

# **Village of South Holland, Illinois**

Annual Financial Report  
April 30, 2022

## Contents

Independent auditor's report	1-3
<hr/>	
Required supplementary information	
Management's discussion and analysis	4-13
Basic financial statements	
Government-wide financial statements	
Statement of net position	14-15
Statement of activities	16-17
Fund financial statements	
Balance sheet - governmental funds	18
Reconciliation of the balance sheet - governmental funds to the statement of net position	19-20
Statement of revenues, expenditures and changes in fund balances - governmental funds	21
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	22-23
Statement of net position - enterprise fund	24
Statement of revenues, expenses and changes in net position - enterprise fund	25
Statement of cash flows - enterprise fund	26
Statement of fiduciary net position - pension trust funds	27
Statement of changes in fiduciary net position - pension trust funds	28
Notes to financial statements	29-75
Required supplementary information	
Schedule of changes in net pension liability (asset), total pension liability and related ratios and investment returns - Illinois Municipal Retirement Fund	76
Schedule of changes in net pension liability, total pension liability and related ratios and investment returns - Police Pension Fund	77
Schedule of changes in net pension liability, total pension liability and related ratios and investment returns - Firefighters' Pension Fund	78
Schedule of changes in total other postemployment benefit liability and related ratios - Other Postemployment Benefit Plan	79
Schedule of contributions	
Illinois Municipal Retirement Fund	80
Police Pension Plan	81
Firefighters' Pension Plan	81
Schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund	82
Notes to required supplementary information	83-85
Supplementary information	
Other schedules	
Schedule of revenues - budget and actual - general fund	86
Schedule of equalized assessed valuations, tax rates, tax extensions and tax collections	87
Schedule of debt service requirements	88-90

**Independent Auditor's Report**

Honorable Mayor and Members of the Board of Trustees  
Village of South Holland, Illinois

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of South Holland, Illinois (the Village), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of April 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, pension and other postemployment benefit related information, and budgetary comparison information and relates on pages 76-85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
October 17, 2022

## **Basic Financial Statements**

## **Management's Discussion and Analysis**

The management of the Village of South Holland, Illinois (the Village) is providing this overview and analysis of the financial activities of the Village for fiscal year ended April 30, 2022. Please read it in conjunction with the Financial Statements in this report.

### **Financial Highlights**

The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by \$69,258,084 and fiscal year 2021 by \$59,723,896. Total payments made on bonded debt of the Village totaled \$1,980,000 during the fiscal year. At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,787,706 or 50.3 percent of total general fund expenditures, whereas at the end of fiscal year 2021, unassigned fund balance for the general fund was \$11,233,520 or 45.9 percent of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to be an introduction to the Village's basic financial statements. The basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements provide a broad overview of the Village's finances in a manner similar to a private-sector business. The government's current financial resources are combined and consolidated with capital assets and long-term obligations using the accrual basis of accounting.

The government-wide financial statements include the financial activities of the Village and the Village's component unit.

The statement of net position presents information on all of the Village's assets, deferred inflows of resources, liabilities and deferred outflows of resources, with the remaining difference between the categories reported as net position. Over time, the increase or decrease in net position may be a useful indicator of whether the Village's financial position is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as they occur, regardless of the timing of cash flow. Therefore, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods. The costs of various governmental services and any subsidy to business activities are presented.

Both of these government-wide financial statements distinguish the 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 most of their costs through user fees and charges (business-type activities). The Village's governmental activities include general government, public works, public safety, and the garbage department. Property, sales, utility and income taxes pay for most of those activities. The Village's business-type activities include water operations.

## Village of South Holland, Illinois Management's Discussion and Analysis

---

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Village funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund statements is narrower than that of the government-wide financial statements, it may be useful to compare similar information to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains 21 individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures and changes in fund balances for two major funds: General Fund and Park Fund. Data from the other 19 governmental funds are combined into a single, aggregated presentation.

The Village adopts an annual appropriated budget for its general, debt service and certain special revenue funds. A budgetary comparison statement has been provided where appropriate to demonstrate compliance with this budget.

One type of proprietary fund is an enterprise fund. The Village maintains one enterprise fund to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The function is water operations. Water operations are considered to be a major fund of the Village.

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. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to 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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's pension and postemployment benefit information and its compliance to the General Fund budget.



**Village of South Holland, Illinois**  
**Management's Discussion and Analysis**

---

**Government-Wide Financial Analysis**

The following tables are the condensed Statements of Net Position for the Village as of April 30, 2022 and 2021, respectively.

	<b>April 30, 2022</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Current and other assets	\$ 44,464,404	\$ 5,481,331	\$ 49,945,735
Noncurrent assets	77,844,882	11,166,995	89,011,877
Total assets	122,309,286	16,648,326	138,957,612
Deferred outflows of resources	6,394,832	69,446	6,464,278
Current liabilities	6,011,096	640,858	6,651,954
Long-term liabilities	38,218,406	1,918,934	40,137,340
Total liabilities	44,229,502	2,559,792	46,789,294
Deferred inflows of resources	27,824,783	1,549,729	29,374,512
Net position:			
Net investment in capital assets	62,164,371	8,298,448	70,462,819
Restricted	11,452,273	-	11,452,273
Unrestricted (deficit)	(16,966,811)	4,309,803	(12,657,008)
Total net position	\$ 56,649,833	\$ 12,608,251	\$ 69,258,084

**Village of South Holland, Illinois**  
**Management's Discussion and Analysis**

---

**April 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Current and other assets	\$ 37,511,807	\$ 3,693,787	\$ 41,205,594
Capital assets	74,589,174	10,870,065	85,459,239
Total assets	<u>112,100,981</u>	<u>14,563,852</u>	<u>126,664,833</u>
Deferred outflows of resources	<u>4,445,842</u>	<u>168,191</u>	<u>4,614,033</u>
Current liabilities	4,982,539	644,151	5,626,690
Long-term liabilities	34,703,635	2,105,456	36,809,091
Total liabilities	<u>39,686,174</u>	<u>2,749,607</u>	<u>42,435,781</u>
Deferred inflows of resources	<u>28,534,635</u>	<u>584,554</u>	<u>29,119,189</u>
Net position:			
Net investment in capital assets	60,272,599	8,523,582	68,796,181
Restricted	10,782,233	-	10,782,233
Unrestricted (deficit)	(22,728,818)	2,874,300	(19,854,518)
Total net position	<u>\$ 48,326,014</u>	<u>\$ 11,397,882</u>	<u>\$ 59,723,896</u>

The majority of the Village's net position is invested in capital assets that are used to provide services to the citizens of the Village. Although they are reported net of debt, it should be noted that the resources needed to repay any debt must be provided from other sources since they cannot be liquidated to repay liabilities. Restricted net position of the Village, which is only authorized to be spent for specific purposes as defined in the notes to the financial statements, was \$11,360,411 at April 30, 2022. Unrestricted net position was a deficit of \$16,874,949 at April 30, 2022.

Of the \$12,346,595 listed as Governmental Activities Long-Term Debt, \$5,995,703 is debt, net of premiums and discounts, issued pursuant to the Village's seven tax incremental financing districts. This debt is scheduled to be fully retired by 2027 and is currently being funded by the incremental taxes generated by the districts. Tax increment financing tax revenues are expected to fully pay for the \$5,825,000 in principal payments and no general fund or other resources are expected to pay for these obligations.

**Village of South Holland, Illinois**  
**Management's Discussion and Analysis**

The following tables are the condensed Statements of Activities for the Village for the fiscal years ended April 30, 2022 and 2021.

**For the Year Ended April 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Revenues:			
Program revenues:			
Charges for services	\$ 8,558,428	\$ 7,693,483	\$ 16,251,911
Operating grants and contributions	1,687,192	84,487	1,771,679
General revenues:			
Property taxes	17,021,427	-	17,021,427
Intergovernmental	11,292,803	-	11,292,803
Investment income	35,241	3,180	38,421
Other	1,631,128	-	1,631,128
Total revenues	<u>40,226,219</u>	<u>7,781,150</u>	<u>48,007,369</u>
Expenses:			
General government	12,372,173	-	12,372,173
Public safety:			
Fire department	5,202,160	-	5,202,160
Police department	8,162,906	-	8,162,906
Building department	1,441,658	-	1,441,658
Public works	2,247,678	-	2,247,678
Garbage department	2,307,301	-	2,307,301
Interest expense	441,076	-	441,076
Amortization	227,448	-	227,448
Water	-	6,070,781	6,070,781
Total expenses	<u>32,402,400</u>	<u>6,070,781</u>	<u>38,473,181</u>
Transfers	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
Change in net position	8,323,819	1,210,369	9,534,188
Net position May 1, 2020	<u>48,326,014</u>	<u>11,397,882</u>	<u>59,723,896</u>
Net position April 30, 2021	<u>\$ 56,649,833</u>	<u>\$ 12,608,251</u>	<u>\$ 69,258,084</u>

**Village of South Holland, Illinois**  
**Management's Discussion and Analysis**

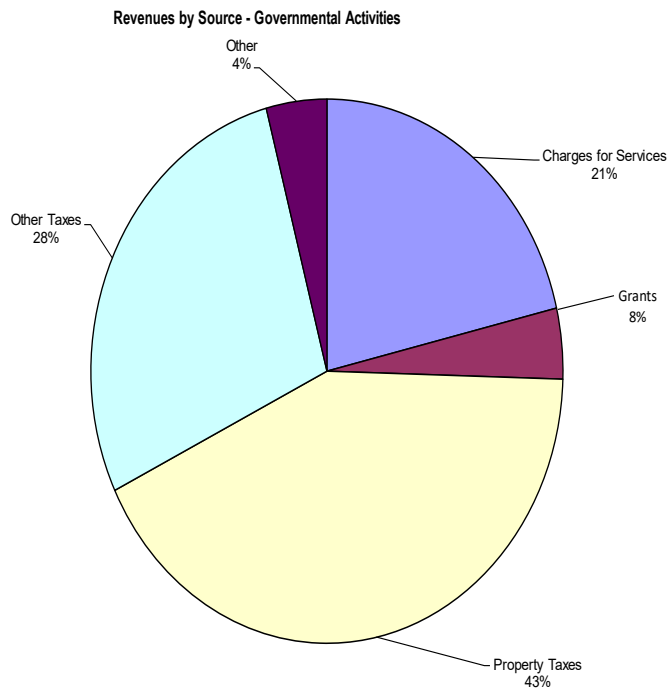
**For the Year Ended April 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Revenues:			
Program revenues:			
Charges for services	\$ 6,325,233	\$ 7,127,020	\$ 13,452,253
Operating grants and contributions	2,707,703	-	2,707,703
General revenues:			
Property taxes	16,021,868	-	16,021,868
Intergovernmental	9,443,939	-	9,443,939
Investment income	42,360	2,196	44,556
Other	1,905,164	-	1,905,164
Total revenues	<u>36,446,267</u>	<u>7,129,216</u>	<u>43,575,483</u>
Expenses:			
General government	10,340,174	-	10,340,174
Public safety:			
Fire department	3,730,165	-	3,730,165
Police department	6,867,183	-	6,867,183
Building department	1,152,755	-	1,152,755
Public works	3,963,704	-	3,963,704
Garbage department	2,098,054	-	2,098,054
Interest expense	449,632	-	449,632
Amortization	25,731	-	25,731
Water	-	5,925,680	5,925,680
Total expenses	<u>28,627,398</u>	<u>5,925,680</u>	<u>34,553,078</u>
Transfers - contributed capital	<u>(1,490,181)</u>	<u>1,490,181</u>	<u>-</u>
Change in net position	6,328,688	2,693,717	9,022,405
Net position May 1, 2019	<u>41,997,326</u>	<u>8,704,165</u>	<u>50,701,491</u>
Net position April 30, 2020	<u>\$ 48,326,014</u>	<u>\$ 11,397,882</u>	<u>\$ 59,723,896</u>

## Village of South Holland, Illinois Management's Discussion and Analysis

---

The following chart summarizes how the Village's governmental activities are funded.

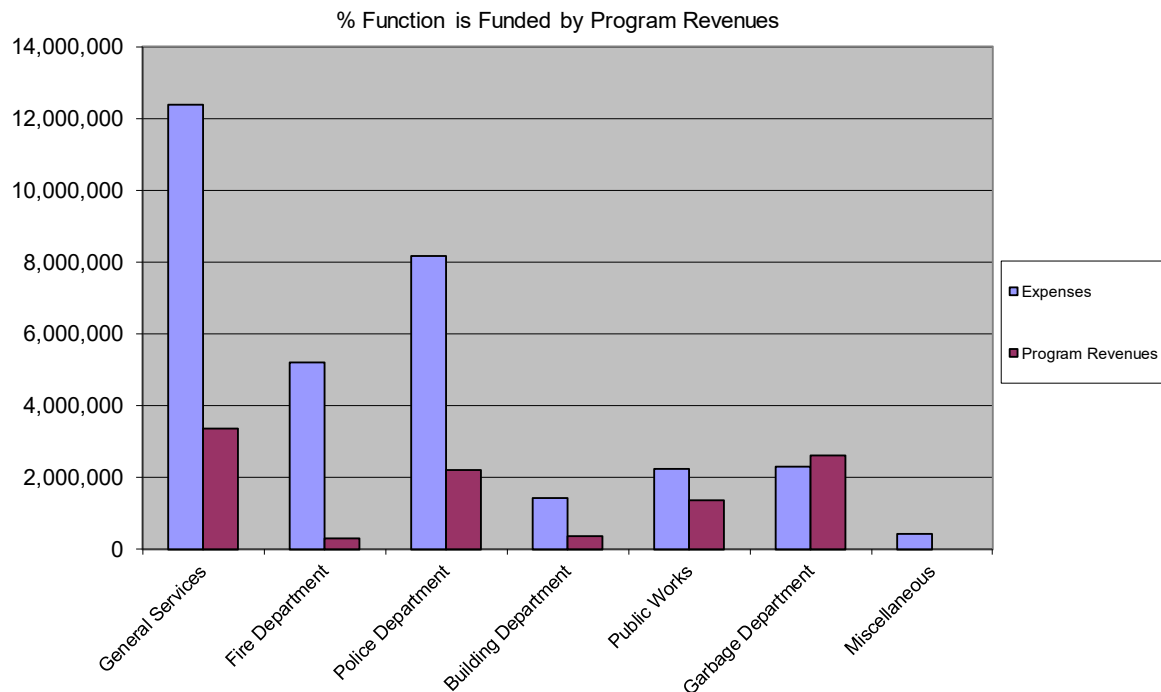


Approximately 70 percent of governmental activities are funded primarily by property tax and sales and other taxes. The Village has home rule authority to raise property taxes without the effects of property tax caps. The Village undertakes a rigorous budget process to minimize the necessity for unusual tax increases. The Village has continued to improve the level of services provided to residents by continuing to adhere to its prescribed fiscal controls. Each year this becomes more challenging.

## Village of South Holland, Illinois Management's Discussion and Analysis

---

The following chart reflects the Village's governmental activities expenses by function, along with the percentage that each function is funded by program revenues. General revenues, including property and other taxes and investment income, are used to fund the Village's functions as program revenues alone are not sufficient.



Business-type activities are to be funded through charges for related services. This year, water operations resulted in revenues of \$1,210,369 greater than its expenses, while the fiscal year 2021 water operations resulted in revenues of \$2,693,717 greater than its expenses.

### Financial Analysis of the Village's Funds

Governmental funds provide information on near term inflows, outflows and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$25,548,085, while governmental fund balances were \$21,222,705 at the end of fiscal year 2021.

Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water fund was \$4,084,669 at April 30, 2022 and \$2,874,300 at April 30, 2021.

## **Village of South Holland, Illinois Management's Discussion and Analysis**

---

### **General Fund Budgetary Highlights**

No amendments were made to the original budget. The fund balance of the general fund increased by \$3,171,438 in fiscal year 2022 and increased by \$2,731,661 in fiscal year 2021.

During fiscal year 2022, actual general fund revenues were greater than budgeted revenues by \$3,211,150.

Actual general fund expenditures were less than budgeted expenditures by \$1,691,143. The Village has a rigorous budget and oversight structure which resulted in holding expenditures to below budgeted numbers in nearly every department.

### **Capital Asset and Debt Administration**

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2022 and 2021 amounts to \$84,732,213 and \$85,184,036, net of accumulated depreciation, respectively. This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, streets, sidewalks, storm sewers, manholes, hydrants, valves, streetlights and the water distribution system. Prior to fiscal year 2004, the Village's infrastructure (roads, bridges, storm sewers, water mains) had not been reported or depreciated in governmental financial statements. These assets have now been valued and reported in the government-wide financial statements. The Village has elected to depreciate these assets over their estimated useful lives.

At the end of the current year, the Village had total general obligation bond debt of \$6,280,000 and tax incremental financing bond debt of \$5,825,000. General obligation bonds within governmental activities decreased by \$2,025,000 relating to principal repayments. Total business-type debt decreased by a net total of \$186,522 as principal payments were made on the IEPA loan during the year.

### **Economic Factors and Next Year's Budget**

The Village continues to aggressively pursue economic development opportunities and recently expanded the number of staff dedicated to this effort, to include a Director of Community Development who has primary responsibility for bringing in new businesses, and a Director of Business Vitality, who has primary responsibility for retention and expansion of existing businesses.

