b>64,536</b>     | <b>264,534</b>            | <b>(67,661)</b>         | <b>81,356</b>     | <b>(49,768)</b>   | <b>648,325</b>      |
| <b>Fund Balances - Beginning of Year, Restated</b>  | <b>1,704,780</b>         | <b>361,471</b>    | <b>1,181,134</b>          | <b>1,547,086</b>        | <b>36,817</b>     | <b>569,101</b>    | <b>5,400,389</b>    |
| <b>Fund Balances - End of Year</b>  | <b>\$ 2,060,108</b>      | <b>\$ 426,007</b> | <b>\$ 1,445,668</b>       | <b>\$ 1,479,425</b>     | <b>\$ 118,173</b> | <b>\$ 519,333</b> | <b>\$ 6,048,714</b> |

**VILLAGE OF SWANSEA**  
**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, 2014**

|  |  |    |                     |
|--|--|----|---------------------|
| <b>Change in Fund Balances of Governmental Funds</b>   |  | \$ | 648,325             |
| The change in net assets reported for governmental activities in the Statement of Activities is different because:   |  |    |                     |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.   |  |    |                     |
| Donated assets are not recorded in the government funds but are recognized as revenue in the Statement of Activities:  |  |    |                     |
| Capital asset purchases  |  |    | 272,154             |
| Additions to construction in progress  |  |    | 1,151,303           |
| Donated capital assets   |  |    | 238,425             |
| Depreciation expense   |  |    | 500,607             |
|  |  |    |                     |
| In the statement of activities, the loss on the disposition of capital assets is reported. The fund financial statements recognize only the proceeds from the sale of those assets.  |  |    |                     |
|  |  |    | (38)                |
| The governmental funds report debt proceeds and capital lease proceeds as an other financing source, while repayment of principal is reported as an expenditures. In the Statement of Net Position, however, issuing debt and capital leases increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the Statement of Net Position. During the year, one of the Village's TIF District debt expired and is no longer payable by the Village. This reduces the long-term liabilities but has no effect on the fund financial statements. |  |    |                     |
| Repayment of bonds, notes and leases principal   |  |    | 210,697             |
| Expiration of TIF debt   |  |    | 169,382             |
| Proceeds from lease/purchase agreement   |  |    | (27,175)            |
| Under the modified accrual basis of accounting used in governmental funds the effect of discounts and premiums when debt is first issued is reported in the operating statement, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net effect of these differences are as follows:       |  |    |                     |
| Deferred amount on refunding, net of amortization  |  |    | (8,839)             |
| Premium on debt issuance, net of amortization  |  |    | 3,715               |
| Increase in compensated absences   |  |    | (11,803)            |
| Increase in accrued interest obligations   |  |    | (9,714)             |
| Increase in other post employment benefit obligation   |  |    | (85,153)            |
| Increase in net pension obligation (asset)   |  |    | (153,671)           |
| Income tax revenues and grant revenues earned by the Village but not collected within 60 days of year end are reported as deferred inflows of resources in the governmental funds. They are, however, recorded as revenues in the statement of activities.   |  |    |                     |
|  |  |    | (26,158)            |
| <b>Change in Net Position of Governmental Activities</b>   |  |    | <b>\$ 1,210,175</b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS**  
**APRIL 30, 2014**

| <b>ASSETS</b>                      | <b><u>Sewerage</u></b> |
|------------------------------------|------------------------|
| <b>Current Assets</b>              |                        |
| Cash and cash equivalents          | \$ 6,249,244           |
| Investments                        | 2,131,440              |
| Accounts receivable - trade (net)  | 420,882                |
| Interest receivable                | 2,653                  |
| Prepaid insurance                  | <u>40,188</u>          |
| <b>Total Current Assets</b>        | <u>8,844,407</u>       |
| <b>Capital Assets</b>              |                        |
| Non-depreciable                    | 30,000                 |
| Depreciable, net                   | <u>27,973,592</u>      |
| <b>Total Assets</b>                | <u>36,847,999</u>      |
| <br>                               |                        |
| <b>LIABILITIES</b>                 |                        |
| <b>Current Liabilities</b>         |                        |
| Accounts payable                   | 99,713                 |
| Accrued interest payable           | 209,175                |
| Accrued wages and payroll taxes    | 5,720                  |
| Vacation payable                   | 14,475                 |
| Current portion of loans payable   | <u>963,493</u>         |
| <b>Total Current Liabilities</b>   | <u>1,292,576</u>       |
| <br>                               |                        |
| <b>Long-Term Liabilities</b>       |                        |
| Loans payable                      | <u>17,989,562</u>      |
| <b>Total Long-Term Liabilities</b> | <u>17,989,562</u>      |
| <br>                               |                        |
| <b>Total Liabilities</b>           | <u>19,282,138</u>      |
| <br>                               |                        |
| <b>NET POSITION</b>                |                        |
| Net investment in capital assets   | 9,050,537              |
| Unrestricted                       | <u>8,515,324</u>       |
| <b>Total Net Position</b>          | <u>\$ 17,565,861</u>   |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2014**

|   | <b><u>Sewerage</u></b>      |
|---|-----------------------------|
| <b>Operating Revenues</b>                         |                             |
| Charges for services                              | \$ 2,432,363                |
| Tap-in and inspection fees                        | <u>13,050</u>               |
| <b>Total Operating Revenues</b>                   | <u>2,445,413</u>            |
| <b>Operating Expenses</b>                         |                             |
| Personnel services                                | 260,643                     |
| Contractual services                              | 653,166                     |
| Commodities                                       | 46,459                      |
| Depreciation expense                              | 1,167,315                   |
| Administrative fee/General Fund                   | <u>75,396</u>               |
| <b>Total Operating Expenses</b>                   | <u>2,202,979</u>            |
| <b>Operating Income</b>                           | <u>242,434</u>              |
| <b>Non-Operating Revenues (Expenses)</b>          |                             |
| Interest income                                   | 33,136                      |
| Interest expense                                  | (477,013)                   |
| (Loss) on disposal of capital assets              | <u>(19)</u>                 |
| <b>Total Non-Operating Revenues (Expenses)</b>    | <u>(443,896)</u>            |
| <b>Change in Net Position</b>                     | (201,462)                   |
| <b>Net Position - Beginning of Year, Restated</b> | <u>17,767,323</u>           |
| <b>Net Position - End of Year</b>                 | <u><u>\$ 17,565,861</u></u> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF CASH FLOWS – PROPRIETY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|  | <b><u>Sewerage</u></b>     |
|--|----------------------------|
| <b>Cash Flows From Operating Activities</b>                      |                            |
| Cash received from customers                                     | \$ 2,428,119               |
| Cash payments for employees services                             | (256,960)                  |
| Cash payments for goods and services                             | <u>(736,046)</u>           |
| <b>Net Cash Provided By Operating Activities</b>                 | <u>1,435,113</u>           |
| <b>Cash Flows From Noncapital Financing Activities</b>           |                            |
| Transfers among funds (net)                                      | <u>-</u>                   |
| <b>Cash Flows From Capital And Related Financing Activities</b>  |                            |
| Acquisition of plant assets                                      | (98,828)                   |
| Principal debt payments  | (1,232,869)                |
| Interest paid  | <u>(490,708)</u>           |
| <b>Net Cash Used In Capital And Related Financing Activities</b> | <u>(1,822,405)</u>         |
| <b>Cash Flows From Investing Activities</b>                      |                            |
| Proceeds from maturity of investments                            | 1,825,720                  |
| Acquisition of investments                                       | (1,528,081)                |
| Receipts of investment income                                    | <u>30,483</u>              |
| <b>Net Cash Provided By Investing Activities</b>                 | <u>328,122</u>             |
| <b>Net Decrease In Cash And Cash Equivalents</b>                 | (59,170)                   |
| <b>Cash and Cash Equivalents - Beginning of Year</b>             | <u>6,308,414</u>           |
| <b>Cash and Cash Equivalents - End of Year</b>                   | <u><u>\$ 6,249,244</u></u> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|   | <u>Sewerage</u>     |
|---|---------------------|
| <b>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:</b>       |                     |
| <b>Operating Income</b>   | <u>\$ 242,434</u>   |
| <b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities</b> |                     |
| Depreciation  | 1,167,315           |
| <b>Changes In Assets And Liabilities</b>  |                     |
| Increase in accounts receivables  | (17,294)            |
| Increase in prepaid insurance   | (13,469)            |
| Increase in accounts payable  | 52,307              |
| Increase in accrued liabilities   | 721                 |
| Increase in vacation payable  | <u>3,099</u>        |
| <b>Total Adjustments</b>  | <u>1,192,679</u>    |
| <b>Net Cash Provided By Operating Activities</b>  | <u>\$ 1,435,113</u> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**APRIL 30, 2014**

|   | <b><u>Pension<br/>Trust<br/>Funds</u></b> |
|---|---|
| <b>ASSETS</b>                                     |   |
| <b>Current Assets</b>                             |   |
| Cash and cash equivalents                         | \$ 858,347                                |
| Investments, at fair value                        |   |
| Certificates of deposit                           | 753,601                                   |
| Managed mutual funds                              | 3,587,333                                 |
| Government bonds                                  | 1,614,343                                 |
| Corporate bonds                                   | 1,568,319                                 |
| Municipal bonds                                   | 95,195                                    |
| Property tax receivable                           | 805,640                                   |
| Interest receivable                               | 27,181                                    |
| Other   | <u>10,069</u>                             |
| <b>Total Assets</b>                               | <u><u>9,320,028</u></u>                   |
| <b>LIABILITIES</b>                                |   |
| Unremitted payroll taxes                          | <u>3,893</u>                              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |   |
| Unavailable revenue - property taxes              | <u>667,712</u>                            |
| <b>NET POSITION</b>                               |   |
| Net position - restricted for<br>pension benefits | <u>8,648,423</u>                          |
| <b>Total Net Position</b>                         | <u><u>\$ 8,648,423</u></u>                |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|   | <b><u>Pension<br/>Trust<br/>Funds</u></b> |
|---|---|
| <b>Additions</b>                              |   |
| <b>Contributions</b>                          |   |
| Employer (from General Fund)                  | \$ 747,305                                |
| Employees                                     | <u>157,230</u>                            |
| <b>Total Contributions</b>                    | <u>904,535</u>                            |
| <b>Investment Income</b>                      |   |
| Net appreciation in fair value of investments | 35,362                                    |
| Interest and dividends                        | 183,971                                   |
| Realized gain on sale of investments          | 274,770                                   |
| Less: Investment expense                      | <u>52,287</u>                             |
| <b>Net Investment Income</b>                  | <u>441,816</u>                            |
| <b>Total Additions</b>                        | <u>1,346,351</u>                          |
| <b>Deductions</b>                             |   |
| Retirement benefits                           | 469,189                                   |
| Administrative expenses                       | <u>10,361</u>                             |
| <b>Total Deductions</b>                       | <u>479,550</u>                            |
| <b>Change in Net Position</b>                 | 866,801                                   |
| <b>Net Position - Beginning of Year</b>       | <u>7,781,622</u>                          |
| <b>Net Position - End of Year</b>             | <u><u>\$ 8,648,423</u></u>                |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**A. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-Wide, Proprietary Fund and Fiduciary Fund Financial Statements

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village of Swansea (Village) gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements and donations. Revenue from grants, entitlements and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and interest. All other revenue sources including fines, penalties, licenses and other miscellaneous revenues are considered to be measurable and available only when cash is received.

**B. Financial Reporting Entity**

The Village is a local government established under the provisions of Illinois statutes.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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Component Units

The Village has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Village, including joint agreements, should be included within its financial statements as component units. The criteria includes, but is not limited to, whether the Village exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Village has determined that no other outside agency or joint agreement meets the above criteria and, therefore, no other agency or joint agreement has been included as a component unit in the Village's financial statements.

