

Village of South Holland, Illinois

Annual Financial Report
April 30, 2021

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Independent Auditor's Report

RSM US LLP

To the Honorable President and
Board of Trustees
Village of South Holland, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of South Holland, Illinois (Village), as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of South Holland, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-12, pension and other postemployment benefit related information and budgetary comparison information and related notes on pages 72-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 10, 2021

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, 2021. 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 2021 by \$59,723,896 and fiscal year 2020 by \$50,701,491. 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 \$11,233,520 or 45.9 percent of total general fund expenditures, whereas at the end of fiscal year 2020, unassigned fund balance for the general fund was \$8,513,415 or 37.7 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, 2021 and 2020, respectively.

	April 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 37,511,807	\$ 3,693,787	\$ 41,205,594
Noncurrent assets	74,589,174	10,870,065	85,459,239
Total assets	112,100,981	14,563,852	126,664,833
Deferred outflows of resources	4,445,842	168,191	4,614,033
Current liabilities	4,982,539	644,151	5,626,690
Long-term liabilities	34,703,635	2,105,456	36,809,091
Total liabilities	39,686,174	2,749,607	42,435,781
Deferred inflows of resources	28,534,635	584,554	29,119,189
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	\$ 48,326,014	\$ 11,397,882	\$ 59,723,896

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

April 30, 2020

	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 36,802,210	\$ 2,625,046	\$ 39,427,256
Capital assets	71,932,395	9,586,667	81,519,062
Total assets	<u>108,734,605</u>	<u>12,211,713</u>	<u>120,946,318</u>
Deferred outflows of resources	<u>5,857,612</u>	<u>233,984</u>	<u>6,091,596</u>
Current liabilities	5,246,131	683,416	5,929,547
Long-term liabilities	48,349,026	2,724,763	51,073,789
Total liabilities	<u>53,595,157</u>	<u>3,408,179</u>	<u>57,003,336</u>
Deferred inflows of resources	<u>18,999,734</u>	<u>333,353</u>	<u>19,333,087</u>
Net position:			
Net investment in capital assets	55,843,967	7,110,474	62,954,441
Restricted	13,070,005	-	13,070,005
Unrestricted (deficit)	(26,916,646)	1,593,691	(25,322,955)
Total net position	<u>\$ 41,997,326</u>	<u>\$ 8,704,165</u>	<u>\$ 50,701,491</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 \$10,782,233 at April 30, 2021. Unrestricted net position was a deficit of \$19,974,396 at April 30, 2021.

Of the \$14,424,210 listed as Governmental Activities Long-Term Debt, \$7,053,580 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 2033 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 \$6,850,000 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, 2021 and 2020.

For the Year Ended April 30, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 6,325,233	\$ 5,636,839	\$ 11,962,072
Operating grants and contributions	2,707,703	-	2,707,703
Capital contributions	-	1,490,181	1,490,181
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, 2020	<u>41,997,326</u>	<u>8,704,165</u>	<u>50,701,491</u>
Net position April 30, 2021	<u>\$ 48,326,014</u>	<u>\$ 11,397,882</u>	<u>\$ 59,723,896</u>

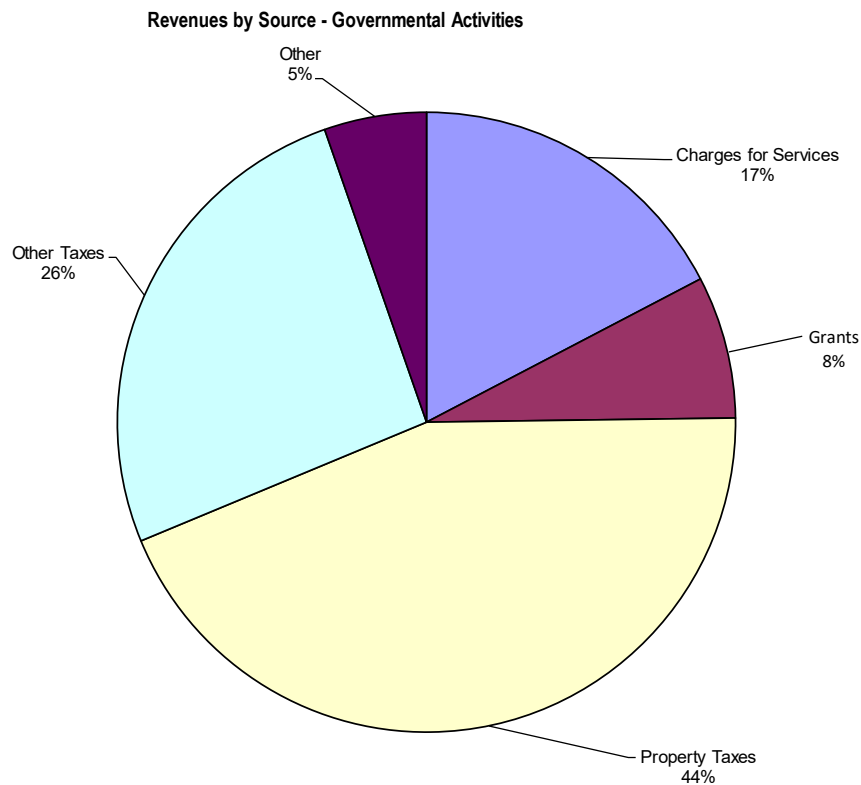
Village of South Holland, Illinois
Management's Discussion and Analysis

For the Year Ended April 30, 2020

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 6,706,453	\$ 5,982,665	\$ 12,689,118
General revenues:			
Property taxes	14,083,433	-	14,083,433
Intergovernmental	9,466,061	-	9,466,061
Investment income	426,621	10,266	436,887
Other	2,254,440	-	2,254,440
Total revenues	32,937,008	5,992,931	38,929,939
Expenses:			
General government	11,435,813	-	11,435,813
Public safety:			
Fire department	4,672,309	-	4,672,309
Police department	8,521,090	-	8,521,090
Building department	1,085,251	-	1,085,251
Public works	4,919,048	-	4,919,048
Garbage department	2,031,920	-	2,031,920
Interest expense	498,972	-	498,972
Amortization	25,731	-	25,731
Water	-	5,870,474	5,870,474
Total expenses	33,190,134	5,870,474	39,060,608
Change in net position	(253,126)	122,457	(130,669)
Net position May 1, 2019	42,250,452	8,581,708	50,832,160
Net position April 30, 2020	\$ 41,997,326	\$ 8,704,165	\$ 50,701,491

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

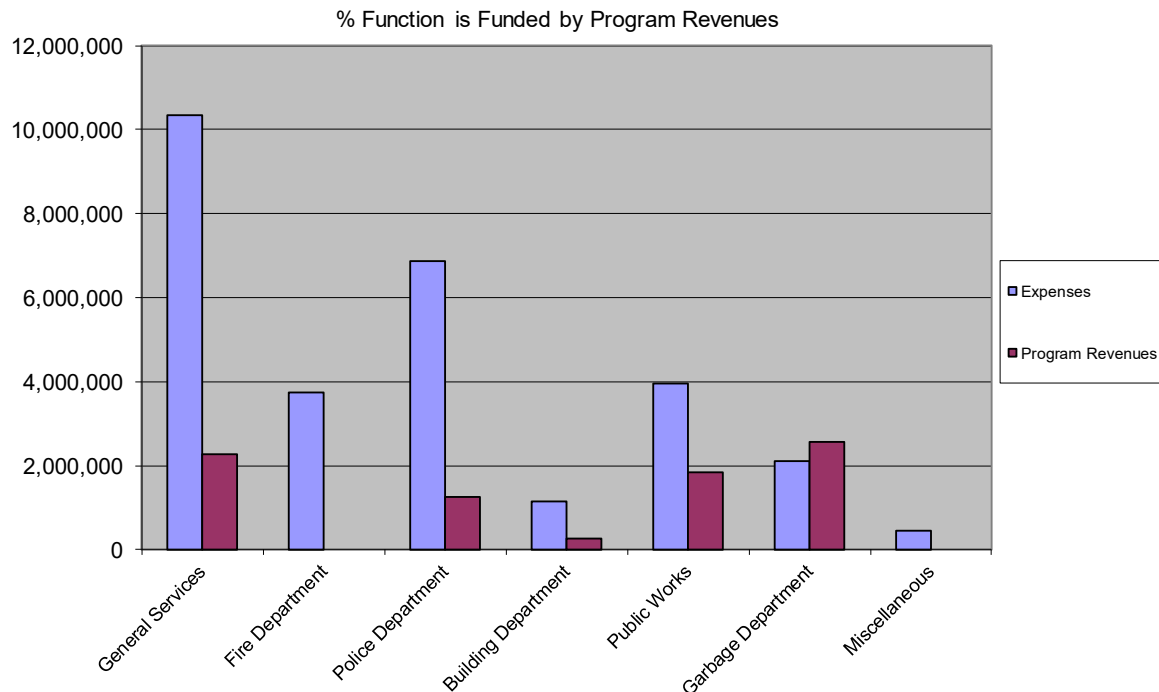
The following chart summarizes how the Village's governmental activities are funded.



Approximately 75 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 \$2,693,717 greater than its expenses, while the fiscal year 2020 water operations resulted in revenues of \$122,457 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 \$21,222,705, while governmental fund balances were \$20,674,642 at the end of fiscal year 2020.

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 \$2,874,300 at April 30, 2021 and \$1,597,783 at April 30, 2020.

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 \$2,731,661 in fiscal year 2021 and increased by \$827,861 in fiscal year 2020.

During fiscal year 2021, actual general fund revenues were greater than budgeted revenues by \$2,269,722.

Actual general fund expenditures were less than budgeted expenditures by \$2,929,208. 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, 2021 and 2020 amounts to \$85,184,037 and \$81,519,061, 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 \$7,280,000 and tax incremental financing bond debt of \$6,850,000. General obligation bonds within governmental activities decreased by \$1,980,000 relating to principal repayments. Total business-type debt decreased by a net total of \$184,214 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 and Residential Services, 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.

In January of 2021, Manzil Real Estate LLC purchased the 98,340 SF industrial building at 330-338 West Armory, previously vacated by Mid Country Malt. The operating LLC is GR Impex dba Falcon Papers and Plastics. They are an exporter of paper and plastic merchandise.

Martin Produce, a regional food service distributor, operates both a 40,000 SF building and an approximately 5,000 SF building in town. In December of 2020, they purchased the 91,504 square foot property formerly occupied by Armacell, and will continue to operate all three properties at this time. They have now expanded twice since their initial investment in South Holland in 2013.