Over the past year, the Village has been steadily adding national tenants to the community such as Chipotle, AT&T, Starbucks and Best Western Plus. Existing businesses also continue to expand their footprint within the Village because of our location and business friendly environment.

Martin Produce, a regional food service distributor, expanded in town and doubled their size by purchasing and renovating a vacant 91,000 SF property. Their 40,000 SF cold storage facility was immediately backfilled by another food service distributor. Martin Produce has now expanded twice since their initial investment in South Holland in 2013. In addition, modern electronic recycling company, Green Electronic Solutions, relocated into a 40,500 SF facility within the Village and local beauty and cosmetic consulting company, mSEED Group, expanded into a modern, 25,000 SF facility. Aegis Eggs has also purchased the last, large industrial (51,000 SF) building in the Village and will open a modern egg processing facility in 2023.

Near I-80/294, Vision Hotels LLC acquired a former Hampton Inn property from the Village and undertook a 5.5 MM renovation, opening a Best Western Plus in Winter 2021.

With the major intersection improvements now complete, the Village signed a brokerage agreement in late 2021 for the prime 25-acre parcel located at the intersection of I-94 and 159<sup>th</sup> St. The target is hotel/conference center, sports and entertainment, and restaurants.

## **Village of South Holland, Illinois Management's Discussion and Analysis**

---

The Village continues to work diligently to redevelop South Holland's traditional downtown area, now known as Town Center. This area has been beautifully streetscaped and is envisioned to include restaurants, signature shopping, attractively designed office/retail buildings, with ample parking. The Village has acquired nearly 30 homes and 5 commercial properties located within the footprint of the new Town Center, which is also a TIF district and will continue to acquire parcels as they become available. Town Center projects that have already been completed include a new Walgreens on the northwest corner of Route 6 and South Park Avenue; Hamra Plaza, an 11,900 SF retail center including Panera Bread Restaurant; Town Center Commons, a beautifully landscaped public green space, and the construction of an extension of Wausau Avenue north from Route 6 to further facilitate development and traffic flow. The new 6,000 SF building at the northeast corner of Route 6 and South Park Avenue was acquired by national chain, Mint Dentistry, and will open up in late 2022 as their first Chicagoland location. A 110-year-old historic Town Center home was completely renovated to become home to a hip and charming new café, named SoHo Sweets, featuring coffee, ice cream, and various food options. It boasts a large outdoor dining area under string lights, a large fire-pit, and corn-hole games, and has been a major hit with area residents. Finally, the Village acquired the only vacant building in the corridor and is marketing it for sale to an anchor restaurant.

In 2022, the Village will break ground on a new \$10M Public Works facility on Route 6, within the Gateway West TIF District. The Village acquired a prime I-80/294 3-acre parcel of land located at the intersection of Halsted St. and 172<sup>nd</sup> St., within the I-294 Tollview TIF and is currently recruiting national fuel station retailers.

The State of Illinois Department of Commerce and Economic Opportunity has approved the Calumet Region Enterprise Zone which totals about 12.5 square miles of land within portions of Lansing, Calumet City, Dolton, South Holland, Riverdale, Thornton and parts of unincorporated Cook County. The new zone went into effect on January 1, 2017 and will exist for 15 years. Businesses located or expanding into the enterprise zone may be eligible for a number of economic incentives including sales tax breaks, waiver of permits and fees and other credits.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the South Holland Village Treasurer, Beth Herman, 16226 Wausau Avenue, South Holland, Illinois 60473.



## **Government-Wide Financial Statements**

Village of South Holland, Illinois

Statement of Net Position  
April 30, 2022

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Public Library
<b>Assets</b>				
Current:				
Cash and investments	\$ 32,373,403	\$ 3,995,510	\$ 36,368,913	\$ 2,514,895
Receivables:				
Property taxes, net	8,461,628	-	8,461,628	1,298,239
Other taxes	205,062	-	205,062	-
Intergovernmental	2,297,832	-	2,297,832	-
Customer accounts, net	426,826	1,485,821	1,912,647	-
Prepays and deposits	659,092	-	659,092	-
Inventories	40,561	-	40,561	-
<b>Total current assets</b>	<b>44,464,404</b>	<b>5,481,331</b>	<b>49,945,735</b>	<b>3,813,134</b>
Noncurrent:				
Pension asset	3,516,574	763,090	4,279,664	718,322
Capital assets, not being depreciated	35,852,986	-	35,852,986	-
Capital assets being depreciated, net of accumulated depreciation	38,475,322	10,403,905	48,879,227	1,712,855
<b>Total noncurrent assets</b>	<b>77,844,882</b>	<b>11,166,995</b>	<b>89,011,877</b>	<b>2,431,177</b>
<b>Total assets</b>	<b>122,309,286</b>	<b>16,648,326</b>	<b>138,957,612</b>	<b>6,244,311</b>
<b>Deferred Outflows of Resources</b>				
Pension related amounts	5,422,233	69,446	5,491,679	256,254
Other postemployment benefits related amounts	873,945	-	873,945	-
Loss on refundings	98,654	-	98,654	-
<b>Total deferred outflows of resources</b>	<b>6,394,832</b>	<b>69,446</b>	<b>6,464,278</b>	<b>256,254</b>

(Continued)

	Governmental Activities	Business-Type Activities	Total	Component Unit Public Library
<b>Liabilities</b>				
Current:				
Accounts payable	\$ 1,638,115	\$ 376,060	\$ 2,014,175	\$ 24,072
Claims payable	626,258	-	626,258	-
Accrued payroll	517,209	34,465	551,674	39,931
Accrued expenses	262,936	-	262,936	-
Accrued interest	79,052	-	79,052	-
Unearned revenue	651,975	640,028	1,292,003	-
Escrow deposits	20,971	-	20,971	-
Compensated absences	666,555	43,810	710,365	48,005
General obligation bonds	1,075,000	-	1,075,000	-
Tax incremental financing bonds	1,125,000	-	1,125,000	-
IEPA loan	-	186,523	186,523	-
<b>Total current liabilities</b>	<b>6,663,071</b>	<b>1,280,886</b>	<b>7,943,957</b>	<b>112,008</b>
Noncurrent:				
Claims payable	76,549	-	76,549	-
General obligation bonds, net	5,287,135	-	5,287,135	-
Tax incremental financing bonds, net	4,870,703	-	4,870,703	-
IEPA loan	-	1,918,934	1,918,934	-
Net pension liability	20,838,367	-	20,838,367	-
Other postemployment benefits	7,145,652	-	7,145,652	-
<b>Total noncurrent liabilities</b>	<b>38,218,406</b>	<b>1,918,934</b>	<b>40,137,340</b>	<b>-</b>
<b>Total liabilities</b>	<b>44,881,477</b>	<b>3,199,820</b>	<b>48,081,297</b>	<b>112,008</b>
<b>Deferred Inflows of Resources</b>				
Pension related amounts	7,414,701	909,701	8,324,402	956,516
Other postemployment benefit related amounts	3,972,764	-	3,972,764	-
Property taxes for subsequent year	15,785,343	-	15,785,343	2,442,444
<b>Total deferred inflows of resources</b>	<b>27,172,808</b>	<b>909,701</b>	<b>28,082,509</b>	<b>3,398,960</b>
<b>Net Position</b>				
Net investment in capital assets	62,164,371	8,298,448	70,462,819	1,712,855
Restricted for:				
MFT projects	2,173,679	-	2,173,679	-
Park	367,440	-	367,440	-
Sewer	91,862	-	91,862	-
Debt service	15,265	-	15,265	-
Capital projects	8,804,027	-	8,804,027	-
Unrestricted (deficit)	(16,966,811)	4,309,803	(12,657,008)	1,276,742
<b>Total net position</b>	<b>\$ 56,649,833</b>	<b>\$ 12,608,251</b>	<b>\$ 69,258,084</b>	<b>\$ 2,989,597</b>

See notes to financial statements.

Village of South Holland, Illinois

Statement of Activities  
Year Ended April 30, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 12,372,173	\$ 3,338,686	\$ 32,770
Public safety:			
Fire department	5,202,160	-	292,247
Police department	8,162,906	2,214,593	-
Building department	1,441,658	383,377	-
Public works	2,247,678	-	1,362,175
Garbage department	2,307,301	2,621,772	-
Interest expense	441,076	-	-
Amortization	227,448	-	-
Total governmental activities	<u>32,402,400</u>	<u>8,558,428</u>	<u>1,687,192</u>
Business-type activities:			
Water	6,070,781	7,693,483	84,487
Total business-type activities	<u>6,070,781</u>	<u>7,693,483</u>	<u>84,487</u>
Total primary government	<u>\$ 38,473,181</u>	<u>\$ 16,251,911</u>	<u>\$ 1,771,679</u>
<b>Component unit:</b>			
Library	<u>\$ 1,636,754</u>	<u>\$ 23,399</u>	<u>\$ 39,071</u>

General revenues:  
Property taxes  
Intergovernmental  
Investment income  
Miscellaneous  
Transfers - contributed capital  
Total general revenues

Change in net position

Net position:  
May 1, 2021  
April 30, 2022

See notes to financial statements.

Net (Expense), Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Public Library
\$ (9,000,717)	\$ -	\$ (9,000,717)	\$ -
(4,909,913)	-	(4,909,913)	-
(5,948,313)	-	(5,948,313)	-
(1,058,281)	-	(1,058,281)	-
(885,503)	-	(885,503)	-
314,471	-	314,471	-
(441,076)	-	(441,076)	-
(227,448)	-	(227,448)	-
(22,156,780)	-	(22,156,780)	-
-	1,707,189	1,707,189	-
-	1,707,189	1,707,189	-
(22,156,780)	1,707,189	(20,449,591)	-
-	-	-	(1,574,284)
17,021,427	-	17,021,427	2,156,888
11,292,803	-	11,292,803	53,050
35,241	3,180	38,421	1,464
1,631,128	-	1,631,128	605
500,000	(500,000)	-	-
30,480,599	(496,820)	29,983,779	2,212,007
8,323,819	1,210,369	9,534,188	637,723
48,326,014	11,397,882	59,723,896	2,351,874
\$ 56,649,833	\$ 12,608,251	\$ 69,258,084	\$ 2,989,597

## **Fund Financial Statements**

Village of South Holland, Illinois

Balance Sheet - Governmental Funds  
April 30, 2022

	General Fund	Park Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 17,437,396	\$ 932,651	\$ 14,003,356	\$ 32,373,403
Receivables:				
Property taxes, net	6,735,399	1,027,505	698,724	8,461,628
Other taxes	162,851	-	42,211	205,062
Intergovernmental	2,223,908	-	73,924	2,297,832
Customer accounts, net	382,204	-	44,622	426,826
Prepays and deposits	659,092	-	-	659,092
Inventories	40,561	-	-	40,561
Due from other funds	-	391,591	-	391,591
<b>Total assets</b>	<b>\$ 27,641,411</b>	<b>\$ 2,351,747</b>	<b>\$ 14,862,837</b>	<b>\$ 44,855,995</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,357,053	\$ 54,162	\$ 226,900	\$ 1,638,115
Accrued payroll	486,764	30,445	-	517,209
Accrued expenses	-	-	262,936	262,936
Unearned revenue	-	-	691,745	691,745
Escrow deposits	20,971	-	-	20,971
Due to other funds	-	-	391,591	391,591
<b>Total liabilities</b>	<b>1,864,788</b>	<b>84,607</b>	<b>1,573,172</b>	<b>3,522,567</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	11,289,264	1,899,700	2,596,379	15,785,343
<b>Fund Balances (Deficit)</b>				
Nonspendable for prepaids, deposits and inventories	699,653	-	-	699,653
Restricted	-	367,440	11,084,877	11,452,317
Unassigned (deficit)	13,787,706	-	(391,591)	13,396,115
<b>Total fund balances (deficit)</b>	<b>14,487,359</b>	<b>367,440</b>	<b>10,693,286</b>	<b>25,548,085</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,641,411</b>	<b>\$ 2,351,747</b>	<b>\$ 14,862,837</b>	<b>\$ 44,855,995</b>

See notes to financial statements.

**Village of South Holland, Illinois**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position**

**April 30, 2022**

---

Total fund balances-governmental funds	\$ 25,548,085
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,328,308
---	------------

State intergovernmental revenue is deferred in the fund financial statements because it is not available but is recognized as revenue in the Statement of Activities.	39,770
---	--------

Deferred outflows and deferred inflows of resources related to postemployment benefit plans which will be recognized as an increase or reduction to pension expense in future periods reporting:

Deferred outflows due to pensions	5,293,818
Deferred outflows due to other postemployment benefits	873,945
Deferred inflows due to pensions	(7,414,701)
Deferred inflows due to other postemployment benefits	(3,972,764)

Pension contributions made after the actuarial valuation date used for calculation of the net pension liability are considered expenditures in the fund financial statements but are deferred outflows of resources in the government-wide financial statements.	128,415
--	---------

Premiums related to the issuance of bonds are reflected in the governmental funds in the year of refunding but are capitalized and amortized over the life of the bond issue and netted with the related bond liabilities in the Statement of Net Position.	(259,624)
---	-----------

Discounts related to the issuance of bonds are reflected in the governmental funds in the year of refunding but are capitalized and amortized over the life of the bond issue and netted with the related bond liabilities in the Statement of Net Position.	6,786
--	-------

Deferred losses on debt refundings are not considered to represent a financial resource and, therefore, are not reported in the funds.	98,654
--	--------

(Continued)



**Village of South Holland, Illinois**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position (Continued)**

**April 30, 2022**

---

The postemployment benefit liability related to IMRF, police, and firefighters' pension plans and other postemployment benefits is recorded on the Statement of Net Position, but not recorded in the fund financial statements:

Net pension asset - Illinois Municipal Retirement Fund	\$ 3,516,574
Net pension liability - Police Pension Fund	(16,245,321)
Net pension liability - Firefighters' Pension Fund	(4,593,046)
Net other postemployment benefit liability	(7,145,652)

Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:

Claims payable	(702,807)
General obligation bonds	(6,280,000)
Tax incremental financing bonds	(5,825,000)
Accrued interest	(79,052)
Compensated absences	(666,555)

Net position of governmental activities	<u><u>\$ 56,649,833</u></u>
---	-----------------------------

See notes to financial statements.

**Village of South Holland, Illinois**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended April 30, 2022**

	General Fund	Park Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 11,088,051	\$ 1,670,764	\$ 4,262,612	\$ 17,021,427
Intergovernmental	10,815,285	-	1,355,738	12,171,023
Licenses and permits	3,595,025	-	-	3,595,025
Fines and forfeitures	1,229,030	-	-	1,229,030
Charges for services	2,636,067	739,350	376,724	3,752,141
Grants	292,247	-	32,770	325,017
Investment income	29,001	450	5,790	35,241
Rental income	-	-	298,516	298,516
Miscellaneous	1,188,089	84,952	543,526	1,816,567
Total revenues	30,872,795	2,495,516	6,875,676	40,243,987
Expenditures:				
Current:				
General government	6,806,983	1,540,270	3,269,712	11,616,965
Public safety:				
Police department	7,776,700	-	-	7,776,700
Fire department	5,143,175	-	-	5,143,175
Building department	1,322,890	-	-	1,322,890
Public relations	450,416	-	-	450,416
Public works	2,514,017	-	-	2,514,017
Garbage department	2,089,913	-	-	2,089,913
Capital outlay	1,322,263	434,662	1,215,224	2,972,149
Debt service:				
Principal	-	39,140	2,080,000	2,119,140
Interest and fees	-	883	467,359	468,242
Total expenditures	27,426,357	2,014,955	7,032,295	36,473,607
Excess (deficiency) of revenues over (under) expenditures	3,446,438	480,561	(156,619)	3,770,380
Other financing sources (uses):				
Bond proceeds	-	-	4,520,000	4,520,000
Payment to escrow agent	-	-	(4,465,000)	(4,465,000)
Transfers in	-	-	3,107,936	3,107,936
Transfers out	(275,000)	-	(2,332,936)	(2,607,936)
Total other financing sources (uses)	(275,000)	-	830,000	555,000
Net change in fund balances	3,171,438	480,561	673,381	4,325,380
Fund balances (deficit):				
May 1, 2021	11,315,921	(113,121)	10,019,905	21,222,705
April 30, 2022	\$ 14,487,359	\$ 367,440	\$ 10,693,286	\$ 25,548,085

See notes to financial statements.

**Village of South Holland, Illinois**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2022**

---

Net change in fund balances-total governmental funds	\$ 4,325,380
--	--------------

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	1,783,269
Depreciation	(1,823,436)

Certain items related to postemployment benefit activity are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements:

Deferred outflows of resources related to pension expense	2,341,998
Deferred outflows of resources related to other postemployment benefits expense	(124,188)
Deferred inflows of resources related to pension expense	2,373,616
Deferred inflows of resources related to other postemployment benefits expense	(176,007)

The following are expenditures in the governmental funds, but the repayment of debt reduces long-term liabilities in the Statement of Net Position:

General obligation bonds	3,245,000
Tax incremental financing bonds	3,300,000
Capital lease	39,140

In the fund financial statements, the issuance of long-term debt is considered other financing sources, but in the Statement of Net Position, debt is reported as a liability:

Issuance of bonds	(4,520,000)
-------------------	-------------

Losses on refunding of bonds are not reflected in the fund financial statements but are recorded as part of liabilities in the Statement of Net Position.