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the Village). These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Village's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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Proprietary fund operating revenues, such as charges for services, generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, generally result from nonexchange transactions or ancillary activities.

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's sewer funds consist of charges for services (including tap-in fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

The Village reports the following major governmental funds:

**General** – This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. These services include, among others, general administration, police and fire protection, streets, park and senior services.

**Special Revenue** – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenues funds account for, among other things, taxes levied with statutorily defined distributions and other resources restricted as to purpose. The funds include the Motor Fuel Fund, Special Business District and Tax Increment Financing Fund.

**Debt Service** – These funds account for governmental resources obtained and accumulated to pay interest and principal on general long-term debt (other than capital leases, workers' compensation and unfunded retirement costs).

**Capital Projects** – These funds account 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 funds:

**Enterprise (Sewerage) Fund** – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. This fund accounts for the operating activities of the Village's water utilities services.

Additionally, the Village reports the following fiduciary fund types:

**Pension Trust** – These funds account for resources that are required to be held in trust for the members and beneficiaries of the Village's two pension plans, which are the Police Pension Fund and the Firefighters' Pension Fund.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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D. Assets and Liabilities

Cash and Cash Equivalents

Cash and cash equivalents consist principally of bank accounts and are stated at cost. The categorization of deposits is revealed in Note 4.

Investments

Investments, other than those in pension funds, consist of certificate of deposits, and are stated at cost, which approximates market. Investments in the pension plans are reported at fair value. Generally, the Village's pension systems' marketable securities are valued at closing prices listed on national securities exchanges and quotes from independent pricing services as of April 30.

Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds that are statutorily authorized to be separately invested and specifically credited with the income realized thereon. Gains or losses on sale of investments are recognized upon realization.

Accounts Receivable and Allowance for Doubtful Accounts

Governmental activities accounts receivable consists of taxes collected at the state level, not yet received by the Village. These include sales, auto rental, franchise, local use, telecom and motor fuel taxes.

Business-type activities accounts receivable reflect unpaid balances from the last billing, payable May 2014 and unbilled amounts for services before the end of the fiscal year. Charges for the period, including the date of the last meter reading to April 30, are accrued based upon the May 2014 billing and included in accounts receivable. Certain of the accounts receivable as of April 30, 2014 were considered to be delinquent or past due.

Accounts receivable are considered to be delinquent or past due if payment is not received by the end of the month in which the services are provided. Any delinquent or past due accounts receivable are written off when all efforts to collect such amounts have been exhausted and it is clear that such amounts will not be collected.

An allowance for doubtful accounts has not been established as it is the Village's policy to use the direct write-off method for accounts deemed to be uncollectible.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

|                                   |               |
|-----------------------------------|---------------|
| Buildings and improvements        | 20 – 50 years |
| Improvements other than buildings | 10 – 25 years |
| Equipment                         | 3 – 10 years  |
| Sewer systems                     | 5 – 50 years  |
| Infrastructure                    | 15 – 40 years |

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements. 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.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources.

E. Equity Classification

The difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "Net Position" on government-wide, proprietary and fiduciary fund financial statements, and "Fund Balance" on governmental fund financial statements.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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Government-Wide, Proprietary Fund and Fiduciary Fund Financial Statements

Net position is reported in three categories:

- Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position - result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through enabling legislation.
- Unrestricted net position - consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The Village’s nonspendable fund balance consists of prepaid items.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Village’s restricted fund balances consists of various taxes approved by voters for specific purposes and amounts restricted due to asset forfeiture.

Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Trustees, the Village’s highest level of decision-making authority. The Village does not have any committed fund balance as of April 30, 2014.

Assigned – This consists of governmental fund balances that are intended to be used for specific purpose by a) Board of Trustees or b) Village Administrator. The Village’s assigned fund balance includes debt service and capital projects.

Unassigned – This consists of the governmental funds that do not meet the definition of “nonspendable,” “restricted,” “committed,” or “assigned.”

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditures toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

F. Compensated Absences

Vacation is earned at rates varying between 80 and 168 hours per year, depending on employee classification and length of service. An employee may carry up to the number of vacation days earned in the previous year past his or her anniversary date. Any excess time is forfeited unless an emergency occurs. At April 30, 2014, the liability for unused vacation is as follows:

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These amounts are recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured.

The Board of Trustees approved a revision to sick leave regulations by ordinance number 1607 on April 8, 2011, which became effective on April 19, 2011. Employees who are enrolled in the Illinois Municipal Retirement Fund (everyone except police officers and firefighters) accumulates sick leave at four hours per month and can earn a maximum of 2,080 hours. Those employees hired prior to this ordinance can accumulate sick leave at eight hours per month. There is no limit on sick leave accrual for police officers and firefighters.

Personal leave is accumulated at 2 days per year. Personal leave is to be used by fiscal year end or it is automatically forfeited.

G. Other Post Employment Benefit Obligation

The Village calculates and records a net other post employment benefit obligation (OPEB) in the government-wide financial statements. The net OPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since May 1, 2009, the date the Village implemented GASB 45. The Village is not required to and has elected not to retroactively implement GASB 45. Details relating to the Village's postretirement health care benefits provided, OPEB liability, and its calculation are provided at Note 9.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

H. Cash Flows

Cash and cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less.

The Village presents its statement of cash flows using the direct method.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

J. Interfund Transactions

The Village has the following types of interfund transactions:

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts at year-end are reported as interfund receivables and payables in the fund balance sheets or fund statements of net positions.

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

Transfers – flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

In addition to liabilities, The Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from two sources: property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Adoption of New Accounting Standards

For the year ended April 30, 2014, the Village adopted GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The accounting change was applied retroactively. As a result, the net position for the year ended April 30, 2013 has been restated as provided in Note 15.

**2. PROPERTY TAXES**

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The 2013 levy was passed by the Board of Trustees on December 16, 2013. Property taxes attach as an enforceable lien on property as of January 1 and are payable in installments in July 2014 and September 2014. The Village receives significant distributions of tax receipts shortly after these two installment dates. Taxes recorded in these financial statements are generally from the 2012 and prior tax levies.

**3. RESTRICTED NET POSITION**

Governmental Activities

- As of April 30, 2014 the Village had \$430 that is restricted for future drug enforcement expenditures, \$104,317 that is restricted for fire protection expenditures, \$426,007 that is restricted for motor fuel tax, \$1,445,668 that is restricted for the special business district and \$1,479,425 that is restricted for tax increment financing.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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**4. DEPOSITS AND INVESTMENTS**

Governmental Activities and Business-Type Activities

The Village follows the practice of pooling cash and investments of all funds with the Village Treasurer except for restricted funds generally held by outside custodians on behalf of Enterprise Funds, investments of the Employees' Retirement Fund held by trustees, and other similar funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as cash and cash equivalents and investments.

The Treasurer is authorized to invest in the following types of investments subject to the provisions as provided in Swansea Municipal Code Section 2-312.

- General Obligation Securities of the United States of America or of the State of Illinois.
- Interest Bearing Savings Accounts, Certificates of Deposit and Time Deposits in any bank where such investments are insured in the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation.
- Short-term discount obligations of the Federal National Mortgage Association.
- Money Market Mutual Funds registered under the Investment Company Act of 1940, as from time to time amended, provided that the portfolio of any such money market mutual fund is limited to bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued which are guaranteed by the full faith of the United States of America as to principal and interest, and including agreements to repurchase such obligations.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

Deposits

The Village's deposits and investments held at April 30, 2014, and reported at fair value, are as follows:

| Type  | Carrying Value |
|---|----------------|
| Deposits:                                   |                |
| Demand deposits                             | \$ 10,766,784  |
| Cash on hand                                | 600            |
| Non-negotiable certificates of deposit      | 2,131,439      |
|   | 12,898,823     |
| Investments:                                |                |
| External investment pool                    | 884,291        |
|   | 884,291        |
| Total Deposits and Investments              | \$ 13,783,114  |
| Reconciliation to the Financial Statements: |                |
| Statement of Net Position:                  |                |
| Governmental Activities:                    |                |
| Cash and cash equivalents                   | \$ 5,297,684   |
| Restricted assets                           | 104,746        |
| Business-Type Activities:                   |                |
| Cash and cash equivalents                   | 6,249,244      |
| Restricted assets                           | 1,528,081      |
| Investments                                 | 603,359        |
|   | \$ 13,783,114  |

*Custodial Credit Risk- Deposits* - 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's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by United States Government Securities. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

*Custodial Credit Risk - Investments* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. As noted above, all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by United States Government Securities. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. As of April 30, 2014, the Village's investments were not exposed to custodial credit risk this year.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

*Investment Interest Rate Risk* - Interest rate risk disclosures provide financial statement users with information about the potential for fair value losses should market interest rates change in the future. The Village manages its exposure to declines in fair values by diversification. The investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements. Maturities of investments held at April 30, 2014 were all less than one year.

*Investment Credit Risk* - Investment credit risk is the risk of loss due to the failure of the security issuer or backer. The Village manages investment credit risk by diversification. At April 30, 2014, the Village's investments were rated AAAM.

*Concentration of Investment Credit Risk* - Concentration of credit risk is required to be disclosed by the Village for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The Village's investment policy indicates the investment portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity; a specific issuer, or a specific class of securities.

At April 30, 2014, the Village's investments were not subject to concentration of investment credit risk.

Firefighter's Pension Fund

At April 30, 2014 the carrying amount of the Firefighter's Pension Fund deposits was \$410,371 and the bank balance was \$409,499. The deposits were comprised of an interest bearing checking account and certificates 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 Firefighter's Pension's name.

As of April 30, 2014, the Firefighter's Pension Fund had the following investments:

| <b>Investment</b>              | <b>Fair Value</b> |
|--------------------------------|-------------------|
| External Investment Pool       | \$ 41,773         |
| Deposits as reported above     | <u>410,371</u>    |
| Total Deposits and Investments | <u>\$ 452,144</u> |

*Investment Interest Rate Risk* - Maturities of investments held at April 30, 2014 were less than one year.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

*Investment Credit Risk* - As of April 30, 2014, the Firefighter's Pension Fund's investments credit ratings were rated AAAm.

*Concentration of Credit Risk* - As of April 30, 2014, the Firefighter's Pension Fund has no concentration of credit risk.

*Foreign Currency Risk* - As of April 30, 2014, the Firefighter's Pension Fund has no foreign currency risk.

**Police Pension Fund**

At April 30, 2014, the carrying amount of the Police Pension Fund's deposits was \$1,144,070 and the bank balance was \$1,169,070. The deposits were comprised of an interest checking account, money market accounts and certificates of deposits.