The main commercial corridor of Rt. 6 saw significant investment when a 5,000 SF building, anchored by Chipotle, opened in January 2021; They have since been joined by JJ Fish and AT&T, making the building 100 percent leased. On March 12, 2021, Starbucks opened in a new-construction stand-alone building.

On the southwest part of town, Vision Hotels LLC is about to open a Best Western Plus. This was a complete renovation of a former Hampton Inn, at a cost of approximately \$5.5M, and is expected to open in November 2021.

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

With the major intersection improvements now complete, the Village signed a brokerage agreement in September 2021 for the prime 26-acre parcel located at the intersection of I-94 and 159th St. The target is hotel/conference center, big box retail, and restaurants.

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 is under contract by a dental and oral surgery group. The building represents an investment of \$1,500,000 in the Town Center area. 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.

In 2022, the Village will break ground on a new \$5M Public Works facility on Route 6, within the Gateway West TIF District.

The Village acquired a prime 3-acre parcel of land located at the intersection of Halsted St. and 172nd St., within the I-294 Tollview TIF, adjacent to I-294, which was established in August 2019. The Village is seeking to acquire an adjacent parcel, so as to facilitate the development of a passenger and truck fuel center/convenience store, on the combined parcels.

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, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Public Library
Assets				
Current:				
Cash and investments	\$ 26,303,645	\$ 2,255,431	\$ 28,559,076	\$ 2,007,557
Receivables:				
Property taxes, net	8,615,953	-	8,615,953	1,342,102
Other taxes	282,554	-	282,554	-
Intergovernmental	1,912,204	-	1,912,204	-
Customer accounts, net	430,808	1,322,598	1,753,406	-
Prepays and deposits	52,241	-	52,241	-
Internal balances	(115,758)	115,758	-	-
Inventories	30,160	-	30,160	-
Total current assets	37,511,807	3,693,787	41,205,594	3,349,659
Noncurrent:				
Pension asset	220,699	54,503	275,202	50,751
Capital assets, not being depreciated	35,654,193	-	35,654,193	-
Capital assets being depreciated, net of accumulated depreciation	38,714,282	10,815,562	49,529,844	1,777,272
Total noncurrent assets	74,589,174	10,870,065	85,459,239	1,828,023
Total assets	112,100,981	14,563,852	126,664,833	5,177,682
Deferred Outflows of Resources				
Deferred outflows due to pensions	3,080,235	168,191	3,248,426	348,687
Deferred outflows due to other postemployment benefits	998,133	-	998,133	-
Deferred loss on refundings	367,474	-	367,474	-
Total deferred outflows of resources	4,445,842	168,191	4,614,033	348,687

(Continued)

	Governmental Activities	Business-Type Activities	Total	Component Unit Public Library
Liabilities				
Current:				
Accounts payable	\$ 794,109	\$ 368,239	\$ 1,162,348	\$ 35,710
Claims payable	713,909	-	713,909	-
Accrued payroll	475,750	32,468	508,218	34,908
Accrued interest	106,218	-	106,218	-
Escrow deposits	29,912	-	29,912	-
Compensated absences	743,501	56,921	800,422	52,597
General obligation bonds	1,030,000	-	1,030,000	-
Tax incremental financing bonds	1,050,000	-	1,050,000	-
IEPA loan	-	186,523	186,523	-
Capital lease	39,140	-	39,140	-
Total current liabilities	4,982,539	644,151	5,626,690	123,215
Noncurrent:				
Claims payable	76,549	-	76,549	-
General obligation bonds, net	6,340,630	-	6,340,630	-
Tax incremental financing bonds, net	6,003,580	-	6,003,580	-
IEPA loan	-	2,105,456	2,105,456	-
Net pension liability	14,527,152	-	14,527,152	-
Other postemployment benefits	7,755,724	-	7,755,724	-
Total noncurrent liabilities	34,703,635	2,105,456	36,809,091	-
Total liabilities	39,686,174	2,749,607	42,435,781	123,215
Deferred Inflows of Resources				
Deferred inflows due to pensions	9,788,317	584,554	10,372,871	694,238
Deferred inflows due to other postemployment benefits	3,796,757	-	3,796,757	-
Deferred property taxes	14,949,561	-	14,949,561	2,357,042
Total deferred inflows of resources	28,534,635	584,554	29,119,189	3,051,280
Net Position				
Net investment in capital assets	60,272,599	8,523,582	68,796,181	1,777,272
Restricted for:				
MFT projects	2,347,601	-	2,347,601	-
Debt service	45,087	-	45,087	-
Capital projects	8,389,545	-	8,389,545	-
Unrestricted (deficit)	(22,728,818)	2,874,300	(19,854,518)	574,602
Total net position	\$ 48,326,014	\$ 11,397,882	\$ 59,723,896	\$ 2,351,874

See notes to financial statements.

Village of South Holland, Illinois

Statement of Activities
Year Ended April 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 10,340,174	\$ 2,258,147	\$ -
Public safety:			
Fire department	3,730,165	-	855,727
Police department	6,867,183	1,242,008	-
Building department	1,152,755	271,536	-
Public works	3,963,704	-	1,851,976
Garbage department	2,098,054	2,553,542	-
Interest expense	449,632	-	-
Amortization	25,731	-	-
Total governmental activities	<u>28,627,398</u>	<u>6,325,233</u>	<u>2,707,703</u>
Business-type activities:			
Water	5,925,680	7,127,020	-
Total business-type activities	<u>5,925,680</u>	<u>7,127,020</u>	<u>-</u>
Total primary government	<u>\$ 34,553,078</u>	<u>\$ 13,452,253</u>	<u>\$ 2,707,703</u>
Component unit:			
Library	<u>\$ 1,625,558</u>	<u>\$ 9,998</u>	<u>\$ 31,203</u>

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

Change in net position

Net position:
 May 1, 2020

April 30, 2021

See notes to financial statements.

Net (Expense), Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Public Library
\$ (8,082,027)	\$ -	\$ (8,082,027)	\$ -
(2,874,438)	-	(2,874,438)	-
(5,625,175)	-	(5,625,175)	-
(881,219)	-	(881,219)	-
(2,111,728)	-	(2,111,728)	-
455,488	-	455,488	-
(449,632)	-	(449,632)	-
(25,731)	-	(25,731)	-
(19,594,462)	-	(19,594,462)	-
-	1,201,340	1,201,340	-
-	1,201,340	1,201,340	-
(19,594,462)	1,201,340	(18,393,122)	-
-	-	-	(1,584,357)
16,021,868	-	16,021,868	2,083,438
9,443,939	-	9,443,939	22,859
42,360	2,196	44,556	2,850
-	-	-	-
-	-	-	-
1,905,164	-	1,905,164	1,151
(1,490,181)	1,490,181	-	-
25,923,150	1,492,377	27,415,527	2,110,298
6,328,688	2,693,717	9,022,405	525,941
41,997,326	8,704,165	50,701,491	1,825,933
\$ 48,326,014	\$ 11,397,882	\$ 59,723,896	\$ 2,351,874

Fund Financial Statements

Village of South Holland, Illinois

Balance Sheet - Governmental Funds
April 30, 2021

	General Fund	Park Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 13,774,078	\$ 258,815	\$ 12,270,752	\$ 26,303,645
Receivables:				
Property taxes, net	6,840,188	1,034,870	740,895	8,615,953
Other taxes	243,548	-	39,006	282,554
Intergovernmental	1,839,631	-	72,573	1,912,204
Customer accounts, net	382,161	-	48,647	430,808
Prepays and deposits	52,241	-	-	52,241
Inventories	30,160	-	-	30,160
Due from other funds	-	441,591	40,670	482,261
Total assets	\$ 23,162,007	\$ 1,735,276	\$ 13,212,543	\$ 38,109,826
Liabilities				
Accounts payable	\$ 460,552	\$ 16,788	\$ 316,769	\$ 794,109
Accrued payroll	454,108	21,642	-	475,750
Escrow deposits	29,912	-	-	29,912
Due to other funds	-	-	598,019	598,019
Total liabilities	944,572	38,430	914,788	1,897,790
Deferred Inflows of Resources				
Deferred property taxes	10,861,744	1,809,967	2,277,850	14,949,561
Deferred intergovernmental revenue	39,770	-	-	39,770
Total deferred inflows of resources	10,901,514	1,809,967	2,277,850	14,989,331
Fund Balances (Deficit)				
Nonspendable for prepaids, deposits and inventories	82,401	-	-	82,401
Restricted	-	-	10,782,233	10,782,233
Unassigned (deficit)	11,233,520	(113,121)	(762,328)	10,358,071
Total fund balances (deficit)	11,315,921	(113,121)	10,019,905	21,222,705
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,162,007	\$ 1,735,276	\$ 13,212,543	\$ 38,109,826

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, 2021**

Total fund balances-governmental funds	\$ 21,222,705
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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.	74,368,475
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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
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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	2,934,284
Deferred outflows due to other postemployment benefits	998,133
Deferred inflows due to pensions	(9,788,317)
Deferred inflows due to other postemployment benefits	(3,796,757)

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.	145,951
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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.	(317,108)
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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.	22,898
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Deferred losses on debt refundings are not considered to represent a financial resource and, therefore, are not reported in the funds.	367,474
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(Continued)

Village of South Holland, Illinois

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

April 30, 2021

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	220,699
Net pension liability - Police Pension Fund	(12,103,812)
Net pension liability - Firefighters' Pension Fund	(2,423,340)
Net other postemployment benefit liability	(7,755,724)

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	(790,458)
General obligation bonds	(7,280,000)
Tax incremental financing bonds	(6,850,000)
Accrued interest	(106,218)
Compensated absences	(743,501)
Capital lease	(39,140)

Net position of governmental activities	<u><u>\$ 48,326,014</u></u>
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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, 2021**