Amortization of all losses on refunding	(268,820)
---	-----------

Premiums and discounts on the issuance of bonds are recorded as other financing sources/uses in the fund financial statements, but recorded as contra-liabilities in the Statement of Net Position and amortized over the life of the bonds.

Amortization of premium	57,484
Amortization of discount	(16,112)

(Continued)

**Village of South Holland, Illinois**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities (Continued)  
Year Ended April 30, 2022**

---

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Change in claims payable	\$ 87,651
Change in accrued interest	27,166
Change in net pension liability	(3,015,340)
Change in compensated absences	76,946
Change in other postemployment benefits	<u>610,072</u>

Change in net position of governmental activities	<u><u>\$ 8,323,819</u></u>
---	----------------------------

See notes to financial statements.

Village of South Holland, Illinois

Statement of Net Position  
Enterprise Fund  
April 30, 2022

	Water Fund
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 3,995,510
Receivables:	
Customer accounts, net	1,485,821
<b>Total current assets</b>	<u>5,481,331</u>
Noncurrent assets:	
Net pension asset	763,090
Buildings	2,603,574
Equipment	4,006,980
Waterworks and sewerage system	15,368,124
	<u>22,741,768</u>
Less accumulated depreciation	11,574,773
<b>Total noncurrent assets</b>	<u>11,166,995</u>
<b>Total assets</b>	<u>16,648,326</u>
<b>Deferred Outflows of Resources</b>	
Pension related amounts	<u>69,446</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	376,060
Accrued liabilities	34,465
Unearned revenue	640,028
Compensated absences	43,810
IEPA loan	186,523
<b>Total current liabilities</b>	<u>1,280,886</u>
Noncurrent liabilities:	
IEPA loan	<u>1,918,934</u>
<b>Total liabilities</b>	<u>3,199,820</u>
<b>Deferred Inflows of Resources</b>	
Pension related amounts	<u>909,701</u>
<b>Net Position</b>	
Net investment in capital assets	8,298,448
Unrestricted	4,309,803
<b>Total net position</b>	<u>\$ 12,608,251</u>

See notes to financial statements.

Village of South Holland, Illinois

Statement of Revenues, Expenses and  
Changes in Net Position  
Enterprise Fund  
Year Ended April 30, 2022

	Water Fund
Operating revenues:	
Water sales	\$ 7,107,751
Operating grants	84,487
Miscellaneous	585,732
<b>Total operating revenues</b>	<u>7,777,970</u>
Operating expenses:	
Personnel	996,253
Contractual	600,377
Commodities	4,034,425
Depreciation	411,657
<b>Total operating expenses</b>	<u>6,042,712</u>
<b>Operating income</b>	<u>1,735,258</u>
Nonoperating income (expense):	
Interest income	3,180
Interest (expense)	(28,069)
<b>Total nonoperating income (expense)</b>	<u>(24,889)</u>
Transfers - interfund	<u>(500,000)</u>
<b>Change in net position</b>	1,210,369
Net Position:	
May 1, 2021	<u>11,397,882</u>
April 30, 2022	<u>\$ 12,608,251</u>

See notes to financial statements.

**Village of South Holland, Illinois**

**Statement of Cash Flows - Enterprise Fund  
Year Ended April 30, 2022**

	Water Fund
Cash flows from operating activities:	
Cash received from residents for services	\$ 7,530,260
Cash received from interfund grants	724,515
Payments to employees	(1,292,062)
Payments to suppliers	(4,626,981)
Net cash provided by operating activities	<u>2,335,732</u>
Cash flows from investing activities:	
Interest income	<u>3,180</u>
Cash flows from noncapital financing activities:	
Due from other funds	<u>115,758</u>
Cash flows from capital financing activities:	
Purchases of capital assets	-
Principal payments on debt	(186,522)
Interest paid	(28,069)
Interfund transfers	(500,000)
Net cash used in capital financing activities	<u>(714,591)</u>
Net change in cash and cash equivalents	1,740,079
Cash and cash equivalents:	
May 1, 2021	<u>2,255,431</u>
April 30, 2022	<u><u>\$ 3,995,510</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,735,258</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	411,657
Changes in assets, liabilities deferred outflows of resources, and deferred inflows of resources:	
Accounts receivable	(163,223)
Accounts payable	7,821
Accrued liabilities	1,997
Compensated absences	(13,111)
Pension related amounts	(284,695)
Unearned revenue	640,028
Total adjustments	<u>600,474</u>
Net cash provided by operating activities	<u><u>\$ 2,335,732</u></u>

See notes to financial statements.

**Village of South Holland, Illinois**

**Statement of Fiduciary Net Position  
Pension Trust Funds  
April 30, 2022**

<b>Assets</b>	
Cash and investments	\$ 1,570,751
Investments, at fair value:	
Corporate bonds	5,184,873
U.S. Government and agency obligations	5,792,459
Equity mutual funds	19,936,075
External investment pool	17,570,533
Other assets	<u>87,287</u>
Total assets	<u>50,141,978</u>
<b>Liabilities</b>	
Other	<u>10,736</u>
Total liabilities	<u>10,736</u>
<b>Net Position</b>	
Restricted for pensions	<u><u>\$ 50,131,242</u></u>

See notes to financial statements.



Village of South Holland, Illinois

Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year Ended April 30, 2022

---

**Additions**

Contributions:

Employer	\$ 2,476,488
Plan members	<u>685,215</u>
<b>Total contributions</b>	<u>3,161,703</u>

Investment income:

Total investment income	(3,435,505)
Less: Investment expense	<u>96,918</u>
<b>Net investment income</b>	<u>(3,532,423)</u>

<b>Total additions</b>	<u>(370,720)</u>
------------------------	------------------

**Deductions**

Benefits and refunds	3,546,772
Administrative expenses	<u>87,237</u>
<b>Total deductions</b>	<u>3,634,009</u>

<b>Change in net position</b>	(4,004,729)
-------------------------------	-------------

Net position restricted for pensions:

May 1, 2021	<u>54,135,971</u>
April 30, 2022	<u><u>\$ 50,131,242</u></u>

See notes to financial statements.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### **Note 1. Summary of Significant Accounting Policies**

The Village of South Holland provides various municipal services to its residents. These services include police protection, fire protection, paramedic services, water and sewer systems, public works operations, road and bridge maintenance and general administration. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the funds and account groups of the Village of South Holland, the primary government, and its component units, the South Holland Public Library, the South Holland Police Pension Fund and the South Holland Firefighters' Pension Fund, which are included in the Village's reporting entity because of its operational and financial relationship with the Village.

The South Holland Public Library provides library services to the residents of the Village of South Holland but is governed by a board which is separately elected by the public. Financial data of the Library has been discretely presented in the component unit column in the general-purpose financial statements to emphasize that it is legally separate from the Village. Separate financial statements of the Library are not prepared.

The accounting policies of the Village of South Holland conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

#### ***Financial Reporting Entity***

As defined by generally accepted accounting principles (GAAP) established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable and a benefit or burden relationship exists. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Financial benefit or burden is created if any one of the following relationships exists:

- (1) The primary government is legally entitled to or has access to the component unit's resources.
- (2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- (3) The primary government is obligated in some manner for the other component unit's debt.

The Village of South Holland Public Library is responsible for providing services to the Village's residents. The members of the governing board of the South Holland Public Library are elected by the voters of the Village; however, the Library is fiscally dependent on the Village as the tax levy established by the Library and bonded debt must be approved by the Village. In addition to the criteria above, if a financial benefit and burden relationship exists, a component unit should be included in the primary government's financial statements. Based on the applicable criteria, the Library is a discretely presented component unit within these financial statements.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

The Police Pension Fund is a single defined benefit, single-employer pension fund established by Illinois Compiled Statutes (Chapter 40, ILCS 5/Article 3). The Police Pension Fund Board is the administrator of the Police Pension Fund and consists of five members, two of whom are appointed by the Village management and three of whom are elected by plan participants. The Village is obligated to fund plan costs based upon actuarial valuations. The Village is also authorized to approve the actuarial assumptions used in the determination of contribution levels. The plan is fiscally dependent on the Village for funding which also generates a financial benefit/burden relationship between the Village and the plan. As such, the plan is presented as a fiduciary component unit of the Village.

The Firefighters' Pension Fund is a single defined benefit, single-employer pension fund established by Illinois Compiled Statutes (Chapter 40, ILCS 5/Article 4). The Firefighters' Pension Fund Board is the administrator of the Firefighters' Pension Fund and consists of five members, two of whom are appointed by the Village management and three of whom are elected by plan participants. The Village is obligated to fund plan costs based upon actuarial valuations. The Village is also authorized to approve the actuarial assumptions used in the determination of contribution levels. The plan is fiscally dependent on the Village for funding which also generates a financial benefit/burden relationship between the Village and the plan. As such, the plan is presented as a fiduciary component unit of the Village.

#### Government-Wide and Fund Financial Statements

Government-Wide Financial Statements: The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double-counting of internal activities of the Village. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position that does not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### **Note 1. Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements: 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. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Village used funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Village administers the following major governmental funds:

*General Fund* - This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Village and accounted for in the general fund include general government, public safety, public works, and garbage.

*Park Fund* - This Special Revenue fund is used to account for the financial resources of the Village's community center. The services which are administered by the Village and accounted for in the Park Fund include the Village's fitness center, pre-school, and facilities rentals.

The Village administers the following major proprietary fund:

*Water Fund* - accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Additionally, the Village administers fiduciary (pension trust) funds for assets held by the Village in a fiduciary capacity on behalf of certain public safety employees.

#### **Measurement Focus and 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 financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year, subject to judgment and consistency so as not to artificially distort normal revenue patterns, except for property taxes which are further explained in Note 3.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### **Note 1. Summary of Significant Accounting Policies (Continued)**

Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

#### ***Assets, liabilities, and net position or fund balance***

##### **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Village's proprietary fund types consider all highly liquid investments with maturities of three months or less, at the date of purchase to be cash equivalents.

##### **Investments**

In accordance with GASB No. 72, *Fair Value Measurement and Application*, the Village reports all other investments at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted market prices by independent pricing services.

##### **Interfund Receivables, Payables and Activity**

The Village has the following types of transactions between funds:

*Loans*—amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide Statement of Net Position.

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

*Transfers*—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

##### **Inventories**

Inventories are accounted for at cost, using the first-in, first-out method. Inventories are accounted for under the consumption method, whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

##### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Capital and Intangible Assets

Capital assets which include land, streets, buildings, storm sewers, sanitary sewers, water mains, vehicles and intangible assets, which include easements and similar items, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$30,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation.

Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Gains or losses from sales or retirements of capital assets are included in the operations on the Statement of Activities.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Land improvements	15 - 30 years
Buildings	40 - 50 years
Machinery and equipment	10 - 20 years
Streets and sidewalks	20 years
Storm	25 years
Streetlights	10 years
Distribution system	40 years

##### Deferred Outflows of Resources, Deferred Inflows of Resources and Unearned Revenues

Deferred outflows of resources arise when the consumption of net position in one period is applicable to future periods. The Village reflects its deferred pension contributions, and deferred losses on bond refunding as deferred outflows of resources.

Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period for the governmental funds. Deferred inflows of resources also result when timing requirements relating to imposed tax revenues are not met, as in when property tax receivables are recorded prior to the period the levy is intended to finance. In addition, the Village reports deferred inflows due to pensions on the government-wide financial statements. See Note 6 for pension related disclosures.

Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the Village has a legal claim to the resources, the liability for unearned revenues is removed from the financial statements and revenue is recognized.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Compensated Absences

Village employees accumulate vacation hours for subsequent use or for payment upon termination, death or retirement. All accrued vacation pay is recognized as an expense and as a liability of the enterprise funds at the time the liability is incurred. Governmental fund types record accumulated vacation pay as an expenditure in the current year to the extent it is paid or is expected to be paid with available financial resources; otherwise, it is accounted for as a short-term liability in the Statement of Net Position.

##### Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized on a straight-line basis over the life of the bonds. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds 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.

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds debt. Enterprise funds individually account for and service the applicable debt that benefits those funds.

##### Claims and Judgments

Liabilities resulting from claims and judgments, including claims incurred but not reported, have been reflected in the financial statements.

##### Fund Balances

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

*Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

*Restricted* – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority rests with the Village's Board of Trustees. The Village passes formal resolutions to commit their fund balances. At April 30, 2022, the Village had no committed fund balances.

*Assigned* – includes amounts that are constrained by the Village's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: (a) the Village's Board of Trustees itself; or (b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At April 30, 2022, the Village has no assigned balances.

*Unassigned* – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the Village's policy for the General Fund to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

For all other governmental funds, it is the Village's policy to consider unrestricted resources (i.e., committed, assigned) to have been spent first, followed by restricted resources.

At April 30, 2022, the Village's fund balance restrictions were for the following purposes:

##### Restricted purpose:

##### Major special revenue:

Park	\$ 367,440
------	------------

##### Nonmajor special revenue:

MFT projects	2,173,679
--------------	-----------

Sewer	91,862
-------	--------

Special service district #1	44
-----------------------------	----

Debt service	15,265
--------------	--------

##### Capital projects:

TIF Districts and capital projects	8,804,027
------------------------------------	-----------

Total restricted	<u>\$ 11,452,317</u>
------------------	----------------------

#### Capital Contributions

Capital contributions reported in the governmental and proprietary funds represent capital assets donated from outside parties, principally developers.

#### Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

#### Note 2. Cash and Investments

Cash and investments are held separately and in pools by several of the Village's funds. The Village maintains various cash and investment pools that are available for use by all funds. Income from pooled investments is allocated to the funds based on their proportional share of their investment balance. The deposits and investments of the Police Pension Fund (PPF) and Firefighters' Pension Fund (FPF) are held separately.



## Village of South Holland, Illinois

### Notes to Financial Statements

#### Note 2. Cash and Investments (Continued)

A summary of cash and investments as of April 30, 2022, is as follows:

	Governmental & Business- Type Activities	Fiduciary Funds		Component Unit Library
		Police Pension Fund	Firefighters' Pension Fund	
Cash	\$ 4,658,700	\$ 78,380	\$ 436,979	\$ 1,388,950
Money market	-	1,055,391	202,998	-
Illinois Funds	31,710,213	-	-	1,125,945
Illinois Firefighters' Pension Investment Trust	-	-	17,367,535	-
U.S. Government Agencies	-	2,763,098	-	-
U.S. Treasuries	-	3,029,361	-	-
Corporate bonds	-	5,184,873	-	-
Mutual funds	-	19,936,075	-	-
Total	\$ 36,368,913	\$ 32,047,178	\$ 18,007,512	\$ 2,514,895

**Deposits:** The Village is authorized to make deposits in commercial banks and savings and loan institutions and make investments in obligations of the U.S. Treasury and U.S. Government Agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, under certain statutory restrictions, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, and life insurance company contracts.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for.

Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2021. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at [www.ifpif.org](http://www.ifpif.org). The Fund transferred all eligible assets to the Investment Fund on October 1, 2021. Investments in IFPIF are valued at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at [www.ifpif.org](http://www.ifpif.org).

**Investment policies.** The Village and the Library's investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the Act) and the Village's investment policy. The PPF's investments are made in accordance with the Illinois Pension Code (40 ILCS 5/1-113.2 to 113.10) and its investment policy. The PPF's investment policies limit the maximum maturity for any single investment at ten years. However, a longer term investment may be utilized if approved by the Board.

## Village of South Holland, Illinois

### Notes to Financial Statements

#### Note 2. Cash and Investments (Continued)

The PPF retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the PPF. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the PPF.

**Custodial credit risk – deposits.** Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of April 30, 2022, the carrying amount of the Village's deposits with financial institutions, excluding cash on hand of \$550, totaled \$4,829,129. As of April 30, 2022, the carrying amount of the Library's deposits, excluding cash on hand of \$100, was \$2,007,457. Total bank balances relating to the Village's and Library's deposits with financial institutions totaled \$6,722,936. These bank balances are fully insured and collateralized.

**Interest rate risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy requires diversified investments to eliminate the risk of loss resulting in over-concentration in a specific maturity. However, the Village's investment policy does not specifically identify limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of April 30, 2022, the Village did not have any investments subject to interest rate risk.

In accordance with their investment policies, the pension funds limit their exposure to interest rate risk by structuring the portfolios to provide liquidity for short- and long-term cash flow needs while providing a reasonable rate of return based on the current market.

As of April 30, 2022, the PPF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Police Pension Fund					
Corporate bonds	\$ 5,184,873	\$ 552,093	\$ 4,427,830	\$ 204,950	\$ -
U.S. Government Agencies	2,763,098	392,601	1,905,550	464,947	-
U.S. Treasuries	3,029,361	-	1,007,126	2,022,235	-
Total Police Pension	\$ 10,977,332	\$ 944,694	\$ 7,340,506	\$ 2,692,132	\$ -

**Credit risk.** State law limits investments in stock equities, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Village's policy to limit its investments in these types to the top rating issued by NRSROs. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village helps limit its exposure to credit risk by diversifying investments to minimize the risk of loss resulting from over concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. As of April 30, 2022, the Village did not have any investments other than those deposited in the Illinois Funds, which is rated AAAM by Standard and Poors.

