

Village of Steger, Illinois

Annual Financial Statements

December 31, 2021

Village of Steger, Illinois
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Independent Auditor's Report



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Independent Auditor’s Report

Honorable President
Members of the Board of Trustees
Village of Steger, Illinois
Steger, Illinois

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Steger, Illinois (Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Steger, Illinois’ basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental activities	Qualified
Business-type activities	Qualified
General Fund	Unmodified
Liability Insurance Fund	Unmodified
Motor Fuel Tax Fund	Unmodified
Capital Projects Fund	Unmodified
Water and Sewer Operations Fund	Qualified
Aggregate remaining fund information	Unmodified

Qualified Opinions on Governmental Activities, Business-Type Activities and Water and Sewer Operations Fund

In our opinion, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Water and Sewer Operations Fund for the Village of Steger, Illinois, as of December 31, 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.

Unmodified Opinions on the General Fund, Liability Insurance Fund, Motor Fuel Tax Fund, Capital Projects Fund and Aggregate Remaining Fund Information

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Liability

Insurance Fund, Motor Fuel Tax Fund, Capital Projects Fund and the aggregate remaining fund information for the Village of Steger, Illinois as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police Pension Fund, which represent 78%, 88% and 33%, respectively of the assets fund balance/net position and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Police Pension Fund, is based solely on the report of the other auditors.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village of Steger, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Basis for Qualified Opinions on Governmental Activities, Business-Type Activities and Water and Sewer Operations Fund

The Village of Steger, Illinois does not maintain detailed records of the historical cost, accumulated depreciation or depreciation expense of its capital assets. Therefore, we were unable to obtain sufficient evidence to form an opinion on the capital assets, accumulated depreciation and depreciation expense of the Village of Steger, Illinois. Quantification of the effects on the financial statements of these matters is not practicable.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The financial statements of the Police Pension Fund were not audited in accordance with *Government Auditing Standards*.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Honorable President
Members of the Board of Trustees
Village of Steger, Illinois
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management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information - combining financial statements as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

FORVIS,LLP

Oakbrook Terrace, Illinois
August 3, 2022

Management's Discussion and Analysis

Village of Steger, Illinois

Management's Discussion and Analysis

December 31, 2021

The Village of Steger, Illinois (Village) management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, and (3) identify changes in the Village's financial position.

Since management's discussion and analysis (MD&A) is designed to focus on the current period's activities, resulting changes, and currently known facts, please read it in conjunction with the Village's financial statements. The current year being reported is from January 1, 2021 through December 31, 2021.

Financial Highlights

- The Village's net position increased by a total of \$157,936. Net position of (\$288,939) consists of (\$3,620,373) related to governmental activities and \$3,331,434 related to business-type activities.
- The fund balance of the General Fund is \$2,648,865, which is an increase of \$38,786 from the prior fiscal year's fund balance.

Using the Financial Section of This Financial Report

In accordance with generally accepted accounting principles (GAAP), the Village's financial statements present two kinds of statements, each with a different view of the Village's finances. The financial statements focus on both the Village as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the primary government.

The statement of net position presents information on all of the Village's assets and deferred outflows and liabilities and deferred inflows of resources, with the difference of the two reported as net position. The focus of the statement of net position (the "unrestricted net position") is designed to be similar to bottom-line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds using the current financial resources measurement focus (short-term, spendable resources) with capital assets and long-term obligations, using the accrual basis of accounting and economic resources measurement focus. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the fiscal year. The statement of activities is focused on both the gross and net cost of various activities (including governmental and business-type) which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the

Village of Steger, Illinois

Management's Discussion and Analysis

December 31, 2021

user's analysis of the cost of various government services and/or subsidy to various business-type activities.

Both statements distinguish functions of the Village that are primarily supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities reflect the Village's basic services, including police, fire, public works, community development, and finance and administration. Property taxes, local sales taxes, local utility taxes, state-shared income taxes, replacement taxes, and local use taxes finance the majority of these services. The business-type activities reflect private sector-type operations (water and sewer), whereby the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

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

The governmental funds focus on sources and uses of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. This is the manner in which the financial plan (the appropriations) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or appropriations compliance associated therewith.

Proprietary funds provide the same type of information (private sector operations) as the government-wide business-type financial statements, only in more detail. The proprietary fund statements provide separate information for the water and sewer activity, which is considered to be a major fund of the Village.

The fund financial statements also allow the Village to address its fiduciary fund (police pension fund). While this fund represents trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

Other Information

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Village's progress in funding its obligation to provide pension benefits to employees.

While the total column on the proprietary fund financial statements is the same as the business-type activities column in the government-wide financial statements, the governmental funds total

Village of Steger, Illinois

Management's Discussion and Analysis

December 31, 2021

column requires reconciliation with the governmental activities column in the government-wide financial statements because of the different measurement focus (current financial resources versus total economic resources), which is reflected on the page following each statement.

The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities column (in the government-wide statements).

Government-Wide Statements

As mentioned earlier, the statement of net position may serve over time as a useful indicator of the Village's financial position. The following table reflects the condensed statement of net position:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 9,176,110	\$ 6,953,861	\$ 2,031,205	\$ 1,963,914	\$ 11,207,315	\$ 8,917,775
Capital assets	4,856,400	5,152,158	2,017,636	2,152,245	6,874,036	7,304,403
Total assets	<u>14,032,510</u>	<u>12,106,019</u>	<u>4,048,841</u>	<u>4,116,159</u>	<u>18,081,351</u>	<u>16,222,178</u>
Deferred outflows	2,443,614	2,903,444	52,962	59,845	2,496,576	2,963,289
Long-term liabilities	12,166,036	12,995,266	141,559	161,288	12,307,595	13,156,554
Other liabilities	2,921,543	1,750,938	366,943	362,864	3,288,486	2,113,802
Total liabilities	<u>15,087,579</u>	<u>14,746,204</u>	<u>508,502</u>	<u>524,152</u>	<u>15,596,081</u>	<u>15,270,356</u>
Deferred inflows	5,008,918	4,173,904	261,867	188,082	5,270,785	4,361,986
Net position						
Net investment in capital assets	2,711,736	2,831,338	2,017,636	2,152,245	4,729,372	4,983,583
Restricted	3,018,167	1,780,266	112,263	45,503	3,130,430	1,825,769
Unrestricted	<u>(9,350,276)</u>	<u>(8,522,249)</u>	<u>1,201,535</u>	<u>1,266,022</u>	<u>(8,148,741)</u>	<u>(7,256,227)</u>
Total net position (deficit)	<u>\$ (3,620,373)</u>	<u>\$ (3,910,645)</u>	<u>\$ 3,331,434</u>	<u>\$ 3,463,770</u>	<u>\$ (288,939)</u>	<u>\$ (446,875)</u>

The Village's total net position increased from (\$446,875 deficit) as of December 31, 2020 to (\$288,939 deficit) at December 31, 2021, which is an increase in net position of \$157,936. The increase in total net position for governmental activities is \$290,272. Several items factored into the increase in net position. Cash balances increased \$1,585,120 due to the receipt of ARPA funds from the State of \$627,418, none of which was spent in 2021. It is also due to continued conservative spending with the uncertainty of Covid and how it will affect future revenues. The cash balances increase was offset by an increase in accounts payable of \$527,711. This was due to an accrual of \$501,199 for a road paving project in 2021 and no such large accruals in 2020. Pension-related items also had large fluctuations from the prior year with net assets, liabilities, deferred outflows, and deferred inflows all having significant changes. Total net position for business-type activities decreased by \$132,336, largely due the decrease in capital assets of \$134,609 from 2020 to 2021. This is due to no new capital assets in 2021 and assets purchased in prior years depreciating.