	General Fund	Park Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 10,375,048	\$ 1,598,985	\$ 4,047,835	\$ 16,021,868
Intergovernmental	8,866,605	-	2,370,940	11,237,545
Licenses and permits	2,434,658	-	-	2,434,658
Fines and forfeitures	799,013	-	-	799,013
Charges for services	2,550,644	150,887	373,466	3,074,997
Grants	855,727	-	-	855,727
Investment income	30,643	268	11,449	42,360
Rental income	-	-	299,736	299,736
Miscellaneous	1,608,759	1,785	37,007	1,647,551
Total revenues	27,521,097	1,751,925	7,140,433	36,413,455
Expenditures:				
Current:				
General government	6,795,232	1,589,757	1,561,935	9,946,924
Public safety:				
Police department	7,104,851	-	-	7,104,851
Fire department	3,877,571	-	-	3,877,571
Building department	1,143,589	-	-	1,143,589
Public relations	379,635	-	-	379,635
Public works	2,022,852	-	2,310,081	4,332,933
Garbage department	2,063,266	-	-	2,063,266
Capital outlay	1,088,648	53,599	3,393,206	4,535,453
Debt service:				
Principal	-	38,283	1,980,000	2,018,283
Interest and fees	-	1,734	461,153	462,887
Total expenditures	24,475,644	1,683,373	9,706,375	35,865,392
Excess (deficiency) of revenues over (under) expenditures	3,045,453	68,552	(2,565,942)	548,063
Other financing sources (uses):				
Transfers in	122,705	76,950	3,823,432	4,023,087
Transfers out	(436,497)	-	(3,586,590)	(4,023,087)
Total other financing sources (uses)	(313,792)	76,950	236,842	-
Net change in fund balances	2,731,661	145,502	(2,329,100)	548,063
Fund balances (deficit):				
May 1, 2020	8,584,260	(258,623)	12,349,005	20,674,642
April 30, 2021	\$ 11,315,921	\$ (113,121)	\$ 10,019,905	\$ 21,222,705

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, 2021**

Net change in fund balances-total governmental funds	\$ 548,063
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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	5,629,597
Depreciation	(1,703,336)

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	(1,552,891)
Deferred outflows of resources related to other postemployment benefits expense	219,467
Deferred inflows of resources related to pension expense	(6,025,341)
Deferred inflows of resources related to other postemployment benefits expense	(2,754,280)

State revenues that are deferred in the fund financial statements because they are not available but are recognized in the Statement of Activities.

32,270

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	1,010,000
Tax incremental financing bonds	970,000
Capital lease	38,283

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	(78,346)
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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	(4,869)

(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, 2021**

Assets which were purchased by the governmental activities but transferred to the business-type activities are not recorded in the funds.

Contributions of capital assets	\$ (1,490,181)
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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	(199,373)
Change in accrued interest	13,255
Change in net pension liability	9,045,737
Change in compensated absences	(75,449)
Change in other postemployment benefits	<u>2,648,598</u>

Change in net position of governmental activities	<u><u>\$ 6,328,688</u></u>
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See notes to financial statements.

Village of South Holland, Illinois

Statement of Net Position
Enterprise Fund
April 30, 2021

	Water Fund
Assets	
Current assets:	
Cash and investments	\$ 2,255,431
Due from other funds	115,758
Receivables:	
Customer accounts, net	1,322,598
Total current assets	<u>3,693,787</u>
Noncurrent assets:	
Net pension asset	54,503
Buildings	2,603,574
Equipment	4,006,980
Waterworks and sewerage system	15,368,124
	<u>22,033,181</u>
Less accumulated depreciation	11,163,116
Total noncurrent assets	<u>10,870,065</u>
Total assets	<u>14,563,852</u>
Deferred Outflows of Resources	
Deferred outflows due to pensions	<u>168,191</u>
Liabilities	
Current liabilities:	
Accounts payable	368,239
Accrued liabilities	32,468
Compensated absences	56,921
IEPA loan	186,523
Total current liabilities	<u>644,151</u>
Noncurrent liabilities:	
IEPA loan	<u>2,105,456</u>
Total liabilities	<u>2,749,607</u>

Village of South Holland, Illinois

**Statement of Revenues, Expenses and
Changes in Net Position
Enterprise Fund
Year Ended April 30, 2021**

	Water Fund
Operating revenues:	
Water sales	\$ 6,804,016
Miscellaneous	323,004
Total operating revenues	<u>7,127,020</u>
Operating expenses:	
Personnel	1,171,363
Contractual	591,089
Commodities	3,745,947
Depreciation	386,902
Total operating expenses	<u>5,895,301</u>
Operating income	<u>1,231,719</u>
Nonoperating income (expense):	
Interest income	2,196
Interest (expense)	(30,379)
Total nonoperating income (expense)	<u>(28,183)</u>
Transfers - contributed capital	<u>1,490,181</u>
Change in net position	2,693,717
Net Position:	
May 1, 2020	<u>8,704,165</u>
April 30, 2021	<u><u>\$ 11,397,882</u></u>

See notes to financial statements.

Village of South Holland, Illinois

**Statement of Cash Flows - Enterprise Fund
Year Ended April 30, 2021**

	Water Fund
Cash flows from operating activities:	
Cash received from residents for services	\$ 7,291,514
Payments to employees	(1,346,769)
Payments to suppliers	(4,373,497)
Net cash provided by operating activities	<u>1,571,248</u>
Cash flows from investing activities:	
Interest income	<u>2,196</u>
Cash flows from noncapital financing activities:	
Due from other funds	<u>(16,885)</u>
Cash flows from capital financing activities:	
Purchases of capital assets	(1,615,797)
Principal payments on debt	(184,214)
Interest paid	(30,379)
Contributed capital	1,490,181
Net cash used in capital financing activities	<u>(340,209)</u>
Net change in cash and cash equivalents	1,216,350
Cash and cash equivalents:	
May 1, 2020	<u>1,039,081</u>
April 30, 2021	<u><u>\$ 2,255,431</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,231,719</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	386,902
Changes in assets, liabilities deferred outflows of resources, and deferred inflows of resources:	
Accounts receivable	164,494
Accounts payable	(36,461)
Accrued liabilities	3,913
Compensated absences	(9,027)
Deferred outflows of pension contributions	(170,292)
Total adjustments	<u>339,529</u>
Net cash provided by operating activities	<u><u>\$ 1,571,248</u></u>

See notes to financial statements.

Village of South Holland, Illinois

**Statement of Fiduciary Net Position
Pension Trust Funds
April 30, 2021**

Assets	
Cash and investments	\$ 820,284
Investments, at fair value:	
Municipal bonds	1,026,679
Corporate bonds	7,748,173
U.S. Government and agency obligations	10,002,961
Stock equities	5,647,612
Equity mutual funds	28,760,230
Other assets	143,028
	<hr/>
Total assets	54,148,967
	<hr/>
Liabilities	
Other	12,996
	<hr/>
Total liabilities	12,996
	<hr/>
Net Position	
Restricted for pensions	\$ 54,135,971
	<hr/> <hr/>

See notes to financial statements.

Village of South Holland, Illinois

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended April 30, 2021

Additions

Contributions:

Employer	\$ 2,021,454
Plan members	651,827
Total contributions	<u>2,673,281</u>

Investment income:

Total investment income	12,071,485
Less: Investment expense	96,401
Net investment income	<u>11,975,084</u>

Total additions	<u>14,648,365</u>
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Deductions

Benefits and refunds	3,545,301
Administrative expenses	79,031
Total deductions	<u>3,624,332</u>

Change in net position	11,024,033
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Net position restricted for pensions:

May 1, 2020	<u>43,111,938</u>
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April 30, 2021	<u><u>\$ 54,135,971</u></u>
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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 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 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 7 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, 2021, 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, 2021, 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, 2021, the Village's fund balance restrictions were for the following purposes:

Restricted purpose:

Special revenue:

MFT projects

\$ 2,347,601

Debt service

45,087

Capital projects:

TIF Districts and capital projects

8,389,545

Total restricted

\$ 10,782,233

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 and Firefighters' Pension Funds (Pension Funds) 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, 2021, is as follows:

	Governmental & Business- Type Activities	Fiduciary Funds		Component Unit Library
		Police Pension Fund	Firefighters' Pension Fund	
Cash	\$ 4,993,050	\$ 9,970	\$ 7,278	\$ 1,007,454
Money market	-	756,543	46,493	-
Illinois Funds	23,566,026	-	-	1,000,103
U.S. Government Agencies	-	3,480,036	4,244,409	-
U.S. Treasuries	-	1,586,377	692,140	-
Municipal bonds	-	-	1,026,679	-
Corporate bonds	-	6,461,267	1,286,905	-
Stock equities	-	5,496,335	151,277	-
Mutual funds	-	16,988,755	11,771,475	-
Total	\$ 28,559,076	\$ 34,779,283	\$ 19,226,656	\$ 2,007,557

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.

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 Police and Firefighters' Pension Funds' investments are made in accordance with the Illinois Pension Code (40 ILCS 5/1-113.2 to 113.10) and each respective pension fund's investment policy. The Pension Funds' investment policies limit the maximum maturity for any single investment at ten years. However, a larger term investment may be utilized if approved by the Board.

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, 2021, 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, 2021, 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, 2021, the Village did not have any investments subject to interest rate risk.

Village of South Holland, Illinois

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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, 2021, the Police Pension Fund 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	\$ 6,461,267	\$ 670,492	\$ 4,858,154	\$ 932,621	\$ -
U.S. Government Agencies	3,480,036	420,482	1,679,088	1,380,466	-
U.S. Treasuries	1,586,377	-	819,838	766,539	-
Total Police Pension	<u>\$ 11,527,680</u>	<u>\$ 1,090,974</u>	<u>\$ 7,357,080</u>	<u>\$ 3,079,626</u>	<u>\$ -</u>

As of April 30, 2021, the Firefighters' Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Firefighters' Pension Fund					
Corporate bonds	\$ 1,286,905	\$ 102,999	\$ 911,080	\$ 272,826	\$ -
Municipal bonds	1,026,679	40,461	205,769	780,449	-
U.S. Government Agencies	4,244,409	255,897	1,262,432	2,623,445	102,635
U.S. Treasuries	692,140	50,539	158,485	483,116	-
Total Firefighters' Pension	<u>\$ 7,250,133</u>	<u>\$ 449,896</u>	<u>\$ 2,537,766</u>	<u>\$ 4,159,836</u>	<u>\$ 102,635</u>

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, 2021, the Village did not have any investments other than those deposited in the Illinois Funds, which is rated AAAM by Standard and Poors.

The Pension Funds' 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, 2021, the Village's Police Pension Fund investments in U.S. Agency obligations and corporate bonds obligations were rated A1 (\$1,240,180), A2 (\$1,998,172), A3 (\$1,223,718), Aa (\$322,875), Aa2 (\$286,425), Aa3 (\$738,100), AAA (\$3,480,035), Baa1 (\$543,644) and Baa2 (\$108,154) by Moody's.