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

As of April 30, 2014, the Police Pension Fund had the following investments:

| <b>Investment</b>              | <b>Fair Value</b> |
|--------------------------------|-------------------|
| External Investment Pool       | \$ 15,734         |
| Mutual Funds                   | 3,587,333         |
| Government Bonds               | 1,614,343         |
| Corporate Bonds                | 1,568,319         |
| Municipal Bonds                | 95,195            |
|                                | 6,880,924         |
| Deposits as reported above     | 1,144,070         |
| Total Deposits and Investments | \$ 8,024,994      |

*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 as a means of managing its exposure to fair value losses arising from increasing interest rates. The following table represents the investments and maturities of the Police Pension Fund's debt investments as of April 30, 2014.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

| Investment Type          | Fair Value          | Investment Maturities (in Years) |                     |                     |                   |
|--------------------------|---------------------|----------------------------------|---------------------|---------------------|-------------------|
|                          |                     | Less than 1                      | 1-5                 | 6-10                | More Than 10      |
| External investment pool | \$ 15,734           | \$ 15,734                        | \$ -                | \$ -                | \$ -              |
| Mutual funds             | 3,587,333           | 3,587,333                        | -                   | -                   | -                 |
| Government bonds         | 1,614,343           | 282,464                          | 655,999             | 496,982             | 178,898           |
| Corporate bonds          | 1,568,319           | 30,516                           | 476,352             | 871,493             | 189,958           |
| Municipal bonds          | 95,195              | -                                | 20,087              | 41,351              | 33,757            |
|                          | <u>\$ 6,880,924</u> | <u>\$ 3,916,047</u>              | <u>\$ 1,152,438</u> | <u>\$ 1,409,826</u> | <u>\$ 402,613</u> |

*Credit Risk* - As of April 30, 2014, the Police Pension Fund's investments credit ratings, excluding investments in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, are as follows:

| Fair Value | Investment         | Standard & Poors Rating | Moody's Investors Service Rating |
|------------|--------------------|-------------------------|----------------------------------|
| \$ 15,734  | The Illinois Funds | AAAm                    | -                                |
| 1,568,319  | Corporate Bonds    | -                       | AA3 to AAA                       |
| 95,195     | Municipal Bonds    | BBB- to AA+             | BAA3 to AAA                      |

*Concentration of Credit Risk* - As of April 30, 2014, the Police Pension Fund's investments has no concentration of credit risk subject to disclosure requirements.

*Foreign Currency Risk* - As of April 30, 2014, the Police Pension Fund has no foreign currency risk.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

**5. CAPITAL ASSETS**

The following is a summary of changes in Capital Assets for the fiscal year ended April 30, 2014:

Government Activities

|   | Balance<br>May 1,<br>2013 | Additions/<br>Transfers | Deletions/<br>Transfers | Balance<br>April 30,<br>2014 |
|---|---------------------------|-------------------------|-------------------------|------------------------------|
| Capital Assets, Not Being Depreciated:          |                           |                         |                         |                              |
| Construction in progress                        | \$ 118,956                | \$ 1,151,303            | \$ -                    | \$ 1,270,259                 |
| Capital Assets, Being Depreciated:              |                           |                         |                         |                              |
| Infrastructure -                                |                           |                         |                         |                              |
| Annexations                                     | 691,600                   | -                       | -                       | 691,600                      |
| Reconstruction                                  | 5,357,665                 | 103,569                 | -                       | 5,461,234                    |
| Subdivision/Streets                             | 21,278,131                | -                       | -                       | 21,278,131                   |
| Fire Department                                 | 5,503,550                 | 10,368                  | -                       | 5,513,918                    |
| Governmental                                    | 1,094,739                 | 85,458                  | 10,746                  | 1,169,451                    |
| Parks   | 3,939,312                 | 238,425                 | -                       | 4,177,737                    |
| Police Department                               | 797,521                   | 72,759                  | -                       | 870,280                      |
| Streets   | 2,544,222                 | -                       | -                       | 2,544,222                    |
| Total Capital Assets,<br>Being Depreciated      | 41,206,740                | 510,579                 | 10,746                  | 41,706,573                   |
| Less Accumulated Depreciation For:              |                           |                         |                         |                              |
| Infrastructure -                                |                           |                         |                         |                              |
| Annexations                                     | 258,513                   | 16,540                  | -                       | 275,053                      |
| Reconstruction                                  | 1,206,439                 | 133,627                 | -                       | 1,340,066                    |
| Subdivision/Streets                             | 9,188,071                 | 519,658                 | -                       | 9,707,729                    |
| Fire Department                                 | 2,728,420                 | 141,204                 | -                       | 2,869,624                    |
| Governmental                                    | 581,110                   | 35,456                  | 10,708                  | 605,858                      |
| Parks   | 595,238                   | 99,193                  | -                       | 694,431                      |
| Police Department                               | 577,128                   | 79,026                  | -                       | 656,154                      |
| Streets   | 1,212,388                 | 136,571                 | -                       | 1,348,959                    |
| Total Accumulated Depreciation                  | 16,347,307                | 1,161,275               | 10,708                  | 17,497,874                   |
| Total Capital Assets,<br>Being Depreciated, Net | 24,859,433                | (650,696)               | 38                      | 24,208,699                   |
| Governmental Activities,<br>Capital Assets, Net | \$ 24,978,389             | \$ 500,607              | \$ 38                   | \$ 25,478,958                |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

Business-Type Activities

|  | <b>Balance<br/>May 1,<br/>2013</b> | <b>Additions/<br/>Transfers</b> | <b>Deletions/<br/>Transfers</b> | <b>Balance<br/>April 30,<br/>2014</b> |
|--|------------------------------------|---------------------------------|---------------------------------|---------------------------------------|
| <b>Capital Assets, Not Being Depreciated:</b>    |                                    |                                 |                                 |                                       |
| Land   | \$ 30,000                          | \$ -                            | \$ -                            | \$ 30,000                             |
| Construction in progress                         | -                                  | -                               | -                               | -                                     |
| Total Capital Assets,<br>Not Being Depreciated   | 30,000                             | -                               | -                               | 30,000                                |
| <b>Capital Assets, Being Depreciated:</b>        |                                    |                                 |                                 |                                       |
| Buildings and improvements                       | 444,030                            | -                               | -                               | 444,030                               |
| Sewer systems                                    | 13,642,538                         | 19,757                          | -                               | 13,662,295                            |
| Sewer plant expansion *                          | 22,718,517                         | 26,455                          | -                               | 22,744,972                            |
| Equipment  | 760,401                            | 52,616                          | -                               | 813,017                               |
| Office equipment                                 | 4,146                              | -                               | 1,146                           | 3,000                                 |
| Total Capital Assets,<br>Being Depreciated       | 37,569,632                         | 98,828                          | 1,146                           | 37,667,314                            |
| <b>Less: Accumulated Depreciation:</b>           |                                    |                                 |                                 |                                       |
| Buildings and improvements                       | 408,085                            | 7,943                           | -                               | 416,028                               |
| Sewer systems                                    | 5,505,793                          | 274,359                         | -                               | 5,780,152                             |
| Sewer plant expansion                            | 1,963,305                          | 859,889                         | -                               | 2,823,194                             |
| Equipment  | 646,263                            | 25,086                          | -                               | 671,349                               |
| Office equipment                                 | 4,088                              | 38                              | 1,127                           | 2,999                                 |
| Total Accumulated Depreciation                   | 8,527,534                          | 1,167,315                       | 1,127                           | 9,693,722                             |
| Total Capital Assets,<br>Being Depreciated, Net  | 29,042,098                         | (1,068,487)                     | 19                              | 27,973,592                            |
| Business-Type Activities,<br>Capital Assets, Net | \$ 29,072,098                      | \$ (1,068,487)                  | \$ 19                           | \$ 28,003,592                         |

\* The sewer plant expansion includes \$551,928 of interest capitalized during the construction period.

Depreciation expense was charged to functions in the Statement of Activities as follows:

|  |                     |
|--|---------------------|
| <b>Governmental Activities:</b>                        |                     |
| General administration                                 | \$ 35,456           |
| Police protection                                      | 79,026              |
| Fire protection  | 141,204             |
| Streets  | 136,571             |
| Park   | 99,193              |
| Infrastructure   | 669,825             |
| Total Depreciation Expense for Governmental Activities | <u>\$ 1,161,275</u> |
| Business-Type Activities, Sewerage                     | <u>\$ 1,167,315</u> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

**6. LONG TERM LIABILITIES**

The following is a summary of changes in the Village's Long-Term Liabilities for the year ended April 30, 2014.

|  | <b>Balance<br/>May 1,<br/>2013</b> | <b>Additions<br/>and<br/>Transfers</b> | <b>Retirements<br/>and<br/>Transfers</b> | <b>Balance<br/>April 30,<br/>2014</b> | <b>Current<br/>Portion</b> |
|--|------------------------------------|--|--|---------------------------------------|----------------------------|
| <b>Governmental Activities:</b>                        |                                    |  |  |                                       |                            |
| <b>General Obligation Bonds:</b>                       |                                    |  |  |                                       |                            |
| General Obligation Fire Protection Bond                | \$ 165,000                         | \$ -                                   | \$ 165,000                               | \$ -                                  | \$ -                       |
| General Obligation Refunding Bonds                     | 2,115,000                          | -                                      | 15,000                                   | 2,100,000                             | 190,000                    |
| <b>Tax Increment Financing Notes:</b>                  |                                    |  |  |                                       |                            |
| Project Area 2501 North Illinois Street                | 169,382                            | -                                      | 169,382                                  | -                                     | -                          |
| Don's Hardware Redevelopment Project                   | 48,890                             | -                                      | 8,649                                    | 40,241                                | 9,091                      |
| <b>Leases/Notes Payable:</b>                           |                                    |  |  |                                       |                            |
| 2011 Police Automobile                                 | 3,799                              | -                                      | 3,799                                    | -                                     | -                          |
| 2013 Police Automobile                                 | 16,357                             | -                                      | 11,510                                   | 4,847                                 | 4,847                      |
| 2014 Police Automobile                                 | -                                  | 27,175                                 | 6,739                                    | 20,436                                | 13,585                     |
| <b>Accrued Compensated Absences</b>                    | 160,981                            | 53,605                                 | 41,802                                   | 172,784                               | 44,867                     |
| <b>Net Pension Obligation</b>                          | 284,022                            | 845,186                                | 691,515                                  | 437,693                               | -                          |
| <b>Other Post Employment Benefit Obligation</b>        | 328,516                            | 118,865                                | 33,712                                   | 413,669                               | -                          |
|  | <u>\$ 3,291,947</u>                | <u>\$ 1,044,831</u>                    | <u>\$ 1,147,108</u>                      | 3,189,670                             | <u>\$ 262,390</u>          |
| Add: Unamortized premium, net                          |                                    |  |  | <u>33,427</u>                         |                            |
| <b>Long-Term Liabilities - Governmental Activities</b> |                                    |  |  | <u>\$ 3,223,097</u>                   |                            |
| <b>Business-Type Activities:</b>                       |                                    |  |  |                                       |                            |
| <b>Notes Payable:</b>                                  |                                    |  |  |                                       |                            |
| Wastewater Project -<br>Project # L17-254700           | \$ 19,526,567                      | \$ -                                   | \$ 1,201,915                             | \$ 18,324,652                         | \$ 932,151                 |
| Wastewater Project -<br>Project # L17-2786             | 659,357                            | -                                      | 30,954                                   | 628,403                               | 31,342                     |
| <b>Accrued Compensated Absences</b>                    | 11,376                             | 7,145                                  | 4,046                                    | 14,475                                | 14,475                     |
| <b>Total Business-Type Activities</b>                  | <u>\$ 20,197,300</u>               | <u>\$ 7,145</u>                        | <u>\$ 1,236,915</u>                      | <u>\$ 18,967,530</u>                  | <u>\$ 977,968</u>          |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

Bonds Payable

General obligation bonds are supported by a pledge of the Village's full faith and credit. These bonds, which are reported in the government-wide statement of net position, were originally issued to fund a new fire house. The general obligation bonds are to be repaid from future property tax levies and mature December 1, 2023. Interest rates range between 2.0% and 2.5% per annum.