Village of Steger, Illinois

Management's Discussion and Analysis

December 31, 2021

The Village uses capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Investment in capital assets, net of debt also provides useful information that can be used for trend analysis to determine if the Village is properly replacing aging infrastructure, including streets and water and sewer mains.

The Village's unrestricted net position for governmental activities reflects the portion of net position that can be used to finance day-to-day operations. Restricted net position represents funds that are subject to limitations on how they may be used. These funds primarily reflect funds restricted for specific purposes based on the nature of the revenue funding them.

The following table reflects the change in net position resulting from revenues and expenses of the Village's governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue						
Charges for services	\$ 674,177	\$ 1,120,034	\$ 2,216,770	\$ 2,057,683	\$ 2,890,947	\$ 3,177,717
Operating grants and contributions	599,256	692,135	-	-	599,256	692,135
Capital grants and contributions	62,058	-	-	-	62,058	-
General revenue						
Property taxes	2,671,030	2,666,546	-	-	2,671,030	2,666,546
Other taxes	556,042	537,101	-	-	556,042	537,101
Intergovernmental	2,508,519	2,019,785	-	-	2,508,519	2,019,785
Other	230,335	391,943	235	1,397	230,570	393,340
Total revenue	<u>7,301,417</u>	<u>7,427,544</u>	<u>2,217,005</u>	<u>2,059,080</u>	<u>9,518,422</u>	<u>9,486,624</u>
Program Expenses						
General government	1,178,905	1,257,771	-	-	1,178,905	1,257,771
Public safety	4,490,437	4,499,075	-	-	4,490,437	4,499,075
Parks and recreation	292,595	215,109	-	-	292,595	215,109
Highway and streets	1,255,416	794,139	-	-	1,255,416	794,139
Economic development	82,692	275,640	-	-	82,692	275,640
Interest and fees	151,100	112,261	-	-	151,100	112,261
Water and sewer	-	-	1,909,341	1,532,105	1,909,341	1,532,105
Total expenses	<u>7,451,145</u>	<u>7,153,995</u>	<u>1,909,341</u>	<u>1,532,105</u>	<u>9,360,486</u>	<u>8,686,100</u>
Change in Net Position Before Transfers	(149,728)	273,549	307,664	526,975	157,936	800,524
Transfers	<u>440,000</u>	<u>905,475</u>	<u>(440,000)</u>	<u>(905,475)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>290,272</u>	<u>1,179,024</u>	<u>(132,336)</u>	<u>(378,500)</u>	<u>157,936</u>	<u>800,524</u>
Net Position (Deficit), Beginning of Year	<u>(3,910,645)</u>	<u>(5,089,669)</u>	<u>3,463,770</u>	<u>3,842,270</u>	<u>(446,875)</u>	<u>(1,247,399)</u>
Net Position (Deficit), End of Year	<u>\$ (3,620,373)</u>	<u>\$ (3,910,645)</u>	<u>\$ 3,331,434</u>	<u>\$ 3,463,770</u>	<u>\$ (288,939)</u>	<u>\$ (446,875)</u>

Village of Steger, Illinois
Management's Discussion and Analysis
December 31, 2021

Governmental Activities

Charges for services include revenue from Village fines, licenses, and permits.

Operating grants and contributions reflect grant revenue. Operating grants for public safety decreased due to the Air Pack Grant ending in 2020. The Village received \$133,636 for this grant in 2020. Operating grants and contributions for highways and street increased \$26,706 from 2020 to 2021. This is due to slightly higher collections in Motor Fuel Taxes. \$210,234 was received in both 2020 and 2021 for the Rebuild Illinois MFT program that is distributing funds for bondable capital improvements.

Property taxes historically have been one of the Village's largest revenue sources, generating \$2,671,030 (\$461,228 relates to the TIF districts), which represents 34.5% of the total governmental activity revenue. Property tax revenue reflects the allowable increase under the *Property Tax Limitation Act*, which is restricted to 5%, or the percent of increase in the national Consumer Price Index (CPI), whichever is less.

Other taxes and intergovernmental revenue include sales tax revenue combined with state-shared revenue (income tax, local use tax, and replacement tax), local utility taxes, video gaming tax, and franchise fee revenue; they total \$3,064,561, which represents 42% of the total governmental activity revenue.

Other revenue reflects investment interest income, reimbursement for damaged property, training and prosecution services, and other miscellaneous revenue.

The Village realizes the importance of offering competitive compensation and benefit packages for the recruitment and retention of employees. General government expenses in 2021 include an annual general wage adjustment of salaries.

The general government program expenses increase is partially due to parks and recreation expenditures increasing \$77,486, as the Recreation Center was only open for four months in 2020 versus the entire year in 2021. It is also due an increase in engineering expenses of \$86,384 for to the Union Avenue Project.

Business-Type Activities

Fund Financial Analysis

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Village's governmental fund types, which include the General Fund, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of net resources available for spending at the end of a fiscal year. The Village's proprietary fund types, which are those funds that operate similar to a business, provide the same type of information found in the government-wide financial statements, but in more detail.

Village of Steger, Illinois
Management's Discussion and Analysis
December 31, 2021

Governmental Funds

The General Fund is the main operating fund of the Village. Revenue was \$4,894,920 for the year ended December 31, 2021, compared to \$5,002,598 for the year ended December 31, 2020. Expenditures were \$4,096,134 for the year ended December 31, 2021, compared to \$3,766,901 for the year ended December 31, 2020. Engineering expenses were up \$86,384, due to the Union Avenue Project, which began in 2021. The increase is not largely contributable to any other individual item, rather spread out over many smaller increases. At December 31, 2021, the General Fund reflected an increase in fund balance of \$38,786.

The Liability Insurance Fund accounts for resources restricted for Village's insurance coverage and the costs associated with maintaining that coverage. Revenue was \$810,918 for the year ended December 31, 2021. Expenditures were \$1,135,965 for the year ended December 31, 2021. It also received transfers from the Water and Sewer Operations Funds for \$375,000 and the General Fund for \$150,000. At December 31, 2021 these transfers helped the fund balance to increase by \$199,953 to \$54,326.

The Motor Fuel Tax Fund accounts for resources restricted for the costs associated with road projects within the Village. Revenue was \$375,262 for the year ended December 31, 2021, and expenditures were \$731,653. At December 31, 2021, fund balance decreased \$356,391 to \$320,411. This large drop in fund balance was due to road work done in the Village that cost \$501,199.