As of April 30, 2021, the Village's Firefighters' Pension Fund investments in U.S. Agency obligations, state and local obligations and corporate bonds obligations were rated A+ (\$72,745), A1 (\$106,003), A2 (\$359,903), A3 (\$523,838), AA (\$278,370), AA- (\$170,080), AA+ (\$125,267), Aa1 (\$189,694), Aa2 (\$152,103), AAA (\$5,039,288) and Baa1 (\$158,624) by Moody's and \$74,219 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, 2021, the Village was not exposed to concentration of credit risk.

The Pension Funds' investment policies require diversification of investment to avoid unreasonable risk.

As of April 30, 2021, more than 5 percent of the Police Pension Fund's investments are in the Federal Home Loan Bank. The investment comprises 5.8 percent of the Police Pension Fund's total investments.

As of April 30, 2021, more than 5 percent of the Firefighters' Pension Fund's investments are in the following Federal Home Loan Bank and Federal Farm Credit Bank. These investments comprise 6.4 percent and 13.5 percent, respectively, of the Firefighters' Pension Fund'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, 2021:

Investments by fair value level	Fair Value Measurements			
	Level 1	Level 2	Level 3	
Village				
Certificates of deposit	\$ 20,171	\$ -	\$ 20,171	\$ -
Firefighters' Pension Fund				
U.S. Treasuries	\$ 692,140	\$ -	\$ 692,140	\$ -
U.S. Agencies	4,244,409	-	4,244,409	-
Corporate bonds	1,286,905	-	1,286,905	-
Municipal bonds	1,026,679	-	1,026,679	-
Certificates of deposit	151,277	-	151,277	-
Equity investments - mutual funds	11,771,475	11,771,475	-	-
Total Firefighters' Pension Fund	\$ 19,172,885	\$ 11,771,475	\$ 7,401,410	\$ -
Police Pension Fund				
U.S. Treasuries	\$ 1,586,377	\$ -	\$ 1,586,377	\$ -
U.S. Agencies	3,480,035	-	3,480,035	-
Corporate bonds	6,461,268	-	6,461,268	-
Common stock	5,496,335	5,496,335	-	-
Equity investments - mutual funds	16,988,755	16,988,755	-	-
Total Police Pension Fund	\$ 34,012,770	\$ 22,485,090	\$ 11,527,680	\$ -

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	\$ 23,566,026	N/A	Daily	1 day
Village Public Library:				
Illinois Funds	1,000,103	N/A	Daily	1 day
Police Pension Fund:				
Money market	756,543	N/A	Daily	1 day
Firefighters' Pension Fund:				
Money market	46,493	N/A	Daily	1 day
	<u>\$ 25,369,165</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 2020 tax levy is intended to finance the expenditures for the year ended April 30, 2022, revenue from the entire 2020 tax levy has been deferred for recognition to the year ending April 30, 2022. The 2019 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, 2021. 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, 2020	Additions	Retirements	Balance, April 30, 2021
Capital assets not being depreciated:				
Land and rights of way	\$ 33,877,121	\$ 1,403,280	\$ -	\$ 35,280,401
Construction in progress	3,798,553	4,123,376	7,548,137	373,792
	<u>37,675,674</u>	<u>5,526,656</u>	<u>7,548,137</u>	<u>35,654,193</u>
Capital assets being depreciated:				
Infrastructure	49,154,847	5,963,300	-	55,118,147
Land improvements	4,577,330	58,243	62,500	4,573,073
Municipal buildings and grounds	21,316,307	139,354	-	21,455,661
Equipment	6,358,704	-	395,505	5,963,199
	<u>81,407,188</u>	<u>6,160,897</u>	<u>458,005</u>	<u>87,110,080</u>
Less accumulated depreciation for:				
Infrastructure	31,675,058	720,119	-	32,395,177
Land improvements	2,596,522	190,988	62,500	2,725,010
Municipal buildings and grounds	7,773,756	590,395	-	8,364,151
Equipment	5,105,131	201,834	395,505	4,911,460
	<u>47,150,467</u>	<u>1,703,336</u>	<u>458,005</u>	<u>48,395,798</u>
Total capital assets being depreciated, net	<u>34,256,721</u>	<u>4,457,561</u>	<u>-</u>	<u>38,714,282</u>
Governmental activities capital assets, net	<u>\$ 71,932,395</u>	<u>\$ 9,984,217</u>	<u>\$ 7,548,137</u>	<u>\$ 74,368,475</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, 2020	Additions	Retirements	Balance, April 30, 2021
Capital assets being depreciated:				
Water system	\$ 13,852,326	\$ 1,515,798	\$ -	\$ 15,368,124
Buildings	2,603,574	-	-	2,603,574
Operating equipment	3,906,980	100,000	-	4,006,980
	<u>20,362,880</u>	<u>1,615,798</u>	<u>-</u>	<u>21,978,678</u>
Less accumulated depreciation for:				
Waterworks system	7,030,674	225,601	-	7,256,275
Buildings	1,816,091	53,450	-	1,869,541
Operating equipment	1,929,449	107,851	-	2,037,300
	<u>10,776,214</u>	<u>386,902</u>	<u>-</u>	<u>11,163,116</u>
Total Business-type activities capital assets, net	<u>\$ 9,586,666</u>	<u>\$ 1,228,896</u>	<u>\$ -</u>	<u>\$ 10,815,562</u>

Component Unit

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

	Balance, May 1, 2020	Additions	Retirements	Balance, April 30, 2021
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	5,211,968	97,260	-	5,309,228
Infrastructure	87,538	7,003	-	94,541
Land improvements	14,959	2,493	-	17,452
Equipment	23,793	2,069	-	25,862
	<u>5,338,258</u>	<u>108,825</u>	<u>-</u>	<u>5,447,083</u>
Component units capital assets total	<u>\$ 1,886,097</u>	<u>\$ (108,825)</u>	<u>\$ -</u>	<u>\$ 1,777,272</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	\$ 650,494	\$ -	\$ -
Public safety:			
Fire department	220,174	-	-
Police department	359,373	-	-
Building department	70,391	-	-
Public works	272,935	-	-
Garbage department	129,969	-	-
Water	-	386,902	-
Library	-	-	108,825
	<u>\$ 1,703,336</u>	<u>\$ 386,902</u>	<u>\$ 108,825</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, 2020	Additions	Reductions	April 30, 2021	One Year
General obligation bonds	\$ 8,290,000	\$ -	\$ 1,010,000	\$ 7,280,000	\$ 1,030,000
Premium on general obligation bonds	106,471	-	12,168	94,303	-
Discount on general obligation bonds	(6,963)	-	(3,290)	(3,673)	-
	<u>8,389,508</u>	<u>-</u>	<u>1,018,878</u>	<u>7,370,630</u>	<u>1,030,000</u>
General obligation TIF bonds	7,820,000	-	970,000	6,850,000	1,050,000
Premium on general obligation TIF bonds	268,121	-	45,316	222,805	-
Discount on general obligation TIF bonds	(20,804)	-	(1,579)	(19,225)	-
	<u>8,067,317</u>	<u>-</u>	<u>1,013,737</u>	<u>7,053,580</u>	<u>1,050,000</u>
Capital lease	77,423	-	38,283	39,140	39,140
Compensated absences	668,052	743,501	668,052	743,501	743,501
Claims payable	591,085	645,343	445,970	790,458	713,909
Net pension liability	23,352,190	-	9,045,737	14,306,453	-
Other postemployment benefits	10,404,322	-	1,195,296	9,209,026	-
	<u>\$ 51,549,897</u>	<u>\$ 1,388,844</u>	<u>\$ 13,425,953</u>	<u>\$ 39,512,788</u>	<u>\$ 3,576,550</u>

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

Village of South Holland, Illinois

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

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

	May 1, 2020	Additions	Reductions	April 30, 2021	One Year
IEPA Loan	\$ 2,476,193	\$ -	\$ 184,214	\$ 2,291,979	\$ 186,523
Compensated absences	65,948	56,921	65,948	56,921	56,921
Net pension liability (asset)	432,783	-	487,286	(54,503)	-
	<u>\$ 2,974,924</u>	<u>\$ 56,921</u>	<u>\$ 737,448</u>	<u>\$ 2,294,397</u>	<u>\$ 243,444</u>

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

	May 1, 2020	Additions	Reductions	April 30, 2021	One Year
Compensated absences	\$ 55,545	\$ 52,597	\$ 55,545	\$ 52,597	\$ 52,597
Net pension liability (asset)	378,371	-	429,122	(50,751)	-
	<u>\$ 433,916</u>	<u>\$ 52,597</u>	<u>\$ 484,667</u>	<u>\$ 1,846</u>	<u>\$ 52,597</u>

Details of the Village's long-term obligations as of April 30, 2021, are as follows:

General Obligation Bonds:

A 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 December 20, 2012 provides for serial retirement of the principal annually on December 15. Principal retired will be \$520,000 in fiscal year 2022, \$535,000 in fiscal year 2023, \$550,000 in fiscal year 2024, \$555,000 in fiscal year 2025 and \$575,000 in fiscal year 2026. Interest is payable between rates of 2.0% and 2.3%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy.

\$ 2,735,000

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 \$510,000 in fiscal year 2022, \$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.

4,545,000

Total general obligation bonds

7,280,000

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 2006 associated with Route 6/South Park Avenue Tax Incremental Financing District, dated December 20, 2012 provides for serial retirement of the principal annually on December 15. Principal retired will be \$535,000 in fiscal year 2022, \$545,000 in fiscal year 2023, \$555,000 in fiscal year 2024, \$570,000 in fiscal year 2025 and \$580,000 in fiscal year 2026. Interest is payable between rates of 2.0% and 2.3%. These bonds are intended to be financed from incremental taxes and not from the extended tax levy.

\$ 2,785,000

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 \$235,000 in fiscal year 2022, \$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.

1,790,000

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 \$280,000 in fiscal year 2022, \$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.

2,275,000

Total general obligation TIF bonds

6,850,000

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.

2,291,979

Total long-term debt obligations

\$ 16,421,979

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, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,080,000	\$ 408,815	\$ 2,488,815
2023	2,170,000	355,810	2,525,810
2024	2,275,000	299,685	2,574,685
2025	2,390,000	238,720	2,628,720
2026	2,515,000	168,430	2,683,430
2027 - 2029	2,700,000	147,925	2,847,925
	<u>\$ 14,130,000</u>	<u>\$ 1,619,385</u>	<u>\$ 15,749,385</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, 2020, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 186,523	\$ 28,069	\$ 214,592
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 - 2031	1,017,777	55,182	1,072,959
2032 - 2033	317,903	3,981	321,884
	<u>\$ 2,291,979</u>	<u>\$ 175,824</u>	<u>\$ 2,467,803</u>

Note 6. Lease Commitments

The Village entered into a capital lease on August 15, 2018 for fitness equipment. The total equipment cost was \$149,867; however, individual items were less than the Village's capitalization threshold and were not capitalized. Future minimum lease payments, including interest at 2.24 percent are due on August 15 as follows:

<u>Fiscal Year Ending April 30,</u>	<u>Amount</u>
2022	\$ 40,017
Less interest	877
Present value minimum lease payments	<u>\$ 39,140</u>

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. 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.