At April 30, 2014, the annual cash flow requirements of bond principal and interest are as follows:

| <b>Year Ending<br/>April 30,</b> | <b>Principal</b>   | <b>Interest</b>  | <b>Total</b>       |
|----------------------------------|--------------------|------------------|--------------------|
| 2015                             | \$ 190,000         | \$ 44,155        | \$ 234,155         |
| 2016                             | 200,000            | 40,355           | 240,355            |
| 2017                             | 200,000            | 36,355           | 236,355            |
| 2018                             | 200,000            | 32,355           | 232,355            |
| 2019                             | 205,000            | 28,355           | 233,355            |
| 2020-2024                        | 1,105,000          | 76,540           | 1,181,540          |
| Total                            | <u>\$2,100,000</u> | <u>\$258,115</u> | <u>\$2,358,115</u> |

Tax Increment Revenue Notes Payable

The Village has entered into agreements to issue tax increment revenue notes for the purpose of paying a portion of the redevelopment costs in connection with several tax increment financing district redevelopment plans. The notes are payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property in the project area and additional economic activity taxes with no specific debt service requirements, and do not constitute a general obligation of the Village. The obligations of the Village with respect to these notes terminate on the maturity dates, whether or not the principal amount or interest thereon has been paid in full. The notes bear interest at a rate of 5% and mature at various dates, the latest being May 19, 2020.

Lease/Notes Payable

The following is a schedule of governmental activities leases/notes payable payments as of:

| <b>Year Ending<br/>April 30,</b> | <b>Lease/Notes<br/>Payable</b> |
|----------------------------------|--------------------------------|
| 2015                             | \$ 18,603                      |
| 2016                             | 6,872                          |
| Total                            | 25,475                         |
| Less: Interest                   | 192                            |
| Outstanding Principal            | <u>\$ 25,283</u>               |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

Notes payable for governmental activities consist of the following:

|  |                  |
|--|------------------|
| Note payable to a financial institution for the purchase of a police vehicle (initial proceeds of \$27,175), payable in monthly installments of \$1,145 including interest at 1.04%, maturity date October 30, 2015, collateralized by the police vehicle. | \$ 20,436        |
| Note payable to a financial institution for the purchase of a police vehicle (initial proceeds of \$22,972), payable in monthly installments of \$975 including interest at 1.7%, maturity date September 26, 2014, collateralized by the police vehicle.  | <u>4,847</u>     |
| Total Governmental Activities  | <u>\$ 25,283</u> |

Notes payable for business-type activities consist of the following:

|   |                      |
|---|----------------------|
| Note payable to the Illinois Environmental Protection Agency ("IEPA") for the improvement of the Wastewater Treatment Plan, collateralized by future revenue of sewer system. The total loan amount of \$21,156,246 is payable in semi-annual installments of principal and interest at a rate of 2.5%. | \$ 18,324,652        |
| Note payable to the Illinois Environmental Protection Agency ("IEPA") for the improvement of the Western Avenue Lift Station, collateralized by future revenue of sewer system. The total loan amount of \$673,139 is payable in semi-annual installments of principal and interest at a rate of 1.25%. | <u>628,403</u>       |
| Total Business-Type Activities  | <u>\$ 18,953,055</u> |

In October 2008, the Village entered into a loan agreement with the Illinois Environmental Protection Agency ("IEPA") for the construction, improvement and expansion of the Village's wastewater treatment facility. For the purposes of calculating the repayment schedule, the IEPA shall consider the principal of the loan to consist of all unpaid disbursements plus all unpaid interest accrued on these disbursements. The IEPA calls for semi-annual payments for a twenty-year period at 2.50% interest. The first scheduled repayment was due May 2011 with the final payment due in May 2030.

In December 2010, the Village entered into a loan agreement with the Illinois Environmental Protection Agency ("IEPA") for improvements to the Western Avenue Lift Station. The IEPA calls for semi-annual payments for a twenty-year period at 1.25% interest. The first scheduled payment was due April 2013 with the final payment due in April 2032.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

At April 30, 2014, the annual cash flow requirement of note principal and interest are as follows:

| <b>Year Ending<br/>April 30,</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>  |
|----------------------------------|------------------|-----------------|---------------|
| 2015                             | \$ 963,493       | \$ 460,085      | \$ 1,423,578  |
| 2016                             | 987,335          | 436,243         | 1,423,578     |
| 2017                             | 1,011,772        | 411,806         | 1,423,578     |
| 2018                             | 1,036,819        | 386,759         | 1,423,578     |
| 2019                             | 1,062,491        | 361,087         | 1,423,578     |
| 2020-2024                        | 5,720,529        | 1,397,360       | 7,117,889     |
| 2025-2029                        | 6,465,561        | 652,328         | 7,117,889     |
| 2030-2032                        | 1,705,055        | 36,942          | 1,741,997     |
| Total                            | \$ 18,953,055    | \$4,142,610     | \$ 23,095,665 |

**7. SHORT-TERM DEBT ACTIVITY**

Line of Credit

The Village entered into an unsecured line of credit agreement that allows the Village to receive up to \$500,000. Accrued interest is due and payable in monthly installments at a rate of prime rate less 0.26% at April 30, 2014. The agreement expires September 5, 2014. There was no activity for the year ended April 30, 2014.

**8. RETIREMENT FUND COMMITMENTS**

A. Illinois Municipal Retirement Fund

*Plan Description*

The Village's agent defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer 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 (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

*Funding Policy*

As set by statute, the Village's Regular plan 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 2013 was 14.27 percent. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost*

The required contribution for calendar year 2013 was \$141,989.

**THREE-YEAR TREND INFORMATION**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|---|--|--|-----------------------------------|
| 12/31/13                                | \$ 141,989                               | 100%   | \$ -                              |
| 12/31/12                                | 132,412                                  | 100%   | -                                 |
| 12/31/11                                | 135,033                                  | 100%   | -                                 |

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.50 percent investment rate of return (net of administrative expenses and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of the Village's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of project payroll on an open 30 year basis.

*Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 72.41 percent funded. The actuarial accrued liability for benefits was \$3,498,451 and the actuarial value of assets was \$2,533,360, resulting in an underfunded actuarial accrued liability (UAAL) of \$965,091. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$995,016 and the ratio of UAAL to the covered payroll was 97 percent.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

The schedule of funding progress, presented as RSI 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 liability for benefits.

**B. Police and Firefighters' Pension Plans**

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% of the current pension amount annually thereafter. The pension of a police officer who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by one-half of 1% for each month that the police officer's age is under age 55.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund up to 90% of the total actuarial liabilities for the Police Pension Plan.

The Village currently has five retirees and beneficiaries currently receiving benefits, 3 disabled individuals receiving benefits, and 19 active employees.

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held in the fire service at the date of retirement. The pensions shall be increased by 2.50% of such salary for each additional year over 20 years of service through 30 years of service, to a maximum of 75.00% of such salary. Employees with at least ten

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% of the current pension amount annually thereafter.

If hired on or after January 1, 2011, eligibility is age 55 with 10 years of creditable service. The benefit is 2.5% times final average salary (highest 8 years consecutive out of last 10 years) times service, subject to a maximum of 75%. Employees with at least ten years of service may retire at or after age 50 and receive a reduced benefit.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund up to 90% of the total actuarial liabilities for the Firefighters' Pension Plan. The Village currently has two active employees participating in the Plan.

C. Significant Investments

There are no significant investments (other than mutual funds and certificate of deposits) in any one organization that represent 5.00% or more of plan net position for either the Police or the Firefighters' Pension Plans. The fair value of investments are valued at market using quoted market prices.

D. Annual Pension Costs

Employer contributions have been determined as follows:

|                          | <b>Police<br/>Pension</b>         | <b>Firefighters'<br/>Pension</b>  |
|--------------------------|-----------------------------------|-----------------------------------|
| Actuarial Valuation Date | 04/30/14                          | 04/30/14                          |
| Actuarial Cost Method    | Projected unit<br>credit cost     | Projected unit<br>credit cost     |
| Asset Valuation Method   | Market                            | Market                            |
| Amortization Method      | Level<br>Percentage of<br>Payroll | Level<br>Percentage of<br>Payroll |
| Amortization Period      | 22.58                             | 30                                |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

|  | <b>Police<br/>Pension</b>       | <b>Firefighters'<br/>Pension</b> |
|--|---------------------------------|----------------------------------|
| <b>Significant Actuarial Assumptions</b>                   |                                 |                                  |
| a) Rate of Return on Present and Future Assets             | 5.00%<br>Compounded<br>Annually | 5.00%<br>Compounded<br>Annually  |
| b) Projected Salary Increase – Attributable to Inflation   | 3.0%<br>Compounded<br>Annually  | 3.0%<br>Compounded<br>Annually   |
| c) Additional Projected Salary Increases – Seniority/Merit | Not<br>Available                | Not<br>Available                 |
| d) Post-Retirement Benefit Increases                       | 3.0%<br>Compounded<br>Annually  | 3.0%<br>Compounded<br>Annually   |

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

|                                      | <b>Police<br/>Pension</b> | <b>Firefighters'<br/>Pension</b> |
|--------------------------------------|---------------------------|----------------------------------|
| <b>Annual Pension Cost (APC)</b>     |                           |                                  |
| 2012                                 | \$722,563                 | \$43,797                         |
| 2013                                 | 759,613                   | 41,404                           |
| 2014                                 | 798,087                   | 47,099                           |
| <b>Actual Contribution</b>           |                           |                                  |
| 2012                                 | \$560,174                 | \$39,603                         |
| 2013                                 | 664,767                   | 42,926                           |
| 2014                                 | 650,493                   | 41,022                           |
| <b>Percentage of ARC Contributed</b> |                           |                                  |
| 2012                                 | 77.5%                     | 90.4%                            |
| 2013                                 | 87.6%                     | 103.7%                           |
| 2014                                 | 81.7%                     | 87.1%                            |
| <b>NPO (Obligation)</b>              |                           |                                  |
| 2012                                 | \$178,886                 | \$11,812                         |
| 2013                                 | 273,732                   | 10,290                           |
| 2014                                 | 421,326                   | 16,367                           |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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E. Funding Status and Funding Progress

As of April 30, 2014, the most recent actuarial valuation date, the plans were 48.8% funded. The actuarial accrued liability for benefits was \$17.5 million, and the actuarial value of assets was \$8.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.9 million, and the ratio of the UAAL to the covered payroll was 464.6%.

9. **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to providing the pension benefits described in Note 8, the Village is required by state statute to provide for continuation of medical, prescription drug and dental insurance to employees who retire from the Village who meet the retirement requirements of IMRF. Retirees who elect to participate must pay 100% of the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since the retirees pay the premium for each year, the Village share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The plan is a single-employer defined benefit OPEB plan. The benefits and benefit levels are governed by Village policy. The plan is not accounted for as a trust fund since an irrevocable trust has not been established. A stand-alone financial report is not available for the plan.

Funding Policy

The Village currently pays for the implicit rate subsidy associated with these post-employment health care benefits on a pay-as-you-go basis. As of April 30, 2014, no trust fund has been established for the funding of the plan's post-employment benefit obligation, resulting in the classification of all of the liability as unfunded. Additional information is presented as required supplementary information, schedule of funding progress.

Annual OPEB Cost and Net OPEB Obligation

The Village's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation, as of April 30, 2014:

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

|   |                             |
|---|-----------------------------|
| Annual Required Contribution            | \$ 123,813                  |
| Interest on net OPEB obligation         | 16,426                      |
| Amortization of net OPEB obligation     | <u>(21,374)</u>             |
| Annual OPEB cost                        | 118,865                     |
| Contributions made *                    | <u>33,712</u>               |
| Increase in net OPEB obligation         | 85,153                      |
| Net OPEB obligation - beginning of year | <u>328,516</u>              |
| <br>Net OPEB obligation - end of year   | <br><u><u>\$413,669</u></u> |

\* Contribution related to implicit rate subsidy.

The net OPEB obligation is reflected as a long-term liability within the accompanying basic financial statements.