The Capital Projects Fund accounts for resources restricted for costs associated with capital projects within the Village. There were no revenues or expenditures for the fund for the year ended December 31, 2021. There was a transfer in from the General Fund of \$80,000 to begin making up the negative fund balance. At December 31, 2021, fund balance increased to (\$79,331).

General Fund Budgetary Highlights

The Village Board adopted the appropriation ordinance for the year ended December 31, 2021. No amendments to the budget were made during the year. Actual revenue was higher than budgeted revenue by \$94,915. This was largely due to several intergovernmental taxes being higher than budgeted, for a total of \$321,070. Covid related restrictions ending has helped revenue items such as video gaming revenue recover to pre-pandemic levels. This was partially offset by property taxes coming in \$116,000 lower than budgeted; collections continue to be lower than expected, which is likely due to the pandemic causing some residents to not be able to pay their property taxes. Actual expenditures were higher than budgeted expenditures by \$56,945. Actual transfers out of \$760,000 agreed to what was budgeted. All of this resulted in an overall budget variance of \$37,970 in the General Fund.

Village of Steger, Illinois
Management's Discussion and Analysis
December 31, 2021

Proprietary Funds

Net position of the Water and Sewer Operations Fund at December 31, 2021, totaled \$3,331,434. Net position decreased from December 31, 2020 by \$132,336. This can largely be attributed to a higher than usual amount of water main breaks in the Village that needed to be repaired.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2021, was \$6,847,036. This investment in capital assets includes land, buildings, improvements, equipment, and the water/sewer system as reflected in the table below. The Village depreciates assets over their useful lives. If a road project is considered maintenance, a recurring cost that does not extend the road's original useful life or expand its capacity, the cost of the project will be expensed. An "overlay" or resurfacing of a road will be considered maintenance whereas a "rebuild" or reconstruction of a road will be capitalized.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Nondepreciable assets	\$ 578,386	\$ 578,386	\$ -	\$ -	\$ 578,386	\$ 578,386
Depreciable assets, net of accumulated depreciation						
Buildings and improvement	3,445,070	3,576,291	-	-	3,445,070	3,576,291
Land improvements	297,693	317,834	-	-	297,693	317,834
Water/sewer system	-	-	2,017,636	2,152,245	2,017,636	2,152,245
Equipment	535,251	679,647	-	-	535,251	679,647
Total capital assets	<u>\$ 4,856,400</u>	<u>\$ 5,152,158</u>	<u>\$ 2,017,636</u>	<u>\$ 2,152,245</u>	<u>\$ 6,874,036</u>	<u>\$ 7,304,403</u>

Total capital assets for governmental activities and for business-type activities decreased solely due to depreciation expense for the current year, as there were no other additions or deletions in the fiscal year.

Additional information on the Village's capital assets can be found in the notes to the financial statements (see Note 4).

Long-Term Debt

At December 31, 2021, the Village has total governmental activity bonded debt and notes outstanding of \$4,008,890, all of which is backed by the full faith and credit of the Village.

State statutes limit the amount of general obligation bond debt a governmental entity may issue to 8.625 % of its total equalized assessed valuation. The current estimated debt limit for the Village is \$9,994,758; as such, the Village is currently significantly under the outstanding general obligation debt limit.

Village of Steger, Illinois
Management's Discussion and Analysis
December 31, 2021

In the year ended December 31, 2021, bonded debt and notes outstanding decreased, as all payments due in the fiscal year were made and no new debt was issued.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
GO Bonds and premium	\$ 2,919,412	\$ 3,030,965	\$ -	\$ -	\$ 2,919,412	\$ 3,030,965
Promissory notes	94,442	159,045	-	-	94,442	159,045
TIF Senior Lien Capital			-	-		
Accretion Bonds	277,965	315,614	-	-	277,965	315,614
TIF Junior Lien Notes	403,272	403,272	-	-	403,272	403,272
TIF Developer Notes	313,799	387,004	-	-	313,799	387,004
	<u>313,799</u>	<u>387,004</u>	<u>-</u>	<u>-</u>	<u>313,799</u>	<u>387,004</u>
Total outstanding bonds and notes	<u>\$ 4,008,890</u>	<u>\$ 4,295,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,008,890</u>	<u>\$ 4,295,900</u>

Additional information on the Village's long-term debt can be found in the notes to the financial statements (see Note 6).

Economic Factors

The Village's composition is primarily residential with small commercial and industrial components. Many trends and economic factors will continue to be monitored, along with managing expenses. The Village will continue to have ongoing challenges of planning for capital replacements and infrastructure improvements while maintaining and operating the Village's existing facilities and services in the manner the residents deserve.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Mary Jo Seehausen, Village Administrator, Village of Steger, Illinois, 3320 Lewis Avenue, Steger, Illinois 60475.

Basic Financial Statements

Village of Steger, Illinois
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 4,091,869	\$ 1,321,285	\$ 5,413,154
Restricted cash	869,190	-	869,190
Receivables, net of allowances			
Property taxes	2,342,021	-	2,342,021
Accounts	-	315,473	315,473
Grants	62,058	-	62,058
Other taxes	64,572	-	64,572
Intergovernmental	390,227	-	390,227
Prepays	168,163	-	168,163
Internal balances	(74,369)	74,369	-
Net pension asset	1,262,379	320,078	1,582,457
Capital assets			
Assets not subject to depreciation	578,386	-	578,386
Assets subject to depreciation	4,278,014	2,017,636	6,295,650
Total assets	<u>14,032,510</u>	<u>4,048,841</u>	<u>18,081,351</u>
Deferred Outflows of Resources			
Pension items	2,208,280	11,432	2,219,712
OPEB	235,334	41,530	276,864
Total deferred outflows of resources	<u>2,443,614</u>	<u>52,962</u>	<u>2,496,576</u>
Liabilities			
Accounts payable	783,061	224,374	1,007,435
Deposits payable	557	116,040	116,597
Accrued liabilities			
Accrued salaries and wages	173,394	24,626	198,020
Accrued interest payable	1,070,294	-	1,070,294
Unearned revenue	627,418	-	627,418
Due to police pension	40,397	-	40,397
Noncurrent liabilities			
Due within one year			
Compensated absences	14,041	1,903	15,944
Current portion of long-term debt	212,381	-	212,381
Due in more than one year			
Compensated absences	126,364	17,124	143,488
Total OPEB liability	705,130	124,435	829,565
Net pension liability	7,538,033	-	7,538,033
Long-term debt	3,796,509	-	3,796,509
Total liabilities	<u>15,087,579</u>	<u>508,502</u>	<u>15,596,081</u>

See Notes to Financial Statements

(Cont.)