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, 2020, the following employees were covered by the benefit terms:

	Membership
Inactive Plan members or beneficiaries currently receiving benefits	129
Inactive Plan members entitled to but not yet receiving benefits	97
Active Plan members	125
Total membership	351

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 2021 and 2020 were 11.74 percent and 12.44 percent, respectively. For the fiscal year ended April 30, 2021, the Village contributed \$734,297 to the plan.

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

The contributions as of April 30, 2021, are reported in the financial statements as follows:

Governmental Activities - general government expense	\$ 497,185
Business-Type Activities and Water Fund	122,780
Component Unit - Library	114,332
Total	\$ 734,297

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, 2020. 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, 2020:

- 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 7. Pension and Retirement Plan Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85 - 6.95%
Cash Equivalents	1%	0.70%
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 (2.00 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, 2020 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 7. 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, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at January 1, 2020	\$ 41,032,838	\$ 38,483,240	\$ 2,549,598
Changes for the year:			
Service Cost	594,680	-	594,680
Interest on the Total Pension Liability	2,913,411	-	2,913,411
Differences Between Expected and Actual Experience of Total Pension Liability	527,306		527,306
Changes of Assumptions	(336,718)	-	(336,718)
Contributions - Employer	-	779,824	(779,824)
Contributions - Employees	-	282,784	(282,784)
Net Investment Income	-	5,516,434	(5,516,434)
Benefit Payments, Including Refunds of Employee Contributions	(2,290,396)	(2,290,396)	-
Other (Net Transfer)	-	(4,812)	4,812
Net Changes	1,408,283	4,283,834	(2,875,551)
Balances at December 31, 2020	\$ 42,441,121	\$ 42,767,074	\$ (325,953)

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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Village's net pension liability (asset)	\$ 4,784,602	\$ (325,953)	\$ (4,425,233)

The net pension liability (asset) as of April 30, 2021, is reported on the financial statements as follows:

Governmental Activities	\$ (220,699)
Business-Type Activities and Water Fund	(54,503)
Component Unit - Library	(50,751)
Total	\$ (325,953)

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. 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, 2021, the Village recognized pension income in the financial statements as follows:

Governmental Activities - general government expense	\$ (332,311)
Business-Type Activities and Water Fund	(82,064)
Component Unit - Library	(76,418)
Total	\$ (490,793)

As of April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 557,752	\$ 101,412
Changes of assumptions	248,343	305,339
Net difference between projected and actual earnings on pension plan investments	-	3,426,433
Total deferred amounts to be recognized in pension expense in future periods	806,095	3,833,184
Employer contribution subsequent to the measurement date	211,894	-
Change in proportionate share	201,746	201,746
Total Deferred Amounts Related to Pensions	\$ 1,219,735	\$ 4,034,930
Governmental Activities - general government	\$ 702,857	\$ 2,756,138
Business-Type Activities and Water Fund	168,191	584,554
Component Unit - Library	348,687	694,238
Total	\$ 1,219,735	\$ 4,034,930

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension contributions of \$211,894 subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2022. 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:

	Net Deferred Inflows of Resources
Year ending April 30:	
2022	\$ (749,894)
2023	(394,684)
2024	(1,328,294)
2025	(554,217)
Total	\$ (3,027,089)

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, 2021, 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 7. Pension and Retirement Plan Commitments (Continued)

Police Pension Fund (Continued)

Plan membership:

At April 30, 2021, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	42
	<hr/>
Total membership	86
	<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 2021 and 2020, 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 1st 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, 2021, the Village's contribution was \$1,424,385, or 37.56 percent of covered payroll.

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. 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, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.18%	0.40%
High quality domestic bonds	29.50%	0.00%
Developed international bonds	3.65%	-0.40%
Large cap domestic stocks	33.26%	5.70%
Small & mid cap domestic stocks	7.28%	6.20%
Developed international stocks	14.86%	8.60%
Emerging market stocks	7.25%	6.40%
REITS	2.02%	5.50%
	<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."

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Police Pension Fund (Continued)

Investments (Continued)

Rate of return:

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 28.11 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, 2020, using the following methods and actuarial assumptions, applied to all periods included in the measurement and rolled forward to April 30, 2021:

Valuation date	May 1, 2020
Actuarial cost method	Entry Age Normal (Level Percentage)
Amortization method	Level Percentage of Payroll (Closed)
Discount Rate used for the Total Pension Liability	7.25%
Long-Term Expected Rate of Return on Plan Assets	7.25%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	2.27%
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 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
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, 2021 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 2.56 percent to 2.27 percent.

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Police Pension Fund (Continued)

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.

Changes in the Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at May 1, 2020	\$ 43,800,350	\$ 27,691,516	\$ 16,108,834
Changes for the year:			
Service Cost	842,458	-	842,458
Interest on the Total Pension Liability	3,193,086	-	3,193,086
Differences Between Expected and Actual Experience of Total Pension Liability	1,550,888	-	1,550,888
Contributions - Employer	-	1,424,385	(1,424,385)
Contributions - Employees	-	384,767	(384,767)
Contributions - Other	-	74,067	(74,067)
Net Investment Income	-	7,748,051	(7,748,051)
Benefit Payments, Including Refunds of Employee Contributions	(2,417,435)	(2,417,435)	-
Administrative expense	-	(39,816)	39,816
Net Changes	3,168,997	7,174,019	(4,005,022)
Balances at April 30, 2021	\$ 46,969,347	\$ 34,865,535	\$ 12,103,812

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Police Pension Fund (Continued)

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.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Village's net pension liability	\$ 19,130,316	\$ 12,103,812	\$ 6,416,483

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2021, the Village recognized pension expense of \$1,134,700. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 1,555,144	\$ 568,506
Changes of assumptions	452,576	325,294
Net difference between projected and actual earnings on pension plan investments	-	3,353,029
Total Deferred Amounts Related to Pensions	<u>\$ 2,007,720</u>	<u>\$ 4,246,829</u>

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

	Net Deferred Inflows of Resources
Year ending April 30:	
2022	\$ (435,474)
2023	(419,709)
2024	(665,084)
2025	(1,014,463)
2026	161,167
Thereafter	134,454
Total	<u>\$ (2,239,109)</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 7. 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, 2021, 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, 2021, the Firefighters' Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>26</u>
Total membership	<u><u>49</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 7. 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 2021 and 2020, 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 1st 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, 2021, the Village's contribution was \$597,069, or 27.54 percent of covered payroll.

Investments

Investment policy:

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters' Pension Board by a majority vote of its members. It is the policy of the Firefighters' 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 Firefighters' Pension's investment policy.

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. 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, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	42.00%	5.80%
Small cap domestic equity	12.00%	7.60%
International equity	6.00%	7.10%
Fixed income	40.00%	1.40%
	<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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.73 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 7. 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, 2020, using the following methods and actuarial assumptions, applied to all periods included in the measurement and rolled forward to April 30, 2021:

Valuation date	May 1, 2020
Actuarial cost method	Entry Age Normal (Level Percentage)
Amortization method	Level Percentage of Payroll (Closed)
Discount Rate used for the Total Pension Liability	7.25%
Long-Term Expected Rate of Return on Plan Assets	7.25%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	2.27%
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	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
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, 2021 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 2.56 percent to 2.27 percent.

Net Pension Liability of the Village

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.

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Firefighters' Pension Fund (Continued)

Net Pension Liability of the Village (Continued)

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.

Changes in the Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at May 1, 2020	\$ 20,925,335	\$ 15,420,422	\$ 5,504,913
Changes for the year:			
Service Cost	517,122	-	517,122
Interest on the Total Pension Liability	1,466,153	-	1,466,153
Differences Between Expected and Actual Experience of Total Pension Liability	55,693	-	55,693
Changes of Assumptions	(142,661)	-	(142,661)
Contributions - Employer	-	597,069	(597,069)
Contributions - Employees	-	192,993	(192,993)
Net Investment Income	-	4,227,033	(4,227,033)
Benefit Payments, Including Refunds of Employee Contributions	(1,127,866)	(1,127,866)	-
Administrative expense	-	(39,215)	39,215
Net Changes	768,441	3,850,014	(3,081,573)
Balances at April 30, 2021	\$ 21,693,776	\$ 19,270,436	\$ 2,423,340

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.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Village's net pension liability	\$ 5,590,843	\$ 2,423,340	\$ (146,788)

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 7. 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, 2021, the Village recognized pension expense of \$203,090. At April 30, 2021, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 85,541	\$ 710,637
Changes of assumptions	284,117	156,202
Net difference between projected and actual earnings on pension plan investments	-	1,918,511
Total Deferred Amounts Related to Pensions	<u>\$ 369,658</u>	<u>\$ 2,785,350</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:

	Net Deferred Inflows of Resources
Year ending April 30:	
2022	\$ (503,469)
2023	(512,893)
2024	(543,421)
2025	(704,078)
2026	(39,170)
Thereafter	(112,661)
Total	<u>\$ (2,415,692)</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 7. Pension and Retirement Plan Commitments (Continued)

Combining Statement of Net Position

Pension Trust Funds

April 30, 2021

	Police Pension	Firefighters' Pension	Total
<hr/>			
Assets			
Cash and investments	\$ 766,513	\$ 53,771	\$ 820,284
Investments, at fair value:			
Municipal bonds	-	1,026,679	1,026,679
Corporate bonds	6,461,268	1,286,905	7,748,173
U.S. Government and agency obligations	5,066,412	4,936,549	10,002,961
Stock equities	5,496,335	151,277	5,647,612
Equity mutual funds	16,988,755	11,771,475	28,760,230
	<hr/> 34,779,283	<hr/> 19,226,656	<hr/> 54,005,939
Other assets	<hr/> 95,475	<hr/> 47,553	<hr/> 143,028
Total assets	<hr/> 34,874,758	<hr/> 19,274,209	<hr/> 54,148,967
Liabilities			
Other liabilities	<hr/> 9,223	<hr/> 3,773	<hr/> 12,996
Net Position			
Restricted for pensions	<hr/> \$ 34,865,535	<hr/> \$ 19,270,436	<hr/> \$ 54,135,971