Historical trend information about the Village's participation in the plan is as follows:

| <b>Plan Year<br/>Ended April 30,</b> | <b>Annual<br/>Required OPEB<br/>Cost</b> | <b>Employer<br/>contributions</b> | <b>Percentage<br/>of ARC<br/>Contributed</b> | <b>Net OPEB<br/>Obligation</b> |
|--------------------------------------|--|-----------------------------------|--|--------------------------------|
| 2012                                 | \$ 119,889                               | \$ 30,636                         | 25.6%  | \$ 234,503                     |
| 2013                                 | \$ 124,649                               | \$ 30,636                         | 24.6%  | \$ 328,516                     |
| 2014                                 | \$ 118,865                               | \$ 33,712                         | 28.4%  | \$ 413,669                     |

**Funded Status and Funding Progress**

As of May 1, 2014, the most recent actuarial valuation date, the plan was not prefunded. For the year ended April 30, 2014, the actuarial accrued liability for benefits was \$1,328,625, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,328,625. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.7 million, and the rate of the UAAL to the covered payroll was 49.5 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 under 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 is presented as required supplementary information following the notes to the financial statements. Multi-year trend information about whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits will be presented in subsequent years.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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Annual Methods and Assumptions

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

In the May 1, 2014 actuarial valuation, the projected credit cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return assuming the benefits are not pre-funded. The discount rate is based on the expected earnings of the Village's general fund. Payroll is assumed to increase at a rate of 5.0 percent per annum. The healthcare trends used in the valuation are based on long term healthcare trends at an initial rate of 8.0 percent graded down 1.0 percent each year to an ultimate rate of 5.0 percent. The health mortality is based on the RP 2000 Mortality Tables. The amortization period of the unfunded Actuarial Accrued Liability (AAL) is 30 years. The remaining amortization period at April 30, 2014, was 28 years.

**10. RISK MANAGEMENT**

Significant losses are covered by commercial insurance for all major programs: property, liability and workers' compensation. During the year ended April 30, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

The Village is a member of the Illinois Public Risk Fund, a joint risk management pool of cities and villages throughout the State of Illinois, through which workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities. The IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

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**11. CONTINGENCIES**

The Village has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The Village believes any adjustments that may arise from these audits will be insignificant to Village operations.

**12. BUDGET**

Expenditures of the General Fund, Capital Projects Fund and Tax Increment Financing Fund exceeded those budgeted when including transfers for the year ended April 30, 2014. In addition, a deficit was budgeted in the Motor Fuel Tax Fund.

**13. TRANSFERS**

During the year ended April 30, 2014, a transfer was made from the Capital Projects Fund to the Debt Service Fund for the fire house bond payment.

**14. RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In June 2012, the GASB issued Statement No. 67 "Financial Reporting for Pension Plans" and Statement No. 68 "Accounting and Reporting for Pensions". The objective of these Statements is to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 67 are effective for periods beginning after June 15, 2013, and the requirements in Statement No. 68 are effective for periods beginning after June 15, 2014.

In January 2013, the GASB issued Statement No. 69 "Government Combinations and Disposals of Government Operations." The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The requirements of this Statement are effective for periods beginning after December 15, 2013.

In April 2013, the GASB issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." The objective of this Statement is to improve recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The requirements of this Statement are effective for periods beginning after June 15, 2013.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

*Notes to Basic Financial Statements (continued)*

In November 2013, the GASB issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68." This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The requirements in this Statement are effective simultaneously with the requirements of Statement No. 68 which is effective for periods beginning after June 15, 2014.

The effects on the Village's financial statements as a result of the adoption of these new pronouncements are unknown.

**15. PRIOR PERIOD ADJUSTMENTS**

During the year ended April 30, 2014, the following affected the beginning net position and fund balance of the Village:

| <b>Government-Wide Financial Statements</b>   | <b><u>Governmental<br/>Activities</u></b>         |   |
|---|---|---|
| <b>Net position, beginning of year, as originally reported</b>  | \$  | 27,349,616  |
| Implementation of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement requires that bond issuance costs be shown as current-period outflows of resources (expenses). |   | (33,756)  |
| Effect of governmental fund financial statement adjustment.   |   | <u>41,703</u>   |
| <b>Net position, beginning of year, restated</b>  | <b>\$</b>   | <b><u>27,357,563</u></b>  |
| <br><b>Fund Financial Statements</b>  | <b><u>General -<br/>Governmental<br/>Fund</u></b> | <b><u>Sewer Operations<br/>and Maintenance -<br/>Proprietary Fund</u></b> |
| <b>Fund balance/net position, beginning of year, as originally reported</b>   | \$  | 1,663,077   |
| Member balances in the IPBC terminal reserve account are declared dividends of the cooperative and are considered a prepaid asset of the Village.   |   | 2,362   |
| <b>Fund balance/net position, beginning of year, restated</b>   | <b>\$</b>   | <b><u>1,704,780</u></b>   |
|   |   | <b><u>\$ 13,008,161</u></b>   |

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**Required Supplementary Information**

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**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON – GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|  | <u>Budgeted Amounts</u>    |                         |                     | <b>Variance -<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|---------------------|---|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       |   |
| <b>REVENUES</b>  |                            |                         |                     |   |
| Property taxes   | \$ 152,560                 | \$ 152,560              | \$ 178,278          | \$ 25,718   |
| Township road and bridge tax   | 99,000                     | 99,000                  | 111,880             | 12,880  |
| Licenses and permits   | 76,104                     | 76,104                  | 62,635              | (13,469)  |
| Utility tax  | 768,000                    | 768,000                 | 809,015             | 41,015  |
| Intergovernmental  | 2,680,000                  | 2,680,000               | 2,811,899           | 131,899   |
| Fines  | 51,996                     | 51,996                  | 38,964              | (13,032)  |
| Foreign fire tax   | 14,000                     | 14,000                  | 25,234              | 11,234  |
| Franchise fees   | 388,000                    | 388,000                 | 381,899             | (6,101)   |
| Interest income  | 2,160                      | 2,160                   | 3,868               | 1,708   |
| Administrative fee   | 75,396                     | 75,396                  | 75,396              | -   |
| Miscellaneous  | 130,821                    | 130,821                 | 123,664             | (7,157)   |
| Rental   | 131,513                    | 131,513                 | 44,397              | (87,116)  |
| Donations  | 9,000                      | 9,000                   | 10,181              | 1,181   |
| Grants   | -                          | -                       | 12,500              | 12,500  |
| Taxes to police pension  | 585,000                    | 585,000                 | 739,600             | 154,600   |
| Taxes to firefighters pension  | 41,000                     | 41,000                  | 50,286              | 9,286   |
| <b>Total Revenues</b>  | <b>5,204,550</b>           | <b>5,204,550</b>        | <b>5,479,696</b>    | <b>275,146</b>                                    |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| General administration   | 682,992                    | 682,992                 | 581,486             | 101,506   |
| Planning and zoning  | 224,425                    | 224,425                 | 222,407             | 2,018   |
| Police protection  | 2,494,570                  | 2,494,570               | 2,393,799           | 100,771   |
| Police pension   | 585,000                    | 585,000                 | 739,600             | (154,600)   |
| Fire protection  | 227,496                    | 227,496                 | 226,224             | 1,272   |
| Fire pension   | 41,000                     | 41,000                  | 50,286              | (9,286)   |
| Streets  | 574,760                    | 574,760                 | 583,908             | (9,148)   |
| Park   | 72,518                     | 72,518                  | 60,476              | 12,042  |
| Senior services  | 750                        | 750                     | 75                  | 675   |
| Audit  | 32,500                     | 32,500                  | 28,809              | 3,691   |
| Workmen's compensation and liability insurance   | 132,165                    | 132,165                 | 159,969             | (27,804)  |
| Capital outlay   | 19,050                     | 19,050                  | 77,329              | (58,279)  |
| <b>Total Expenditures</b>  | <b>5,087,226</b>           | <b>5,087,226</b>        | <b>5,124,368</b>    | <b>(37,142)</b>                                   |
| <b>Excess of Revenues Over Expenditures</b>  | <b>117,324</b>             | <b>117,324</b>          | <b>355,328</b>      | <b>238,004</b>                                    |
| <b>Other Financing Sources (Uses)</b>  |                            |                         |                     |   |
| Transfers from other funds   | -                          | -                       | -                   | -   |
| Transfers to other funds   | -                          | -                       | -                   | -   |
| <b>Excess of Revenues and Other Financing Sources<br/>Over Expenditures and Other Financing Uses</b> | <b>\$ 117,324</b>          | <b>\$ 117,324</b>       | <b>355,328</b>      | <b>\$ 238,004</b>                                 |
| <b>Fund Balances - Beginning of Year, Restated</b>   |                            |                         | <b>1,704,780</b>    |   |
| <b>Fund Balances - End of Year</b>   |                            |                         | <b>\$ 2,060,108</b> |   |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON – MOTOR FUEL TAX FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