Village of Steger, Illinois
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Pension items	\$ 2,459,304	\$ 219,247	\$ 2,678,551
OPEB	241,513	42,620	284,133
Property taxes levied for the following year	<u>2,308,101</u>	<u>-</u>	<u>2,308,101</u>
Total deferred inflows of resources	<u>5,008,918</u>	<u>261,867</u>	<u>5,270,785</u>
Net Position (Deficit)			
Net investment in capital assets	2,711,736	2,017,636	4,729,372
Restricted for			
Streets and highways	740,878	-	740,878
Public safety	136,069	-	136,069
Capital improvements	869,190	-	869,190
Economic development	686,585	-	686,585
Employee retirement	125,647	-	125,647
Pensions	459,798	112,263	572,061
Unrestricted net position (deficit)	<u>(9,350,276)</u>	<u>1,201,535</u>	<u>(8,148,741)</u>
Total net position (deficit)	<u>\$ (3,620,373)</u>	<u>\$ 3,331,434</u>	<u>\$ (288,939)</u>

Village of Steger, Illinois
Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,178,905	\$ 251,807	\$ -	\$ -
Public safety	4,490,437	279,060	14,051	-
Highway and streets	1,255,416	53,958	585,205	62,058
Economic development	82,692	-	-	-
Parks and recreation	292,595	89,352	-	-
Interest on long-term debt	151,100	-	-	-
Total governmental activities	7,451,145	674,177	599,256	62,058
Business-Type Activities				
Water and sewer	1,909,341	2,216,770	-	-
Total primary government	<u>\$ 9,360,486</u>	<u>\$ 2,890,947</u>	<u>\$ 599,256</u>	<u>\$ 62,058</u>

General Revenues

Property taxes
Other taxes
Intergovernmental
Investment income
Other miscellaneous income
Transfers

Total general revenues

Change in Net Position

Net Position (Deficit), Beginning of Year

Net Position (Deficit), End of Year

**Net (Expense), Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (927,098)	\$ -	\$ (927,098)
(4,197,326)	-	(4,197,326)
(554,195)	-	(554,195)
(82,692)	-	(82,692)
(203,243)	-	(203,243)
(151,100)	-	(151,100)
(6,115,654)	-	(6,115,654)
-	307,429	307,429
(6,115,654)	307,429	(5,808,225)
2,671,030	-	2,671,030
556,042	-	556,042
2,508,519	-	2,508,519
610	11	621
229,725	224	229,949
440,000	(440,000)	-
6,405,926	(439,765)	5,966,161
290,272	(132,336)	157,936
(3,910,645)	3,463,770	(446,875)
<u>\$ (3,620,373)</u>	<u>\$ 3,331,434</u>	<u>\$ (288,939)</u>

Village of Steger, Illinois
Governmental Funds Balance Sheet
December 31, 2021

	General Fund	Liability Insurance Fund	Motor Fuel Tax Fund
Assets			
Cash and investments	\$ 1,729,991	\$ 64,287	\$ 823,961
Restricted cash and investments	869,190	-	-
Receivables			
Property taxes	1,341,427	745,682	-
Grants	62,058	-	-
Other taxes	64,572	-	-
Intergovernmental	354,639	-	35,588
Due from other funds	628,604	31,842	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,050,481</u>	<u>\$ 841,811</u>	<u>\$ 859,549</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)			
Liabilities			
Accounts payable	\$ 102,782	\$ 50,691	\$ 539,138
Due to other funds	152,620	-	-
Deposits payable	557	-	-
Unearned grant revenue	627,418	-	-
Accrued payroll	130,655	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,014,032</u>	<u>50,691</u>	<u>539,138</u>
Deferred Inflows of Resources			
Unavailable revenue	62,058	-	-
Property taxes levied for the following year	1,325,526	736,794	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>1,387,584</u>	<u>736,794</u>	<u>-</u>
Fund Balances (Deficits)			
Nonspendable - prepaids	-	-	-
Committed for playground/recreation purposes	-	-	-
Restricted			
Highways and streets	-	-	320,411
Public safety	105,166	-	-
Capital improvements	869,190	-	-
Economic development	-	-	-
Employee retirement	-	-	-
Unassigned	1,674,509	54,326	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>2,648,865</u>	<u>54,326</u>	<u>320,411</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 5,050,481</u>	<u>\$ 841,811</u>	<u>\$ 859,549</u>

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 499	\$ 1,473,131	\$ 4,091,869
-	-	869,190
-	254,912	2,342,021
-	-	62,058
-	-	64,572
-	-	390,227
-	61,012	721,458
-	168,163	168,163
<u>\$ 499</u>	<u>\$ 1,957,218</u>	<u>\$ 8,709,558</u>
\$ -	\$ 90,450	\$ 783,061
79,830	603,774	836,224
-	-	557
-	-	627,418
-	42,739	173,394
<u>79,830</u>	<u>736,963</u>	<u>2,420,654</u>
-	-	62,058
-	245,781	2,308,101
<u>-</u>	<u>245,781</u>	<u>2,370,159</u>
-	168,163	168,163
-	125,628	125,628
-	420,467	740,878
-	30,903	136,069
-	-	869,190
-	686,585	686,585
-	125,647	125,647
<u>(79,331)</u>	<u>(582,919)</u>	<u>1,066,585</u>
<u>(79,331)</u>	<u>974,474</u>	<u>3,918,745</u>
<u>\$ 499</u>	<u>\$ 1,957,218</u>	<u>\$ 8,709,558</u>

Village of Steger, Illinois
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
December 31, 2021

Total Fund Balances - Governmental Funds	\$ 3,918,745
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.	4,856,400
Promissory notes, TIF bonds, G.O. bonds, related premium and notes are not due and payable in the current period and therefore are not reported in the funds.	(4,008,890)
Accrued interest is not due and payable in the current period and is therefore not reported in the funds.	(1,070,294)
Employee compensated absences are payable over a long period and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities.	(140,405)
Net pension liability (asset) and related deferred outflows and deferred inflows of resources do not represent a claim on current financial resources and therefore are not reported in the funds.	(6,526,678)
Total OPEB liability and related deferred outflows and deferred inflows of resources do not represent a claim on current financial resources and therefore are not reported in the funds.	(711,309)
Certain revenues that are deferred in governmental funds are recognized as revenues on the statement of net position	<u>62,058</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (3,620,373)</u></u>

Village of Steger, Illinois
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
Year Ended December 31, 2021

	General Fund	Liability Insurance Fund	Motor Fuel Tax Fund
Revenues			
Property taxes	\$ 1,175,530	\$ 656,319	\$ -
Other taxes	553,846	-	-
Licenses and permits	199,453	-	-
Intergovernmental	2,522,570	-	374,972
Charges for services	297,295	-	-
Fines and forfeitures	56,577	-	-
Investment income	320	-	290
Miscellaneous	89,329	154,599	-
Total revenues	<u>4,894,920</u>	<u>810,918</u>	<u>375,262</u>
Expenditures			
Current			
General government	882,153	113,596	-
Public safety	3,213,981	772,456	-
Highways and streets	-	204,474	731,653
Economic development	-	-	-
Parks and recreation	-	45,439	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>4,096,134</u>	<u>1,135,965</u>	<u>731,653</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>798,786</u>	<u>(325,047)</u>	<u>(356,391)</u>
Other Financing Sources (Uses)			
Transfers in	-	525,000	-
Transfers out	(760,000)	-	-
Total other financing sources (uses)	<u>(760,000)</u>	<u>525,000</u>	<u>-</u>
Net Change in Fund Balances	38,786	199,953	(356,391)
Fund Balances, Beginning	<u>2,610,079</u>	<u>(145,627)</u>	<u>676,802</u>
Fund Balances, End of Year	<u>\$ 2,648,865</u>	<u>\$ 54,326</u>	<u>\$ 320,411</u>