The PPF's general investment policies follow the prudent person rule subject to the specific restrictions of the Illinois Pension Code and the Pension Funds' asset allocation policy. Under the prudent person rule, investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund or like character and with like aims.

As of April 30, 2022, the Village's PPF investments in U.S. Agency obligations and corporate bonds obligations were rated A1 (\$1,552,778), A2 (\$1,499,219), A3 (\$741,483), Aa2 (\$495,707), AAA (\$5,792,458), Baa1 (\$100,100) and Baa2 (\$524,962) by Moody's and \$300,624 was unrated.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 2. Cash and Investments (Continued)

*Concentration of credit risk.* The Village's investment policy requires diversified investments to eliminate the risk of loss resulting in over-concentration in a specific issuer or class of securities. The diversification required is as follows:

- a. Up to a 100 percent investment in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities;
- b. Up to a 90 percent investment in interest-bearing saving accounts, certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, or certificates of deposits with federally insured institutions that are collateralized or insured at levels acceptable to the Village in excess of the \$250,000 provided by the Federal Deposit Insurance Corporation coverage limit; and
- c. Up to a 33 percent investment in collateralized repurchase agreements, commercial paper, the Illinois Funds or the Illinois Municipal League Liquid Asset Fund.

At April 30, 2022, the Village and FPF were not exposed to concentration of credit risk.

The PPF's investment policies require diversification of investment to avoid unreasonable risk.

As of April 30, 2022, more than 5 percent of the PPF's investments are in the Federal Farm Credit Bank and the Federal Home Loan Bank. These investments comprise 10.0 and 12.8 percent, respectively, of the PPF's total investments.

*Custodial credit risk.* For an investment, this is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Village's investment policy states that all security transactions, including collateral for any repurchase agreements, entered into by the Village shall be conducted on a delivery versus payment basis, which requires the delivery of securities with an exchange of money for those securities. The policy also states that securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts and reports. The U.S. Treasuries, U.S. Government agencies, municipal bonds, and corporate bonds are held by the Village's agent in the Village's name. The Illinois Funds, stock equities and equity mutual funds are not subject to custodial credit risk.

# Village of South Holland, Illinois

## Notes to Financial Statements

### Note 2. Cash and Investments (Continued)

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Village categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation on the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following recurring fair value measurements as of April 30, 2022:

Investments by fair value level	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Village				
Certificates of deposit	\$ 20,171	\$ -	\$ 20,171	\$ -
Police Pension Fund				
U.S. Treasuries	\$ 3,029,361	\$ -	\$ 3,029,361	\$ -
U.S. Agencies	2,763,098	-	2,763,098	-
Corporate bonds	5,184,873	-	5,184,873	-
Equity investments - mutual funds	19,936,075	19,936,075	-	-
Total Police Pension Fund	\$ 30,913,407	\$ 19,936,075	\$ 10,977,332	\$ -

The Village has investments measured at net asset value (NAV) such as the Illinois Funds. In addition, the Village has investments measured at amortized cost as the remaining maturity at purchase is less than one year, such as money market accounts. The following are investments measured at NAV or amortized cost.

Instruments measured by net asset value (NAV), and amortized cost	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	
Village:				
Illinois Funds	\$ 31,710,213	N/A	Daily	1 day
Village Public Library:				
Illinois Funds	1,125,945	N/A	Daily	1 day
Police Pension Fund:				
Money market	1,055,391	N/A	Daily	1 day
Firefighters' Pension Fund:				
Illinois Firefighters' Pension Investment Fund	17,367,535			
Money market	202,998	N/A	Daily	1 day
	<u>\$ 51,462,082</u>			

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 3. Property Taxes

The Village annually establishes a legal right to the property tax assessments upon the enactment of a tax levy ordinance by the Village Board. These tax assessments are levied in December and attach as an enforceable lien on the previous January 1. Tax bills are prepared by Cook County and issued on or about February 1 and August 1, and are payable in two installments which become due on or about March 1 and September 1. The County collects such taxes and periodically remits them to the Village. Property taxes are recognized as a receivable at the time they are levied. In the governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements, since the 2021 tax levy is intended to finance the expenditures for the year ended April 30, 2023, revenue from the entire 2021 tax levy has been deferred for recognition to the year ending April 30, 2023. The 2020 property tax levy, together with any prior levy year collections, has been recognized as revenue of the governmental funds for the year ended April 30, 2022. A 1 percent reduction of the tax levy amount for collection losses has been made to reduce the property taxes receivable to the estimated amount to be collected.

#### Note 4. Capital Assets

##### Governmental Activities

A summary of the changes in capital assets for governmental activities of the Village is as follows:

	Balance, May 1, 2021	Additions	Retirements	Balance, April 30, 2022
Capital assets not being depreciated:				
Land and rights of way	\$ 35,280,401	\$ 180,536	\$ 109,449	\$ 35,351,488
Construction in progress	373,792	1,098,811	971,105	501,498
	<u>35,654,193</u>	<u>1,279,347</u>	<u>1,080,554</u>	<u>35,852,986</u>
Capital assets being depreciated:				
Infrastructure	55,118,147	166,976	-	55,285,123
Land improvements	4,573,073	507,346	-	5,080,419
Municipal buildings and grounds	21,455,661	730,756	-	22,186,417
Equipment	5,963,199	179,398	43,000	6,099,597
	<u>87,110,080</u>	<u>1,584,476</u>	<u>43,000</u>	<u>88,651,556</u>
Less accumulated depreciation for:				
Infrastructure	32,395,177	795,597	-	33,190,774
Land improvements	2,725,010	205,127	-	2,930,137
Municipal buildings and grounds	8,364,151	635,135	-	8,999,286
Equipment	4,911,460	187,577	43,000	5,056,037
	<u>48,395,798</u>	<u>1,823,436</u>	<u>43,000</u>	<u>50,176,234</u>
Total capital assets being depreciated, net	<u>38,714,282</u>	<u>(238,960)</u>	<u>-</u>	<u>38,475,322</u>
Governmental activities capital assets, net	<u>\$ 74,368,475</u>	<u>\$ 1,040,387</u>	<u>\$ 1,080,554</u>	<u>\$ 74,328,308</u>

**Village of South Holland, Illinois**

**Notes to Financial Statements**

**Note 4. Capital Assets (Continued)**

**Business-Type Activities**

A summary of changes in capital assets for business-type activities of the Village is as follows:

	Balance, May 1, 2021	Additions	Retirements	Balance, April 30, 2022
Capital assets being depreciated:				
Water system	\$ 15,368,124	\$ -	\$ -	\$ 15,368,124
Buildings	2,603,574	-	-	2,603,574
Operating equipment	4,006,980	-	-	4,006,980
	<u>21,978,678</u>	<u>-</u>	<u>-</u>	<u>21,978,678</u>
Less accumulated depreciation for:				
Waterworks system	7,256,275	240,356	-	7,496,631
Buildings	1,869,541	53,450	-	1,922,991
Operating equipment	2,037,301	117,850	-	2,155,151
	<u>11,163,117</u>	<u>411,656</u>	<u>-</u>	<u>11,574,773</u>
Total Business-type activities capital assets, net	<u>\$ 10,815,561</u>	<u>\$ (411,656)</u>	<u>\$ -</u>	<u>\$ 10,403,905</u>

**Component Unit**

A summary of changes in capital assets for the component unit of the Village is as follows:

	Balance, May 1, 2021	Additions	Retirements	Balance, April 30, 2022
Capital assets being depreciated:				
Library building	\$ 6,793,291	\$ -	\$ -	\$ 6,793,291
Infrastructure	350,164	-	-	350,164
Land improvements	49,868	-	-	49,868
Equipment	31,032	-	-	31,032
	<u>7,224,355</u>	<u>-</u>	<u>-</u>	<u>7,224,355</u>
Less accumulated depreciation for:				
Library building	5,309,228	52,852	-	5,362,080
Infrastructure	94,541	7,003	-	101,544
Land improvements	17,452	2,493	-	19,945
Equipment	25,862	2,069	-	27,931
	<u>5,447,083</u>	<u>64,417</u>	<u>-</u>	<u>5,511,500</u>
Component units capital assets total	<u>\$ 1,777,272</u>	<u>\$ (64,417)</u>	<u>\$ -</u>	<u>\$ 1,712,855</u>

# Village of South Holland, Illinois

## Notes to Financial Statements

### Note 4. Capital Assets (Continued)

Depreciation was charged to functions/activities as follows:

	Governmental Activities	Business-Type Activities	Component Unit
General government	\$ 762,870	\$ -	\$ -
Public safety:			
Fire department	284,868	-	-
Police department	393,012	-	-
Building department	85,493	-	-
Public works	162,131	-	-
Garbage department	135,062	-	-
Water	-	411,656	-
Library	-	-	64,417
	<u>\$ 1,823,436</u>	<u>\$ 411,656</u>	<u>\$ 64,417</u>

### Note 5. Long-Term Obligations

A summary of changes of long-term obligations of the Village's governmental activities is as follows:

	May 1, 2021	Additions	Reductions	April 30, 2022	One Year
General obligation bonds	\$ 7,280,000	\$ -	\$ 3,245,000	\$ 4,035,000	\$ 525,000
Premium on general obligation bonds	94,303	-	12,168	82,135	-
Discount on general obligation bonds	(3,673)	-	(3,673)	-	-
	<u>7,370,630</u>	<u>-</u>	<u>3,253,495</u>	<u>4,117,135</u>	<u>525,000</u>
General obligation TIF bonds	6,850,000	-	3,300,000	3,550,000	565,000
Premium on general obligation TIF bonds	222,805	-	45,316	177,489	-
Discount on general obligation TIF bonds	(19,225)	-	(12,439)	(6,786)	-
	<u>7,053,580</u>	<u>-</u>	<u>3,332,877</u>	<u>3,720,703</u>	<u>565,000</u>
Direct placement GO bonds	-	2,245,000	-	2,245,000	550,000
Direct placement GO TIF bonds	-	2,275,000	-	2,275,000	560,000
Capital lease	39,140	-	39,140	-	-
Compensated absences	743,501	666,653	743,599	666,555	666,555
Claims payable	790,458	300,844	388,495	702,807	626,258
Net pension liability	14,306,453	3,015,340	-	17,321,793	-
Other postemployment benefits	7,755,724	-	610,072	7,145,652	-
	<u>\$ 38,059,486</u>	<u>\$ 3,982,837</u>	<u>\$ 8,367,678</u>	<u>\$ 33,674,645</u>	<u>\$ 2,382,813</u>

On January 14, 2022, the Village issued \$4,520,000 in General Obligation Refunding Bonds Series 2022 with an interest rate of 1.085% to refund \$4,465,000 of Series 2012 General Obligation Refunding Bonds. Upon issuance of the bonds, the proceeds were deposited in an irrevocable trust until the bonds were called in January 2022. The refunding increased the term of the bond by 1 year, resulted in an economic gain of approximately \$94,000 and a deferred loss on refunding of approximately \$9,000.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 5. Long-Term Obligations (Continued)

The Village's outstanding bonds from direct placements related to governmental activities of \$4,520,000 are secured by the Village's general obligation pledge of the full faith and credit of the Village and are payable from the levy of taxes on all of the taxable property in the Village, without limitation as to rate or amount, and from any other lawfully available funds.

The outstanding bonds contain (1) a provision that the Village will take no action or fail to take any action which in any way would adversely affect the ability of the Village to levy and collect the pledged taxes and the Village and its officers will comply with all present and future applicable laws in order to assure that the pledged taxes will be levied, extended and collected, and (2) a provision that if any bond or portion of a bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the bond or portion of bond so called for redemption. The outstanding bonds do not contain provisions pertaining to termination events or subjective acceleration clauses.

The General Fund is typically used to liquidate compensated absences, claims payable, net pension liability and other postemployment benefits.

A summary of changes in long-term obligations of the Village's business-type activities is as follows:

	May 1, 2021	Additions	Reductions	April 30, 2022	One Year
IEPA Loan	\$ 2,291,979	\$ -	\$ 186,522	\$ 2,105,457	\$ 186,523
Compensated absences	56,921	43,810	56,921	43,810	43,810
Net pension liability (asset)	(54,503)	-	708,587	(763,090)	-
	<u>\$ 2,294,397</u>	<u>\$ 43,810</u>	<u>\$ 952,030</u>	<u>\$ 1,386,177</u>	<u>\$ 230,333</u>

A summary of changes in long-term obligations of the Village's component unit is as follows:

	May 1, 2021	Additions	Reductions	April 30, 2022	One Year
Compensated absences	\$ 52,597	\$ 48,005	\$ 52,597	\$ 48,005	\$ 48,005
Net pension liability (asset)	(50,751)	-	667,571	(718,322)	-
	<u>\$ 1,846</u>	<u>\$ 48,005</u>	<u>\$ 720,168</u>	<u>\$ (670,317)</u>	<u>\$ 48,005</u>



## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 5. Long-Term Obligations (Continued)

Details of the Village's long-term obligations as of April 30, 2022, are as follows:

##### General Obligation Bonds:

A general obligation corporate purpose bond issued to finance public street and other Village public infrastructure improvements, dated February 5, 2019 provides for serial retirement of the principal annually on December 15. Principal retired will be \$525,000 in fiscal year 2023, \$540,000 in fiscal year 2024, \$560,000 in fiscal year 2025, \$575,000 in fiscal year 2026, \$595,000 in fiscal year 2027, \$610,000 in fiscal year 2028 and \$630,000 in fiscal year 2029. Bonds maturing in fiscal 2027 are callable at the option of the Village on any date on or after December 15, 2025 at a price of par plus accrued interest. Interest is payable at 3.0%. These bonds are intended to be financed from the extended tax levy.

\$ 4,035,000

A direct placement general obligation corporate purpose bond issued for refunding the prior issue of 2005 associated with the improvement of public streets and other Village infrastructure, dated January 14, 2022 provides for serial retirement of the principal annually on December 15. Principal retired will be \$550,000 in fiscal year 2023, \$560,000 in fiscal year 2024, \$560,000 in fiscal year 2025 and \$575,000 in fiscal year 2026. Interest is payable at 1.085%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy.

2,245,000

#### **Total general obligation bonds**

6,280,000

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 5. Long-Term Obligations (Continued)

##### General Obligation TIF Bonds:

A general obligation corporate purpose bond issued for refunding the prior issue of 2007A associated with Downtown Tax Incremental Financing District, dated April 6, 2015 provides for serial retirement of the principal annually on December 15. Principal retired will be \$255,000 in fiscal year 2023, \$280,000 in fiscal year 2024, \$310,000 in fiscal year 2025, \$340,000 in fiscal year 2026, and \$370,000 in fiscal year 2027. Interest is payable between rates of 1.5% and 3.3%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy. \$ 1,555,000

A general obligation corporate purpose bond issued for refunding the prior issue of 2007C associated with Downtown Tax Incremental Financing District, dated April 6, 2015 provides for serial retirement of the principal annually on December 15. Principal retired will be \$310,000 in fiscal year 2023, \$350,000 in fiscal year 2024, \$395,000 in fiscal year 2025, \$445,000 in fiscal year 2026, and \$495,000 in fiscal year 2027. Interest is payable between rates of 4.0% and 5.0%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy. 1,995,000

A direct placement general obligation corporate purpose bond issued for refunding the prior issue of 2006 associated with Route 6/South Park Avenue Tax Incremental Financing District, dated January 14, 2022 provides for serial retirement of the principal annually on December 15. Principal retired will be \$560,000 in fiscal year 2023, \$565,000 in fiscal year 2024, \$575,000 in fiscal year 2025 and \$575,000 in fiscal year 2026. Interest is payable at 1.085%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy.

---

2,275,000

#### Total general obligation TIF bonds

---

5,825,000

---

On September 30, 2010, the Village entered into an agreement with the Illinois Environmental Protection Agency to borrow \$3,959,705, of which the Village had draw downs totaling \$3,750,471. The loan bears interest at 1.25% and is due in semi-annual installments on June 30 and December 30 each year through June 30, 2031. Debt is retired by the Water Fund. The loan proceeds were utilized for capital improvements.