| REVENUES  | <u>Budgeted Amounts</u>    |                         |                   | Variance -<br>Favorable<br>(Unfavorable) |
|---|----------------------------|-------------------------|-------------------|--|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     |  |
| Property taxes  | \$ -                       | \$ -                    | \$ -              | \$ -                                     |
| Township road and bridge tax  | -                          | -                       | -                 | -  |
| Licenses and permits  | -                          | -                       | -                 | -  |
| Utility tax   | -                          | -                       | -                 | -  |
| Intergovernmental   | 370,000                    | 370,000                 | 446,441           | 76,441                                   |
| Fines   | -                          | -                       | -                 | -  |
| Foreign fire tax  | -                          | -                       | -                 | -  |
| Franchise fees  | -                          | -                       | -                 | -  |
| Interest income   | 718                        | 718                     | 956               | 238                                      |
| Administrative fee  | -                          | -                       | -                 | -  |
| Miscellaneous   | 2,500                      | 2,500                   | 4,163             | 1,663                                    |
| Rental  | -                          | -                       | -                 | -  |
| Donations   | -                          | -                       | -                 | -  |
| Grants  | -                          | -                       | -                 | -  |
| Taxes to police pension   | -                          | -                       | -                 | -  |
| Taxes to firefighters pension   | -                          | -                       | -                 | -  |
| <b>Total Revenues</b>   | <b>373,218</b>             | <b>373,218</b>          | <b>451,560</b>    | <b>78,342</b>                            |
| <b>EXPENDITURES</b>   |                            |                         |                   |  |
| General administration  | -                          | -                       | -                 | -  |
| Planning and zoning   | -                          | -                       | -                 | -  |
| Police protection   | -                          | -                       | -                 | -  |
| Police pension  | -                          | -                       | -                 | -  |
| Fire protection   | -                          | -                       | -                 | -  |
| Fire pension  | -                          | -                       | -                 | -  |
| Streets   | -                          | -                       | -                 | -  |
| Park  | -                          | -                       | -                 | -  |
| Senior services   | -                          | -                       | -                 | -  |
| Audit   | -                          | -                       | -                 | -  |
| Workmen's compensation and liability insurance  | -                          | -                       | -                 | -  |
| Motor fuel tax  | 387,946                    | 387,946                 | 243,586           | 144,360                                  |
| Special business district   | -                          | -                       | -                 | -  |
| Tax increment financing   | -                          | -                       | -                 | -  |
| Capital outlay  | 396,208                    | 396,208                 | 143,438           | 252,770                                  |
| Debt service  | -                          | -                       | -                 | -  |
| Lease and note payments   | -                          | -                       | -                 | -  |
| Bond principal retired  | -                          | -                       | -                 | -  |
| Interest and service charge   | -                          | -                       | -                 | -  |
| <b>Total Expenditures</b>   | <b>784,154</b>             | <b>784,154</b>          | <b>387,024</b>    | <b>397,130</b>                           |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>  | <b>(410,936)</b>           | <b>(410,936)</b>        | <b>64,536</b>     | <b>475,472</b>                           |
| <b>Other Financing Sources (Uses)</b>   |                            |                         |                   |  |
| Transfers from other funds  | -                          | -                       | -                 | -  |
| Transfers to other funds  | -                          | -                       | -                 | -  |
| <b>Excess (Deficiency) of Revenues and Other Financing<br/>Sources Over Expenditures and Other Financing Uses</b> | <b>\$ (410,936)</b>        | <b>\$ (410,936)</b>     | <b>64,536</b>     | <b>\$ 475,472</b>                        |
| <b>Fund Balances - Beginning of Year</b>  |                            |                         | <b>361,471</b>    |  |
| <b>Fund Balances - End of Year</b>  |                            |                         | <b>\$ 426,007</b> |  |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON – SPECIAL BUSINESS DISTRICT FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|  | <b>Budgeted Amounts</b>    |                         |                     | <b>Variance -<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|---------------------|---|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       |   |
| <b>REVENUES</b>  |                            |                         |                     |   |
| Property taxes   | \$ -                       | \$ -                    | \$ -                | \$ -  |
| Township road and bridge tax   | -                          | -                       | -                   | -   |
| Licenses and permits   | -                          | -                       | -                   | -   |
| Utility tax  | -                          | -                       | -                   | -   |
| Intergovernmental  | 277,500                    | 277,500                 | 273,901             | (3,599)   |
| Fines  | -                          | -                       | -                   | -   |
| Foreign fire tax   | -                          | -                       | -                   | -   |
| Franchise fees   | -                          | -                       | -                   | -   |
| Interest income  | 2,695                      | 2,695                   | 3,499               | 804   |
| Administrative fee   | -                          | -                       | -                   | -   |
| Miscellaneous  | -                          | -                       | -                   | -   |
| Rental   | -                          | -                       | -                   | -   |
| Donations  | -                          | -                       | -                   | -   |
| Grants   | -                          | -                       | -                   | -   |
| Taxes to police pension  | -                          | -                       | -                   | -   |
| Taxes to firefighters pension  | -                          | -                       | -                   | -   |
| <b>Total Revenues</b>  | <b>280,195</b>             | <b>280,195</b>          | <b>277,400</b>      | <b>(2,795)</b>                                    |
| <b>EXPENDITURES</b>  |                            |                         |                     |   |
| General administration   | -                          | -                       | -                   | -   |
| Planning and zoning  | -                          | -                       | -                   | -   |
| Police protection  | -                          | -                       | -                   | -   |
| Police pension   | -                          | -                       | -                   | -   |
| Fire protection  | -                          | -                       | -                   | -   |
| Fire pension   | -                          | -                       | -                   | -   |
| Streets  | -                          | -                       | -                   | -   |
| Park   | -                          | -                       | -                   | -   |
| Senior services  | -                          | -                       | -                   | -   |
| Audit  | -                          | -                       | -                   | -   |
| Workmen's compensation and liability insurance   | -                          | -                       | -                   | -   |
| Motor fuel tax   | -                          | -                       | -                   | -   |
| Special business district  | 38,000                     | 38,000                  | -                   | 38,000  |
| Tax increment financing  | -                          | -                       | -                   | -   |
| Capital outlay   | 22,000                     | 22,000                  | 12,866              | 9,134   |
| Debt service   | -                          | -                       | -                   | -   |
| Lease and note payments  | -                          | -                       | -                   | -   |
| Bond principal retired   | -                          | -                       | -                   | -   |
| Interest and service charge  | -                          | -                       | -                   | -   |
| <b>Total Expenditures</b>  | <b>60,000</b>              | <b>60,000</b>           | <b>12,866</b>       | <b>47,134</b>                                     |
| <b>Excess of Revenues Over Expenditures</b>  | <b>220,195</b>             | <b>220,195</b>          | <b>264,534</b>      | <b>44,339</b>                                     |
| <b>Other Financing Sources (Uses)</b>  |                            |                         |                     |   |
| Transfers from other funds   | -                          | -                       | -                   | -   |
| Transfers to other funds   | -                          | -                       | -                   | -   |
| <b>Excess of Revenues and Other Financing<br/>Sources Over Expenditures and Other Financing Uses</b> | <b>\$ 220,195</b>          | <b>\$ 220,195</b>       | <b>264,534</b>      | <b>\$ 44,339</b>                                  |
| <b>Fund Balances - Beginning of Year</b>   |                            |                         | <b>1,181,134</b>    |   |
| <b>Fund Balances - End of Year</b>   |                            |                         | <b>\$ 1,445,668</b> |   |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON – TAX INCREMENT FINANCING FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

| REVENUES  | Budgeted Amounts   |                    | Actual              | Variance -<br>Favorable<br>(Unfavorable) |
|---|--------------------|--------------------|---------------------|--|
|   | Original<br>Budget | Final<br>Budget    |                     |  |
| Property taxes  | \$ 445,502         | \$ 445,502         | \$ 451,112          | \$ 5,610                                 |
| Township road and bridge tax  | -                  | -                  | -                   | -  |
| Licenses and permits  | -                  | -                  | -                   | -  |
| Utility tax   | -                  | -                  | -                   | -  |
| Intergovernmental   | -                  | -                  | -                   | -  |
| Fines   | -                  | -                  | -                   | -  |
| Foreign fire tax  | -                  | -                  | -                   | -  |
| Franchise fees  | -                  | -                  | -                   | -  |
| Interest income   | 5,202              | 5,202              | 4,378               | (824)                                    |
| Administrative fee  | -                  | -                  | -                   | -  |
| Miscellaneous   | -                  | -                  | -                   | -  |
| Rental  | -                  | -                  | -                   | -  |
| Donations   | -                  | -                  | -                   | -  |
| Grants  | -                  | -                  | -                   | -  |
| Taxes to police pension   | -                  | -                  | -                   | -  |
| Taxes to firefighters pension   | -                  | -                  | -                   | -  |
| <b>Total Revenues</b>   | <b>450,704</b>     | <b>450,704</b>     | <b>455,490</b>      | <b>4,786</b>                             |
| <b>EXPENDITURES</b>   |                    |                    |                     |  |
| General administration  | -                  | -                  | -                   | -  |
| Planning and zoning   | -                  | -                  | -                   | -  |
| Police protection   | -                  | -                  | -                   | -  |
| Police pension  | -                  | -                  | -                   | -  |
| Fire protection   | -                  | -                  | -                   | -  |
| Fire pension  | -                  | -                  | -                   | -  |
| Streets   | -                  | -                  | -                   | -  |
| Park  | -                  | -                  | -                   | -  |
| Senior services   | -                  | -                  | -                   | -  |
| Audit   | -                  | -                  | -                   | -  |
| Workmen's compensation and liability insurance  | -                  | -                  | -                   | -  |
| Motor fuel tax  | -                  | -                  | -                   | -  |
| Special business district   | -                  | -                  | -                   | -  |
| Tax increment financing   | 29,000             | 29,000             | 30,186              | (1,186)                                  |
| Capital outlay  | 461,700            | 461,700            | 481,815             | (20,115)                                 |
| Debt service  |                    |                    |                     |  |
| Lease and note payments   | 8,649              | 8,649              | 8,649               | -  |
| Bond principal retired  | -                  | -                  | -                   | -  |
| Interest and service charge   | 5,001              | 5,001              | 2,501               | 2,500                                    |
| <b>Total Expenditures</b>   | <b>504,350</b>     | <b>504,350</b>     | <b>523,151</b>      | <b>(18,801)</b>                          |
| <b>Deficiency of Revenues Over Expenditures</b>   | <b>(53,646)</b>    | <b>(53,646)</b>    | <b>(67,661)</b>     | <b>(14,015)</b>                          |
| <b>Other Financing Sources (Uses)</b>   |                    |                    |                     |  |
| Transfers from other funds  | -                  | -                  | -                   | -  |
| Transfers to other funds  | -                  | -                  | -                   | -  |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b> | <b>\$ (53,646)</b> | <b>\$ (53,646)</b> | <b>(67,661)</b>     | <b>\$ (14,015)</b>                       |
| <b>Fund Balances - Beginning of Year</b>  |                    |                    | <b>1,547,086</b>    |  |
| <b>Fund Balances - End of Year</b>  |                    |                    | <b>\$ 1,479,425</b> |  |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**NOTES TO BUDGETARY COMPARISON INFORMATION**  
**APRIL 30, 2014**

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Note 1. Budgetary Accounts

Budgets are adopted on a basis consistent with the GAAP. Annual budgets are adopted for all funds. All annual budgets lapse at fiscal year-end.

The Village uses the following procedures in establishing the budgetary information reflected in the financial statements:

Village Management prepares the operating budget for the fiscal year commencing May 1. Public meetings are conducted to obtain taxpayer comments. During the year, the budget is legally enacted through passage of an ordinance and is amended as necessary by action of the Board. Formal budgetary integration is employed as a management control service during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

In the event the budget needs to be amended, a majority of the voting members must approve the amended budget in a regular meeting. The original budget was approved April 15, 2013.

The Village does not utilize an encumbrance system.

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS –**  
**DEFINED BENEFIT PENSION PLANS**  
**APRIL 30, 2014**

| Actuarial<br>Valuation<br>Date       | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Liability<br>(AAL)–<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| <b>Illinois Municipal Retirement</b> |  |  |                                    |                          |                           |   |
| 12/31/13                             | \$2,533,360                            | \$3,498,451  | \$ 965,091                         | 72.41%                   | \$ 995,016                | 96.99%  |
| 12/31/12                             | \$2,572,040                            | \$3,622,098  | \$1,050,058                        | 71.01%                   | \$1,050,889               | 99.92%  |
| 12/31/11                             | \$2,233,866                            | \$3,382,239  | \$1,148,373                        | 66.05%                   | \$1,064,927               | 107.84%   |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,976,724. On a market basis, the funded ratio would be 85.09%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Swansea. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**Police Pension Fund**

|         |             |              |             |        |             |         |
|---------|-------------|--------------|-------------|--------|-------------|---------|
| 4/30/14 | \$8,026,065 | \$16,736,104 | \$8,710,039 | 47.96% | \$1,806,672 | 482.10% |
| 4/30/13 | \$7,884,576 | \$15,757,888 | \$7,873,312 | 50.04% | \$1,372,119 | 573.80% |
| 4/30/12 | \$6,983,687 | \$14,791,155 | \$7,807,468 | 47.22% | \$1,332,154 | 586.10% |

**Firefighters' Pension Fund**

|         |           |           |            |        |           |         |
|---------|-----------|-----------|------------|--------|-----------|---------|
| 4/30/14 | \$495,096 | \$730,208 | \$ 235,112 | 67.80% | \$118,549 | 198.30% |
| 4/30/13 | \$435,991 | \$653,526 | \$ 217,535 | 66.71% | \$108,411 | 200.70% |
| 4/30/12 | \$381,725 | \$520,674 | \$ 138,949 | 73.30% | \$107,500 | 129.30% |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS –**  
**DEFINED BENEFIT PENSION PLANS**  
**APRIL 30, 2014**

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| <b>Year</b>                           | <b>Annual Required<br/>Contribution</b> | <b>Percentage<br/>Contributed</b> |
|---------------------------------------|---|-----------------------------------|
| <b>Police Pension Fund</b>            |   |                                   |
| 04/30/14                              | \$796,522                               | 81.67%                            |
| 04/30/13                              | \$758,592                               | 87.63%                            |
| 04/30/12                              | \$722,469                               | 77.54%                            |
| <br><b>Firefighters' Pension Fund</b> |   |                                   |
| 04/30/14                              | \$47,254                                | 87.10%                            |
| 04/30/13                              | \$41,336                                | 103.68%                           |
| 04/30/12                              | \$44,261                                | 90.42%                            |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS –**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**APRIL 30, 2014**

The following required supplementary information relates to the Village's other post-employment benefits program. The Village implemented GASB Statement No. 45 for the year ended April 30, 2010; therefore, information for prior years is not available. Actuarial valuations are required biennially as permitted by GASB Statement No. 45.