Village of South Holland, Illinois

Notes to Financial Statements

Note 7. Pension and Retirement Plan Commitments (Continued)

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended April 30, 2021

	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 1,424,385	\$ 597,069	\$ 2,021,454
Plan members	458,834	192,993	651,827
Total contributions	<u>1,883,219</u>	<u>790,062</u>	<u>2,673,281</u>
Investment income:			
Total investment income	7,808,260	4,263,225	12,071,485
Less: Investment expense	60,209	36,192	96,401
Net investment income	<u>7,748,051</u>	<u>4,227,033</u>	<u>11,975,084</u>
Total additions	<u>9,631,270</u>	<u>5,017,095</u>	<u>14,648,365</u>
Deductions			
Benefits and refunds	2,417,435	1,127,866	3,545,301
Administrative expenses	39,816	39,215	79,031
Total deductions	<u>2,457,251</u>	<u>1,167,081</u>	<u>3,624,332</u>
Change in net position	<u>7,174,019</u>	<u>3,850,014</u>	<u>11,024,033</u>
Net position restricted for pensions:			
May 1, 2020	<u>27,691,516</u>	<u>15,420,422</u>	<u>43,111,938</u>
April 30, 2021	<u>\$ 34,865,535</u>	<u>\$ 19,270,436</u>	<u>\$ 54,135,971</u>

Village of South Holland, Illinois

Notes to Financial Statements

Note 8. 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, 2021, 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, 2021:

- The **Actuarial Cost Method** used was the Entry Age Normal.
- The **discount rate** used to measure the OPEB liability was 2.27 percent, the 20-year municipal bond yield from the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2021.
- **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 Medicare Supplemental Plans and Dental Plans were 4.00 percent and 2.60 percent, respectively, with both rates expected to be constant for all years.
- **Mortality** rates for IMRF employees were based on the RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017. For Police and Firefighters, the 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, disabled and spouse mortality rates were further adjusted as necessary.
- **Retirement, withdrawal and disability** rates for IMRF employees were based on the rates from the IMRF Experience Study Report dated November 8, 2017. For Police and Firefighters, the rates were based on the 2020 L&A Assumption Studies for Police and Firefighters.
- 100 percent of future retirees will elect medical dental and life insurance coverage at retirement.

Village of South Holland, Illinois

Notes to Financial Statements

Note 8. Postemployment Healthcare Plan (Continued)

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

The Village's total OPEB liability was measured as of April 30, 2021, and was determined by an actuarial valuation as of that date.

	Total Postemployment Benefit Liability
Balances at May 1, 2020	\$ 10,404,322
Changes for the year:	
Service cost	516,210
Interest on the total OPEB liability	287,930
Differences between expected and actual experience of the total OPEB liability	(3,707,203)
Changes of assumptions	857,486
Benefit payments	(603,021)
Net changes	<u>(2,648,598)</u>
Balances at April 30, 2021	<u>\$ 7,755,724</u>

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:

	1% Decrease 1.27%	Current Discount Rate 2.27%	1% Increase 3.27%
Village's other post-employment benefit liability	\$ 8,290,060	\$ 7,755,724	\$ 7,249,136

Village of South Holland, Illinois

Notes to Financial Statements

Note 8. 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	\$ 6,980,690	\$ 7,755,724	\$ 8,660,944

- (a) Medical Plans initial trend rate of 5.80 percent trending to 4.50 percent in 2027; Medicare Supplemental Plans and Dental Plans initial trend rate of 3.00 percent and 1.60 percent, respectively, expected to remain constant through all years
- (b) Medical Plans initial trend rate of 7.80 percent trending to 5.50 percent in 2027; Medicare Supplemental Plans and Dental Plans initial trend rate of 5.00 percent and 3.60 percent, respectively, 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, 2021, the Village recognized OPEB expense of \$489,237. At April 30, 2021, 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	\$ -	\$ 3,796,135
Changes of assumptions	998,133	622
Total Deferred Amounts Related to Other Postemployment Benefits	\$ 998,133	\$ 3,796,757

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:	
2022	\$ (314,903)
2023	(314,903)
2024	(314,903)
2025	(244,653)
2026	(232,269)
Thereafter	(1,376,993)
Total	\$ (2,798,624)

Village of South Holland, Illinois

Notes to Financial Statements

Note 9. 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, 2019	\$ 711,609
Provision for claims	271,260
Claims paid	(391,784)
Unpaid Claims at April 30, 2020	591,085
Provision for claims	645,343
Claims paid	(445,970)
Unpaid Claims at April 30, 2021	<u>\$ 790,458</u>

Note 10. 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 \$91,170 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 \$319,053.

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 \$2,173,000.

The Village also has construction commitments of \$1,788,000 as of April 30, 2021.

Village of South Holland, Illinois

Notes to Financial Statements

Note 11. Other Financial Disclosures (FFS Level Only)

(a) Due To/From Other Funds

Individual interfund balances for the Village at April 30, 2021, are as follows:

Fund	Receivable Fund (Due from)	Payable Fund (Due to)
Park Fund		
Park Fund - Nonmajor Capital Projects Fund	\$ 441,591	\$ -
Nonmajor Governmental Fund:		
Nonmajor Capital Projects Fund - Nonmajor Capital Projects Fund	27,542	-
Nonmajor Capital Projects Fund - Nonmajor Capital Projects Fund	13,128	-
Nonmajor Special Revenue Fund - Water Fund	-	115,758
Nonmajor Capital Projects Fund - Park Fund	-	441,591
Nonmajor Capital Projects Fund - Nonmajor Capital Projects Fund	-	27,542
Nonmajor Capital Projects Fund - Nonmajor Capital Projects Fund	-	13,128
	<u>40,670</u>	<u>598,019</u>
Proprietary Funds		
Water Fund - Nonmajor Special Revenue Fund	<u>115,758</u>	<u>-</u>
Total	<u>\$ 598,019</u>	<u>\$ 598,019</u>

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 Sewer Fund, the I-94 South Fund and Veteran's Park Construction Fund and interfund receivable balances within the Park Fund, the Gateway East TIF Fund, the IZD Zone A Fund and the Water Fund.

Village of South Holland, Illinois

Notes to Financial Statements

Note 11. Other Financial Disclosures (FFS Level Only) (Continued)

(b) Transfer In/Out

The interfund transfers for the year ended April 30, 2021, 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	\$ 122,705	\$ -
Nonmajor Capital Projects Fund	-	316,497
Nonmajor Capital Projects Fund	-	50,000
Nonmajor Debt Service Fund	-	40,000
Nonmajor Debt Service Fund	-	30,000
	<u>122,705</u>	<u>436,497</u>
Park Fund		
Nonmajor Capital Projects Fund	<u>76,950</u>	<u>-</u>
Nonmajor Governmental Funds:		
Nonmajor Capital Projects Fund from General Fund	316,497	
Nonmajor Capital Projects Fund from General Fund	50,000	
Nonmajor Debt Service Fund from General Fund	30,000	
Nonmajor Debt Service Fund from General Fund	40,000	
Nonmajor Capital Projects Fund to General Fund		122,705
Nonmajor Capital Projects Fund to Park Fund		76,950
Nonmajor Capital Projects Fund from Nonmajor Capital Projects Fund	2,175,000	
Nonmajor Capital Projects Fund to Nonmajor Capital Projects Fund	-	2,175,000
Nonmajor Debt Service Fund from Nonmajor Capital Projects Fund	1,211,935	
Nonmajor Debt Service Fund to Nonmajor Capital Projects Fund		1,211,935
	<u>3,823,432</u>	<u>3,586,590</u>
Total	<u>\$ 4,023,087</u>	<u>\$ 4,023,087</u>

Village of South Holland, Illinois

Notes to Financial Statements

Note 11. Other Financial Disclosures (FFS Level Only) (Continued)

(c) Deficit Fund Balances

The following funds reported deficits in fund balance as of April 30, 2021:

	<u>Deficit</u>
Major Governmental:	
Special Revenue:	
Park Fund	\$ 113,121
Nonmajor Governmental:	
Special Revenue:	
Sewer Fund	77,870
Capital Project:	
Veterans Park Construction Fund	441,591
Route 6 TIF Fund	125,218
I-94 South TIF Fund	117,649

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

Note 12. New Governmental Accounting Standards

At April 30, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Village. The statements that might impact the City 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 Village with its year ending April 30, 2023.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the Village with its year ending April 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the Statement of Net Position.

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.

Village of South Holland, Illinois

Notes to Financial Statements

Note 12. New Governmental Accounting Standards (Continued)

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.

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.

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.

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,	2020	2019	2018	2017	2016	2015	2014
Fiscal Year Ended April 30,	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 594,680	\$ 576,332	\$ 527,795	\$ 557,464	\$ 580,633	\$ 555,300	\$ 567,436
Interest on the total pension liability	2,913,411	2,836,872	2,704,359	2,725,328	2,595,482	2,475,003	2,359,397
Actuarial experience	527,306	(165,499)	788,531	(525,327)	349,722	282,796	(676,651)
Changes in assumptions	(336,718)	-	1,104,015	(1,079,894)	(89,769)	43,177	958,037
Benefit payments	(2,290,396)	(2,111,927)	(2,043,734)	(1,840,908)	(1,730,513)	(1,697,686)	(1,618,696)
Net change in total pension liability	1,408,283	1,135,778	3,080,966	(163,337)	1,705,535	1,658,610	1,588,523
Total pension liability—beginning	<u>41,032,838</u>	<u>39,897,060</u>	<u>36,816,094</u>	<u>36,979,431</u>	<u>35,273,896</u>	<u>33,615,286</u>	<u>32,026,763</u>
Total pension liability—ending (a)	\$ 42,441,121	\$ 41,032,838	\$ 39,897,060	\$ 36,816,094	\$ 36,979,431	\$ 35,273,896	\$ 33,615,286
Plan fiduciary net position							
Contributions - Employer	\$ 779,824	\$ 569,973	\$ 728,938	\$ 653,884	\$ 786,136	\$ 1,301,669	\$ 1,208,513
Contributions - Member	982,784	262,311	253,998	237,129	242,441	233,298	224,838
Pension plan net investment income (loss)	5,516,434	6,408,576	(1,995,757)	5,651,488	2,096,849	147,286	1,741,098
Benefit payments	(2,290,396)	(2,111,927)	(2,043,734)	(1,840,908)	(1,730,513)	(1,697,686)	(1,618,696)
Pension plan administrative expense	(4,812)	(276,958)	792,064	(645,002)	215,620	705,577	(851,947)
Net change in plan fiduciary net position	4,283,834	4,851,975	(2,264,491)	4,056,591	1,610,533	690,062	902,806
Plan fiduciary net position—beginning	<u>38,483,240</u>	<u>33,631,265</u>	<u>35,895,758</u>	<u>31,839,165</u>	<u>30,228,632</u>	<u>29,538,570</u>	<u>28,635,570</u>
Plan fiduciary net position—ending (b)	\$ 42,767,074	\$ 38,483,240	\$ 33,631,265	\$ 35,895,756	\$ 31,839,165	\$ 30,228,632	\$ 29,538,376
Net pension liability (asset) - ending (a) - (b)	\$ (325,953)	\$ 2,548,598	\$ 6,265,795	\$ 920,338	\$ 5,140,266	\$ 5,045,264	\$ 4,914,098
Plan fiduciary net position as a percentage of the total pension liability	100.77%	93.79%	84.30%	97.50%	86.10%	85.70%	82.96%
Covered Payroll	\$ 6,268,680	\$ 5,796,303	\$ 5,640,192	\$ 5,264,762	\$ 5,322,514	\$ 5,142,905	\$ 4,914,098
Employer net pension liability (asset) as a percentage of covered payroll	-5.20%	43.97%	111.09%	17.48%	96.58%	98.11%	82.96%

