

**VILLAGE OF SWANSEA, ILLINOIS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED  
APRIL 30, 2016**

**VILLAGE OF SWANSEA, ILLINOIS**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Swansea, Illinois as of April 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

As discussed in Note 11 to the financial statements, in 2016 the Village of Swansea adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 10), budgetary comparison information (pages 55 to 58) and schedules of funding progress and employer contributions (pages 59 to 67) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

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

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

Certified Public Accountants  
Alton, Illinois

October 20, 2016

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

This section of the Village of Swansea, Illinois' (Village) annual audit presents a management's discussion and analysis of the Village's financial activity during the fiscal year ended April 30, 2016. The Management's Discussion and Analysis is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Village.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, culture and recreation, streets and public works and cemetery. The business-type activities relate entirely to operating the sewer system.

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

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

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

**FUND FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$37,572,580 at the close of the most recent fiscal year.

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

The condensed statement of net position is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2016</u>	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>April 30, 2015</u>
Current and other assets	\$ 8,720,410	\$ 6,644,026	\$ 7,912,027	\$ 7,399,208	\$ 16,632,437	\$ 14,043,234
Capital assets	<u>25,289,370</u>	<u>25,952,370</u>	<u>26,340,148</u>	<u>27,242,402</u>	<u>51,629,518</u>	<u>53,194,772</u>
Total assets	<u>34,009,780</u>	<u>32,596,396</u>	<u>34,252,175</u>	<u>34,641,610</u>	<u>68,261,955</u>	<u>67,238,006</u>
Long-term liabilities						
outstanding	13,573,394	3,186,570	16,195,286	16,882,843	29,768,680	20,069,413
Other liabilities	<u>327,865</u>	<u>243,497</u>	<u>592,830</u>	<u>262,021</u>	<u>920,695</u>	<u>505,518</u>
Total liabilities	<u>13,901,259</u>	<u>3,430,067</u>	<u>16,788,116</u>	<u>17,144,864</u>	<u>30,689,375</u>	<u>20,574,931</u>
Net position:						
Net investment in						
capital assets	23,307,198	23,848,078	10,479,731	10,373,129	33,786,929	34,221,207
Restricted	3,702,457	3,129,457	-	-	3,702,457	3,129,457
Unrestricted	<u>(6,901,134)</u>	<u>2,188,794</u>	<u>6,984,328</u>	<u>7,123,617</u>	<u>83,194</u>	<u>9,312,411</u>
Total net position	<u>\$ 20,108,521</u>	<u>\$ 29,166,329</u>	<u>\$ 17,464,059</u>	<u>\$ 17,496,746</u>	<u>\$ 37,572,580</u>	<u>\$ 46,663,075</u>

Total net position decreased \$9,090,495 resulting in a balance of \$37,572,580 as of April 30, 2016. Total current assets, which are comprised of cash, investments and receivables, increased \$2,589,203. Non-current assets decreased \$1,565,254 due primarily to increases in capital assets of \$866,692 offset by the increase in accumulated depreciation of \$2,431,946.

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

Total liabilities decreased in the current year by \$10,114,444 for an ending total balance of \$30,689,375. The increase is due primarily to implementing GASB 68 which requires the reporting of pension related liabilities on the financial statements.

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

**ANALYSIS OF NET POSITION**

<u>Analysis of Net Position</u>	<u>2016</u>		<u>2015</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	89.9%	\$ 33,786,929	73.3%	\$ 34,221,207
Restricted	9.9%	3,702,457	6.7%	3,129,457
Unrestricted	0.2%	83,194	20.0%	9,312,411
Total net position	<u>100.0%</u>	<u>\$ 37,572,580</u>	<u>100.0%</u>	<u>\$ 46,663,075</u>

The Village had an overall decrease in net position of \$9,090,495 for the government-wide financial statements for the year ended April 30, 2016. The decrease is due primarily to implementing GASB 68 which requires the reporting of pension related liabilities on the financial statements. Capital net asset balances decreased by \$434,278 in the current year due to capital acquisitions of \$866,692 less current depreciation and overall debt reduction.

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

**REVENUE COMPARISON BY TYPE**

<u>Governmental activities</u>	<u>2016</u>	<u>2015</u>
Property tax	\$ 1,831,076	\$ 1,527,280
Utility tax	731,773	799,551
Telecommunications tax	191,154	183,487
State income tax	1,373,710	1,353,015
Sales and use tax	2,331,686	2,450,178
Motor fuel tax	359,942	345,528
Replacement tax	14,306	15,540
Other taxes	27,258	21,649
Franchise fees	182,013	180,040
Operating grants and contributions	28,866	54,332
Capital grants and contributions	18,917	53,735
Charges for services	289,666	378,138
Investment earnings	18,201	11,662
Miscellaneous	29,628	34,228
Total revenues	<u>\$ 7,428,196</u>	<u>\$ 7,408,363</u>

Total revenues for the governmental activities increased \$19,833 for the year ended April 30, 2016.

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

<u>Business-type Activities</u>	<u>2016</u>	<u>2015</u>
Sewer Charges	\$ 3,215,990	\$ 2,570,685
Investment earnings	<u>32,544</u>	<u>24,427</u>
Total revenues	<u>\$ 3,248,534</u>	<u>\$ 2,595,112</u>

Total revenues for the business-type activities increased \$653,422 for the year ended April 30, 2016.

**EXPENDITURES BY CATEGORY**

**GOVERNMENTAL ACTIVITIES**

<u>Expenditures by category</u>	<u>2016</u>		<u>2015</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	13.5%	\$ 1,254,073	13.8%	\$ 950,095
Public safety	60.7%	5,657,864	55.9%	3,845,637
Culture and recreation	1.9%	180,253	2.6%	180,652
Streets and public works	21.8%	2,032,266	25.9%	1,784,830
Community & Economic Dev	1.6%	146,335	1.0%	70,664
Interest on long-term debt	<u>0.6%</u>	<u>51,715</u>	<u>0.8%</u>	<u>53,290</u>
Total expenditures	<u>100.0%</u>	<u>\$ 9,322,506</u>	<u>100.0%</u>	<u>\$ 6,885,168</u>

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

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

	<u>2016</u>	<u>2015</u>
General government	\$ 72,236	\$ 35,889
Public safety	191,007	180,577
Streets and public works	855,810	819,297
Culture and recreation	<u>98,696</u>	<u>101,233</u>
Total depreciation	<u>\$ 1,217,749</u>	<u>\$ 1,136,996</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$554,749, which was \$663,000 lower than the related depreciation in the current year.

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

**BUSINESS-TYPE ACTIVITIES**

<u>Operating Expenditures</u>	<u>2016</u>		<u>2015</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	21.9%	\$ 589,086	13.4%	\$ 287,964
Contractual services	29.9%	805,863	27.7%	594,096
Supplies and materials	3.2%	86,313	2.8%	60,518
Depreciation	<u>45.0%</u>	<u>1,214,197</u>	<u>56.1%</u>	<u>1,202,449</u>
Total expenditures	<u>100.0%</u>	<u>\$ 2,695,459</u>	<u>100.0%</u>	<u>\$ 2,145,027</u>

Expenditures for the business-type activities increased by \$550,432. The increases largely relate to GASB 68 expenses for IMRF and to general improvements and utilities. The largest categories of operating disbursements related to personal and contractual services.

**FUNDS FINANCIAL ANALYSIS**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2016, the Village's governmental funds reported combined ending fund balances of \$6,385,296, an increase of \$709,241 in comparison with the prior year. Of the total fund balance, \$3,702,457 constitutes restricted fund balance, which is restricted primarily for restricted tax purposes. The unassigned fund balance, \$2,048,259, constitutes amounts which are available for spending at the Village's discretion.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,048,259, while total fund balance was \$2,064,262. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.9% of the total general fund expenditures, while total fund balance represents 38.2% of that same amount. The fund balance of the General Fund decreased \$45,118 during the current fiscal year.

At the end of the current fiscal year, the restricted fund balance of the Tax Increment Financing Fund was \$1,444,887, an increase of \$272,376 in comparison with the prior year.

At the end of the current fiscal year, the restricted fund balance of the Capital Projects Fund was \$619,007, a decrease of \$181,359 in comparison with the prior year.