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(b) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|---|
| 5/1/2012                       | -                                      | \$1,377,670                              | \$1,377,670  | 0.0%                     | \$2,656,053               | 51.9%   |
| 5/1/2013                       | -                                      | \$1,453,711                              | \$1,453,711  | 0.0%                     | \$2,408,927               | 60.3%   |
| 5/1/2014                       | -                                      | \$1,328,625                              | \$1,328,625  | 0.0%                     | \$2,683,646               | 49.5%   |

Note: The results shown above are based on the baseline assumptions with respect to the medical inflation rate, as discussed in the Sensitivity Analysis section of the actuary report. Please note that the baseline discount rate of 5.0 percent assumes that the Village will not prefund its retiree medical program. The discount rate is based on the expected earnings of the Village's general fund.

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**Other Supplementary Information**

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**Combining Fund  
Financial Statements**

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**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS**  
**APRIL 30, 2014**

|  | Sewer<br>Operations and<br>Maintenance<br>Fund (21) | Sewer<br>Reserve<br>Fund (25) | Sewer<br>Capital<br>Replacement &<br>Improvement<br>Fund (22) | Total                |
|--|---|-------------------------------|---|----------------------|
| <b>ASSETS</b>                              |   |                               |   |                      |
| <b>Current Assets</b>                      |   |                               |   |                      |
| Cash and cash equivalents                  | \$ 1,908,306  | \$ 38,615                     | \$ 4,302,323  | \$ 6,249,244         |
| Investments                                | -   | 603,359                       | 1,528,081   | 2,131,440            |
| Accounts receivable - trade (net)          | 420,882   | -                             | -   | 420,882              |
| Interest receivable                        | -   | 666                           | 1,987   | 2,653                |
| Prepaid insurance                          | 40,188  | -                             | -   | 40,188               |
| <b>Total Current Assets</b>                | <b>2,369,376</b>                                    | <b>642,640</b>                | <b>5,832,391</b>  | <b>8,844,407</b>     |
| <b>Capital assets, net of depreciation</b> | <b>28,003,592</b>                                   | <b>-</b>                      | <b>-</b>  | <b>28,003,592</b>    |
| <b>Total Assets</b>                        | <b>30,372,968</b>                                   | <b>642,640</b>                | <b>7,360,472</b>  | <b>36,847,999</b>    |
| <b>LIABILITIES</b>                         |   |                               |   |                      |
| <b>Current Liabilities</b>                 |   |                               |   |                      |
| Accounts payable                           | 99,713  | -                             | -   | 99,713               |
| Accrued interest payable                   | 209,175   | -                             | -   | 209,175              |
| Accrued wages and payroll taxes            | 5,720   | -                             | -   | 5,720                |
| Vacation payable                           | 14,475  | -                             | -   | 14,475               |
| Current portion of loans payable           | 963,493   | -                             | -   | 963,493              |
| <b>Total Current Liabilities</b>           | <b>1,292,576</b>                                    | <b>-</b>                      | <b>-</b>  | <b>1,292,576</b>     |
| <b>Long-Term Liabilities</b>               |   |                               |   |                      |
| Loans payable                              | 17,989,562  | -                             | -   | 17,989,562           |
| <b>Total Liabilities</b>                   | <b>19,282,138</b>                                   | <b>-</b>                      | <b>-</b>  | <b>19,282,138</b>    |
| <b>NET POSITION</b>                        |   |                               |   |                      |
| Net investment in capital assets           | 9,050,537   | -                             | -   | 9,050,537            |
| Unrestricted                               | 2,040,293   | 642,640                       | 5,832,391   | 8,515,324            |
| <b>Total Net Position</b>                  | <b>\$ 11,090,830</b>                                | <b>\$ 642,640</b>             | <b>\$ 5,832,391</b>   | <b>\$ 17,565,861</b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2014**

|  | Sewer<br>Operations and<br>Maintenance<br>Fund (21) | Sewer<br>Reserve<br>Fund (25) | Sewer<br>Capital<br>Replacement &<br>Improvement<br>Fund (22) | Total                |
|--|---|-------------------------------|---|----------------------|
| <b>Operating Revenues</b>                          |   |                               |   |                      |
| Charges for services                               | \$ 2,432,363  | \$ -                          | \$ -  | \$ 2,432,363         |
| Tap-in and inspection fees                         | 13,050  | -                             | -   | 13,050               |
| <b>Total Operating Revenues</b>                    | <u>2,445,413</u>                                    | <u>-</u>                      | <u>-</u>  | <u>2,445,413</u>     |
| <b>Operating Expenses</b>                          |   |                               |   |                      |
| Personnel services                                 | 260,643   | -                             | -   | 260,643              |
| Contractual services                               | 653,166   | -                             | -   | 653,166              |
| Commodities  | 46,459  | -                             | -   | 46,459               |
| Depreciation expense                               | 1,167,315   | -                             | -   | 1,167,315            |
| Administrative fee/general fund                    | 75,396  | -                             | -   | 75,396               |
| <b>Total Operating Expenses</b>                    | <u>2,202,979</u>                                    | <u>-</u>                      | <u>-</u>  | <u>2,202,979</u>     |
| <b>Operating Income</b>                            | 242,434   | -                             | -   | 242,434              |
| <b>Non-Operating Revenues (Expenses)</b>           |   |                               |   |                      |
| Interest income                                    | 5,315   | 9,198                         | 18,623  | 33,136               |
| Interest expense                                   | (477,013)   | -                             | -   | (477,013)            |
| (Loss) on disposal of capital assets               | (19)  | -                             | -   | (19)                 |
| <b>Total Non-Operating Revenues<br/>(Expenses)</b> | <u>(471,717)</u>                                    | <u>9,198</u>                  | <u>18,623</u>   | <u>(443,896)</u>     |
| <b>Income (Expense) Before Operating Transfers</b> | (229,283)   | 9,198                         | 18,623  | (201,462)            |
| <b>Operating Transfers</b>                         |   |                               |   |                      |
| Operating transfers in                             | -   | -                             | 3,988,048   | 3,988,048            |
| Operating transfers out                            | (1,688,048)   | (2,300,000)                   | -   | (3,988,048)          |
| <b>Total Operating Transfers</b>                   | <u>(1,688,048)</u>                                  | <u>(2,300,000)</u>            | <u>3,988,048</u>  | <u>-</u>             |
| <b>Change in Net Position</b>                      | (1,917,331)   | (2,290,802)                   | 4,006,671   | (201,462)            |
| <b>Net Position - Beginning of Year, Restated</b>  | <u>13,008,161</u>                                   | <u>2,933,442</u>              | <u>1,825,720</u>  | <u>17,767,323</u>    |
| <b>Net Position - End of Year</b>                  | <u>\$ 11,090,830</u>                                | <u>\$ 642,640</u>             | <u>\$ 5,832,391</u>   | <u>\$ 17,565,861</u> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|   | Sewer<br>Operations and<br>Maintenance<br>Fund (21) | Sewer<br>Reserve<br>Fund (25) | Sewer<br>Capital<br>Replacement &<br>Improvement<br>Fund (22) | Total               |
|---|---|-------------------------------|---|---------------------|
| <b>Cash Flows From Operating Activities</b>                               |   |                               |   |                     |
| Cash received from customers  | \$ 2,428,119  | \$ -                          | \$ -  | \$ 2,428,119        |
| Cash payments for employees services                                      | (256,960)   | -                             | -   | (256,960)           |
| Cash payments for goods and services                                      | (736,046)   | -                             | -   | (736,046)           |
| <b>Net Cash Provided By<br/>Operating Activities</b>                      | <b>1,435,113</b>                                    | <b>-</b>                      | <b>-</b>  | <b>1,435,113</b>    |
| <b>Cash Flows From Noncapital<br/>Financing Activities</b>                |   |                               |   |                     |
| Transfers Among Funds (Net)   | (1,688,048)   | (2,300,000)                   | 3,988,048   | -                   |
| <b>Net Cash (Used In) Provided By Noncapital<br/>Financing Activities</b> | <b>(1,688,048)</b>                                  | <b>(2,300,000)</b>            | <b>3,988,048</b>  | <b>-</b>            |
| <b>Cash Flows From Capital and Related<br/>Financing Activities</b>       |   |                               |   |                     |
| Acquisition of plant assets   | (98,828)  | -                             | -   | (98,828)            |
| Principal debt payments   | (1,232,869)   | -                             | -   | (1,232,869)         |
| Interest paid   | (490,708)   | -                             | -   | (490,708)           |
| <b>Net Cash Used In Capital and<br/>Related Financing Activities</b>      | <b>(1,822,405)</b>                                  | <b>-</b>                      | <b>-</b>  | <b>(1,822,405)</b>  |
| <b>Cash Flows From Investing Activities</b>                               |   |                               |   |                     |
| Proceeds from maturity of investments                                     | -   | -                             | 1,825,720   | 1,825,720           |
| Acquisition of investments  | -   | -                             | (1,528,081)   | (1,528,081)         |
| Receipts of investment income   | 5,315   | 8,532                         | 16,636  | 30,483              |
| <b>Net Cash Provided By<br/>Investing Activities</b>                      | <b>5,315</b>  | <b>8,532</b>                  | <b>314,275</b>  | <b>328,122</b>      |
| <b>Net (Decrease) Increase In Cash and<br/>Cash Equivalents</b>           | <b>(2,070,025)</b>                                  | <b>(2,291,468)</b>            | <b>4,302,323</b>  | <b>(59,170)</b>     |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                      | <b>3,978,331</b>                                    | <b>2,330,083</b>              | <b>-</b>  | <b>6,308,414</b>    |
| <b>Cash and Cash Equivalents - End of Year</b>                            | <b>\$ 1,908,306</b>                                 | <b>\$ 38,615</b>              | <b>\$ 4,302,323</b>   | <b>\$ 6,249,244</b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|   | Sewer<br>Operations and<br>Maintenance<br>Fund (21) | Sewer<br>Reserve<br>Fund (25) | Sewer<br>Capital<br>Replacement &<br>Improvement<br>Fund (22) | Total               |
|---|---|-------------------------------|---|---------------------|
| <b>Reconciliation of Operating Income to Net<br/>Cash Provided By Operating Activities:</b>                   |   |                               |   |                     |
| <b>Operating Income</b>   | \$ 242,434  | \$ -                          | \$ -  | \$ 242,434          |
| <b>Adjustments to Reconcile Operating<br/>    Income to Net Cash Provided<br/>    By Operating Activities</b> |   |                               |   |                     |
| Depreciation  | 1,167,315   | -                             | -   | 1,167,315           |
| <b>Changes in Assets and Liabilities</b>  |   |                               |   |                     |
| Increase in accounts receivables  | (17,294)  | -                             | -   | (17,294)            |
| Increase in prepaid insurance   | (13,469)  | -                             | -   | (13,469)            |
| Increase in accounts payable  | 52,307  | -                             | -   | 52,307              |
| Increase in accrued liabilities   | 721   | -                             | -   | 721                 |
| Increase in vacation pay able   | 3,099   | -                             | -   | 3,099               |
| <b>Total Adjustments</b>  | 1,192,679   | -                             | -   | 1,192,679           |
| <b>Net Cash Provided By Operating<br/>Activities</b>  | <b>\$ 1,435,113</b>                                 | <b>\$ -</b>                   | <b>\$ -</b>   | <b>\$ 1,435,113</b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**APRIL 30, 2014**