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 839,181	\$ 2,671,030
-	212,429	766,275
-	-	199,453
-	-	2,897,542
-	106,629	403,924
-	-	56,577
-	-	610
-	20	243,948
<u>-</u>	<u>1,158,259</u>	<u>7,239,359</u>
-	239,006	1,234,755
-	26,210	4,012,647
-	419,874	1,356,001
-	223,004	223,004
-	218,642	264,081
-	169,603	169,603
-	123,022	123,022
<u>-</u>	<u>1,419,361</u>	<u>7,383,113</u>
<u>-</u>	<u>(261,102)</u>	<u>(143,754)</u>
80,000	690,000	1,295,000
-	(95,000)	(855,000)
<u>80,000</u>	<u>595,000</u>	<u>440,000</u>
80,000	333,898	296,246
(159,331)	640,576	3,622,499
<u>\$ (79,331)</u>	<u>\$ 974,474</u>	<u>\$ 3,918,745</u>

Village of Steger, Illinois
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 296,246
<p>Amounts reported for governmental activities in the statement of activities are different because</p>	
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these cost are allocated over their estimated useful lives as depreciation expense</p> <p style="padding-left: 40px;">Depreciation expense</p>	(295,758)
<p>Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).</p>	312,808
<p>Change in accrued interest payable and amortization of bond issuance premium on long-term debt is reported as an expense on the statement of activities.</p>	4,273
<p>The accretion of interest on capital accretion debt is not reported in the governmental funds; however, it results in an increase in debt principal payable in the statement of net position.</p>	(32,351)
<p>Certain revenues recognition is different on full accrual basis than on the modified accrual basis.</p>	62,058
<p>Change in accumulated employee sick and vacation pay reported in the statement of activities does not require the use of current financial resources, and therefore is not reported in the fund statements until coming due for payments.</p>	39,010
<p>Change in net pension liability (asset) and related deferrals reported in the statement of activities does not require the use of current financial resources, and therefore is not reported in the funds.</p>	(72,363)
<p>Change in total OPEB liability and related deferrals reported in the statement of activities does not require the use of current financial resources, and therefore is not reported in the funds.</p>	(23,651)
Change in Net Position of Governmental Activities	\$ 290,272

Village of Steger, Illinois
Statement of Net Position - Proprietary Fund
December 31, 2021

	<u>Water and Sewer Operations Fund</u>
Assets	
Current Assets	
Cash and investments	\$ 1,321,285
Receivables, net of allowances	315,473
Due from other funds	<u>74,369</u>
Total current assets	1,711,127
Capital Assets	2,017,636
Net Pension Asset	<u>320,078</u>
Total assets	<u>4,048,841</u>
Deferred Outflows of Resources	
Pension items	11,432
OPEB items	<u>41,530</u>
Total deferred outflows of resources	<u>52,962</u>
Liabilities	
Current Liabilities	
Accounts payable	224,374
Deposits payable	116,040
Accrued payroll	24,626
Compensated absences	<u>1,903</u>
Total current liabilities	<u>366,943</u>
Noncurrent Liabilities	
Compensated absences	17,124
Total OPEB liability	<u>124,435</u>
Total noncurrent liabilities	<u>141,559</u>
Total liabilities	<u>508,502</u>

Village of Steger, Illinois
Statement of Net Position - Proprietary Fund
December 31, 2021

	Water and Sewer Operations Fund
Deferred Inflows of Resources	
Pensions	\$ 219,247
OPEB	42,620
Total deferred inflows of resources	261,867
 Net Position	
Net investment in capital assets	2,017,636
Restricted for pensions	112,263
Unrestricted	1,201,535
Total net position	\$ 3,331,434

Village of Steger, Illinois
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Fund
Year Ended December 31, 2021

	Water and Sewer Operations Fund
Operating Revenues	
Charges for services	\$ 2,216,770
Miscellaneous income	224
Total operating revenues	2,216,994
Operating Expenses	
Water and sewer operations	1,774,732
Depreciation	134,609
Total operating expenses	1,909,341
Operating Income	307,653
Nonoperating Revenues	
Investment income	11
Income Before Transfers	307,664
Transfers Out	(440,000)
Change in Net Position	(132,336)
Beginning Net Position	3,463,770
Ending Net Position	\$ 3,331,434

Village of Steger, Illinois
Statement of Cash Flows - Proprietary Fund
Year Ended December 31, 2021

	Water and Sewer Operations Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,206,515
Payments to suppliers	(1,607,322)
Payment to employees	(232,275)
Net cash provided by operating activities	366,918
Cash Flows From Noncapital Financing Activities	
Interfund collection	21,607
Cash Flows From Capital and Related Financing Activities	
Transfers out	(440,000)
Cash Flows From Investing Activities	
Interest received on investments	11
Net (Decrease) in Cash and Cash Equivalents	(51,464)
Cash and Cash Equivalents, Beginning of Year	1,372,749
Cash and Cash Equivalents, End of Year	\$ 1,321,285
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 1,321,285
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 307,653
Items not requiring cash	
Depreciation and amortization	134,609
Changes in	
Receivables	(17,069)
Deferred outflows related to pensions	12,785
Deferred outflows related to OPEB	(5,902)
Accounts payable	(19,124)
Net pension liability/asset	(123,293)
Total OPEB liability	(19,962)
Deferred inflows related to pensions	43,748
Deferred inflows related to OPEB	30,037
Deposits payable	6,590
Accrued payroll	16,587
Compensated absences	259
Net cash provided by operating activities	\$ 366,918

Village of Steger, Illinois
Statement of Fiduciary Net Position – Pension Trust Fund
December 31, 2021

	Police Pension Fund
Assets	
Cash and cash equivalents	\$ 841,140
Investments	
State and local government obligations	578,139
U.S. government and agency securities	301,673
Corporate bonds	2,429,925
Equity securities	937,693
Equity mutual funds	1,834,080
Other assets	
Accrued interest	30,602
Prepaid expenses	466
Due from other funds	40,397
	40,397
Total assets	6,994,115
 Liabilities	
Accounts payable	5,390
	5,390
 Net Position	
Restricted for pensions	\$ 6,988,725
	6,988,725

Village of Steger, Illinois
Statement of Changes in Fiduciary Net Position -
Pension Trust Fund
Year Ended December 31, 2021

	Police Pension Fund
Additions	
Contributions	
Employer	\$ 493,782
Plan members	91,075
Total contributions	<u>584,857</u>
Investment income	
Net decrease in fair value of investments	(170,003)
Interest earnings	174,272
	<u>4,269</u>
Less investment expense	(24,840)
Net investment loss	<u>(20,571)</u>
Total additions	<u>564,286</u>
Deductions	
Benefit payments	506,102
Refunds of contributions	282,180
Administrative expenses	33,362
Total deductions	<u>821,644</u>
Change in Net Position	(257,358)
Net Position Restricted for Pensions	
Beginning of year	<u>7,246,083</u>
End of year	<u><u>\$ 6,988,725</u></u>

Village of Steger, Illinois

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Village of Steger, Illinois (Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Steger, Illinois.