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

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

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

**BUDGETARY HIGHLIGHTS**

The Village's expenditures exceeded the approved budget in one of the major funds. A comparison of budget and actual is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 5,373,402	\$ 5,385,435
Tax Increment Financing Fund	436,000	117,983
Capital Projects Fund	539,281	506,380

The appropriations were not amended in the current year.

**TRANSFERS**

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

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

**CAPITAL ASSETS**

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2016 amounted to \$51,629,518 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system improvements, and machinery and equipment.

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

- Purchase of 1440-1444 Boul Avenue.
- 3 Ford police interceptors.
- Engineering work and construction on Richland Creek Bikeway.
- Sewer line rehabilitation work.
- Purchase of 2016 Ford F250 and 2014 Dump Truck.

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

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

**LONG-TERM DEBT**

At April 30, 2016, the Village reported outstanding debt of \$17,868,588 with the principal obligations extending until fiscal year 2032. The Village added new debt totaling \$160,496 in the current year. Total debt principal retirements were \$1,295,186 in the current year.

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Swansea, Illinois for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Swansea, 1400 N. Illinois, Swansea, IL 62226.

**VILLAGE OF SWANSEA, ILLINOIS**

**STATEMENT OF NET POSITION  
APRIL 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 4,910,035	\$ 2,385,414	\$ 7,295,449
Investments	1,006,536	4,895,434	5,901,970
Receivables (Net of allowance for uncollectibles):	1,177,960	555,479	1,733,439
Prepaid Expenses	15,573	7,475	23,048
Capital Assets:			
Land	2,255,794	30,000	2,285,794
Buildings and Improvements	6,398,578	444,030	6,842,608
Sewer Plant	-	22,819,973	22,819,973
Equipment and Vehicles	5,190,006	896,652	6,086,658
Infrastructure	31,082,882	13,966,501	45,049,383
Less: Accumulated Depreciation	<u>(19,637,890)</u>	<u>(11,817,008)</u>	<u>(31,454,898)</u>
Net Capital Assets	<u>25,289,370</u>	<u>26,340,148</u>	<u>51,629,518</u>
Other Assets:			
Insurance Trust	<u>172,942</u>	<u>-</u>	<u>172,942</u>
Total Assets	<u>32,572,416</u>	<u>34,183,950</u>	<u>66,756,366</u>
<b><u>Deferred Outflows of Resources</u></b>			
Loss on Bond Refunding	61,869	-	61,869
Future Pension Expense	<u>1,375,495</u>	<u>68,225</u>	<u>1,443,720</u>
	<u>1,437,364</u>	<u>68,225</u>	<u>1,505,589</u>
<b><u>Liabilities</u></b>			
Accounts Payable	195,830	404,459	600,289
Accrued Wages and Compensated Absences	115,955	12,822	128,777
Accrued Interest Payable	16,080	175,549	191,629
Noncurrent Liabilities:			
Due Within One Year	442,686	1,051,544	1,494,230
Due in More Than One Year	<u>13,130,708</u>	<u>15,143,742</u>	<u>28,274,450</u>
Total Liabilities	<u>13,901,259</u>	<u>16,788,116</u>	<u>30,689,375</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	23,307,198	10,479,731	33,786,929
Restricted for:			
Economic Development	1,444,887	-	1,444,887
Restricted Tax Revenues	2,257,140	-	2,257,140
Forfeitures and Seizures	430	-	430
Unrestricted	<u>(6,901,134)</u>	<u>6,984,328</u>	<u>83,194</u>
Total Net Position	<u>\$ 20,108,521</u>	<u>\$ 17,464,059</u>	<u>\$ 37,572,580</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,254,073	\$ 184,161	\$ 8,766	\$ -	\$ (1,061,146)	\$ (1,061,146)	\$ (1,061,146)
Public Safety	5,657,864	89,465	20,100	-	(5,548,299)	(5,548,299)	(5,548,299)
Public Works	2,032,266	11,416	-	-	(2,020,850)	(2,020,850)	(2,020,850)
Culture and Recreation	180,253	2,224	-	18,917	(159,112)	(159,112)	(159,112)
Community and Economic Development	146,335	2,400	-	-	(143,935)	(143,935)	(143,935)
Interest on Long-term Debt	51,715	-	-	-	(51,715)	(51,715)	(51,715)
<b>Total Governmental Activities</b>	<u>9,322,506</u>	<u>289,666</u>	<u>28,866</u>	<u>18,917</u>	<u>(8,985,057)</u>	<u>(8,985,057)</u>	<u>(8,985,057)</u>
<b>Business-type Activities:</b>							
Sewerage	3,093,425	3,215,990	-	-	\$ 122,565	\$ 122,565	\$ 122,565
<b>Total Business-type Activities</b>	<u>3,093,425</u>	<u>3,215,990</u>	<u>-</u>	<u>-</u>	<u>122,565</u>	<u>122,565</u>	<u>122,565</u>
<b>Total Primary Government</b>	<u>\$ 12,415,931</u>	<u>\$ 3,505,656</u>	<u>\$ 28,866</u>	<u>\$ 18,917</u>	<u>(8,985,057)</u>	<u>(8,985,057)</u>	<u>(8,862,492)</u>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					1,831,076	1,831,076	1,831,076
<b>Intergovernmental Revenues:</b>							
Sales and Use Tax					2,331,686	2,331,686	2,331,686
Replacement Tax					14,306	14,306	14,306
State Income Tax					1,373,710	1,373,710	1,373,710
Motor Fuel Tax					359,942	359,942	359,942
Telecommunications Tax					191,154	191,154	191,154
Utility Tax					731,773	731,773	731,773
Franchise Fees					182,013	182,013	182,013
Other Taxes					27,258	27,258	27,258
Unrestricted Investment Earnings					18,201	18,201	18,201
Miscellaneous					29,628	29,628	29,628
Transfers					49,884	(49,884)	-
<b>Total General Revenues and Transfers</b>					<u>7,140,631</u>	<u>(17,340)</u>	<u>7,123,291</u>
Change in Net Position					(1,844,426)	105,225	(1,739,201)
Net Position - Beginning, As Restated					21,952,947	17,358,834	39,311,781
Net Position - Ending					<u>\$ 20,108,521</u>	<u>\$ 17,464,059</u>	<u>\$ 37,572,580</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2016**

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 1,177,336	\$ 943,125	\$ 582,795	\$ 2,206,779	\$ 4,910,035
Investments	503,885	502,651	-	-	1,006,536
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	573,434	422,881	-	244,054	1,240,369
Services	3,683	-	-	-	3,683
Intergovernmental	870,700	-	95,774	114,467	1,080,941
Other	93,336	-	-	-	93,336
Prepaid Expenses	15,573	-	-	-	15,573
<b>Total Assets</b>	<b><u>\$ 3,237,947</u></b>	<b><u>\$ 1,868,657</u></b>	<b><u>\$ 678,569</u></b>	<b><u>\$ 2,565,300</u></b>	<b><u>\$ 8,350,473</u></b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Equity</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 140,196	\$ 889	\$ 26,448	\$ 28,297	\$ 195,830
Accrued Wages and Compensated Absences	115,955	-	-	-	115,955
<b>Total Liabilities</b>	<b><u>256,151</u></b>	<b><u>889</u></b>	<b><u>26,448</u></b>	<b><u>28,297</u></b>	<b><u>311,785</u></b>
<b>Deferred Inflows of Resources:</b>					
Deferred Revenue	917,534	422,881	33,114	279,863	1,653,392
<b>Fund Equity:</b>					
<b>Fund Balance:</b>					
Nonspendable	15,573	-	-	-	15,573
Restricted	430	1,444,887	-	2,257,140	3,702,457
Committed	-	-	619,007	-	619,007
Unassigned	2,048,259	-	-	-	2,048,259
<b>Total Fund Equity</b>	<b><u>2,064,262</u></b>	<b><u>1,444,887</u></b>	<b><u>619,007</u></b>	<b><u>2,257,140</u></b>	<b><u>6,385,296</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Equity</b>	<b><u>\$ 3,237,947</u></b>	<b><u>\$ 1,868,657</u></b>	<b><u>\$ 678,569</u></b>	<b><u>\$ 2,565,300</u></b>	<b><u>\$ 8,350,473</u></b>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED APRIL 30, 2016**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 6,385,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	25,289,370
The balance of the pooled insurance trust is not recorded as an asset on the balance sheet of the governmental funds.	172,942
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(148,585)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(584,205)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(2,008,171)
The loss on debt refunding is not reported as an asset on the balance sheet of the governmental funds.	61,869
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(16,080)
Net pension liabilities/assets are not reported on the balance sheet of the governmental funds.	(9,456,938)
Intergovernmental revenues that are not available for current use are reported as deferred on the balance sheet of the governmental funds but not on the statement of net position.	<u>413,023</u>
Net position of governmental activities	<u>\$ 20,108,521</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2016**