---

2,105,457

---

#### Total long-term debt obligations

---

---

\$ 14,210,457

---

## Village of South Holland, Illinois

### Notes to Financial Statements

#### Note 5. Long-Term Obligations (Continued)

The future debt service requirements to amortize the total long-term debt obligations of the Village, excluding compensated absences and other postemployment benefits, including interest as of April 30, 2022, are as follows:

Fiscal Year	Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,090,000	\$ 259,690	\$ 1,110,000	\$ 45,091	\$ 2,504,781
2024	1,170,000	225,165	1,125,000	36,999	2,557,164
2025	1,265,000	187,406	1,135,000	24,792	2,612,198
2026	1,360,000	141,865	1,150,000	12,478	2,664,343
2027	1,460,000	91,825	-	-	1,551,825
2028 - 2029	1,240,000	56,100	-	-	1,296,100
	<u>\$ 7,585,000</u>	<u>\$ 962,051</u>	<u>\$ 4,520,000</u>	<u>\$ 119,360</u>	<u>\$ 13,186,411</u>

The future debt service requirements to amortize the total long-term debt obligations of the Village's business-type activities, excluding compensated absences, including interest as of April 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 188,862	\$ 25,730	\$ 214,592
2024	191,230	23,362	214,592
2025	193,628	20,964	214,592
2026	196,056	18,536	214,592
2027	198,514	16,078	214,592
2028 - 2032	1,030,539	42,420	1,072,959
2033 - 2033	106,628	666	107,294
	<u>\$ 2,105,457</u>	<u>\$ 147,756</u>	<u>\$ 2,253,213</u>

#### Note 6. Pension and Retirement Plan Commitments

Substantially all Village employees are covered under one of the following employee retirement plans:

##### ***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 Village 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. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Illinois Municipal Retirement Fund (Continued)*

**Benefits Provided.** The Village participates in IMRF's Regular Plan (RP). Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Term.** As of December 31, 2021, the following employees were covered by the benefit terms:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	133
Inactive Plan members entitled to but not yet receiving benefits	112
Active Plan members	<u>117</u>
Total membership	<u><u>362</u></u>

**Contributions.** As set by statute, the Village's Regular Plan Members are required to contribute 4.5 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 Village's annual contribution rates for calendar years 2022 and 2021 were 9.62 percent and 11.74 percent, respectively. For the fiscal year ended April 30, 2022, the Village contributed \$678,690 to the plan.

The contributions as of April 30, 2022, are reported in the financial statements as follows:

Governmental Activities - general government expense	\$ 477,525
Business-Type Activities and Water Fund	103,622
Component Unit - Library	<u>97,543</u>
<b>Total</b>	<u><u>\$ 678,690</u></u>

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Illinois Municipal Retirement Fund (Continued)*

The Village 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25 percent.
- **Salary Increases** were expected to be 2.85 percent to 13.75 percent, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25 percent.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For **Non-disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106 percent) and Female (adjusted 105 percent) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub 2010, amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Village of South Holland, Illinois

Notes to Financial Statements

---

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Illinois Municipal Retirement Fund (Continued)***

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70 - 5.50%
Cash Equivalents	1%	-0.90%
Total	<u>100%</u>	

*Single Discount Rate.* A Single Discount Rate of 7.25 percent was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return (7.25 percent) on pension plan investments during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
2. The tax-exempt municipal bond rate (1.84 percent) 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.

IMRF's fiduciary net position at December 31, 2021 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. For the purpose of the most recent valuation, the expected rate of return on plan investments is not adjusted by the municipal bond rate, and the resulting single discount rate is 7.25 percent.

**Village of South Holland, Illinois**

**Notes to Financial Statements**

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Illinois Municipal Retirement Fund (Continued)***

*Changes in the Net Pension Liability:*

The following table shows the components of the Village's total pension liability and related plan fiduciary net position for the year ended December 31, 2021:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
<b>Balances at January 1, 2021</b>	<b>\$ 42,441,121</b>	<b>\$ 42,767,074</b>	<b>\$ (325,953)</b>
Changes for the year:			
Service Cost	582,678	-	582,678
Interest on the Total Pension Liability	3,010,439	-	3,010,439
Differences Between Expected and Actual Experience of Total Pension Liability	(177,819)		(177,819)
Changes of Assumptions	-	-	-
Contributions - Employer	-	703,613	(703,613)
Contributions - Employees	-	273,765	(273,765)
Net Investment Income	-	7,283,462	(7,283,462)
Benefit Payments, Including Refunds of Employee Contributions	(2,418,326)	(2,418,326)	-
Other (Net Transfer)	-	(173,509)	173,509
Net Changes	996,972	5,669,005	(4,672,033)
<b>Balances at December 31, 2021</b>	<b>\$ 43,438,093</b>	<b>\$ 48,436,079</b>	<b>\$ (4,997,986)</b>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25 percent, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Village's net pension liability (asset)	\$ 54,516	\$ (4,997,986)	\$ (9,038,678)

The net pension liability (asset) as of April 30, 2022, is reported on the financial statements as follows:

Governmental Activities	\$ (3,516,574)
Business-Type Activities and Water Fund	(763,090)
Component Unit - Library	(718,322)
<b>Total</b>	<b>\$ (4,997,986)</b>

Village of South Holland, Illinois

Notes to Financial Statements

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Illinois Municipal Retirement Fund (Continued)***

*Pension Expense (Income), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* For the year ended April 30, 2022, the Village recognized pension income in the financial statements as follows:

Governmental Activities - general government expense	\$ (860,015)
Business-Type Activities and Water Fund	(186,622)
Component Unit - Library	(175,673)
<b>Total</b>	<b>\$ (1,222,310)</b>

As of April 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 233,444	\$ 151,628
Changes of assumptions	-	149,068
Net difference between projected and actual earnings on pension plan investments	-	5,730,869
Total deferred amounts to be recognized in pension expense in future periods	233,444	6,031,565
Employer contribution subsequent to the measurement date	186,971	-
Change in proportionate share	125,443	125,443
Total Deferred Amounts Related to Pensions	<b>\$ 545,858</b>	<b>\$ 6,157,008</b>
Governmental Activities - general government	\$ 220,158	\$ 4,290,791
Business-Type Activities and Water Fund	69,446	909,701
Component Unit - Library	256,254	956,516
<b>Total</b>	<b>\$ 545,858</b>	<b>\$ 6,157,008</b>



## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Illinois Municipal Retirement Fund (Continued)*

Pension contributions of \$186,971 subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	<b>Net Deferred Inflows of Resources</b>
Year ending April 30:	
2023	\$ (1,292,950)
2024	(2,226,560)
2025	(1,430,338)
2026	(848,273)
<b>Total</b>	<b>\$ (5,798,121)</b>

The schedule of changes in net pension liability, total pension liability and related ratios and investment returns and the schedule of contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

#### ***Police Pension Fund***

##### Summary of Significant Accounting Policies

###### *Basis of accounting:*

The financial statements for the Police Pension Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings. No stand-alone statements are issued for the defined benefit pension plan.

##### Plan Description

###### *Plan administration:*

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan administered by the Village of South Holland. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Article 3 of the Illinois Pension Code and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. An actuarial valuation was performed as of April 30, 2022, and, accordingly, the most recent available information has been presented.

Management of the Police Pension Plan is vested in the Police Pension Board which consists of five members, two members are elected from and by the active police, one is elected from and by the retiree beneficiaries and two are appointed by the Mayor with the approval of the Village Board of Trustees.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Police Pension Fund (Continued)*

###### *Plan membership:*

At April 30, 2022, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	44
	<hr/>
Total membership	93
	<hr/>

###### *Benefits provided:*

The Illinois Pension Code (40 ILCS 5/Art. 3) is the authority under which pension benefit terms are established. The Police Pension Plan provides retirement benefits as well as death and disability benefits.

Covered employees hired before January 1, 2011 (Tier 1) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary.

Covered employees hired on or after January 1, 2011 (Tier 2 employees), upon attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A police officer's salary for pension purposes is capped at \$116,740 and \$115,929 for 2022 and 2021, respectively. The cap is adjusted annually by the lesser of one half of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}$  percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or one half of the change in the Consumer Price Index for the preceding calendar year.

###### *Contributions:*

Covered employees are required to contribute 9.91 percent of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Illinois Pension Code (40 ILCS 5/Art. 3) establishes the contribution requirements of the Village. The annual requirement is equal to (1) the normal cost of the pension fund for the year plus (2) an amount sufficient to bring the total assets of the pension fund up to 90 percent of the actuarial liabilities of the pension fund by April 30, 2041. Only the State legislature can amend the contribution requirements. For the year ended April 30, 2022, the Village's contribution was \$1,752,111, or 44.32 percent of covered payroll.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Police Pension Fund (Continued)*

###### Investments

###### *Investment policy:*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Board by a majority vote of its members. It is the policy of the Police Pension Board to pursue an investment strategy that minimizes risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. See Note 2 for more details on the Police Pension's investment policy.

The long-term expected rate of return on pension plan investments was determined using a building-block method. The best estimate of future real rates of return are developed for each of the major asset classes. Future real rates of return are weighted based on the target asset allocation as adopted by the Board within the investment policy. Expected inflation is added back in. Adjustment is made to reflect geometric returns.

The following are the expected long-term expected arithmetic real rates of return by asset class as of April 30, 2022:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Large	23.00%	4.15%
US Small	5.00%	4.54%
International developed	18.00%	4.64%
International developed small	5.00%	-0.25%
Emerging markets	7.00%	5.31%
Private equity (direct)	7.00%	7.15%
Bank loans	3.00%	2.48%
High yield corporate credit	3.00%	2.48%
Emerging market debt	3.00%	2.82%
Private credit	5.00%	4.37%
US TIPS	3.00%	-0.12%
Real estate/Infrastructure	8.00%	4.00%
Cash	1.00%	-0.27%
Short-term government/credit	3.00%	0.73%
US Treasury	3.00%	-0.60%
Core plus fixed income	3.00%	0.73%
	<u>100.00%</u>	

###### *Method used to value investments:*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Police Pension Fund (Continued)*

##### Investments (Continued)

##### *Significant Investments:*

Information on significant investments is presented in Note 2 under "Concentration of Credit Risk."

##### *Rate of return:*

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.10) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2021, using the following methods and actuarial assumptions, applied to all periods included in the measurement and rolled forward to April 30, 2022:

Valuation date	May 1, 2021
Actuarial cost method	Entry Age Normal (Level Percentage)
Amortization method	Level Percentage of Payroll (Closed)
Discount Rate used for the Total Pension Liability	7.00%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.21%
Projected Individual Salary Increases	3.75% - 10.22%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.25%
Inflation Rate Included	2.25%
Actuarial assumptions:	
Mortality Rates	Active Mortality: follows the Sex Distinct Raw Rates as developed in the PUBS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis  50% of active Member deaths are assumed to be in the Line of Duty.  Retiree Mortality: follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.  Disabled Mortality: follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Police Pension Fund (Continued)*

##### Methods and Assumptions (Continued)

Spouse Mortality: follows the Sex Distinct Raw Rates as developed in the PubS-2010 (A) Study for contingent survivors. For all rates not provided there (age 45 and younger), the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applies on a fully generational basis.

Retirement Rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at age 65
Disability Rates	100% of L&A 2020 Illinois Police Disability Rates
Termination Rates	100% of L&A 2020 Illinois Police Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2022 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ended December 2015 – June 2019. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to police and firefighter pension funds across the State of Illinois.

The following assumption was changed from the prior year.

- The assumed rate on the High Quality 20-year tax-exempt G.O. Bond was changed from 2.27 percent to 3.21 percent.

##### *Discount rate:*

The discount rate used to measure the total pension liability is 7.25 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 Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Cash flow projections are used to determine the extent to which the Plan's future net position will be able to cover future benefit payments.

To the extent future benefit payments are covered by the Plan's projected net position, the expected long-term rate of return on plan assets is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the Plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments. The Plan's projected net position is expected to cover future benefit payments in full for the current members for the next 80 years. Therefore, the long-term expected rate of return on pension plan assets was applied to all years and the municipal bond rate was not used.

Village of South Holland, Illinois

Notes to Financial Statements

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Police Pension Fund (Continued)***

*Changes in the Net Pension Liability:*

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at May 1, 2021</b>	<b>\$ 46,969,347</b>	<b>\$ 34,865,535</b>	<b>\$ 12,103,812</b>
Changes for the year:			
Service Cost	849,463	-	849,463
Interest on the Total Pension Liability	3,192,156	-	3,192,156
Differences Between Expected and Actual Experience of Total Pension Liability	(1,694,533)	-	(1,694,533)
Changes of Assumptions	1,531,088	-	1,531,088
Contributions - Employer	-	1,752,111	(1,752,111)
Contributions - Employees	-	391,196	(391,196)
Contributions - Other	-	58,947	(58,947)
Net Investment Income	-	(2,416,834)	2,416,834
Benefit Payments, Including Refunds of Employee Contributions	(2,478,410)	(2,478,410)	-
Administrative expense	-	(48,755)	48,755
Net Changes	1,399,764	(2,741,745)	4,141,509
<b>Balances at April 30, 2022</b>	<b>\$ 48,369,111</b>	<b>\$ 32,123,790</b>	<b>\$ 16,245,321</b>

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the net pension liability of the Village as of the valuation date of April 30, 2022, calculated using the discount rate of 7.25 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Village's net pension liability	\$ 23,219,736	\$ 16,245,321	\$ 10,552,390

**Village of South Holland, Illinois**

**Notes to Financial Statements**

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Police Pension Fund (Continued)***

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2022, the Village recognized pension expense of \$1,649,966. At April 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 1,223,502	\$ 1,898,050
Changes of assumptions	1,585,777	224,609
Net difference between projected and actual earnings on pension plan investments	1,317,925	-
	<u>\$ 4,127,204</u>	<u>\$ 2,122,659</u>
Total Deferred Amounts Related to Pensions	<u>\$ 4,127,204</u>	<u>\$ 2,122,659</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in the future periods as follows:

	<b>Net Deferred Inflows of Resources</b>
Year ending April 30:	
2023	\$ 541,473
2024	296,098
2025	(53,281)
2026	1,122,346
2027	109,301
Thereafter	(11,392)
Total	<u>\$ 2,004,545</u>

The schedule of changes in total pension liability, net pension liability and related ratios and investment returns and the schedule of contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Firefighters' Pension Fund*

##### **Summary of Significant Accounting Policies**

###### *Basis of accounting:*

The financial statements for the Firefighters' Pension Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings.

###### Plan Description

###### *Plan administration:*

Sworn firefighter personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan administered by the Village of South Holland. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Article 4 of the Illinois Pension Code and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The Village's most recent actuarial valuation was performed as of April 30, 2022, and, accordingly, the most recent available information has been presented.

Management of the Firefighters' Pension Plan is vested in the Fire Pension Board which consists of five members, two members are elected from and by the active police, one is elected from and by the retiree beneficiaries and two are appointed by the Mayor with the approval of the Village Board of Trustees.

###### *Plan membership:*

At April 30, 2022, the Firefighters' Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>24</u>
Total membership	<u><u>51</u></u>

###### *Benefits provided:*

The Illinois Pension Code (40 ILCS 5/Art. 4) is the authority under which pension benefit terms are established.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary.



## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### **Note 6. Pension and Retirement Plan Commitments (Continued)**

##### ***Firefighters' Pension Fund (Continued)***

###### Plan Description (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2 employees), upon attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A firefighter's salary for pension purposes is capped at \$116,740 and \$115,929 for 2022 and 2021, respectively. The cap is adjusted annually by the lesser of one half of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}$  percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or one half of the change in the Consumer Price Index for the preceding calendar year.

###### *Contributions:*

Covered firefighter employees are required to contribute 9.455 percent of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Illinois Pension Code (40 ILCS 5/Art. 4) establishes the contribution requirements of the Village. The annual requirement is equal to (1) the normal cost of the pension fund or 7.5 percent of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus (2) an annual amount sufficient to bring the total assets of the pension fund up to 90 percent of the total actuarial liabilities of the pension fund by April 30, 2041. Only the State legislature can amend the contribution requirements. For the year ended April 30, 2022, the Village's contribution was \$724,377, or 35.45 percent of covered payroll.

###### Investments

###### *Investment policy:*

The pension plan's investments have been deposited into Illinois Firefighters' Pension Investment Fund (IFPIF), an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. See Note 2 for more details on the Firefighters' Pension's investment policy.

Village of South Holland, Illinois

Notes to Financial Statements

---

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Firefighters' Pension Fund (Continued)***

Investments (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method. The best estimate of future real rates of return are developed for each of the major asset classes. Future real rates of return are weighted based on the target asset allocation as adopted by the Board within the investment policy. Expected inflation is added back in. Adjustment is made to reflect geometric returns. The following are the expected long-term expected arithmetic real rates of return by asset class as of April 30, 2022:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	31.00%	5.20%
Developed market equity (non-US)	16.00%	5.10%
Emerging market equity	8.00%	5.50%
Private equity	5.00%	8.60%
Public credit	3.00%	1.80%
Private credit	5.00%	7.00%
Cash equivalents	0.00%	-0.60%
Core investment grade bonds	15.00%	1.60%
Long-term Treasuries	3.00%	1.30%
TIPS	4.00%	0.80%
Real estate	5.00%	4.90%
Infrastructure	5.00%	5.10%
	<u>100.00%</u>	

*Method used to value investments:*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

*Significant investments:*

Information on significant investments is presented in Note 2 under "Concentration of Credit Risk."