Financial Reporting Entity

The Village of Steger, Illinois is a municipal corporation governed by an elected president and six-member Board of Trustees. The accompanying financial statements present the Village. The Village is not considered a component unit of any other governmental unit, nor does it have any component units.

Accounting and Reporting Principles

The Village follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, which are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Village's water and sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Village of Steger, Illinois

Notes to Financial Statements

December 31, 2021

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

Fund Accounting

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources; separate funds allow it to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds and capital projects fund. The Village reports the following funds as “major” governmental funds:

General Fund - The Village’s primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

Liability Insurance Fund (special revenue fund) - Accounts for resources restricted for Village insurance coverage and the costs associated with maintaining that coverage.

Motor Fuel Tax Fund (special revenue fund) - Accounts for resources restricted for the costs associated with road projects within the Village.

Capital Projects Fund (capital projects fund) - Accounts for resources restricted for costs associated with capital projects within the Village.

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Village reports the following fund as a “major” enterprise fund:

Water and Sewer Operations Fund - Accounts for the provision of water and sanitary sewer services to the residents of the Village.

Fiduciary fund includes amounts held in a fiduciary capacity for others. These amounts will not be used to operate Village programs. Activities reported as fiduciary include:

Police Pension Fund - Used to account for the police pension activities. Under GASB Statement No. 84, *Fiduciary Activities*, the plan is reported as a fiduciary component unit because it is a legally separate organization and meets the financial benefit/burden and fiscal dependency criteria of GASB 14.

Interfund Activities

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements,

Village of Steger, Illinois

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December 31, 2021

certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (*i.e.*, the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (*i.e.*, the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activities occur during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Village has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims and judgments are recorded only when payment is due.

Revenues are not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Village considers amounts collected within 60 days of year end to be available for recognition, except for sales tax and telecommunications tax revenue which is collected within 90 days of the end of the current fiscal year. The following major revenue sources meet the availability criterion: sales taxes owed by the State at year end, franchise taxes, licenses, charges for services, income and motor fuel taxes, and fines collected and held by the State or County at year end on behalf of the Village, and interest associated with the current fiscal period. Conversely, some sales taxes owed by the State at year end, telecommunication tax revenue, and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these along with a “deferred inflow of resources.”

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 Steger, Illinois

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Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenues/additions are recorded when earned and expenses/ deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. All investments of the pension trust fund are reported at fair value. Fair value has been based on quoted market prices at December 31, 2021, for debt and equity securities and contract values for mutual funds.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for under the consumption method, whereby amounts are recorded as expenditures during the period benefited by the goods or services.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (*e.g.*, roads, bridges, storm sewers and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Village of Steger, Illinois
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Infrastructure, buildings, equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives (in Years)
Infrastructure - other	10 - 40
Infrastructure - roads	50 - 80
Buildings	40 - 60
Improvements	10 - 15
Equipment	5 - 15

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt and the Water and Sewer Fund is used to liquidate business-type long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to the defined benefit pension plans and the defined other post-employment benefit plan (OPEB). The deferred outflows of resources related to the defined benefit pension plans are reported in the government-wide financial statements and the applicable proprietary funds. The deferred outflows of resources result from (1) the variance between expected and actual experience, (2) changes of assumptions and (3) the net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes from the prior tax years and intergovernmental revenue

Village of Steger, Illinois

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not collected within the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Village also has property taxes recorded as a receivable before the period for which they are levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. Finally, the Village has deferred inflows of resources related to the defined benefit pension plans and OPEB. The deferred inflows of resources related to the defined benefit pension and OPEB plans are reported in the government-wide financial statements and the applicable proprietary funds. The deferred inflows of resources result from (1) the variance between expected and actual experience, (2) changes of assumptions and (3) the net difference between projected and actual earnings on pension plan investments.

Net Position Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance except for transfers from the General Fund. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village's highest level of decision-making authority. The Village board is the highest level of decision-making authority for the Village that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted,

Village of Steger, Illinois

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the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as committed. The Village board has by resolution authorized the Village clerk to assign fund balance. The Village board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned amounts are available for any purpose. Positive amounts are only reported in the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Property Tax Revenue

Property taxes attach as an enforceable lien on January 1 of the levy year. They are levied in December (by passage of a tax levy ordinance). Tax bills are prepared by both Cook and Will Counties as follows: (1) Cook County - issued on or about the end of January and the beginning of July and are payable in two installments on or about March 1 and August 1; (2) Will County - issued on or about May 1 and are payable in two installments on or about June 1 and September 1. The Counties collect such taxes and remit them periodically to the Village.

Property taxes receivable (net of allowance for uncollectible amounts based on prior history) are recorded at the time of the enforceable lien. The 2020 levy was recorded as revenue in 2021. The 2021 levy had been recognized as a receivable as of December 31, 2021, but recognition as revenue has been deferred to 2022 because the revenue is used to finance the 2022 expenditures.

The Village also receives, but does not levy for, road and bridge and tax increment financing district property taxes. The Village does not record a receivable for property taxes related to the tax increment financing (TIF) districts. Due to the nature of TIF revenue, the Village does not levy a direct tax upon the districts. Instead, the property taxes are based solely upon the incremental increase in the property value, utilizing the tax rates of all the taxing bodies whose boundaries encompass the districts. As such, the Village cannot reasonably estimate the receivable and records the revenue on the cash basis.

Pensions

The Village offers defined benefit pension plans to its employees. The Village records a net pension asset (liability) for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported

Village of Steger, Illinois

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by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The Village offers retiree healthcare benefits to retirees. For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Compensated Absences (Vacation and Sick Leave)

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vested or accumulated sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and Water and Sewer Operations Fund, primarily) are used to liquidate this obligation.

Proprietary Funds Operating Classification

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Village of Steger, Illinois
Notes to Financial Statements
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Note 2: Deposits and Investments

State statutes and the Village's investment policy authorize the Village to make deposits/ investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury, GNMA's, Federal Home Loan Bank, bank-managed money market funds, Illinois Funds and the Illinois Metropolitan Investment Fund. The Police Pension Fund's investment policy allows the pension fund to invest in the same and may also invest in any U.S. agency obligation, in certain non-U.S. obligations, mortgages, veterans' loans, life insurance company contracts, equity mutual funds and equity securities.

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, the price for which the investment could be sold.

Village Deposits and Investments (Excluding Police Pension Fund)

At year end, the carrying amount of the Village's deposits and investments totaled \$6,281,344 (excluding \$1,000 in cash on hand) and the bank balance was \$6,403,930. It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity, yield and public trust.