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property Tax	\$ 1,100,125	\$ 383,105	\$ 100,139	\$ 247,707	\$ 1,831,076
<b>Intergovernmental:</b>					
Sales and Use Tax	1,649,227	-	366,791	305,424	2,321,442
Replacement Tax	14,306	-	-	-	14,306
State Income Tax	1,431,267	-	-	-	1,431,267
Motor Fuel Tax	-	-	-	359,942	359,942
Telecommunications Tax	191,213	-	-	-	191,213
Grants	18,917	-	-	-	18,917
Other	27,258	-	-	-	27,258
Utility Tax	731,773	-	-	-	731,773
Licenses, Fees and Permits	124,789	-	-	-	124,789
Charges for Services	221,926	2,400	-	-	224,326
Fines	59,284	-	-	-	59,284
Investment Earnings	4,886	4,854	1,135	7,326	18,201
Gifts and Donations	28,866	-	-	-	28,866
Miscellaneous Revenues/Reimbursements	91,251	-	-	1,657	92,908
<b>Total Revenues</b>	<u>5,695,088</u>	<u>390,359</u>	<u>468,065</u>	<u>922,056</u>	<u>7,475,568</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	937,066	-	13,417	-	950,483
Public Safety	3,823,937	-	27,895	-	3,851,832
Public Works	513,913	-	291,673	255,294	1,060,880
Culture and Recreation	77,328	-	4,229	-	81,557
Community and Economic Development	-	76,582	-	69,753	146,335
<b>Debt Service:</b>					
Principal	-	9,793	72,823	200,000	282,616
Interest and Fees	-	1,594	6,024	40,637	48,255
Capital Outlay	48,173	30,014	250,814	225,748	554,749
<b>Total Expenditures</b>	<u>5,400,417</u>	<u>117,983</u>	<u>666,875</u>	<u>791,432</u>	<u>6,976,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>294,671</u>	<u>272,376</u>	<u>(198,810)</u>	<u>130,624</u>	<u>498,861</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	49,884	-	219,673	170,000	439,557
Transfers Out	(389,673)	-	-	-	(389,673)
Proceeds From Debt	-	-	160,496	-	160,496
<b>Total Other Financing Sources</b>	<u>(339,789)</u>	<u>-</u>	<u>380,169</u>	<u>170,000</u>	<u>210,380</u>
Net Change in Fund Balances	(45,118)	272,376	181,359	300,624	709,241
Fund Balance, Beginning of Year	<u>2,109,380</u>	<u>1,172,511</u>	<u>437,648</u>	<u>1,956,516</u>	<u>5,676,055</u>
Fund Balance, End of Year	<u>\$ 2,064,262</u>	<u>\$ 1,444,887</u>	<u>\$ 619,007</u>	<u>\$ 2,257,140</u>	<u>\$ 6,385,296</u>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2016**

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

Net change in fund balances - total governmental funds	\$ 709,241
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$1,217,749 exceeded capital outlays of \$554,749 in the current year.</p>	(663,000)
<p>The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities.</p>	(12,501)
<p>The amount of net pension liabilities/assets related to IMRF and the police and fire pensions are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the proper functional expense category. This amount is the difference between beginning and ending net pension liabilities/assets balances that has been included in the statement of activities.</p>	(1,824,790)
<p>The amount of postemployment healthcare benefits is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities.</p>	(86,490)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>	118,660
<p>Intergovernmental revenues that are not available for current use are reported as deferred on the balance sheet of the governmental funds but not on the statement of net assets. This amount is the difference between beginning and ending deferred revenues that has been included in the statement of activities.</p>	(47,372)
<p>The balance of the Village's portion of the pooled insurance trust is not recorded as an asset in the fund financial statements. In the statement of net assets, this amount is included and adjusted through the general functional expense category. This amount is the difference between beginning and ending insurance trust balance.</p>	<u>(38,174)</u>
Change in net position of governmental activities	<u>\$ (1,844,426)</u>

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



**VILLAGE OF SWANSEA, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND - SEWERAGE FUND  
FOR THE YEAR ENDED APRIL 30, 2016**

<b>Operating Revenues:</b>	
Charges for Services	\$ 3,204,197
Fees	11,456
Miscellaneous Revenue	<u>337</u>
Total Operating Revenues	<u>3,215,990</u>
<b>Operating Expenses:</b>	
Salaries	356,915
Employee Benefits	232,171
Contractual Services	805,863
Commodities	86,313
Depreciation	<u>1,214,197</u>
Total Operating Expenses	<u>2,695,459</u>
Operating Income	<u>520,531</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	32,544
Interest and Fiscal Charges	<u>(397,966)</u>
Total Nonoperating Revenues (Expenses)	<u>(365,422)</u>
Income Before Capital Contributions and Transfers	155,109
Transfers Out	<u>(49,884)</u>
Change in Net Position	105,225
Net Position - Beginning of Year, As Restated	<u>17,358,834</u>
Net Position - End of Year	<u>\$ 17,464,059</u>

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

## VILLAGE OF SWANSEA, ILLINOIS

### STATEMENT OF CASH FLOWS PROPRIETARY FUND - SEWERAGE FUND FOR THE YEAR ENDED APRIL 30, 2016

<b>Cash Flows from Operating Activities:</b>	
Receipts from Customers	\$ 3,210,522
Payments to Suppliers	(768,133)
Payments to Employees	<u>(355,790)</u>
Net Cash Provided by Operating Activities	<u>2,086,599</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Payments to Other Funds	<u>(49,884)</u>
Net Cash Used by Noncapital Financing Activities	<u>(49,884)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital Expenditures	(200,954)
Principal Payments on Notes	(1,008,856)
Interest Payments and Fiscal Charges	<u>(415,213)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,625,023)</u>
<b>Cash Flows from Investing Activities:</b>	
Sales (Purchases) of Investments	(1,374,430)
Interest Received	<u>32,544</u>
Net Cash Used by Investing Activities	<u>(1,341,886)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(930,194)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>3,315,608</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 2,385,414</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided</b>	
<b>by Operating Activities:</b>	
Operating Income	\$ 520,531
<b>Adjustments to Reconcile Net Income to</b>	
<b>Net Cash Provided by Operating Activities:</b>	
Depreciation	1,214,197
<b>(Increase) Decrease in Assets:</b>	
Services Receivables	(5,468)
Prepaid Expenses	5,110
Future Pension Expense	11,692
<b>Increase (Decrease) in Liabilities:</b>	
Accrued Wages and Compensated Absences	1,125
Accounts Payable	233,419
Net Pension Liability	<u>105,993</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 2,086,599</u></b>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2016**

<b>Assets:</b>	
Cash and Cash Equivalents	\$ 1,898,745
Investments:	
Municipal Bonds	111,083
Certificate of Deposits	658,354
Corporate Bonds	1,738,820
U.S. Government Securities	1,842,526
Common Stock	2,354,590
Mutual Funds	1,298,193
Receivables:	
Property Tax	891,420
Accrued Interest	<u>26,177</u>
Total Assets	<u>10,819,908</u>
<b>Liabilities:</b>	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
<b>Net Position - Restricted for Pension Benefits</b>	<b><u>\$ 10,819,908</u></b>

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

**VILLAGE OF SWANSEA, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED APRIL 30, 2016**

<b>Additions:</b>	
Employer Contributions	\$ 890,564
Employee Contributions	170,376
<b>Investment Earnings:</b>	
Investment Earnings	131,968
Less: Investment Expense	<u>(53,904)</u>
Net Investment Earnings	<u>78,064</u>
Total Additions	<u>1,139,004</u>
<b>Deductions:</b>	
Benefit Payments	508,188
Contractual Services	<u>10,225</u>
Total Deductions	<u>518,413</u>
Change in Net Position	620,591
Net Position - Beginning of Year	<u>10,199,317</u>
Net Position - End of Year	<u>\$ 10,819,908</u>

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

## VILLAGE OF SWANSEA, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS APRIL 30, 2016

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

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

(a) The financial reporting entity

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

(b) Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to

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

customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

The Village reports the following major governmental funds:

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

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

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

The Village reports the following major proprietary fund:

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

Additionally, the Village reports the following fund type:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise fund are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of

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

sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net position or equity

Deposits and investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and interest allocated to each fund based on month-end balances and investment policies.