*Rate of return:*

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (6.01) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Firefighters' Pension Fund (Continued)*

###### Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2021, using the following methods and actuarial assumptions, applied to all periods included in the measurement and rolled forward to April 30, 2022:

Valuation date	May 1, 2021
Actuarial cost method	Entry Age Normal (Level Percentage)
Amortization method	Level Percentage of Payroll (Closed)
Discount Rate used for the Total Pension Liability	7.125%
Long-Term Expected Rate of Return on Plan Assets	7.125%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.21%
Projected Individual Salary Increases	3.50% - 10.18%
Projected Increase in Total Payroll	3.00%
Consumer Price Index (Urban)	2.25%
Inflation Rate Included	2.25%
Actuarial assumptions:	
Mortality Table	<p>Active Mortality: follows the Sex Distinct Raw Rates as developed in the PUBS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis</p> <p>50% of active Member deaths are assumed to be in the Line of Duty.</p> <p>Retiree Mortality: follows the L&amp;A Assumption Study for Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.</p> <p>Disabled Mortality: follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.</p> <p>Spouse Mortality: follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (age 45 and younger), the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applies on a fully generational basis.</p>

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 6. Pension and Retirement Plan Commitments (Continued)

##### *Firefighters' Pension Fund (Continued)*

##### Methods and Assumptions (Continued)

Retirement Rates	100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	100% of L&A 2020 Illinois Firefighters Disability Rates
Termination Rates	100% of L&A 2020 Illinois Firefighters Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2022 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ended December 2015 – June 2019. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to police and firefighter pension funds across the State of Illinois.

The following assumption was changed from the prior year:

- The Discount Rate used to determine the Total Pension Liability and the Expected Rate of Return on Investments were changed from 7.25 percent to 7.125 percent
- The assumed rate on the High Quality 20-year tax-exempt G.O. Bond was changed from 2.27 percent to 3.21 percent.

##### Net Pension Liability of the Village

##### *Discount rate:*

The discount rate used to measure the total pension liability is 7.125 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 Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Cash flow projections are used to determine the extent to which the Plan's future net position will be able to cover future benefit payments.

To the extent future benefit payments are covered by the Plan's projected net position, the expected long-term rate of return on plan assets is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the Plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments. The Plan's projected net position is expected to cover future benefit payments in full for the current members for the next 80 years. Therefore, the long-term expected rate of return on pension plan assets was applied to all years and the municipal bond rate was not used.

Village of South Holland, Illinois

Notes to Financial Statements

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Firefighters' Pension Fund (Continued)***

*Changes in the Net Pension Liability:*

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at May 1, 2021</b>	<b>\$ 21,693,776</b>	<b>\$ 19,270,436</b>	<b>\$ 2,423,340</b>
Changes for the year:			
Service Cost	487,282	-	487,282
Interest on the Total Pension Liability	1,511,058	-	1,511,058
Differences Between Expected and Actual Experience of Total Pension Liability	(370,165)	-	(370,165)
Changes of Assumptions	346,909	-	346,909
Contributions - Employer	-	724,377	(724,377)
Contributions - Employees	-	196,405	(196,405)
Contributions - Other	-	38,666	(38,666)
Net Investment Income	-	(1,115,589)	1,115,589
Benefit Payments, Including Refunds of Employee Contributions	(1,068,362)	(1,068,362)	-
Administrative expense	-	(38,481)	38,481
Net Changes	906,722	(1,262,984)	2,169,706
<b>Balances at April 30, 2022</b>	<b>\$ 22,600,498</b>	<b>\$ 18,007,452</b>	<b>\$ 4,593,046</b>

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the net pension liability of the Village as of the valuation date of April 30, 2021, calculated using the discount rate of 7.25 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease 6.125%</b>	<b>Current Discount Rate 7.125%</b>	<b>1% Increase 8.125%</b>
Village's net pension liability	\$ 7,707,331	\$ 4,593,046	\$ 2,040,826

The schedule of changes in net pension liability, total pension liability and related ratios and investment returns and the schedule of contributions are presented as RSI following the notes to the financial statements.

Village of South Holland, Illinois

Notes to Financial Statements

**Note 6. Pension and Retirement Plan Commitments (Continued)**

***Firefighters' Pension Fund (Continued)***

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions:

For the fiscal year ended April 30, 2022, the Village recognized pension expense of \$404,771. At April 30, 2022, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 73,828	\$ 870,756
Changes of assumptions	498,808	130,495
Net difference between projected and actual earnings on pension plan investments	502,235	-
Total Deferred Amounts Related to Pensions	<u>\$ 1,074,871</u>	<u>\$ 1,001,251</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	<b>Net Deferred Inflows of Resources</b>
Year ending April 30:	
2023	\$ (14,639)
2024	(45,167)
2025	(205,824)
2026	459,082
2027	(41,904)
Thereafter	(77,928)
Total	<u>\$ 73,620</u>

The schedule of changes in net pension liability, total pension liability and related ratios and investment returns and the schedule of contributions are presented as RSI following the notes to the financial statements.

Village of South Holland, Illinois

Notes to Financial Statements

Note 6. Pension and Retirement Plan Commitments (Continued)

Combining Statement of Net Position

Pension Trust Funds

April 30, 2022

	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and investments	\$ 1,133,772	\$ 436,979	\$ 1,570,751
Investments, at fair value:			
Corporate bonds	5,184,873	-	5,184,873
U.S. Government and agency obligations	5,792,459	-	5,792,459
Equity mutual funds	19,936,075	-	19,936,075
External investment pool	-	17,570,533	17,570,533
	32,047,179	18,007,512	50,054,691
Other assets	85,082	2,205	87,287
<b>Total assets</b>	<b>32,132,261</b>	<b>18,009,717</b>	<b>50,141,978</b>
<b>Liabilities</b>			
Other liabilities	8,471	2,265	10,736
<b>Net Position</b>			
Restricted for pensions	\$ 32,123,790	\$ 18,007,452	\$ 50,131,242

Village of South Holland, Illinois

Notes to Financial Statements

**Note 6. Pension and Retirement Plan Commitments (Continued)**

**Combining Statement of Changes in Net Position**

**Pension Trust Funds**

**Year Ended April 30, 2022**

	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 1,752,111	\$ 724,377	\$ 2,476,488
Plan members	450,144	235,071	685,215
<b>Total contributions</b>	<u>2,202,255</u>	<u>959,448</u>	<u>3,161,703</u>
Investment income:			
Total investment income	(2,340,987)	(1,094,518)	(3,435,505)
Less: Investment expense	75,847	21,071	96,918
<b>Net investment income</b>	<u>(2,416,834)</u>	<u>(1,115,589)</u>	<u>(3,532,423)</u>
<b>Total additions</b>	<u>(214,579)</u>	<u>(156,141)</u>	<u>(370,720)</u>
<b>Deductions</b>			
Benefits and refunds	2,478,410	1,068,362	3,546,772
Administrative expenses	48,756	38,481	87,237
<b>Total deductions</b>	<u>2,527,166</u>	<u>1,106,843</u>	<u>3,634,009</u>
<b>Change in net position</b>	<u>(2,741,745)</u>	<u>(1,262,984)</u>	<u>(4,004,729)</u>
Net position restricted for pensions:			
May 1, 2021	<u>34,865,535</u>	<u>19,270,436</u>	<u>54,135,971</u>
April 30, 2022	<u>\$ 32,123,790</u>	<u>\$ 18,007,452</u>	<u>\$ 50,131,242</u>



## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 7. Postemployment Healthcare Plan

*Plan Description.* The Village's single-employer defined benefit plan provides other post-employment benefits (OPEB) to employees of the Village. Minimum benefits are set by state law. This retiree health plan is administered by the Village and the Village Board of Trustees has the authority to add or enhance the benefit terms. The plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*Benefits Provided.* The Village provides employer paid retiree medical and dental insurance to current and future eligible retirees until the age of 65 or until their death (whichever is earlier). Dependents are provided access to coverage on a fully contributory basis. The Village provides employer paid insurance benefits to retirees above the age of 65 and their dependents if the retirement occurred before October 1, 1993. In addition, the Village provides employer-paid retiree life insurance to eligible retirees. The life insurance benefit is \$40,000 up to the age of 70 and \$20,000 for ages 70 and above. This is a single-employer plan and the Village allocates 100 percent of its health insurance premium to the General Fund. The Postemployment Healthcare Plan does not issue a publicly available financial report.

*Employees Covered by Benefit Terms.* At April 30, 2022, membership in the plan consisted of the following:

	<u>Membership</u>
Retirees currently receiving benefits	36
Active Plan members	<u>135</u>
Total membership	<u><u>171</u></u>

*Actuarial Assumptions.* The following are the methods and assumptions used to determine the total OPEB liability at April 30, 2022:

- The **Actuarial Cost Method** used was the Entry Age Normal.
- The **discount rate** used to measure the OPEB liability was 3.21 percent, the 20-year municipal bond yield from the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2022.
- **Salary Increases** were assumed to be 3.00 percent.
- For **Healthcare Cost Trend Rates**, the initial Medical Plans rate was 6.80 percent to an ultimate rate of 5.00 percent in 2027. The initial trend rates for the Dental Plan was 2.60 percent expected to be constant for all years.
- **Mortality** rates for IMRF employees were based on PubG-2010(B) Improved Generationally using MP-2020 Improvement rates, weighted per IMRF Experience Study dated November 8, 2017.
- **Active Mortality** rates for Police and Firefighters follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are improved generationally using MP-2019 Improvement rates were based on the Sex District Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improve generationally using MP-2019 Improvement Rates.
- **Retiree Morality** rates for Police and Firefighters follow the L&A Assumption Study for Police 2020 and L&A Assumption Study for Firefighters 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates.

# Village of South Holland, Illinois

## Notes to Financial Statements

### Note 7. Postemployment Healthcare Plan (Continued)

- **Disabled Mortality** rates follow the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates.
- Spouse Mortality rates follow the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger), the Pub-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generations basis.
- **Retirement, withdrawal and disability** rates for IMRF employees were based on the rates from the IMRF Experience Study Report dated December 14, 2020. For Police and Firefighters, the rates were based on the 2020 L&A Assumption Studies for Police and Firefighters.
- 100 percent of future retirees are assumed to elect medical dental and life insurance coverage at retirement.

Actuarial assumptions were changed from the prior year. The discount rate was changed from 2.27 percent to 3.21 percent.

The Village's total OPEB liability was measured as of April 30, 2022, and was determined by an actuarial valuation as of that date.

	<b>Total Postemployment Benefit Liability</b>
<b>Balances at May 1, 2021</b>	<b>\$ 7,755,724</b>
<b>Changes for the year:</b>	
Service cost	432,418
Interest on the total OPEB liability	169,934
Changes of assumptions	(673,127)
Benefit payments	(539,297)
Net changes	<u>(610,072)</u>
<b>Balances at April 30, 2022</b>	<b><u>\$ 7,145,652</u></b>

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease 2.21%</b>	<b>Current Discount Rate 3.21%</b>	<b>1% Increase 4.21%</b>
Village's other post-employment benefit liability	\$ 7,610,893	\$ 7,145,652	\$ 6,701,295

# Village of South Holland, Illinois

## Notes to Financial Statements

### Note 7. Postemployment Healthcare Plan (Continued)

*Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (a)	Current Healthcare Cost Trend Rate	1% Increase (b)
Village's other post-employment benefit liability	\$ 6,384,359	\$ 7,145,652	\$ 8,035,871

(a) Medical Plans initial trend rate of 5.80 percent trending to 4.00 percent in 2027; Dental Plans initial trend rate of 1.60 percent, expected to remain constant through all years

(b) Medical Plans initial trend rate of 7.80 percent trending to 6.00 percent in 2027; Dental Plans initial trend rate of 3.60 percent, expected to remain constant through all years

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended April 30, 2022, the Village recognized OPEB expense of \$229,420. At April 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 3,357,226
Changes of assumptions	873,945	615,538
Total Deferred Amounts Related to Other Postemployment Benefits	\$ 873,945	\$ 3,972,764

Amounts reported as deferred outflows or resources and deferred inflows or resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Inflows of Resources
Year ending April 30:	
2023	\$ (372,932)
2024	(372,932)
2025	(302,682)
2026	(290,298)
2027	(303,483)
Thereafter	(1,456,492)
Total	\$ (3,098,819)

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 8. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters.

The Village is self-insured up to \$300,000 of each worker's compensation claim incident with an overall retention of \$950,000 per claim year. Property and casualty is a standard insurance component with various deductible amounts starting at \$5,000 per incident.

All incurred and not reported claims have been estimated based on historical experience and have been accrued. There has been no significant reduction in insurance coverage from the prior year. The Village's settlements did not exceed its insurance coverage during the past three years.

Changes in the balances of claims liabilities are as follows:

Unpaid Claims at April 30, 2020	\$ 591,085
Provision for claims	645,343
Claims paid	(445,970)
Unpaid Claims at April 30, 2021	790,458
Provision for claims	300,844
Claims paid	(388,495)
Unpaid Claims at April 30, 2022	<u>\$ 702,807</u>

#### Note 9. Tax Abatements and Commitments

The Village is committed to pay several developers within tax incremental financing (TIF) districts after the developers have completed certain project improvements and satisfied other conditions. These conditions vary from developer to developer; however, in all cases these amounts are only due to be paid from future revenues which will arise from the new development within the new districts.

The Village has two agreements with a local retail developer (the Developer) in the community to provide possible future economic assistance. The agreements executed on February 3, 2003 and May 16, 2016 between the Village and the Developer will expire on the earlier of when the Village has paid sales tax refunds not to exceed \$2,000,000 and \$560,000, respectively, or upon expiration of the agreements. As of April 30, 2021, a total of \$193,392 of sales tax refunds was provided by the Village to the Developer under these revised incentive agreements. There remains a potential balance due pursuant to both agreements of \$216,831.

#### Cook County Economic Incentives

The Cook County Assessor's Office, in conjunction with municipalities located within Cook County and within the Village's boundaries, encourage certain industrial and commercial development by offering real estate tax incentive programs (such as class 6a, 6b, 7 and 8) for the development of new industrial facilities, the rehabilitation of existing structures, and industrial utilization of abandoned buildings or areas experiencing severe stagnation. These programs offer qualified properties a reduced equalized assessed valuation for up to 12 years. The Village deems these real estate tax incentives as vital economic development tools to retain existing businesses as well as encourage new construction considering the proximity of the Village to Will County and the State of Indiana which offer lower property tax rates. The Village estimates its portion of annual abatement of property taxes to various local companies under these development incentives approximates \$1,838,000.

The Village also has construction commitments of \$3,400,000 as of April 30, 2022.

# **Village of South Holland, Illinois**

## **Notes to Financial Statements**

### **Note 10. Other Financial Disclosures (FFS Level Only)**

#### *(a) Due To/From Other Funds*

Individual interfund balances for the Village at April 30, 2022, are as follows:

Fund	Receivable Fund (Due from)	Payable Fund (Due to)
Park Fund		
Park Fund - Nonmajor Capital Projects Fund	\$ 391,591	\$ -
Nonmajor Governmental Fund:		
Nonmajor Capital Projects Fund - Park Fund	-	391,591
Total	\$ 391,591	\$ 391,591

Interfund receivables and payables are short-term in nature based on expected payments and relate to expenditures paid by a fund that were intended to be paid by another fund. To eliminate negative cash balances for financial reporting purposes, the Village recorded interfund payable balances within the Veteran's Park Construction Fund and interfund receivable balances within the Park Fund.

#### *(b) Transfer In/Out*

The interfund transfers for the year ended April 30, 2022, are as follows:

Transfers are used to (a) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (b) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund; and (c) use unrestricted revenue collections in the General Fund to finance various programs accounted for in accordance with budgetary authorizations.

Fund	Transfer In	Transfer Out
General Fund		
Nonmajor Capital Projects Fund	\$ -	\$ 210,000
Nonmajor Debt Service Fund	-	65,000
	-	275,000
Nonmajor Governmental Funds:		
Nonmajor Capital Projects Fund from General Fund	210,000	-
Nonmajor Debt Service Fund from General Fund	65,000	-
Nonmajor Capital Projects Fund from Nonmajor Capital Projects Fund	1,087,936	-
Nonmajor Capital Projects Fund to Nonmajor Capital Projects Fund	-	1,087,936
Nonmajor Debt Service Fund from Nonmajor Capital Projects Fund	1,245,000	-
Nonmajor Debt Service Fund to Nonmajor Capital Projects Fund	-	1,245,000
Nonmajor Special Revenue Fund from Water Fund	500,000	-
	3,107,936	2,332,936
Water Fund		
Water Fund to Nonmajor Special Revenue Fund	-	500,000
Total	\$ 3,107,936	\$ 3,107,936

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### Note 10. Other Financial Disclosures (FFS Level Only) (Continued)

##### (c) Deficit Fund Balances

The following funds reported deficits in fund balance as of April 30, 2022:

	<u>Deficit</u>
Nonmajor Governmental:	
Capital Project:	
Veterans Park Construction Fund	\$ 391,591

These deficit fund balances are expected to be funded by future operating revenues and transfers from other funds.

#### Note 11. New Governmental Accounting Standards

At April 30, 2022, the GASB had issued several statements not yet implemented by the Village. The statements that might impact the Village are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Village with its year ending April 30, 2023.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the Village with its year ending April 30, 2023. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91 a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.

GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The Statement addresses a variety of topics. The Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The Statement will be effective for the Village with its year ending April 30, 2023.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, establishes how the Village will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the Village with its year ending April 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the Village with its year ending April 30, 2024.