The Village's cash and investments are subject to several types of risk, which are discussed in more detail below:

Custodial Credit Risk

Village 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.

As of December 31, 2021, all Village deposits were either FDIC insured or were collateralized with securities held by an independent third-party institution and pledged to the Village.

Village Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Illinois Funds are not subject to custodial credit risk.

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Village limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States government (Treasury obligations), securities issued by agencies of the United States government (Treasury obligations), or securities issued by agencies of the United States government that are explicitly guaranteed by the United States government (GNMAs and Federal Home Loan Bank). However, the investment policy is generally silent regarding credit risk except as it relates to commercial paper. At December 31, 2021, the Village had investments of approximately \$2,240,077 in Illinois Funds which are rated AAAM by Standards & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires the Village to diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

Deposits and Investments at December 31, 2021

The Village's deposits and investments at December 31, 2021, are comprised of the following:

Demand deposits	\$ 4,041,267
Petty cash	1,000
Illinois Funds	<u>2,240,077</u>
	<u>\$ 6,282,344</u>

Village of Steger, Illinois
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Police Pension Fund Deposits and Investments

Custodial Credit Risk

Deposits - At year end, the carrying amount of the Police Pension Fund's (Pension Fund) demand deposits, certificates of deposit and the bank balances are fully covered by the federal depository or equivalent insurance.

Investments - Money market mutual funds and equity mutual funds are not subject to custodial credit risk. To limit its exposure, the Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party custodian acting as the pension fund's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the pension fund's name.

Credit Risk

The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Investments in the securities of State and Local Obligations were all rated Baa2 or better, U.S. government agencies were not rated, and Corporate Bonds are rated Ba3 or better by Standard & Poor's or by Moody's Investors Services.

The Pension Fund's investment policy also prescribes to the "prudent expert" rule, which states, "Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims."

Interest Rate Risk

In accordance with the Pension Fund's investment policy, "the investment portfolio shall remain sufficiently liquid to meet all operating requirements, which might be reasonably expected."

Village of Steger, Illinois
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December 31, 2021

At year end, the Police Pension Fund had the following investments and maturities for its debt securities as of December 31, 2021:

Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
State and local obligations	\$ 578,139	\$ 127,046	\$ 308,747	\$ 41,552	\$ 100,794
U.S. Treasuries	277,896	-	71,730	-	206,166
U.S. agencies	23,777	-	-	-	23,777
Corporate bonds	2,429,925	1,788,479	535,254	106,192	-
	<u>\$ 3,309,737</u>	<u>\$ 1,915,525</u>	<u>\$ 915,731</u>	<u>\$ 147,744</u>	<u>\$ 330,737</u>

Concentration of Credit Risk

The Pension Fund’s investment policy states, “The Pension Fund shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds.” In addition to the securities and fair values listed previously, the Pension Fund also has \$1,834,080 invested in various individual equity securities. At December 31, 2021, the Pension Fund does not have any investments over 5% of total investments available for benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). U.S. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the “full faith and credit” backing of the U.S. government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The pension board has diversified its equity mutual fund holdings as follows:

iShares Core S&P 500 ETF Fund	\$ 861,408
ProShares Vix Short-Term Futures ETF	364,080
SPDR Gold Shares ETF Fund	170,960
Vaneck Gold Miners ETF	114,020
Vaneck Junior Gold Miners ETF	106,710
iShares Silver Trust ETF Fund	96,150
ETFMG Prime Junior Silver Miners ETF	80,924
Invesco QQQ Trust Series ETF Fund	39,828
	<u>\$ 1,834,080</u>

The Police Pension Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation 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 other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset

Village of Steger, Illinois
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value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Village has the following recurring fair value measurements as of December 31, 2021:

Investment Type	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasuries	\$ 277,896	\$ 277,896	\$ -	\$ -
U.S. agencies	23,777	-	23,777	-
Corporate bonds	2,429,925	-	2,429,925	-
Certificates of deposit	-	-	-	-
State and local obligations	578,139	-	578,139	-
Total debt securities	<u>3,309,737</u>	<u>277,896</u>	<u>3,031,841</u>	<u>-</u>
Equity securities				
Common stock	937,693	937,693	-	-
Mutual funds	1,834,080	1,834,080	-	-
Total equity securities	<u>2,771,773</u>	<u>2,771,773</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 6,081,510</u>	<u>\$ 3,049,669</u>	<u>\$ 3,031,841</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of agency securities, state and local obligations, certificates of deposit and corporate bonds at December 31, 2021, was determined primarily based on Level 2 inputs. The Police Pension Fund estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of the assets was determined primarily based on quoted market prices from the investment custodian.

Village of Steger, Illinois
Notes to Financial Statements
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Note 3: Receivables

The receivables as reported on the government-wide financial statements, net of allowances, were comprised of the following:

	Governmental Activities	Business-Type Activities
Receivables		
Accounts		
Utility billing	\$ -	\$ 315,473
Grants	62,058	-
Other taxes		
Franchise tax	25,574	-
Utility tax	38,998	-
Total other taxes	64,572	-
Intergovernmental		
Income tax	130,584	-
Telecom tax	14,215	-
Personal property replacement tax	10,713	-
Sales tax	97,466	-
Local use tax	63,666	-
Cannabis tax	2,685	-
Video gaming tax	35,310	-
Motor fuel tax	35,588	-
Total intergovernmental	\$ 390,227	\$ -

Village of Steger, Illinois
Notes to Financial Statements
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Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 578,386	\$ -	\$ -	\$ 578,386
Capital assets being depreciated				
Land improvements	382,944	-	-	382,944
Buildings and improvements	5,439,529	-	-	5,439,529
Equipment	2,746,202	-	-	2,746,202
	<u>8,568,675</u>	<u>-</u>	<u>-</u>	<u>8,568,675</u>
Less accumulated depreciation for				
Land improvements	65,110	20,141	-	85,251
Buildings and improvements	1,863,238	131,221	-	1,994,459
Equipment	2,066,555	144,396	-	2,210,951
	<u>3,994,903</u>	<u>295,758</u>	<u>-</u>	<u>4,290,661</u>
Total capital assets being depreciated, net	<u>4,573,772</u>	<u>(295,758)</u>	<u>-</u>	<u>4,278,014</u>
Governmental activities capital assets, net	<u>\$ 5,152,158</u>	<u>\$ (295,758)</u>	<u>\$ -</u>	<u>\$ 4,856,400</u>

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Infrastructure	\$ 6,640,267	\$ -	\$ -	\$ 6,640,267
Equipment and vehicles	116,142	-	-	116,142
	<u>6,756,409</u>	<u>-</u>	<u>-</u>	<u>6,756,409</u>
Less accumulated depreciation for				
Infrastructure	4,506,823	130,970	-	4,637,793
Equipment and vehicles	97,341	3,639	-	100,980
	<u>4,604,164</u>	<u>134,609</u>	<u>-</u>	<u>4,738,773</u>
Business-type activities capital assets, net	<u>\$ 2,152,245</u>	<u>\$ (134,609)</u>	<u>\$ -</u>	<u>\$ 2,017,636</u>