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

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

Receivables and payables

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

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

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

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

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

The Village levied its 2015 property taxes on November 23, 2015 based upon the assessed valuation as of the previous January 1. Property taxes are due in installments in the following year, usually beginning in June, and are considered delinquent after the due dates. Property taxes for 2015 become an enforceable lien in January 2016. Because this tax levy will be used to pay expenses budgeted in fiscal year 2017, no part of this tax levy is shown as a receivable as of April 30, 2016 in the statement of activities.

Prepaid items

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

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Village did not record any capitalized interest in the current year.

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

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

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

Compensated absences

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

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

At April 30, 2016, the Village estimated that the accumulated liability for unused vacation for governmental activities employees totaled \$148,585. Amounts reflected in the financial statements at April 30, 2016 for business-type activities employees related to unused vacation benefits totaled \$11,047.

Long-term obligations

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

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

Fund equity

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

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

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

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

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

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances are authorized by the Village Board or by the Village Administrator under the direction of the Village Board. The Village does not maintain any assigned balances as of April 30, 2016.

Unassigned - the residual classification of the General Fund balance.

When expenditures are incurred for which the Village has both restricted and unrestricted funds available, the Village spends any restricted funds before using unrestricted sources. Likewise, the Village uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available. The following details the description and amount of all constraints recorded by the Village in the fund financial statements:

<u>Governmental Funds</u>	
Nonspendable:	
Prepaid Items	<u>\$ 15,573</u>
Restricted:	
TIF Economic Development	\$ 1,444,887
Forfeiture Funds	430
Business Districts	1,744,348
Motor Fuel Tax	447,094
Debt Service	65,698
	<u>\$ 3,702,457</u>
Committed:	
Capital Projects	<u>\$ 619,007</u>

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

Estimates

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

**NOTE 2: BUDGETARY AND LEGAL COMPLIANCE**

Village ordinance requires that a legally adopted annual budget be prepared for all funds. The Village Administrator compiles a budget of estimated revenues and expenditures for the Village and submits the budget to the Village Board prior to May 1 each year.

The legal level of budgetary control is defined as the budgeted appropriation amount at the program level of expenditures within a department. Unexpended appropriations lapse at year-end. Supplemental appropriations can be made with the majority vote of the Village Board.

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

The Village has no funds with actual expenditures in excess of the budgeted amounts.

**NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**General Government & Business-Like Activities**

At April 30, 2016, the carrying amount of the Village's deposits was \$13,196,469 and the bank balance was \$13,204,576. The deposits were comprised of checking accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Village's name. The Village had bank balances of \$138,682 that exceeded FDIC coverage and was uncollateralized at April 30, 2016.

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

As of April 30, 2016, the Village had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Cash on Hand		950
Deposits as reported above		<u>13,196,469</u>
Total deposits and investments		<u>\$ 13,197,419</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 7,295,449
Investments		<u>5,901,970</u>
		<u>\$ 13,197,419</u>

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

**Credit Risk.** As of April 30, 2016, the Village did not have any investments subject to credit risk.

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

**Concentration of Credit Risk.** As of April 30, 2016, the Village did not have a concentration of credit risk related to investments.

**Foreign Currency Risk.** As of April 30, 2016, the Village has no foreign currency risk.

**Firefighter's Pension Fund**

At April 30, 2016, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$526,277. The deposits were comprised of 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 Fire Pension's name.

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

As of April 30, 2016, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 41,640
Deposits as reported above		<u>526,277</u>
Total deposits and investments		<u>\$ 567,917</u>

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

**Credit Risk.** As of April 30, 2016, the Firefighter's Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds	AAAm	--

**Concentration of Credit Risk.** As of April 30, 2016, the Firefighter's Pension Fund investments did not have a concentration of credit risk.

**Foreign Currency Risk.** As of April 30, 2016, the Firefighter's Pension Fund has no foreign currency risk.

**Police Pension Fund**

At April 30, 2016, the carrying amount and bank balance of the Police Pension Fund's deposits were \$1,989,182. The deposits were comprised of checking and interest checking accounts.

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

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

As of April 30, 2016, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	3.50	\$ 1,057,054
U.S. Treasury Bonds	26.59	330,496
Federal Home Loan Mortgage	2.70	255,693
Federal National Mortgage Association	4.29	199,283
Municipal Bonds	11.57	111,083
Corporate Bonds	9.90	1,738,820
Mutual Fund	--	1,298,193
Domestic Equities	--	<u>2,354,590</u>
		7,345,212
Deposits as reported above		<u>1,989,182</u>
Total deposits and investments		<u>\$ 9,334,394</u>

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

**Credit Risk.** As of April 30, 2016, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal National Mortgage Association	AA+	Aaa
Federal Home Loan Mortgage	AA+	Aaa
Corporate Bonds	AA+ to BBB-	Aa1 to Baa3
Municipal Bonds	AAA	Aaa to Aa3

**Concentration of Credit Risk.** As of April 30, 2016, the Police Pension Fund's investments did not have a concentration of credit risk.

**Foreign Currency Risk.** As of April 30, 2016, the Police Pension Fund has no foreign currency risk.

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

**NOTE 4: RECEIVABLES**

The Village reports the following receivables in the statement of net position as of April 30, 2016. These amounts are reported net of the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Other Major Funds</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Fines/Franchise Fees	\$ 93,336	\$ -	\$ -	\$ -	\$ 93,336
Accounts	3,683	-	555,479	-	559,162
Intergovernmental	<u>870,700</u>	<u>95,774</u>	<u>-</u>	<u>114,467</u>	<u>1,080,941</u>
Gross Receivables	967,719	95,774	555,479	114,467	1,733,439
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 967,719</u>	<u>\$ 95,774</u>	<u>\$ 555,479</u>	<u>\$ 114,467</u>	<u>\$ 1,733,439</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,240,399	\$ --
Intergovernmental taxes	413,023	--

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

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended April 30, 2016 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,191,918	\$ 63,876	\$ -	\$ 2,255,794
Capital assets, being depreciated:				
Buildings and improvements	6,206,692	191,886	-	6,398,578
Equipment and vehicles	5,121,212	264,723	195,929	5,190,006
Infrastructure	31,048,618	34,264	-	31,082,882
Total capital assets being depreciated	42,376,522	490,873	195,929	42,671,466
Less accumulated depreciation for:				
Buildings and improvements	2,087,969	169,510	-	2,257,479
Equipment and vehicles	3,969,287	205,573	195,929	3,978,931
Infrastructure	12,558,814	842,666	-	13,401,480
Total accumulated depreciation	18,616,070	1,217,749	195,929	19,633,890
Total capital assets, being depreciated, net	23,760,452	(726,876)	-	23,033,576
Governmental activities capital assets, net	\$ 25,952,370	\$ (663,000)	\$ -	\$ 25,289,370

Capital asset activity for business-type activities for the year ended April 30, 2016 was as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Capital assets, being depreciated:				
Sewer plant	22,819,973	-	-	22,819,973
Buildings and improvements	444,030	-	-	444,030
Equipment and vehicles	826,899	69,753	-	896,652
Sewer system	13,724,311	242,190	-	13,966,501
Total capital assets being depreciated	37,815,213	311,943	-	38,127,156
Less accumulated depreciation for:				
Sewer plant	3,689,046	857,753	-	4,546,799
Buildings and improvements	419,478	2,398	-	421,876
Equipment and vehicles	425,579	61,068	-	486,647
Sewer system	6,068,708	292,978	-	6,361,686
Total accumulated depreciation	10,602,811	1,214,197	-	11,817,008
Total capital assets, being depreciated, net	27,212,402	(902,254)	-	26,310,148
Business-type activities capital assets, net	\$ 27,242,402	\$ (902,254)	\$ -	\$ 26,340,148

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

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

Governmental activities:	
General government	\$ 72,236
Public safety	191,007
Public works, including depreciation of general infrastructure assets	855,810
Culture and recreation	<u>98,696</u>
Total depreciation expense - governmental activities	<u>\$ 1,217,749</u>
Business-type activities:	
Sewerage	<u>\$ 1,214,197</u>

**NOTE 6: LONG-TERM DEBT**

**Bond Issues**

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

\$2,115,000 General Obligation Fire Protection Refunding Bonds, Series 2013 dated March 20, 2013, due in annual installments of \$200,000 to \$230,000 through December 1, 2023; interest at 2.00% to 2.50%. The proceeds were used to refund bonds that were originally issued to fund a new firehouse. The amount of bonds outstanding as of April 30, 2016 is \$1,710,000.