## Village of South Holland, Illinois

### Notes to Financial Statements

---

#### **Note 11. New Governmental Accounting Standards (Continued)**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement will be effective for the Village with its year ending April 30, 2024.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the Village with its year ending April 30, 2023.

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The statement will be effective for the Village at various times between upon issuance and with its year ending April 30, 2025.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The statement will be effective for the Village at various times between upon issuance and with its year ending April 30, 2025.

GASB Statement No. 101, *Compensated Absences*, will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the Village at various times between upon issuance and with its year ending April 30, 2025.

Management has not yet completed its evaluation of the impact, if any, of the provisions of these standards on its financial statements; however, the impact of GASB Statement No. 87 will likely be material to the financial statements of the Village.

**Village of South Holland, Illinois**

**Notes to Financial Statements**

---

**Note 12. Subsequent Event**

**Property Taxes - Delay in issuance of 2nd Installment property tax bills**

Pursuant to State Statute, Cook County Property tax bill's first installment, which is equal to 55% of the prior year's total taxes, must be mailed in January. The second installment, to be mailed out by June 30, seeks the remaining amount of taxes due. The Cook County Treasurer's office has not yet issued the Tax Year 2021 Second Installment Property Tax bills. The delays in issuance of the tax bills will delay property tax collections and receipts of the District potentially into the start of calendar year 2023.



## **Required Supplementary Information**

Village of South Holland, Illinois

Required Supplementary Information - Illinois Municipal Retirement Fund  
Schedule of Changes in Net Pension Liability (Asset), Total Pension Liability and Related  
Ratios and Investment Returns

Measurement Date Ended December 31, Fiscal Year Ended April 30,	2021 2022	2020 2021	2019 2020	2018 2019	2017 2018	2016 2017	2015 2016	2014 2015
<b>Total pension liability</b>								
Service cost	\$ 582,678	\$ 594,680	\$ 576,332	\$ 527,795	\$ 557,464	\$ 580,633	\$ 555,300	\$ 567,436
Interest on the total pension liability	3,010,439	2,913,411	2,836,872	2,704,359	2,725,328	2,595,482	2,475,003	2,359,397
Actuarial experience	(177,819)	527,306	(165,499)	788,531	(525,327)	349,722	282,798	(676,651)
Changes in assumptions	-	(336,718)	-	1,104,015	(1,079,894)	(89,789)	43,177	958,037
Benefit payments	(2,418,326)	(2,290,396)	(2,111,927)	(2,043,734)	(1,840,908)	(1,730,513)	(1,697,668)	(1,619,696)
<b>Net change in total pension liability</b>	<b>996,972</b>	<b>1,408,283</b>	<b>1,135,778</b>	<b>3,080,966</b>	<b>(163,337)</b>	<b>1,705,535</b>	<b>1,658,610</b>	<b>1,588,523</b>
<b>Total pension liability—beginning</b>	<b>42,441,121</b>	<b>41,032,838</b>	<b>39,897,060</b>	<b>36,816,094</b>	<b>36,979,431</b>	<b>35,273,896</b>	<b>33,615,286</b>	<b>32,026,763</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 43,438,093</b>	<b>\$ 42,441,121</b>	<b>\$ 41,032,838</b>	<b>\$ 39,897,060</b>	<b>\$ 36,816,094</b>	<b>\$ 36,979,431</b>	<b>\$ 35,273,896</b>	<b>\$ 33,615,286</b>
<b>Plan fiduciary net position</b>								
Contributions - Employer	\$ 703,613	\$ 779,824	\$ 569,973	\$ 728,938	\$ 653,884	\$ 786,136	\$ 1,301,569	\$ 1,208,513
Contributions - Member	273,765	282,784	262,311	253,998	237,129	242,441	233,298	224,838
Pension plan net investment income (loss)	7,283,462	5,516,434	6,408,576	(1,995,757)	5,651,488	2,096,849	147,286	1,741,098
Benefit payments	(2,418,326)	(2,290,396)	(2,111,927)	(2,043,734)	(1,840,908)	(1,730,513)	(1,697,668)	(1,619,696)
Pension plan administrative expense	(173,509)	(4,812)	(276,958)	792,064	(645,002)	215,620	705,577	(651,947)
<b>Net change in plan fiduciary net position</b>	<b>5,669,005</b>	<b>4,283,834</b>	<b>4,851,975</b>	<b>(2,264,491)</b>	<b>4,056,591</b>	<b>1,610,533</b>	<b>690,062</b>	<b>902,806</b>
<b>Plan fiduciary net position—beginning</b>	<b>42,767,074</b>	<b>38,483,240</b>	<b>33,631,265</b>	<b>35,895,756</b>	<b>31,839,165</b>	<b>30,228,632</b>	<b>29,538,570</b>	<b>28,635,570</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 48,436,079</b>	<b>\$ 42,767,074</b>	<b>\$ 38,483,240</b>	<b>\$ 33,631,265</b>	<b>\$ 35,895,756</b>	<b>\$ 31,839,165</b>	<b>\$ 30,228,632</b>	<b>\$ 29,538,376</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (4,997,986)</b>	<b>\$ (325,953)</b>	<b>\$ 2,549,598</b>	<b>\$ 6,265,795</b>	<b>\$ 920,338</b>	<b>\$ 5,140,266</b>	<b>\$ 5,045,264</b>	<b>\$ 4,914,098</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>111.51%</b>	<b>100.77%</b>	<b>93.79%</b>	<b>84.30%</b>	<b>97.50%</b>	<b>86.10%</b>	<b>85.70%</b>	<b>82.96%</b>
<b>Covered Payroll</b>	<b>\$ 5,993,295</b>	<b>\$ 6,268,680</b>	<b>\$ 5,798,303</b>	<b>\$ 5,640,192</b>	<b>\$ 5,264,762</b>	<b>\$ 5,322,514</b>	<b>\$ 5,142,505</b>	<b>\$ 4,914,098</b>
<b>Employer net pension liability (asset) as a percentage of covered payroll</b>	<b>-83.39%</b>	<b>-5.20%</b>	<b>43.97%</b>	<b>111.09%</b>	<b>17.48%</b>	<b>96.58%</b>	<b>98.11%</b>	<b>82.96%</b>

**Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of South Holland, Illinois

**Required Supplementary Information - Police Pension Fund**  
**Schedule of Changes in Net Pension Liability, Total Pension Liability and Related**  
**Ratios and Investment Returns**

Measurement Date Ended April 30,	2021	2020	2019	2018	2017	2016	2015	2014
Fiscal year ended April 30,	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 849,463	\$ 842,458	\$ 865,061	\$ 893,103	\$ 886,751	\$ 826,807	\$ 762,040	\$ 839,522
Interest on the total pension liability	3,192,156	3,193,086	2,962,209	2,892,254	2,799,135	2,698,725	2,475,252	2,412,451
Change in benefit terms	-	-	191,439	-	-	-	-	-
Actuarial experience	(1,694,533)	1,550,888	(253,360)	(591,237)	146,383	115,453	509,792	-
Changes in assumptions	1,531,088	-	250,045	-	(397,135)	(380,141)	1,046,935	-
Benefit payments	(2,478,410)	(2,417,435)	(2,146,208)	(2,312,222)	(1,989,262)	(1,762,485)	(1,660,791)	(1,532,732)
<b>Net change in total pension liability</b>	<b>1,399,764</b>	<b>3,168,997</b>	<b>1,869,186</b>	<b>881,898</b>	<b>1,445,872</b>	<b>1,498,359</b>	<b>3,133,228</b>	<b>1,719,241</b>
<b>Total pension liability—beginning</b>	<b>46,969,347</b>	<b>43,800,350</b>	<b>41,931,164</b>	<b>41,049,266</b>	<b>39,603,394</b>	<b>38,105,035</b>	<b>34,971,807</b>	<b>33,252,566</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 48,369,111</b>	<b>\$ 46,969,347</b>	<b>\$ 43,800,350</b>	<b>\$ 41,931,164</b>	<b>\$ 41,049,266</b>	<b>\$ 39,603,394</b>	<b>\$ 38,105,035</b>	<b>\$ 34,971,807</b>
<b>Plan fiduciary net position</b>								
Contributions - Employer	\$ 1,752,111	\$ 1,424,385	\$ 1,408,096	\$ 1,325,202	\$ 1,389,014	\$ 1,154,471	\$ 1,014,454	\$ 963,590
Contributions - Member	391,196	384,767	376,262	365,058	359,486	357,939	397,143	345,693
Contributions - Other	58,947	74,067	2,376	80,512	48,730	999	-	-
Pension plan net investment income (loss)	(2,416,834)	7,748,051	99,146	1,622,580	1,912,656	1,995,918	(399,409)	1,938,368
Benefit payments	(2,478,410)	(2,417,435)	(2,146,208)	(2,312,222)	(1,989,262)	(1,762,485)	(1,660,791)	(1,532,732)
Pension plan administrative expense	(48,755)	(39,816)	(40,964)	(43,382)	(41,581)	(39,880)	(34,825)	(41,439)
<b>Net change in plan fiduciary net position</b>	<b>(2,741,745)</b>	<b>7,174,019</b>	<b>(301,292)</b>	<b>1,037,748</b>	<b>1,679,043</b>	<b>1,706,962</b>	<b>(683,428)</b>	<b>1,673,480</b>
<b>Plan fiduciary net position—beginning</b>	<b>34,865,535</b>	<b>27,691,516</b>	<b>27,992,808</b>	<b>26,955,060</b>	<b>25,276,017</b>	<b>23,569,055</b>	<b>24,252,483</b>	<b>22,579,003</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 32,123,790</b>	<b>\$ 34,865,535</b>	<b>\$ 27,691,516</b>	<b>\$ 27,992,808</b>	<b>\$ 26,955,060</b>	<b>\$ 25,276,017</b>	<b>\$ 23,569,055</b>	<b>\$ 24,252,483</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 16,245,321</b>	<b>\$ 12,103,812</b>	<b>\$ 16,108,834</b>	<b>\$ 13,938,356</b>	<b>\$ 14,094,206</b>	<b>\$ 14,327,377</b>	<b>\$ 14,535,980</b>	<b>\$ 10,719,324</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>66.41%</b>	<b>74.23%</b>	<b>63.22%</b>	<b>66.76%</b>	<b>65.67%</b>	<b>63.82%</b>	<b>61.85%</b>	<b>69.35%</b>
<b>Covered Payroll</b>	<b>\$ 3,952,997</b>	<b>\$ 3,792,651</b>	<b>\$ 3,918,704</b>	<b>\$ 3,697,086</b>	<b>\$ 3,572,064</b>	<b>\$ 3,929,704</b>	<b>\$ 3,681,049</b>	<b>\$ 3,510,922</b>
<b>Employer net pension liability as a percentage of covered payroll</b>	<b>410.96%</b>	<b>319.14%</b>	<b>411.08%</b>	<b>377.01%</b>	<b>394.57%</b>	<b>364.59%</b>	<b>394.89%</b>	<b>305.31%</b>
Annual money-weighted rate of return, net of investment expense	-7.10%	28.11%	4.54%	6.11%	7.60%	8.53%	-1.66%	8.42%

**Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of South Holland, Illinois

**Required Supplementary Information - Firefighters' Pension Fund**  
**Schedule of Changes in Net Pension Liability, Total Pension Liability and Related**  
**Ratios and Investment Returns**

Measurement Date Ended April 30,	2021	2020	2019	2018	2017	2016	2015	2014
Fiscal year ended April 30,	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 487,282	\$ 517,122	\$ 503,774	\$ 546,208	\$ 554,693	\$ 517,196	\$ 466,304	\$ 504,634
Interest on the total pension liability	1,511,058	1,466,153	1,425,128	1,345,043	1,265,480	1,221,737	1,141,182	1,101,541
Change in benefit terms	-	-	118,142	-	-	-	-	-
Actuarial experience	(370,165)	55,693	(379,062)	51,435	(6,027)	(438,208)	(637,943)	-
Changes in assumptions	346,909	(142,661)	46,642	-	-	(72,653)	724,343	-
Benefit payments	(1,068,362)	(1,127,866)	(892,453)	(783,674)	(649,787)	(599,635)	(565,958)	(581,931)
<b>Net change in total pension liability</b>	<b>906,722</b>	<b>768,441</b>	<b>822,171</b>	<b>1,159,012</b>	<b>1,164,359</b>	<b>628,437</b>	<b>1,127,928</b>	<b>1,024,244</b>
<b>Total pension liability—beginning</b>	<b>21,693,776</b>	<b>20,925,335</b>	<b>20,103,164</b>	<b>18,944,152</b>	<b>17,779,793</b>	<b>17,151,356</b>	<b>16,023,427</b>	<b>14,999,183</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 22,600,498</b>	<b>\$ 21,693,776</b>	<b>\$ 20,925,335</b>	<b>\$ 20,103,164</b>	<b>\$ 18,944,152</b>	<b>\$ 17,779,793</b>	<b>\$ 17,151,355</b>	<b>\$ 16,023,427</b>
<b>Plan fiduciary net position</b>								
Contributions - Employer	\$ 724,377	\$ 597,069	\$ 586,911	\$ 555,889	\$ 606,032	\$ 485,846	\$ 489,984	\$ 452,297
Contributions - Member	196,405	192,993	191,050	197,561	189,678	184,909	191,032	170,122
Contributions - Other	38,666	-	19,523	-	313	-	-	-
Pension plan net investment income (loss)	(1,115,589)	4,227,033	255,463	893,621	929,889	992,727	(168,346)	871,844
Benefit payments	(1,068,362)	(1,127,866)	(892,453)	(783,674)	(649,787)	(599,635)	(565,958)	(581,931)
Pension plan administrative expense	(38,481)	(39,215)	(33,572)	(31,847)	(34,199)	(32,888)	(29,822)	(29,115)
<b>Net change in plan fiduciary net position</b>	<b>(1,262,984)</b>	<b>3,850,014</b>	<b>126,922</b>	<b>831,550</b>	<b>1,041,926</b>	<b>1,030,959</b>	<b>(83,110)</b>	<b>883,217</b>
<b>Plan fiduciary net position—beginning</b>	<b>19,270,436</b>	<b>15,420,422</b>	<b>15,293,500</b>	<b>14,461,950</b>	<b>13,420,024</b>	<b>12,389,065</b>	<b>12,472,175</b>	<b>11,588,958</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 18,007,452</b>	<b>\$ 19,270,436</b>	<b>\$ 15,420,422</b>	<b>\$ 15,293,500</b>	<b>\$ 14,461,950</b>	<b>\$ 13,420,024</b>	<b>\$ 12,389,065</b>	<b>\$ 12,472,175</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 4,593,046</b>	<b>\$ 2,423,340</b>	<b>\$ 5,504,913</b>	<b>\$ 4,809,664</b>	<b>\$ 4,482,202</b>	<b>\$ 4,359,769</b>	<b>\$ 4,762,290</b>	<b>\$ 3,551,252</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>79.68%</b>	<b>88.83%</b>	<b>73.69%</b>	<b>76.08%</b>	<b>76.34%</b>	<b>75.48%</b>	<b>72.23%</b>	<b>77.84%</b>
<b>Covered Payroll</b>	<b>\$ 2,043,284</b>	<b>\$ 2,167,623</b>	<b>\$ 2,121,204</b>	<b>\$ 1,973,871</b>	<b>\$ 1,907,122</b>	<b>\$ 2,434,778</b>	<b>\$ 1,911,739</b>	<b>\$ 1,801,128</b>
<b>Employer net pension liability as a percentage of covered payroll</b>	<b>224.79%</b>	<b>111.80%</b>	<b>259.52%</b>	<b>243.67%</b>	<b>235.02%</b>	<b>179.06%</b>	<b>249.11%</b>	<b>197.17%</b>
Annual money-weighted rate of return, net of investment expense	-6.01%	27.73%	1.68%	6.20%	6.91%	8.02%	-1.35%	7.36%

**Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of South Holland, Illinois

**Required Supplementary Information - Other Postemployment Benefit Plan**  
**Schedule of Changes in Total Other Postemployment Benefit Liability and**  
**Related Ratios**

Fiscal year ended April 30,	2022	2021	2020	2019
Service cost	\$ 432,418	\$ 516,210	\$ 487,998	\$ 451,403
Interest on the total OPEB liability	169,934	287,930	307,111	365,165
Differences between expected and actual experience of the total OPEB liability	-	(3,707,203)	-	(767,035)
Changes of assumptions	(673,127)	857,486	316,120	80,780
Benefit payments	(539,297)	(603,021)	(546,557)	(534,807)
Other changes	-	-	(955)	(81,948)
Net changes	(610,072)	(2,648,598)	563,717	(486,442)
Total other postemployment benefit liability, beginning	7,755,724	10,404,322	9,840,605	10,327,047
Total other postemployment benefit liability, ending	<u>\$ 7,145,652</u>	<u>\$ 7,755,724</u>	<u>\$ 10,404,322</u>	<u>\$ 9,840,605</u>
Covered Payroll	\$ 10,910,742	\$ 10,034,871	\$ 9,815,395	\$ 9,815,395
Village total pension liability as a percentage of covered payroll	65.49%	77.29%	106.00%	100.26%

**Note to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Changes to assumptions: Changes of assumptions and other inputs reflect the effects of changes in**

2022: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate for 2021 was 2.27% and increased to 3.21% for 2022.