Note to Schedule:

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

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,	2020	2019	2018	2017	2016	2015	2014
Fiscal year ended April 30,	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 842,458	\$ 865,061	\$ 893,103	\$ 886,751	\$ 826,807	\$ 762,040	\$ 839,522
Interest on the total pension liability	3,193,086	2,962,209	2,862,254	2,799,135	2,698,725	2,475,252	2,412,451
Change in benefit terms	-	191,439	-	-	-	-	-
Actuarial experience	1,550,888	(253,360)	(591,237)	146,383	115,453	509,792	-
Changes in assumptions	-	250,045	-	(397,135)	(380,141)	1,046,935	-
Benefit payments	(2,417,435)	(2,146,208)	(2,312,222)	(1,989,262)	(1,762,485)	(1,660,791)	(1,532,732)
Net change in total pension liability	3,168,997	1,869,186	881,898	1,445,872	1,498,359	3,133,228	1,719,241
Total pension liability—beginning	43,800,350	41,931,164	41,049,266	39,603,394	38,105,035	34,871,807	33,252,566
Total pension liability—ending (a)	\$ 46,969,347	\$ 43,800,350	\$ 41,931,164	\$ 41,049,266	\$ 39,603,394	\$ 38,105,035	\$ 34,971,807
Plan fiduciary net position							
Contributions - Employer	\$ 1,424,385	\$ 1,408,096	\$ 1,325,202	\$ 1,389,014	\$ 1,154,471	\$ 1,014,454	\$ 963,590
Contributions - Member	384,767	376,262	365,058	359,496	357,939	397,143	345,693
Contributions - Other	74,067	2,376	80,512	48,730	999	-	-
Pension plan net investment income (loss)	7,748,051	99,146	1,622,590	1,912,656	1,995,918	(399,409)	1,938,368
Benefit payments	(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	(39,616)	(40,964)	(43,382)	(41,581)	(39,880)	(34,625)	(41,439)
Net change in plan fiduciary net position	7,174,019	(301,252)	1,037,748	1,679,043	1,706,962	(683,428)	1,673,480
Plan fiduciary net position—beginning	27,691,516	27,992,808	26,955,060	25,276,017	23,569,055	24,252,483	22,579,003
Plan fiduciary net position—ending (b)	\$ 34,865,535	\$ 27,691,516	\$ 27,992,808	\$ 26,955,060	\$ 25,276,017	\$ 23,569,055	\$ 24,252,483
Net pension liability - ending (a) - (b)	\$ 12,103,812	\$ 16,108,834	\$ 13,938,356	\$ 14,094,206	\$ 14,327,377	\$ 14,535,980	\$ 10,719,324
Plan fiduciary net position as a percentage of the total pension liability	74.23%	63.22%	66.76%	65.67%	63.82%	61.85%	69.35%
Covered Payroll	\$ 3,792,651	\$ 3,918,704	\$ 3,697,086	\$ 3,572,064	\$ 3,929,704	\$ 3,681,049	\$ 3,510,922
Employer net pension liability as a percentage of covered payroll	319.14%	411.08%	377.61%	394.67%	364.69%	394.89%	305.31%

Annual money-weighted rate of return, net of

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,	2020	2019	2018	2017	2016	2015	2014
Fiscal year ended April 30,	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 517,122	\$ 503,774	\$ 546,208	\$ 554,693	\$ 517,196	\$ 466,304	\$ 504,634
Interest on the total pension liability	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	-	116,142	-	-	-	-	-
Actuarial experience	55,693	(378,062)	51,435	(6,027)	(438,208)	(637,843)	-
Changes in assumptions	(142,661)	46,642	-	-	(72,653)	724,343	-
Benefit payments	(1,127,866)	(892,453)	(783,674)	(649,787)	(599,635)	(565,958)	(581,931)
Net change in total pension liability	768,441	822,171	1,159,012	1,164,359	626,437	1,127,928	1,024,244
Total pension liability—beginning	20,925,335	20,103,164	18,944,152	17,779,793	17,151,356	16,023,427	14,999,183
Total pension liability—ending (a)	<u>\$ 21,693,776</u>	<u>\$ 20,925,335</u>	<u>\$ 20,103,164</u>	<u>\$ 18,944,152</u>	<u>\$ 17,779,793</u>	<u>\$ 17,151,355</u>	<u>\$ 16,023,427</u>
Plan fiduciary net position							
Contributions - Employer	\$ 597,069	\$ 586,911	\$ 555,889	\$ 606,032	\$ 485,846	\$ 489,984	\$ 452,297
Contributions - Member	192,993	191,050	197,561	189,678	184,909	191,032	170,122
Contributions - Other	-	19,523	-	313	-	-	-
Pension plan net investment income (loss)	4,227,033	255,463	893,621	929,889	992,727	(168,346)	871,844
Benefit payments	(1,127,866)	(892,453)	(783,674)	(649,787)	(599,635)	(565,958)	(581,931)
Pension plan administrative expense	(95,215)	(33,572)	(31,847)	(34,199)	(32,888)	(29,822)	(29,115)
Net change in plan fiduciary net position	3,850,014	126,922	831,550	1,041,926	1,030,959	(83,110)	883,217
Plan fiduciary net position—beginning	15,420,422	15,293,500	14,461,950	13,420,024	12,389,065	12,472,175	11,588,958
Plan fiduciary net position—ending (b)	<u>\$ 19,270,436</u>	<u>\$ 15,420,422</u>	<u>\$ 15,293,500</u>	<u>\$ 14,461,950</u>	<u>\$ 13,420,024</u>	<u>\$ 12,389,065</u>	<u>\$ 12,472,175</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,423,340</u>	<u>\$ 5,504,913</u>	<u>\$ 4,809,664</u>	<u>\$ 4,482,202</u>	<u>\$ 4,359,769</u>	<u>\$ 4,762,290</u>	<u>\$ 3,551,252</u>
Plan fiduciary net position as a percentage of the total pension liability	88.83%	73.69%	76.08%	76.34%	75.48%	72.23%	77.84%
Covered Payroll	<u>\$ 2,167,623</u>	<u>\$ 2,121,204</u>	<u>\$ 1,973,871</u>	<u>\$ 1,907,122</u>	<u>\$ 2,434,778</u>	<u>\$ 1,911,739</u>	<u>\$ 1,801,128</u>
Employer net pension liability as a percentage of covered payroll	111.80%	259.52%	243.67%	235.02%	179.06%	249.11%	197.17%

Annual money-weighted rate of return, net of

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,	2021	2020	2019
Service cost	\$ 516,210	\$ 487,998	\$ 451,403
Interest on the total OPEB liability	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	857,486	316,120	80,780
Benefit payments	(603,021)	(546,557)	(534,807)
Other changes	-	(955)	(81,948)
Net changes	(2,648,598)	563,717	(486,442)
Total other postemployment benefit liability, beginning	10,404,322	9,840,605	10,327,047
Total other postemployment benefit liability, ending	<u>\$ 7,755,724</u>	<u>\$ 10,404,322</u>	<u>\$ 9,840,605</u>
Covered Payroll	\$ 10,034,871	\$ 9,815,395	\$ 9,815,395
Village total pension liability as a percentage of covered payroll	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

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
Calendar Year Ended December 31, 2020**

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
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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 1,352,692	\$ 1,348,079	\$ 1,392,359	\$ 1,313,975	\$ 1,089,522	\$ 1,089,522	\$ 957,021	\$ 819,215	\$ 957,021	N/A
Contributions in Relation to the Actuarial Determined Contribution	1,424,385	1,408,096	1,325,202	1,389,014	1,154,471	1,014,454	963,590	944,381	912,627	N/A
Contribution Deficiency (excess)	\$ (71,693)	\$ (60,017)	\$ 67,157	\$ (75,039)	\$ (64,949)	\$ 75,068	\$ (6,569)	\$ (125,166)	\$ 44,394	
Covered Payroll	\$ 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	N/A
Contributions as a Percentage of Covered Payroll	37.56%	35.93%	35.84%	38.89%	29.38%	27.56%	27.16%	26.90%	26.31%	N/A

Firefighters' Pension Plan

Fiscal year ended	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 576,518	\$ 611,521	\$ 604,194	\$ 570,603	\$ 497,595	\$ 497,595	\$ 465,364	\$ 419,180	\$ 465,364	\$ 437,345
Contributions in Relation to the Actuarial Determined Contribution	597,069	586,911	555,889	606,032	485,846	489,984	452,297	454,061	424,630	438,286
Contribution Deficiency (excess)	\$ (20,551)	\$ 24,610	\$ 48,305	\$ (35,429)	\$ 11,749	\$ 7,611	\$ 13,067	\$ (34,881)	\$ 40,734	\$ (941)
Covered Payroll	\$ 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	\$ 1,702,105
Contributions as a Percentage of Covered Payroll	27.54%	27.67%	28.16%	31.78%	19.95%	25.63%	25.11%	24.56%	23.76%	25.75%