The annual requirements to retire the outstanding bond issue as of April 30, 2016 are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 200,000	\$ 36,355
2018	200,000	32,355
2019	205,000	28,355
2020	215,000	24,255
2021	215,000	19,955
2022-2024	<u>675,000</u>	<u>32,330</u>
	<u>\$ 1,710,000</u>	<u>\$ 173,605</u>

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

Notes Payable

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

\$76,910 tax increment financing note related to Don's Hardware Redevelopment Project, dated June 5, 2008, bears interest at 5.00%; annual principal and interest payments of \$11,387 to 11,629 are due through October 2017. This note is being retired by the TIF fund. The principal amount of the note outstanding as of April 30, 2016 is \$21,358.

\$26,765 note payable through The Bank of Belleville, dated October 15, 2014, for a police vehicle, bears interest at 1.07%; monthly installments of \$1,128 through October 2016. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2016 is \$6,746.

\$26,905 note payable through The Bank of Belleville, dated December 10, 2014, for a police vehicle, bears interest at 1.17%; monthly installments of \$761 through December 2017. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2016 is \$14,319.

\$26,304 note payable through The Bank of Belleville, dated July 20, 2015, for a police vehicle, bears interest at 1.30%; monthly installments of \$1,111 through July 2017. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2016 is \$16,522.

\$27,730 note payable through The Bank of Belleville, dated March 31, 2016, for a police vehicle, bears interest at 1.99%; monthly installments of \$1,180 through April 2018. This note is being retired by the General fund. The principal amount of the note outstanding as of April 30, 2016 is \$26,584.

\$112,200 note payable through The Bank of Belleville, dated April 2, 2015, for a 2016 Peterbilt truck, bears interest at 1.59%; monthly installments of \$1,948 through April 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2016 is \$88,652.

\$106,462 note payable through The Bank of Belleville, dated December 5, 2015, for a 2016 Peterbilt truck, bears interest at 1.99%; monthly installments of \$1,866 through November 2020. This note is being retired by the Capital Projects fund. The principal amount of the note outstanding as of April 30, 2016 is \$97,991.

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

\$21,156,248 note payable through the Illinois Environmental Protection Agency (IEPA), dated October 2008, for the improvement of the wastewater plant, bears interest at 2.50%; semiannual principal and interest payments of \$692,239 are due through May 2029. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2016 is \$15,294,993.

\$665,850 note payable through the Illinois Environmental Protection Agency (IEPA), dated December 2010, for the improvement of the Western Avenue lift station, bears interest at 1.25%; semiannual principal and interest payments of \$19,950 are due through April 2032. This note is being retired by the Sewerage fund. The principal amount of the note outstanding as of April 30, 2016 is \$565,424.

The annual debt requirements to retire the notes payable as of April 30, 2016 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 92,703	\$ 4,560	\$ 1,040,497	\$ 383,079
2018	77,171	3,157	1,066,268	357,308
2019	44,260	1,502	1,092,681	330,895
2020	45,060	702	1,119,752	303,824
2021	12,978	86	1,147,501	276,075
2022-2026	-	-	6,178,584	939,296
2027-2031	-	-	4,176,397	185,817
2032	-	-	38,737	363
	<u>\$ 272,172</u>	<u>\$ 10,007</u>	<u>\$ 15,860,417</u>	<u>\$ 2,776,657</u>

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

The following is a summary of changes in long-term liabilities for the year ended April 30, 2016:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities</u></b>					
<b>Bonds and notes payable:</b>					
General obligation bonds	\$ 1,910,000	\$ -	\$ 200,000	\$ 1,710,000	\$ 200,000
Bond premium	29,713	-	3,714	25,999	-
Notes payable	194,292	160,496	82,616	272,172	94,101
<b>Other liabilities:</b>					
OPEB liability	497,715	86,490	-	584,205	-
Net pension liability	9,253,752	1,578,681	-	10,832,433	-
Compensated absences	<u>136,084</u>	<u>12,501</u>	-	<u>148,585</u>	<u>148,585</u>
	9,887,551	1,677,672	-	11,565,223	148,585
Governmental activities long-term liabilities	<u>\$ 12,021,556</u>	<u>\$ 1,838,168</u>	<u>\$ 286,330</u>	<u>\$ 13,573,394</u>	<u>\$ 442,686</u>
<b><u>Business-type Activities:</u></b>					
<b>Bonds and notes payable:</b>					
Notes payable	\$ 16,869,273	\$ -	\$ 1,008,856	\$ 15,860,417	\$ 1,040,497
<b>Other liabilities:</b>					
Net pension liability	217,828	105,994	-	323,822	-
Compensated absences	<u>13,570</u>	-	<u>2,523</u>	<u>11,047</u>	<u>11,047</u>
	231,398	105,994	2,523	334,869	11,047
Business-type activities long-term liabilities	<u>\$ 17,100,671</u>	<u>\$ 105,994</u>	<u>\$ 1,011,379</u>	<u>\$ 16,195,286</u>	<u>\$ 1,051,544</u>

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

**NOTE 7: LEGAL DEBT MARGIN**

The computation of legal debt margin at April 30, 2016 is as follows:

Bonded Debt Limit*	\$ 22,855,211
Bonded Indebtedness	<u>1,982,172</u>
Legal Debt Margin	<u>\$ 20,873,039</u>

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

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

**NOTE 8: INTERFUND TRANSFERS**

The Village made the following interfund transfers during the year ended April 30, 2016:

General Fund Transfer From (To):	
Sewerage	\$ 49,884
Capital Projects Fund	(219,673)
159 Business District	(170,000)

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

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

1. Illinois Municipal Retirement Fund

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

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2015 was 12.90 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

Retirees and Beneficiaries	15
Inactive, non-Retired Members	13
Active Members	<u>25</u>
Total	<u>53</u>

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.46%.

Actuarial Valuation Date	12/31/15
Measurement Date of the Net Pension Liability	12/31/15
Fiscal Year End	04/30/16
Development of the Single Discount Rate as of December 31, 2015	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.57%
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2087
Resulting Single Discount Rate based on the above development	7.46%
Single Discount Rate calculated using December 31, 2014 Measurement Date	7.48%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2015.

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

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

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 28 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Health Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

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

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

<b>Total pension liability</b>	
Service Cost	\$ 130,502
Interest on the Total Pension Liability	429,324
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(100,884)
Changes of assumptions	14,992
Benefit payments, including refunds of employee contributions	<u>(204,147)</u>
Net change in total pension liability	\$ 269,787
Total pension liability - beginning	<u>5,776,448</u>
Total pension liability - ending	<u>\$ 6,046,235</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 152,341
Contributions - employee	65,155
Net investment income	24,818
Benefit payments, including refunds of employee contributions	(204,147)
Other	<u>(167,186)</u>
Net change in plan fiduciary net position	\$ (129,019)
Plan fiduciary net position - beginning	<u>4,956,857</u>
Plan fiduciary net position - ending	<u>\$ 4,827,838</u>
<b>Net pension liability/(asset)</b>	<u>\$ 1,218,397</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.85%
<b>Covered valuation payroll</b>	\$ 1,180,937
<b>Net pension liability as a percentage of covered valuation payroll</b>	103.17%

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

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

	Current Single Discount		
	1% Decrease 6.46%	Rate Assumption 7.46%	1% Increase 8.46%
Total Pension Liability	\$ 6,860,561	\$ 6,046,235	\$ 5,373,461
Plan Fiduciary Net Position	4,827,838	4,827,838	4,827,838
Net Pension Liability/(Asset)	<u>\$ 2,032,723</u>	<u>\$ 1,218,397</u>	<u>\$ 545,623</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 76,917
Changes in assumptions	11,430	-
payments subsequent to measurement date	49,244	-
Net difference between projected and actual earnings on pension plan investments	272,942	-
Total	<u>\$ 333,616</u>	<u>\$ 76,917</u>

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 97,074
2017	47,830
2018	47,830
2019	63,965
2020	-
Thereafter	-
	<u>\$ 256,699</u>

As a result of implementing GASB 68, beginning net position decreased by \$518,902 to record the net effect of recording the net pension liability and related deferred outflows of resources. GASB 68 became effective for years beginning after June 15, 2014.