2021: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate for 2020 was 2.85% and decreased to 2.27% for 2021.

2020: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate for 2019 was 3.21% and decreased to 2.85% for 2020.

2019: Changes of assumptions and other inputs reflect the effects of changes in the discount rate. The discount rate for 2018 was 3.63% and decreased to 3.21% for 2019.

**Village of South Holland**

**Illinois Municipal Retirement Fund  
Required Supplementary Information  
Schedule of Contributions  
Last 10 Calendar Years**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2021	\$ 703,613	\$ 703,613	\$ -	\$ 5,993,295	11.74%
2020	779,824	779,824	-	6,268,680	12.44%
2019	569,973	569,973	-	5,798,303	9.83%
2018	728,713	728,938	(225)	5,640,192	12.92%
2017	653,883	653,884	(1)	5,264,762	12.42%
2016	737,168	786,136	(48,968)	5,322,514	14.77%
2015	1,301,568	1,301,569	(1)	5,142,505	25.31%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Village of South Holland, Illinois**

**Required Supplementary Information  
Schedule of Contributions**

**Police Pension Plan**

Fiscal year ended	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 1,624,105	\$ 1,352,692	\$ 1,348,079	\$ 1,392,359	\$ 1,313,975	\$ 1,089,522	\$ 1,089,522	\$ 957,021	\$ 819,215	\$ 957,021
Contributions in Relation to the Actuarial Determined Contribution	1,752,111	1,424,385	1,408,096	1,325,202	1,389,014	1,154,471	1,014,454	963,590	944,381	912,627
Contribution Deficiency (excess)	\$ (128,006)	\$ (71,693)	\$ (60,017)	\$ 67,157	\$ (75,039)	\$ (64,949)	\$ 75,068	\$ (6,569)	\$ (125,166)	\$ 44,394
Covered Payroll	\$ 3,952,997	\$ 3,792,651	\$ 3,918,704	\$ 3,697,086	\$ 3,572,064	\$ 3,929,704	\$ 3,681,049	\$ 3,547,847	\$ 3,510,922	\$ 3,469,120
Contributions as a Percentage of Covered Payroll	44.32%	37.56%	35.93%	35.84%	38.89%	29.38%	27.56%	27.16%	26.90%	26.31%

**Firefighters' Pension Plan**

Fiscal year ended	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 658,164	\$ 576,518	\$ 611,521	\$ 604,194	\$ 570,603	\$ 497,595	\$ 497,595	\$ 465,364	\$ 419,180	\$ 465,364
Contributions in Relation to the Actuarial Determined Contribution	724,377	597,069	586,911	555,889	606,032	485,846	489,984	452,297	454,061	424,630
Contribution Deficiency (excess)	\$ (66,213)	\$ (20,551)	\$ 24,610	\$ 48,305	\$ (35,429)	\$ 11,749	\$ 7,611	\$ 13,067	\$ (34,881)	\$ 40,734
Covered Payroll	\$ 2,043,284	\$ 2,167,623	\$ 2,121,204	\$ 1,973,871	\$ 1,907,122	\$ 2,434,778	\$ 1,911,740	\$ 1,801,128	\$ 1,848,853	\$ 1,787,295
Contributions as a Percentage of Covered Payroll	35.45%	27.54%	27.67%	28.16%	31.78%	19.95%	25.63%	25.11%	24.56%	23.76%

**Village of South Holland, Illinois**

**Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended April 30, 2022**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 11,152,025	\$ 11,088,051	\$ (63,974)
Intergovernmental taxes	8,385,000	10,815,285	2,430,285
Licenses	942,000	987,880	45,880
Permits and fees	1,330,000	2,607,145	1,277,145
Fines and forfeitures	845,000	1,229,030	384,030
Charges for services	2,623,900	2,636,067	12,167
Grants	952,400	292,247	(660,153)
Interest	100,000	29,001	(70,999)
Reimbursed expenses	348,820	320,735	(28,085)
Rental income	148,000	105,453	(42,547)
Miscellaneous	834,500	761,901	(72,599)
Total revenues	27,661,645	30,872,795	3,211,150
Expenditures:			
Current:			
General government	7,170,378	6,806,983	(363,395)
Fire department	4,366,298	5,143,175	776,877
Police department	8,498,828	7,776,700	(722,128)
Building department	1,574,485	1,322,890	(251,595)
Public works	2,450,850	2,514,017	63,167
Garbage department	2,129,384	2,089,913	(39,471)
Public relations	478,861	450,416	(28,445)
Capital outlay	2,448,416	1,322,263	(1,126,153)
Total expenditures	29,117,500	27,426,357	(1,691,143)
Excess (deficiency) of revenues (under) expenditures	(1,455,855)	3,446,438	4,902,293
Other financing (uses):			
Transfers (out)	275,000	(275,000)	(550,000)
Total other financing other financing sources (uses)	275,000	(275,000)	(550,000)
Net change in fund balance	<u>\$ (1,180,855)</u>	3,171,438	<u>\$ 4,352,293</u>
Fund balance:			
May 1, 2021		<u>11,315,921</u>	
April 30, 2022		<u>\$ 14,487,359</u>	

See notes to required supplementary information.



## **Village of South Holland, Illinois**

### **Notes to Required Supplementary Information**

---

#### **Note 1. Budgetary Basis of Accounting**

The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

#### **Note 2. Stewardship, Compliance and Accountability**

##### **(a) Budgetary Information**

The Village follows these procedures in establishing the appropriation data reflected in the financial statements:

1. The Village Treasurer submits to the Village Board of Trustees a proposed operating appropriation ordinance (budget) for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Village to obtain taxpayer comments.
3. Subsequently, the appropriation ordinance is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the general, debt service and certain special revenue funds. While formal budgetary integration is not required to be employed for the debt service funds because effective budgetary control can alternatively be achieved through general obligation bond indenture provisions, the Village has budgeted its debt service funds. Budgets for TIF Capital Project Funds (included within both major and aggregate nonmajor funds), Veterans Park Construction Fund (included within aggregate nonmajor funds), and police seizure expenditures in the General Fund are not formally adopted as part of the Village's annual appropriation.
5. Appropriations for the general, debt service and certain special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgetary authority lapses at year-end.
7. State law requires that "expenditures be made in conformity with appropriation/budget." As under the Budget Act, transfers between line items and departments may be made by administrative action. Amounts to be transferred between funds would require Village Board approval. The level of legal control is generally considered to be the fund budget in total.
8. Appropriated amounts are as originally adopted.

## Village of South Holland, Illinois

### Notes to Required Supplementary Information

---

#### Note 3. Pension Contributions

The Schedule of Contributions shows the difference between the actual contributions and the actuarially determined contributions (ADC). The actuarial valuation and assumptions utilized to measure the ADC differ from those disclosed in Note 6 of the financial statements.

The following methods and assumptions were utilized to measure the ADC for each applicable pension plan.

#### IMRF

##### Methods and Assumptions

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22-year closed period
Asset valuation method	5-year smooth market; 20% corridor
Wage growth	3.25%
Price inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study from the years 2014 to 2016.
Mortality	For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

#### Other Information:

Notes	There were no benefit changes during the year.
-------	--

## Village of South Holland, Illinois

### Notes to Required Supplementary Information

---

#### Note 3. Pension Contributions (Continued)

##### Police Pension Plan

###### Methods and Assumptions

Valuation date	May 1, 2021
Actuarial cost method	Entry Age Normal
Actuarial value of assets	5-Year Smooth Market Value
Amortization method	Level Percentage of Payroll Closed
Remaining amortization period	20 years
Investment rate of return	7.25%
Projected individual salary increases	3.75% - 10.22%
Projected increase in total payroll	3.25%
Inflation rate included	2.25%
Mortality table	Pub-2010 adjusted for Plan status, demographics and Illinois Public Pension Data, as described
Retirement rates	100% of L&A 2020 Illinois Police Retirement Rates, Capped at age 65
Termination rates	100% of L&A 2020 Illinois Police Termination Rates
Disability rates	100% of L&A 2020 Illinois Police Disability Rates

##### Firefighters' Pension Plan

###### Methods and Assumptions

Valuation date	May 1, 2021
Actuarial cost method	Entry Age Normal (Level Percentage)
Actuarial value of assets	5-Year Smooth Market Value
Amortization method	Level Percentage of Payroll Closed
Remaining amortization period	20 years
Investment rate of return	7.25%
Projected individual salary increases	3.50% - 10.18%
Projected increase in total payroll	3.00%
Inflation rate included	2.25%
Mortality table	Pub-2010 adjusted for Plan status, demographics and Illinois Public Pension Data, as described
Retirement rates	100% of L&A 2020 Illinois Firefighters Retirement Rates, Capped at age 65
Termination rates	100% of L&A 2020 Illinois Firefighters Termination Rates
Disability rates	100% of L&A 2020 Illinois Firefighters Disability Rates

## **Supplementary Information**

**Village of South Holland, Illinois**

**General Fund  
Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2022**

	Original and Final Budget	Actual
Property taxes:		
General	\$ 11,152,025	\$ 11,088,051
Intergovernmental:		
Sales tax, net of rebates \$75,000	3,940,000	4,737,084
State income tax	2,430,000	3,447,072
Utility tax	1,625,000	1,846,459
Replacement tax	150,000	494,968
Motel tax	240,000	289,702
Total intergovernmental	8,385,000	10,815,285
Licenses:		
Business licenses	130,000	130,656
Vehicle licenses	455,000	462,667
Other licenses	357,000	394,557
Total licenses	942,000	987,880
Permits and fees:		
Building permits	250,000	383,377
Ambulance fees	1,075,000	2,214,593
Other permits	5,000	9,175
Total permits and fees	1,330,000	2,607,145
Fines and forfeitures:		
Court fines	75,000	150,662
Parking fines	400,000	645,870
Local debt recoveries	130,000	93,861
Other fines	240,000	338,637
Total fines and forfeitures	845,000	1,229,030
Charges for services	2,623,900	2,636,067
Grants	952,400	292,247
Interest	100,000	29,001
Miscellaneous revenues:		
Reimbursed expenses	348,820	320,735
Rental income	148,000	105,453
Property owner payment	1,500	24,160
Special events	8,000	13,075
Other miscellaneous revenues	825,000	724,666
Total miscellaneous revenues	1,331,320	1,188,089
<b>Total revenues</b>	<b>\$ 27,661,645</b>	<b>\$ 30,872,795</b>

# Village of South Holland, Illinois

## Schedule of Equalized Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Tax Levy Years	2021 *	2020	2019	2018	2017
Equalized Assessed Valuations	<u>\$ 447,875,640</u>	<u>\$ 433,453,211</u>	<u>\$ 361,899,570</u>	<u>\$ 366,580,573</u>	<u>\$ 378,912,478</u>
Tax rates (per \$100 of equalized assessed valuation):					
General	2.2370	2.1884	2.5225	2.3904	2.1711
Park maintenance	0.4284	0.4218	0.4814	0.4215	0.3949
Debt service	0.2857	0.2966	0.3567	0.3512	0.3403
Police pension	0.4025	0.3999	0.4326	0.4110	0.3825
Firefighters' pension	0.1725	0.1711	0.1850	0.1756	0.1658
Special Service Area #1	0.0011	0.0859	0.0930	0.0000	0.0000
Library	0.5467	0.5458	0.6301	0.6006	0.5614
<b>Total</b>	<u>4.0739</u>	<u>4.1095</u>	<u>4.7013</u>	<u>4.3503</u>	<u>4.0160</u>
Tax extensions:					
General	\$ 10,018,978	\$ 9,485,785	\$ 9,128,839	\$ 8,762,725	\$ 8,226,404
Park maintenance	1,918,699	1,828,250	1,742,245	1,545,000	1,496,466
Debt service	1,279,581	1,285,657	1,291,064	1,287,341	1,289,594
Police pension	1,802,699	1,733,490	1,565,600	1,506,473	1,449,210
Firefighters' pension	772,585	741,600	669,500	643,750	628,300
Special Service Area #1	4,927	4,065	4,065	-	-
Library	2,448,536	2,365,864	2,280,348	2,201,558	2,127,105
<b>Total</b>	<u>\$ 18,246,005</u>	<u>\$ 17,444,711</u>	<u>\$ 16,681,661</u>	<u>\$ 15,946,847</u>	<u>\$ 15,217,079</u>
Collections	<u>\$ 8,303,141</u>	<u>\$ 16,758,938</u>	<u>\$ 16,108,353</u>	<u>\$ 14,115,050</u>	<u>\$ 13,856,516</u>
Percent collected	<u>45.51%</u>	<u>96.07%</u>	<u>96.56%</u>	<u>88.51%</u>	<u>91.06%</u>

\* 2021 amounts are estimates as the County has not yet determined the EAV and tax rates.

**Village of South Holland, Illinois**

**Schedule of Debt Service Requirements  
April 30, 2022**

	Year Ending April 30,	Principal	Interest	Total
<b>GENERAL OBLIGATION BOND</b>				
Dated February 5, 2019	2023	\$ 525,000	\$ 121,050	\$ 646,050
Interest payable June 15 and	2024	540,000	105,300	645,300
December 15	2025	560,000	89,100	649,100
Paying Agent: BNY Mellon	2026	575,000	72,300	647,300
Intended to be financed from	2027	595,000	55,050	650,050
the extended tax levy	2028	610,000	37,200	647,200
	2029	630,000	18,900	648,900
		<u>\$ 4,035,000</u>	<u>\$ 498,900</u>	<u>\$ 4,533,900</u>
<b>DIRECT PLACEMENT: GENERAL OBLIGATION BOND (NON-TIF PORTION)</b>				
Dated January 14, 2022	2023	\$ 550,000	\$ 22,396	\$ 572,396
Interest payable June 15 and	2024	560,000	18,391	578,391
December 15	2025	560,000	12,315	572,315
Paying Agent: BNY Mellon	2026	575,000	6,239	581,239
Intended to be financed from		<u>\$ 2,245,000</u>	<u>\$ 59,341</u>	<u>\$ 2,304,341</u>
incremental taxes and not				
from the extended tax levy				
<b>Total general obligation bonds</b>		<u>\$ 6,280,000</u>	<u>\$ 558,241</u>	<u>\$ 6,838,241</u>

(Continued)

**Village of South Holland, Illinois**

**Schedule of Debt Service Requirements (Continued)**  
**April 30, 2022**

	Year Ending April 30,	Principal	Interest	Total
<b>GENERAL OBLIGATION TIF BOND</b>				
Series 2015A	2023	\$ 255,000	\$ 45,490	\$ 300,490
Dated April 6, 2015	2024	280,000	39,115	319,115
Interest payable June 15 and December 15	2025	310,000	31,555	341,555
	2026	340,000	22,565	362,565
Paying Agent: BNY Mellon	2027	370,000	12,025	382,025
Intended to be financed from incremental taxes and not from the extended tax levy		<u>\$ 1,555,000</u>	<u>\$ 150,750</u>	<u>\$ 1,705,750</u>
<b>GENERAL OBLIGATION TIF BOND</b>				
Series 2015B	2023	\$ 310,000	\$ 93,150	\$ 403,150
Dated April 6, 2015	2024	350,000	80,750	430,750
Interest payable June 15 and December 15	2025	395,000	66,750	461,750
	2026	445,000	47,000	492,000
Paying Agent: BNY Mellon	2027	495,000	24,750	519,750
Intended to be financed from incremental taxes and not from the extended tax levy		<u>\$ 1,995,000</u>	<u>\$ 312,400</u>	<u>\$ 2,307,400</u>
<b>DIRECT PLACEMENT: GENERAL OBLIGATION BOND (TIF PORTION)</b>				
Dated January 14, 2022	2023	\$ 560,000	\$ 22,695	\$ 582,695
Interest payable June 15 and December 15	2024	565,000	18,608	583,608
	2025	575,000	12,478	587,478
Paying Agent: BNY Mellon	2026	575,000	6,239	581,239
Intended to be financed from incremental taxes and not from the extended tax levy		<u>\$ 2,275,000</u>	<u>\$ 60,020</u>	<u>\$ 2,335,020</u>
<b>Total general obligation TIF bonds</b>		<u>\$ 5,825,000</u>	<u>\$ 523,170</u>	<u>\$ 6,348,170</u>

(Continued)



**Village of South Holland, Illinois**

**Schedule of Debt Service Requirements (Continued)**  
**April 30, 2022**

	Year Ending April 30,	Principal	Interest	Total
ILLINOIS ENVIRONMENTAL PROTECTION				
Dated September 16, 2010	2023	\$ 188,862	\$ 25,730	\$ 214,592
Interest payable February 2 and	2024	191,230	23,362	214,592
August 2	2025	193,628	20,964	214,592
Paying Agent: IEPA	2026	196,056	18,536	214,592
Intended to be financed from	2027	198,514	16,078	214,592
water operations and not	2028	201,003	13,588	214,591
from the extended tax levy	2029	203,524	11,068	214,592
	2030	206,076	8,516	214,592
	2031	208,660	5,932	214,592
	2032	211,276	3,316	214,592
	2033	106,628	666	107,294
		<u>\$ 2,105,457</u>	<u>\$ 147,756</u>	<u>\$ 2,253,213</u>