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, 2021**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 10,589,800	\$ 10,375,048	\$ (214,752)
Intergovernmental taxes	7,425,000	8,866,605	1,441,605
Licenses	972,100	932,542	(39,558)
Permits and fees	1,055,000	1,502,116	447,116
Fines and forfeitures	890,000	799,013	(90,987)
Charges for services	2,547,000	2,550,644	3,644
Grants	204,475	855,727	651,252
Interest	250,000	30,643	(219,357)
Reimbursed expenses	354,500	351,358	(3,142)
Rental income	145,000	152,802	7,802
Miscellaneous	818,500	1,104,599	286,099
Total revenues	<u>25,251,375</u>	<u>27,521,097</u>	<u>2,269,722</u>
Expenditures:			
Current:			
General government	6,948,052	6,795,232	(152,820)
Fire department	4,198,451	3,877,571	(320,880)
Police department	8,355,030	7,104,851	(1,250,179)
Building department	1,194,683	1,143,589	(51,094)
Public works	2,271,093	2,022,852	(248,241)
Garbage department	1,981,893	2,063,266	81,373
Public relations	478,867	379,635	(99,232)
Capital outlay	1,976,783	1,088,648	(888,135)
Total expenditures	<u>27,404,852</u>	<u>24,475,644</u>	<u>(2,929,208)</u>
Excess (deficiency) of revenues (under) expenditures	<u>(2,153,477)</u>	<u>3,045,453</u>	<u>5,198,930</u>
Other financing (uses):			
Transfers in	122,705	122,705	-
Transfers (out)	(436,497)	(436,497)	-
Total other financing other financing sources (uses)	<u>(313,792)</u>	<u>(313,792)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,467,269)</u>	<u>2,731,661</u>	<u>\$ 5,198,930</u>
Fund balance:			
May 1, 2020		<u>8,584,260</u>	
April 30, 2021		<u>\$ 11,315,921</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 7 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	23-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.
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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, 2020
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	21 years
Investment rate of return	7.25%
Projected individual salary increases	4.00% - 10.47%
Projected increase in total payroll	3.50%
Inflation rate included	2.50%
Mortality table	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement rates	100% of L&A 2016 Illinois Police Retirement Rates, Capped at age 65
Termination rates	100% of L&A 2016 Illinois Police Termination Rates
Disability rates	100% of L&A 2016 Illinois Police Disability Rates

Firefighters' Pension Plan

Methods and Assumptions

Valuation date	May 1, 2020
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	21 years
Investment rate of return	7.25%
Projected individual salary increases	4.00% - 10.43%
Projected increase in total payroll	3.50%
Inflation rate included	2.50%
Mortality table	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement rates	100% of L&A 2016 Illinois Firefighters Retirement Rates, Capped at age 65
Termination rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Disability rates	100% of L&A 2016 Illinois Firefighters Disability Rates

Supplementary Information

Village of South Holland, Illinois

**General Fund
Schedule of Revenues - Budget and Actual
Year Ended April 30, 2021**

	Original and Final Budget	Actual
Property taxes:		
General	\$ 10,589,800	\$ 10,375,048
Intergovernmental:		
Sales tax, net of rebates \$75,000	3,400,000	4,036,456
State income tax	2,000,000	2,674,053
Utility tax	1,690,000	1,629,814
Replacement tax	150,000	230,407
Motel tax	185,000	295,875
Total intergovernmental	7,425,000	8,866,605
Licenses:		
Business licenses	130,000	121,882
Vehicle licenses	465,000	433,079
Other licenses	377,100	377,581
Total licenses	972,100	932,542
Permits and fees:		
Building permits	225,000	255,513
Ambulance fees	815,000	1,242,008
Other permits	15,000	4,595
Total permits and fees	1,055,000	1,502,116
Fines and forfeitures:		
Court fines	100,000	22,406
Parking fines	375,000	468,597
Local debt recoveries	200,000	55,027
Other fines	215,000	252,983
Total fines and forfeitures	890,000	799,013
Charges for services	2,547,000	2,550,644
Grants	204,475	855,727
Interest	250,000	30,643
Miscellaneous revenues:		
Reimbursed expenses	354,500	351,358
Rental income	145,000	152,802
Property owner payment	2,500	-
Special events	6,000	9,019
Other miscellaneous revenues	810,000	1,095,580
Total miscellaneous revenues	1,318,000	1,608,759
Total revenues	\$ 25,251,375	\$ 27,521,097

Village of South Holland, Illinois

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

Tax Levy Years	2020	2019	2018	2017	2016
Equalized Assessed Valuations	<u>\$ 433,453,211</u>	<u>\$ 361,899,570</u>	<u>\$ 366,580,573</u>	<u>\$ 378,912,478</u>	<u>\$ 353,689,621</u>
Tax rates (per \$100 of equalized assessed valuation):					
General	2.1884	2.5225	2.3904	2.1711	2.1798
Park maintenance	0.4218	0.4814	0.4215	0.3949	0.4124
Debt service	0.2966	0.3567	0.3512	0.3403	0.3645
Police pension	0.3999	0.4326	0.4110	0.3825	0.3931
Firefighters' pension	0.1711	0.1850	0.1756	0.1658	0.1747
Special Service Area #1	0.0859	0.0930	0.0000	0.0000	0.0000
Library	0.5458	0.6301	0.6006	0.5614	0.5811
Total	<u>4.1095</u>	<u>4.7013</u>	<u>4.3503</u>	<u>4.0160</u>	<u>4.1056</u>
Tax extensions:					
General	\$ 9,485,785	\$ 9,128,839	\$ 8,762,725	\$ 8,226,404	\$ 7,709,550
Park maintenance	1,828,250	1,742,245	1,545,000	1,496,466	1,458,583
Debt service	1,285,657	1,291,064	1,287,341	1,289,594	1,289,174
Police pension	1,733,490	1,565,600	1,506,473	1,449,210	1,390,500
Firefighters' pension	741,600	669,500	643,750	628,300	618,000
Special Service Area #1	4,065	4,065	-	-	-
Library	2,365,864	2,280,348	2,201,558	2,127,105	2,055,174
Total	<u>\$ 17,444,711</u>	<u>\$ 16,681,661</u>	<u>\$ 15,946,847</u>	<u>\$ 15,217,079</u>	<u>\$ 14,520,981</u>
Collections	<u>\$ 7,312,862</u>	<u>\$ 16,108,353</u>	<u>\$ 14,115,050</u>	<u>\$ 13,856,516</u>	<u>\$ 13,937,409</u>
Percent collected	<u>41.92%</u>	<u>96.56%</u>	<u>88.51%</u>	<u>91.06%</u>	<u>95.98%</u>

Village of South Holland, Illinois

**Schedule of Debt Service Requirements
April 30, 2021**

	Year Ending April 30,	Principal	Interest	Total
GENERAL OBLIGATION BOND (NON-TIF PORTION)				
Dated December 20, 2012	2022	\$ 520,000	\$ 58,085	\$ 578,085
Interest payable June 15 and	2023	535,000	47,685	582,685
December 15	2024	550,000	36,985	586,985
Paying Agent: BNY Mellon	2025	555,000	25,435	580,435
Intended to be financed from	2026	575,000	13,225	588,225
incremental taxes and not				
from the extended tax levy		<u>\$ 2,735,000</u>	<u>\$ 181,415</u>	<u>\$ 2,916,415</u>
 GENERAL OBLIGATION BOND				
Dated February 5, 2019	2022	\$ 510,000	\$ 136,350	\$ 646,350
Interest payable June 15 and	2023	525,000	121,050	646,050
December 15	2024	540,000	105,300	645,300
Paying Agent: BNY Mellon	2025	560,000	89,100	649,100
Intended to be financed from	2026	575,000	72,300	647,300
the extended tax levy	2027	595,000	55,050	650,050
	2028	610,000	37,200	647,200
	2029	630,000	18,900	648,900
		<u>\$ 4,545,000</u>	<u>\$ 635,250</u>	<u>\$ 5,180,250</u>
Total general obligation bonds		<u>\$ 7,280,000</u>	<u>\$ 816,665</u>	<u>\$ 8,096,665</u>
 GENERAL OBLIGATION BOND (TIF PORTION)				
Dated December 20, 2012	2022	\$ 535,000	\$ 59,135	\$ 594,135
Interest payable June 15 and	2023	545,000	48,435	593,435
December 15	2024	555,000	37,535	592,535
Paying Agent: BNY Mellon	2025	570,000	25,880	595,880
Intended to be financed from	2026	580,000	13,340	593,340
incremental taxes and not				
from the extended tax levy		<u>\$ 2,785,000</u>	<u>\$ 184,325</u>	<u>\$ 2,969,325</u>

(Continued)

Village of South Holland, Illinois

Schedule of Debt Service Requirements (Continued)
April 30, 2021

	Year Ending April 30,	Principal	Interest	Total
GENERAL OBLIGATION TIF BOND				
Series 2015A	2022	\$ 235,000	\$ 50,895	\$ 285,895
Dated April 6, 2015	2023	255,000	45,490	300,490
Interest payable June 15 and	2024	280,000	39,115	319,115
December 15	2025	310,000	31,555	341,555
Paying Agent: BNY Mellon	2026	340,000	22,565	362,565
Intended to be financed from	2027	370,000	12,025	382,025
incremental taxes and not				
from the extended tax levy		<u>\$ 1,790,000</u>	<u>\$ 201,645</u>	<u>\$ 1,991,645</u>
 GENERAL OBLIGATION TIF BOND				
Series 2015B	2022	\$ 280,000	\$ 104,350	\$ 384,350
Dated April 6, 2015	2023	310,000	93,150	403,150
Interest payable June 15 and	2024	350,000	80,750	430,750
December 15	2025	395,000	66,750	461,750
Paying Agent: BNY Mellon	2026	445,000	47,000	492,000
Intended to be financed from	2027	495,000	24,750	519,750
incremental taxes and not				
from the extended tax levy		<u>\$ 2,275,000</u>	<u>\$ 416,750</u>	<u>\$ 2,691,750</u>
 Total general obligation TIF bonds		<u>\$ 6,850,000</u>	<u>\$ 802,720</u>	<u>\$ 7,652,720</u>

(Continued)

Village of South Holland, Illinois

Schedule of Debt Service Requirements (Continued)
April 30, 2021

	Year Ending April 30,	Principal	Interest	Total
ILLINOIS ENVIRONMENTAL PROTECTION				
AGENCY LOAN	2022	\$ 186,523	\$ 28,069	\$ 214,592
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	106,627	665	107,292
		<u>\$ 2,291,979</u>	<u>\$ 175,824</u>	<u>\$ 2,467,803</u>