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

2. Firefighters' Pension Fund

a) Plan Description

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

Plan Membership as of April 30, 2016:

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

Benefits Provided.

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

Normal Retirement:

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

Cost of Living Adjustment:

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

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

**Disability Benefit:**

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

**Pre-Retirement Death Benefit:**

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

**Vesting (Termination):**

Less than 10 years: Refund of Member Contributions.

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

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

**Contributions.**

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

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

b) Investments

Investment Policy:

The Board currently invests in certificates of deposit and the Illinois Funds.

Concentrations:

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

Rate of Return:

For the year ended April 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was .25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2016 were as follows:

Total Pension Liability	\$ 1,688,459
Plan Fiduciary Net Position	(641,849)
Net Pension Liability	<u>\$ 1,046,610</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	38.01%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2016 using the following actuarial assumptions.

Inflation	2.40%
Salary Increases	3.00%
Investment Rate of Return	2.40%
Pre-Retirement Mortality Rate: RP-2014 Mortality Male Table, set back 4 years for females	
Post-Retirement Mortality Rate: RP-2014 Mortality Male Table, set back 4 years for females	

The long-term expected rate of return on pension plan investments is the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) and are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

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

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Discount Rate:**

The discount rate used to measure the total pension liability was 2.40 percent. This rate was used due to the nature of the current investments and limited expected returns.

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.40%</u>	<u>2.40%</u>	<u>3.40%</u>
Net Pension Liability	\$ 1,247,553	\$ 1,049,410	\$ 870,114

As a result of implementing GASB 68, beginning net position increased by \$399,263 to record the net effect of recording the net pension liability and related deferred outflows of resources. GASB 68 became effective for years beginning after June 15, 2014.

3. Police Pension Fund

a) Plan Description

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

Plan Membership as of April 30, 2016:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	10
Active Plan Members	<u>22</u>
<b>Total</b>	<b><u>32</u></b>

**Benefits Provided.**

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

**Normal Retirement:**

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

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

years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

**Cost of Living Adjustment:**

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

**Disability Benefit:**

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

**Pre-Retirement Death Benefit:**

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

**Vesting (Termination):**

**Less than 10 years:** Refund of Member Contributions.

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

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

Contributions.

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

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2016:

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

Concentrations:

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

Rate of Return:

For the year ended April 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -0.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2016 were as follows:

Total Pension Liability	\$ 19,069,307
Plan Fiduciary Net Position	<u>(10,178,059)</u>
Net Pension Liability	<u>\$ 8,891,248</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	53.37%

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

**Actuarial Assumptions:**

The total pension liability was determined by an actuarial valuation as of April 30, 2015 using the following actuarial assumptions.

Inflation	2.75%
Salary Increases	4.00%
Investment Rate of Return	5.75%
Pre-Retirement Mortality Rate: RP-2014 Mortality Male Table, set back 4 years for females	
Post-Retirement Mortality Rate: RP-2014 Mortality Male Table, set back 4 years for females	

The long-term expected rate of return on pension plan investments is the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) and are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	1.50%
U. S. Equity	6.00%
International Equity	6.00%
Cash Equivalents	0.00%

**Discount Rate:**

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

	1% Decrease	Current Discount Rate	1% Increase
	4.75%	5.75%	6.75%
Net Pension Liability	\$ 11,624,334	\$ 8,891,248	\$ 6,112,175

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

As a result of implementing GASB 68, beginning net position decreased by \$7,650,421 to record the net effect of recording the net pension liability and related deferred outflows of resources. GASB 68 became effective for years beginning after June 15, 2014.

**NOTE 10: RISK MANAGEMENT**

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

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

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

	Balances as of April 30,	
	<u>2016</u>	<u>2015</u>
Administrative Account	\$ 2,138	\$ (306)
Benefit Account	155,397	162,249
HMO Account	-	-
Terminal Reserve Account	<u>15,407</u>	<u>49,173</u>
	<u>\$ 172,942</u>	<u>\$ 211,116</u>

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

**NOTE 11: RESTATEMENT OF NET POSITION**

The Village has restated the net position of both the Governmental Activities and Business-type Activities as a result of implementing GASB 68.

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Net Position as of April 30, 2015	\$ 29,166,329	\$ 17,496,746
Eliminate Net Pension Obligation per GASB 27	418,766	-
Record Deferred Outflows for Pensions per GASB 68	1,621,604	79,916
Record Net Pension Liability per GASB 68	<u>(9,253,752)</u>	<u>(217,828)</u>
Restated Net Position as of April 30, 2015	<u>\$ 21,952,947</u>	<u>\$ 17,358,834</u>

**NOTE 12: POSTEMPLOYMENT HEALTHCARE PLAN**

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

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

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

Annual required contribution	\$ 133,808
Interest on OPEB obligation	24,886
Adjustment to ARC	<u>(32,382)</u>
Annual OPEB cost	126,312
Contributions made	<u>(39,822)</u>
Increase in OPEB	86,490
Net OPEB – Beg of Year	<u>497,715</u>
Net OPEB – End of Year	<u>\$ 584,205</u>

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

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
04/30/16	\$ 126,312	31.50%	\$ 584,205
04/30/15	117,757	28.60%	497,715
04/30/14	118,865	28.40%	413,669

Actuarial Valuation Date - April 30, 2016

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	1,376,663
Total Unfunded Actuarial Liability	1,376,663
Actuarial Value of Assets as a % of the Actuarial Accrued Liability	0.00%
Annual Covered Payroll	3,058,690
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	45.01%

*Funding Status and Funding Progress.* As of April 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$1,376,663. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$3,058,690 and the ratio of the UAAL to the covered payroll was 45.01 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the point.

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

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.00 percent to be reduced by 1.00 increments to an ultimate rate of 5.00 percent. The remaining amortization period at April 30, 2016, was 30 years.

**NOTE 13: SUBSEQUENT EVENT**

The Village has evaluated events occurring after the financial statement date through October 20, 2016 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

**VILLAGE OF SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2016**

	Budgeted Amounts		Actual (Budget Basis)	Variance - Actual vs. Budget Final
	Original	Final		
<b>Receipts:</b>				
Property Tax	\$ 1,176,000	\$ 1,176,000	\$ 1,100,125	\$ (75,875)
<b>Intergovernmental:</b>				
Sales and Use Tax	1,610,000	1,610,000	1,609,878	(122)
Replacement Tax	11,000	11,000	15,060	4,060
State Income Tax	1,340,000	1,340,000	1,434,030	94,030
Telecommunications Tax	165,000	165,000	192,763	27,763
Grants	-	-	18,917	18,917
Other	17,500	17,500	25,068	7,568
Utility Tax	755,000	755,000	675,260	(79,740)
Licenses, Fees and Permits	118,800	118,800	124,089	5,289
Charges for Services	309,513	309,513	241,730	(67,783)
Fines	43,220	43,220	59,284	16,064
Investment Earnings	1,600	1,600	1,795	195
Gifts and Donations	10,600	10,600	28,866	18,266
Miscellaneous Revenues and Reimbursements	37,000	37,000	110,566	73,566
<b>Total Receipts</b>	<b>5,595,233</b>	<b>5,595,233</b>	<b>5,637,431</b>	<b>42,198</b>
<b>Disbursements:</b>				
<b>General Government:</b>				
Centralized Services	455,811	455,811	387,543	68,268
Swansea Report	42,000	42,000	32,165	9,835
Elected Officials	82,255	82,255	85,352	(3,097)
General Administration	293,247	293,247	303,598	(10,351)
Building & Zoning	92,228	92,228	94,882	(2,654)
<b>Total Administration</b>	<b>965,541</b>	<b>965,541</b>	<b>903,540</b>	<b>62,001</b>
<b>Public Safety:</b>				
Police	3,370,664	3,370,664	3,506,625	(135,961)
Fire	333,337	333,337	325,691	7,646
<b>Total Public Safety</b>	<b>3,704,001</b>	<b>3,704,001</b>	<b>3,832,316</b>	<b>(128,315)</b>
<b>Public Works:</b>				
Streets	579,050	579,050	522,865	56,185
Refuse & Recycling	50,000	50,000	40,468	9,532
<b>Total Public Works</b>	<b>629,050</b>	<b>629,050</b>	<b>563,333</b>	<b>65,717</b>