|   | <b>Police<br/>Pension<br/>Fund</b> | <b>Firefighters'<br/>Pension<br/>Fund</b> | <b>Total</b>        |
|---|------------------------------------|---|---------------------|
| <b>ASSETS</b>                                     |                                    |   |                     |
| <b>Current Assets</b>                             |                                    |   |                     |
| Cash and cash equivalents                         | \$ 558,574                         | \$ 299,773                                | \$ 858,347          |
| Investments, at fair value                        |                                    |   |                     |
| Certificates of deposit                           | 601,230                            | 152,371                                   | 753,601             |
| Managed mutual funds                              | 3,587,333                          | -   | 3,587,333           |
| Government bonds                                  | 1,614,343                          | -   | 1,614,343           |
| Corporate bonds                                   | 1,568,319                          | -   | 1,568,319           |
| Municipal bonds                                   | 95,195                             | -   | 95,195              |
| Property tax receivable                           | 762,781                            | 42,859                                    | 805,640             |
| Interest receivable                               | 27,087                             | 94  | 27,181              |
| Other   | 10,069                             | -   | 10,069              |
| <b>Total Assets</b>                               | <b>8,824,931</b>                   | <b>495,097</b>                            | <b>9,320,028</b>    |
| <b>LIABILITIES</b>                                |                                    |   |                     |
| Unremitted payroll taxes                          | 3,893                              | -   | 3,893               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                    |   |                     |
| Unavailable revenue - property taxes              | 632,191                            | 35,521                                    | 667,712             |
| <b>NET POSITION</b>                               |                                    |   |                     |
| Net position - restricted for<br>pension benefits | 8,188,847                          | 459,576                                   | 8,648,423           |
| <b>Total Net Position</b>                         | <b>\$ 8,188,847</b>                | <b>\$ 459,576</b>                         | <b>\$ 8,648,423</b> |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2014**

|  | <b>Police<br/>Pension<br/>Fund</b> | <b>Firefighters'<br/>Pension<br/>Fund</b> | <b>Total</b>        |
|--|------------------------------------|---|---------------------|
| <b>Additions</b>                                 |                                    |   |                     |
| <b>Contributions</b>                             |                                    |   |                     |
| Employer (from General Fund)                     | \$ 699,823                         | \$ 47,482                                 | \$ 747,305          |
| Employees  | 144,706                            | 12,524                                    | 157,230             |
| <b>Total Contributions</b>                       | <b>844,529</b>                     | <b>60,006</b>                             | <b>904,535</b>      |
| <b>Investment Income</b>                         |                                    |   |                     |
| Net appreciation in<br>fair value of investments | 35,362                             | -   | 35,362              |
| Interest and dividends                           | 182,786                            | 1,185                                     | 183,971             |
| Realized gain on sale of investments             | 274,770                            | -   | 274,770             |
| Less: Investment expense                         | 52,287                             | -   | 52,287              |
| <b>Net Investment Income</b>                     | <b>440,631</b>                     | <b>1,185</b>                              | <b>441,816</b>      |
| <b>Total Additions</b>                           | <b>1,285,160</b>                   | <b>61,191</b>                             | <b>1,346,351</b>    |
| <b>Deductions</b>                                |                                    |   |                     |
| Retirement benefits                              | 469,189                            | -   | 469,189             |
| Administrative expenses                          | 8,785                              | 1,576                                     | 10,361              |
| <b>Total Deductions</b>                          | <b>477,974</b>                     | <b>1,576</b>                              | <b>479,550</b>      |
| <b>Change in Net Position</b>                    | <b>807,186</b>                     | <b>59,615</b>                             | <b>866,801</b>      |
| <b>Net Position - Beginning of Year</b>          | <b>7,381,661</b>                   | <b>399,961</b>                            | <b>7,781,622</b>    |
| <b>Net Position - End of Year</b>                | <b>\$ 8,188,847</b>                | <b>\$ 459,576</b>                         | <b>\$ 8,648,423</b> |

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**Other Supplementary Information**

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**Additional Supplementary Schedules**

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**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**BUDGETARY COMPARISON – DEBT SERVICE FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

| REVENUES   | Budgeted Amounts   |                    | Actual            | Variance -<br>Favorable<br>(Unfavorable) |
|--|--------------------|--------------------|-------------------|--|
|  | Original<br>Budget | Final<br>Budget    |                   |  |
| Property taxes   | \$ 233,587         | \$ 233,587         | \$ 239,016        | \$ 5,429                                 |
| Township road and bridge tax   | -                  | -                  | -                 | -  |
| Licenses and permits   | -                  | -                  | -                 | -  |
| Utility tax  | -                  | -                  | -                 | -  |
| Intergovernmental  | -                  | -                  | -                 | -  |
| Fines  | -                  | -                  | -                 | -  |
| Foreign fire tax   | -                  | -                  | -                 | -  |
| Franchise fees   | -                  | -                  | -                 | -  |
| Interest income  | 350                | 350                | 438               | 88                                       |
| Administrative fee   | -                  | -                  | -                 | -  |
| Miscellaneous  | -                  | -                  | -                 | -  |
| Rental   | -                  | -                  | -                 | -  |
| Donations  | -                  | -                  | -                 | -  |
| Grants   | -                  | -                  | -                 | -  |
| Taxes to police pension  | -                  | -                  | -                 | -  |
| Taxes to firefighters pension  | -                  | -                  | -                 | -  |
| <b>Total Revenues</b>  | <b>233,937</b>     | <b>233,937</b>     | <b>239,454</b>    | <b>5,517</b>                             |
| <b>EXPENDITURES</b>  |                    |                    |                   |  |
| General administration   | -                  | -                  | 22                | (22)                                     |
| Planning & zoning  | -                  | -                  | -                 | -  |
| Police protection  | -                  | -                  | -                 | -  |
| Police pension   | -                  | -                  | -                 | -  |
| Fire protection  | -                  | -                  | -                 | -  |
| Fire pension   | -                  | -                  | -                 | -  |
| Streets  | -                  | -                  | -                 | -  |
| Park   | -                  | -                  | -                 | -  |
| Senior services  | -                  | -                  | -                 | -  |
| Audit  | -                  | -                  | -                 | -  |
| Workmen's compensation and liability insurance                                       | -                  | -                  | -                 | -  |
| Motor fuel tax   | -                  | -                  | -                 | -  |
| Special business district  | -                  | -                  | -                 | -  |
| Tax increment financing  | -                  | -                  | -                 | -  |
| Capital outlay   | -                  | -                  | -                 | -  |
| Debt service   | -                  | -                  | -                 | -  |
| Lease and note payments  | -                  | -                  | -                 | -  |
| Bond principal retired   | 155,000            | 155,000            | 180,000           | (25,000)                                 |
| Interest and service charge  | 108,182            | 108,182            | 34,830            | 73,352                                   |
| <b>Total Expenditures</b>  | <b>263,182</b>     | <b>263,182</b>     | <b>214,852</b>    | <b>48,330</b>                            |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>                             | <b>(29,245)</b>    | <b>(29,245)</b>    | <b>24,602</b>     | <b>53,847</b>                            |
| <b>Other Financing Sources</b>   |                    |                    |                   |  |
| Transfers from other funds   | -                  | -                  | 56,754            | 56,754                                   |
| <b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b> | <b>\$ (29,245)</b> | <b>\$ (29,245)</b> | <b>81,356</b>     | <b>\$ 110,601</b>                        |
| <b>Fund Balances - Beginning of Year</b>   |                    |                    | <b>36,817</b>     |  |
| <b>Fund Balances - End of Year</b>   |                    |                    | <b>\$ 118,173</b> |  |

**VILLAGE OF SWANSEA**  
**SWANSEA, ILLINOIS**

**BUDGETARY COMPARISON – CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

|   | <b>Budgeted Amounts</b>    |                         | <b>Actual</b>     | <b>Variance -<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|-------------------|---|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> |                   |   |
| <b>REVENUES</b>   |                            |                         |                   |   |
| Property taxes  | \$ -                       | \$ -                    | \$ -              | \$ -  |
| Township road and bridge tax  | -                          | -                       | -                 | -   |
| Licenses and permits  | -                          | -                       | -                 | -   |
| Utility tax   | -                          | -                       | -                 | -   |
| Intergovernmental   | 350,000                    | 350,000                 | 349,933           | (67)  |
| Fines   | -                          | -                       | -                 | -   |
| Foreign fire tax  | -                          | -                       | -                 | -   |
| Franchise fees  | -                          | -                       | -                 | -   |
| Interest income   | 1,320                      | 1,320                   | 1,306             | (14)  |
| Administrative fee  | -                          | -                       | -                 | -   |
| Miscellaneous   | -                          | -                       | 3,213             | 3,213   |
| Rental  | -                          | -                       | -                 | -   |
| Donations   | -                          | -                       | -                 | -   |
| Grants  | 50,000                     | 50,000                  | 448,206           | 398,206   |
| <b>Total Revenues</b>   | <b>401,320</b>             | <b>401,320</b>          | <b>802,658</b>    | <b>401,338</b>                                    |
| <b>EXPENDITURES</b>   |                            |                         |                   |   |
| General administration  | -                          | -                       | -                 | -   |
| Planning & Zoning   | -                          | -                       | -                 | -   |
| Police protection   | -                          | -                       | -                 | -   |
| Police pension  | -                          | -                       | -                 | -   |
| Fire protection   | -                          | -                       | -                 | -   |
| Fire pension  | -                          | -                       | -                 | -   |
| Streets   | -                          | -                       | -                 | -   |
| Park  | -                          | -                       | -                 | -   |
| Senior services   | -                          | -                       | -                 | -   |
| Audit   | -                          | -                       | -                 | -   |
| Workmen's compensation and liability insurance  | -                          | -                       | -                 | -   |
| Motor fuel tax  | -                          | -                       | -                 | -   |
| Special business district   | -                          | -                       | -                 | -   |
| Tax increment financing   | -                          | -                       | -                 | -   |
| Capital outlay  | 575,668                    | 575,668                 | 797,295           | (221,627)   |
| Debt service  | -                          | -                       | -                 | -   |
| Lease and note payments   | -                          | -                       | 22,048            | (22,048)  |
| Bond principal retired  | -                          | -                       | -                 | -   |
| Interest and service charge   | -                          | -                       | 3,504             | (3,504)   |
| <b>Total Expenditures</b>   | <b>575,668</b>             | <b>575,668</b>          | <b>822,847</b>    | <b>(247,179)</b>                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>  | <b>(174,348)</b>           | <b>(174,348)</b>        | <b>(20,189)</b>   | <b>154,159</b>                                    |
| <b>Other Financing Sources (Uses)</b>   |                            |                         |                   |   |
| Transfers from other funds  | -                          | -                       | -                 | -   |
| Transfers to other funds  | -                          | -                       | (56,754)          | (56,754)  |
| Lease/purchase proceeds   | -                          | -                       | 27,175            | 27,175  |
| <b>Excess (Deficiency) of Revenues and Other Financing<br/>Sources Over Expenditures and Other Financing Uses</b> | <b>\$ (174,348)</b>        | <b>\$ (174,348)</b>     | <b>(49,768)</b>   | <b>\$ 124,580</b>                                 |
| <b>Fund Balances - Beginning of Year</b>  |                            |                         | <b>569,101</b>    |   |
| <b>Fund Balances - End of Year</b>  |                            |                         | <b>\$ 519,333</b> |   |