**VILLAGE OF SWANSEA, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
Disbursements (continued):				
Culture and Recreation:				
Parks	74,310	74,310	85,520	(11,210)
Senior Services	<u>500</u>	<u>500</u>	<u>726</u>	<u>(226)</u>
Total Culture and Recreation	<u>74,810</u>	<u>74,810</u>	<u>86,246</u>	<u>(11,436)</u>
Total Disbursements	<u>5,373,402</u>	<u>5,373,402</u>	<u>5,385,435</u>	<u>(12,033)</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>221,831</u>	<u>221,831</u>	<u>251,996</u>	<u>30,165</u>
Other Financing Sources:				
Transfers In (Out)	<u>(169,778)</u>	<u>(169,778)</u>	<u>(339,789)</u>	<u>(170,011)</u>
Total Other Financing Sources	<u>(169,778)</u>	<u>(169,778)</u>	<u>(339,789)</u>	<u>(170,011)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 52,053</u>	<u>\$ 52,053</u>	<u>(87,793)</u>	<u>\$ (139,846)</u>
Change in intergovernmental revenue on modified accrual basis			37,178	
Change in accounts payable on modified accrual basis			(57,104)	
Change in accrued wages on modified accrual basis			(14,278)	
Change in interest income on modified accrual basis			3,885	
Change in other accounts receivable on modified accrual basis			227	
Change in prepaid expenses on modified accrual basis			(19,361)	
Change in franchise fees receivable on modified accrual basis			74,417	
Change in utility tax receivable on modified accrual basis			14,028	
Change in unbilled garbage services on modified accrual basis			<u>3,683</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (45,118)</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

**TAX INCREMENT FINANCING FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>	<u>Actual vs. Budget Final</u>
<b>Receipts:</b>				
Property Tax	\$ 371,000	\$ 371,000	\$ 383,105	\$ 12,105
Charges for Services	-	-	2,400	2,400
Investment Earnings	<u>3,750</u>	<u>3,750</u>	<u>4,854</u>	<u>1,104</u>
Total Receipts	<u>374,750</u>	<u>374,750</u>	<u>390,359</u>	<u>15,609</u>
<b>Disbursements:</b>				
Community Development	200,000	200,000	76,582	123,418
Capital Outlay	66,000	66,000	30,014	35,986
Debt Service	<u>170,000</u>	<u>170,000</u>	<u>11,387</u>	<u>158,613</u>
Total Disbursements	<u>436,000</u>	<u>436,000</u>	<u>117,983</u>	<u>318,017</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>\$ (61,250)</u>	<u>\$ (61,250)</u>	272,376	<u>\$ 333,626</u>
No Change for modified accrual basis			<u>-</u>	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 272,376</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

**CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
WITH BUDGETARY COMPARISON  
FOR THE YEAR ENDED APRIL 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance - Actual vs. Budget Final</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Tax	\$ -	\$ -	\$ 100,139	\$ 100,139
Intergovernmental Revenues	428,735	428,735	304,132	(124,603)
Investment Earnings	<u>520</u>	<u>520</u>	<u>1,135</u>	<u>615</u>
Total Receipts	<u>429,255</u>	<u>429,255</u>	<u>405,406</u>	<u>(23,849)</u>
<b>Disbursements:</b>				
Capital Outlay:				
General Government	2,000	2,000	8,091	(6,091)
Public Services	257,908	257,908	134,027	123,881
Public Works	265,873	265,873	351,320	(85,447)
Culture and Recreation	<u>13,500</u>	<u>13,500</u>	<u>12,942</u>	<u>558</u>
Total Disbursements	<u>539,281</u>	<u>539,281</u>	<u>506,380</u>	<u>32,901</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(110,026)</u>	<u>(110,026)</u>	<u>(100,974)</u>	<u>9,052</u>
Other Financing Sources (Uses):				
Operating Transfers In	<u>219,673</u>	<u>219,673</u>	<u>219,673</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>219,673</u>	<u>219,673</u>	<u>219,673</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ 109,647</u>	<u>\$ 109,647</u>	118,699	<u>\$ 9,052</u>
Change in sales tax receivable on modified accrual basis			62,660	
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 181,359</u>	

**VILLAGE OF SWANSEA, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND  
APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability:</b>		
Service Cost	\$ 616,724	\$ 584,245
Interest	1,017,610	950,507
Differences between expected and actual	-	100,406
Changes in assumptions	-	-
Benefit payments, including refunds	<u>(525,188)</u>	<u>(411,101)</u>
Net change in total pension liability	1,109,146	1,224,057
Total pension liability - beginning	<u>17,960,161</u>	<u>16,736,104</u>
Total pension liability - ending	<u>\$ 19,069,307</u>	<u>\$ 17,960,161</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	816,678	794,979
Contributions - employee	158,915	142,668
Net investment income	76,620	390,673
Benefit payments, including refunds	(508,188)	(500,782)
Administrative	<u>(10,126)</u>	<u>(4,416)</u>
Net change in plan fiduciary net position	533,899	823,122
Plan fiduciary net position - beginning	<u>9,644,160</u>	<u>8,821,038</u>
Plan fiduciary net position - ending	<u>\$ 10,178,059</u>	<u>\$ 9,644,160</u>
Net Pension Liability	<u>\$ 8,891,248</u>	<u>\$ 8,316,001</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>53.37%</u>	<u>53.70%</u>
Covered-employee Payroll	<u>\$ 1,645,607</u>	<u>\$ 1,645,607</u>
Net position liability as a percentage of covered-employee payroll	<u>540.30%</u>	<u>505.35%</u>

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FIREFIGHTER'S PENSION FUND**

**APRIL 30, 2016**

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability:</b>		
Service Cost	\$ 45,662	\$ 43,488
Interest	44,558	36,510
Differences between expected and actual	(2,902)	80,939
Changes in assumptions	709,996	-
Benefit payments, including refunds	-	-
Net change in total pension liability	<u>797,314</u>	<u>160,937</u>
Total pension liability - beginning	<u>891,145</u>	<u>730,208</u>
Total pension liability - ending	<u>\$ 1,688,459</u>	<u>\$ 891,145</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	73,886	46,844
Contributions - employee	11,461	12,113
Net investment income	1,444	1,191
Benefit payments, including refunds	-	-
Administrative	(99)	(88)
Net change in plan fiduciary net position	<u>86,692</u>	<u>60,060</u>
Plan fiduciary net position - beginning	<u>555,157</u>	<u>495,097</u>
Plan fiduciary net position - ending	<u>\$ 641,849</u>	<u>\$ 555,157</u>
<b>Net Pension Liability</b>	<u>\$ 1,046,610</u>	<u>\$ 335,988</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>38.01%</u>	<u>62.30%</u>
<b>Covered-employee payroll</b>	<u>\$ 125,270</u>	<u>\$ 122,174</u>
<b>Net position liability as a percentage of covered-employee payroll</b>	<u>835.48%</u>	<u>275.01%</u>

VILLAGE OF SWANSEA, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2016

	<u>2015</u>
Total Pension Liability:	
Service Cost	\$ 130,502
Interest	429,324
Difference between expected and actual	(100,884)
Assumption changes	14,992
Benefit payments, including refunds	<u>(204,147)</u>
Net change in total pension liability	269,787
Total pension liability - beginning	<u>5,776,448</u>
Total pension liability - ending	<u>\$ 6,046,235</u>
Plan Fiduciary Net Position	
Contributions - employer	152,341
Contributions - employee	65,155
Net investment income	24,818
Benefit payments, including refunds	(204,147)
Administrative	<u>(167,186)</u>
Net change in plan fiduciary net position	(129,019)
Plan fiduciary net position - beginning	<u>4,956,857</u>
Plan fiduciary net position - ending	<u>\$ 4,827,838</u>
Net Pension Liability	<u>\$ 1,218,397</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.85%</u>
Covered-employee payroll	<u>\$ 1,180,937</u>
Net position liability as a percentage of covered-employee payroll	<u>103.17%</u>

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS**

**POLICE PENSION FUND**

**APRIL 30, 2016**

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,194,476	\$ 1,129,528
Contributions in relation to actuarial determined contribution	<u>815,900</u>	<u>793,711</u>
Contribution deficiency (excess)	<u>\$ 378,576</u>	<u>\$ 335,817</u>
 Covered-employee Payroll	 <u>1,645,607</u>	 <u>1,585,893</u>
 Contributions as a percentage of covered-employee payroll	 <u>49.58%</u>	 <u>50.05%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2016.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	24 years
Asset Valuation Method:	Gains and losses recognized over a five year period
 Actuarial Assumptions:	
Interest Rate	5.75%
Salary Appreciation	4.00%
Inflation	2.75%

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTER'S PENSION FUND**

**APRIL 30, 2016**

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	TBD	\$ 71,002
Contributions in relation to actuarial determined contribution	<u>TBD</u>	<u>44,932</u>
Contribution deficiency (excess)	<u>TBD</u>	<u>\$ 26,070</u>
Covered-employee Payroll	<u>118,549</u>	<u>122,174</u>
Contributions as a percentage of covered-employee payroll	<u>TBD</u>	<u>36.78%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2016.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	24 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	2.40%
Salary Appreciation	3.00%
Inflation	3.00%

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2016**

	<u>2015</u>
Actuarial Determined Contribution	\$ 152,341
Contributions in relation to actuarial determined contribution	<u>152,341</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee Payroll	<u>\$ 1,180,937</u>
Contributions as a percentage of covered-employee payroll	<u>12.90%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is December 31, 2015.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	28 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	7.50%
Salary Appreciation	4.00%
Inflation	3.00%

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND  
APRIL 30, 2016**

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

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
FIREFIGHTER'S PENSION FUND**

**APRIL 30, 2016**

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

**VILLAGE OF SWANSEA, ILLINOIS**

**SCHEDULE OF POST-EMPLOYMENT HEALTHCARE  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
APRIL 30, 2016**

	Fiscal Year		
	2016	2015	2014
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	1,376,663	1,397,885	1,328,625
Unfunded AAL (UAAL)	1,376,663	1,397,885	1,328,625
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll	3,058,690	2,831,013	2,683,646
UAAL as a % of Covered Payroll	45.01%	49.38%	49.51%
Employer Contributions:			
Required	133,808	123,988	123,813
Made	39,822	33,712	33,712
Percentage of Employer Contributions			
Made to Required Contributions	29.76%	27.19%	27.23%

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

Actuarial Cost Method:	Projected Unit Credit
Remaining Amortization Period:	30 Years
Actuarial Assumptions:	
Healthcare Trend	8.0% decreasing to 5.0% by 1.00% Increments

**VILLAGE OF SWANSEA, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2016**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Motor Fuel Tax Fund</u>	<u>Special Business District Fund</u>	<u>Total</u>		
<u>Assets</u>					
Cash and Cash Equivalents	\$ 430,444	\$ 1,710,637	\$ 2,141,081	\$ 65,698	\$ 2,206,779
Receivables:					
Property Taxes	-	-	-	244,054	244,054
Intergovernmental	<u>30,564</u>	<u>83,903</u>	<u>114,467</u>	<u>-</u>	<u>114,467</u>
Total Assets	<u>\$ 461,008</u>	<u>\$ 1,794,540</u>	<u>\$ 2,255,548</u>	<u>\$ 309,752</u>	<u>\$ 2,565,300</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 13,914	\$ 14,383	\$ 28,297	\$ -	\$ 28,297
Total Liabilities	<u>13,914</u>	<u>14,383</u>	<u>28,297</u>	<u>-</u>	<u>28,297</u>
Deferred Inflows of Resources:					
Deferred Revenue	<u>-</u>	<u>35,809</u>	<u>35,809</u>	<u>244,054</u>	<u>279,863</u>
Fund Balance:					
Restricted	<u>447,094</u>	<u>1,744,348</u>	<u>2,191,442</u>	<u>65,698</u>	<u>2,257,140</u>
Total Fund Balance	<u>447,094</u>	<u>1,744,348</u>	<u>2,191,442</u>	<u>65,698</u>	<u>2,257,140</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 461,008</u>	<u>\$ 1,794,540</u>	<u>\$ 2,255,548</u>	<u>\$ 309,752</u>	<u>\$ 2,565,300</u>

**VILLAGE OF SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2016**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Special Business District Fund	Total		
<b>Revenues:</b>					
Property Tax	\$ -	\$ -	\$ -	\$ 247,707	\$ 247,707
Sales Tax	-	305,424	305,424	-	305,424
Motor Fuel Tax	359,942	-	359,942	-	359,942
Grant Revenue	-	-	-	-	-
Investment Earnings	776	6,269	7,045	281	7,326
Miscellaneous	1,657	-	1,657	-	1,657
<b>Total Revenues</b>	<b>362,375</b>	<b>311,693</b>	<b>674,068</b>	<b>247,988</b>	<b>922,056</b>
<b>Expenditures:</b>					
Public Works	255,294	-	255,294	-	255,294
Community/Economic Development	-	69,753	69,753	-	69,753
Capital Outlay	-	225,748	225,748	-	225,748
Debt Service	-	-	-	240,637	240,637
<b>Total Expenditures</b>	<b>255,294</b>	<b>295,501</b>	<b>550,795</b>	<b>240,637</b>	<b>791,432</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>107,081</b>	<b>16,192</b>	<b>123,273</b>	<b>7,351</b>	<b>130,624</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In (Out)	-	170,000	170,000	-	170,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>170,000</b>	<b>170,000</b>	<b>-</b>	<b>170,000</b>
<b>Net Change in Fund Balances</b>	<b>107,081</b>	<b>186,192</b>	<b>293,273</b>	<b>7,351</b>	<b>300,624</b>
<b>Fund Balance, Beginning of Year</b>	<b>340,013</b>	<b>1,558,156</b>	<b>1,898,169</b>	<b>58,347</b>	<b>1,956,516</b>
<b>Fund Balance, End of Year</b>	<b>\$ 447,094</b>	<b>\$ 1,744,348</b>	<b>\$ 2,191,442</b>	<b>\$ 65,698</b>	<b>\$ 2,257,140</b>

**VILLAGE OF SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2016**

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,484,019	\$ 414,726	\$ 1,898,745
<b>Investments:</b>			
Municipal Bonds	111,083	-	111,083
Certificates of Deposit	505,163	153,191	658,354
Corporate Bonds	1,738,820	-	1,738,820
U.S. Government Securities	1,842,526	-	1,842,526
Common Stock	2,354,590	-	2,354,590
Mutual Funds	1,298,193	-	1,298,193
<b>Receivables:</b>			
Property Taxes	817,488	73,932	891,420
Accrued Interest	26,177	-	26,177
<b>Total Assets</b>	<u>10,178,059</u>	<u>641,849</u>	<u>10,819,908</u>
<b>Liabilities:</b>			
None	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position -</b>			
Restricted for Pension Benefits	<u>\$ 10,178,059</u>	<u>\$ 641,849</u>	<u>\$ 10,819,908</u>

**VILLAGE OF SWANSEA, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2016**

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	
<b>Additions:</b>			
Employer Contributions	\$ 816,678	\$ 73,886	\$ 890,564
Employee Contributions	158,915	11,461	170,376
<b>Investment Earnings:</b>			
Investment Earnings	130,524	1,444	131,968
Less: Investment Expense	<u>(53,904)</u>	<u>-</u>	<u>(53,904)</u>
Net Investment Earnings	<u>76,620</u>	<u>1,444</u>	<u>78,064</u>
<b>Total Additions</b>	<u>1,052,213</u>	<u>86,791</u>	<u>1,139,004</u>
<b>Deductions:</b>			
Benefit Payments	508,188	-	508,188
Administrative Expenses	<u>10,126</u>	<u>99</u>	<u>10,225</u>
<b>Total Deductions</b>	<u>518,314</u>	<u>99</u>	<u>518,413</u>
<b>Change in Net Position</b>	533,899	86,692	620,591
<b>Net Position, Beginning of Year</b>	<u>9,644,160</u>	<u>555,157</u>	<u>10,199,317</u>
<b>Net Position, End of Year</b>	<u>\$ 10,178,059</u>	<u>\$ 641,849</u>	<u>\$ 10,819,908</u>

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

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the of the Village of Swansea, Illinois as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Other Matters***

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

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

Certified Public Accountants

October 20, 2016