Village of Steger, Illinois
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Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 14,285
Public safety	221,726
Highways and streets	7,031
Economic development	2,893
Parks and recreation	49,823
	<hr/>
Total governmental activities	\$ 295,758
	<hr/> <hr/>
Business-type activities	
Water and sewer	\$ 134,609
	<hr/> <hr/>

Note 5: Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from other funds		
Playground/Recreation	General Fund	\$ 2,078
Debt Service	TIF 4	55,000
IMRF	General Fund	1,147
ESDA	General Fund	2,787
Liability Insurance Fund	General Fund	31,842
		<hr/>
		\$ 92,854
		<hr/> <hr/>
General	Capital Projects	\$ 79,830
General	D.A.R.E.	2,499
General	Audit	866
General	Road and Bridge	351,738
General	TIF 4	27,024
General	Debt Service	166,647
		<hr/>
		\$ 628,604
		<hr/> <hr/>
Water and Sewer Operations Fund	General Fund	\$ 74,369
		<hr/> <hr/>
Police Pension Fund	General Fund	\$ 40,397
		<hr/> <hr/>

Village of Steger, Illinois
Notes to Financial Statements
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These balances result from the time lag between the dates that goods and services are provided, or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Liability Insurance Fund	\$ 150,000
General Fund	Nonmajor governmental funds	
	Playground/Recreation	\$ 95,000
	Road and Bridge	200,000
	Debt Service	200,000
	E.S.D.A	35,000
	Capital Projects	80,000
		<u>\$ 610,000</u>
Water and Sewer Operations Fund	Liability Insurance Fund	\$ 375,000
	IMRF (Nonmajor governmental)	55,000
	Audit (Nonmajor governmental)	10,000
		<u>\$ 440,000</u>
TIF 5 Fund (Nonmajor governmental)	Debt Service (Nonmajor governmental)	<u>\$ 95,000</u>

The transfers from the Water and Sewer Operations Fund to the Liability Insurance Fund and nonmajor governmental funds represent budgeted transfers to cover expenditures in excess of revenue. Transfers from the General Fund to the Liability Insurance Fund and nonmajor governmental funds represent transfers to cover expenditures in excess of revenue.

Note 6: Long-Term Debt

The following is a summary of bond transactions and other debt transactions of the Village for the year ended December 31, 2021, that are payable by governmental activities.

Promissory Note

The Village has one promissory note outstanding for the purchase of various vehicles and equipment. The note, issued in 2020 for \$129,523, and requires monthly principal payments of \$2,698, including interest at a rate of 3.30%. The note matures on November 10, 2024. The balance of the promissory note at December 31, 2021, is \$94,442 within governmental activities.

Village of Steger, Illinois

Notes to Financial Statements

December 31, 2021

TIF Obligations

The Village has entered into redevelopment agreements with multiple developers of various projects within the Village's TIF districts. The agreements provide for the capture by the Village of incremental taxes from the properties for a period not to extend beyond December 31st of the year following the twenty-third (23rd) year from the date of designation of the Redevelopment Project Area. The incremental taxes so captured by the Village shall be utilized as described in the Redevelopment Agreement, including pledges to repay TIF obligations. The Village is liable only to the extent that the Village receives such incremental property taxes.

On March 2, 1998, the Village issued a \$337,272 Junior Lien Tax Increment Revenue Note, Series 1998-A. The note matured November 15, 2017, and accrues interest at 15% until principal is paid. Payments are due November 15 annually to the extent that incremental taxes are on deposit with the Village. The full amount of principal on the note was outstanding at December 31, 2021. The Senior TIF Lien Bonds associated with this note were paid off in 2017.

On November 15, 2006, the Village issued \$496,609 of Senior Lien Tax Increment Revenue (Capital Appreciation) Bonds, Series 2006. The remaining outstanding bonds totaling \$315,314 at December 31, 2021, are to be retired in annual installments ranging from \$65,000 to \$300,000, beginning November 15, 2018 through November 15, 2026. Interest is payable semiannually and is added to the principal balance due 10%. The bonds are payable from the Cook TIF 2 Fund.

On November 15, 2006, the Village also issued a \$66,000 Junior Lien Tax Increment Revenue Note, Series 2006-A. The note matures November 15, 2026, and accrues interest at 13% until principal is paid. Payments are due November 15 annually to the extent that incremental taxes are on deposit with the Village.

Both the 1998 and 2006 Junior Lien Notes are subordinate to their respective senior lien bonds. The senior and junior liens are each payable from the same incremental revenues generated by their respective redevelopment areas. Since the amount of those taxes is uncertain, with payments on the junior lien notes delayed until sufficient net incremental property taxes have been collected, no repayment schedule has been calculated for the junior lien notes. The order of payment on both junior lien notes from all available monies shall be as follows:

- a) To pay for previously accrued interest on the Junior Lien Note
- b) To pay for current interest on the Junior Lien Note
- c) To pay mandatory redemption of principal on the Junior Lien Note

The Village also has two notes with developers to reimburse them for approved redevelopment costs. The first was entered into in 2005 for a maximum amount of \$1,104,172, and the second in 2011 for a maximum amount of \$70,000. The second note was paid in full in 2019. Both notes provide annual payments of 75% of incremental taxes from the redevelopment area. The remaining amount due at December 31, 2021, was \$313,799. Since the amount of incremental taxes is uncertain, no repayment schedule has been calculated for these notes.

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On February 22, 2018, the Village issued Alternate Revenue Source General Obligation Bonds Series 2018 with face value of \$3,190,000. The bonds were issued at premium of \$85,893. Proceeds from the bonds were used to (i) finance the cost of construction of a police station and other capital improvements throughout the Village (Project), (ii) finance the reimbursements of expenditures already incurred and paid by the Village related to the Project, and (iii) pay for the costs of issuance associated with the bonds. Interest on the bonds is payable semi-annually on July 1 and January 1 of each year, commencing January 1, 2019. Interest on the bonds ranges from 3.5% to 5.0%. Principal installments range from \$120,000 to \$220,000 and are due annually starting January 1, 2019. The bonds will mature on January 1, 2039.

The Alternate Revenue Source General Obligation Bonds are secured by a pledge of (i) certain tax revenues received by the Village and (ii) other funds of the Village as may be lawfully available and annually appropriated for such payment. The Village has pledged a portion of future sales tax revenues to repay the remaining principal and interest on the Series 2018 Bonds. The pledged revenues are projected to be sufficient to meet debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$4.8 million, payable through fiscal year 2039. Interest and principal paid on the bonds in 2021 amounted to \$223,425.

Changes in long-term debt payable for governmental and business-type activities are as follows:

	Beginning Balance	Additions/ Accretion	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Alternate Revenue G.O.					
Series 2018	\$ 2,965,000	\$ -	\$ 105,000	\$ 2,860,000	\$ 110,000
Bond premium	65,965	-	6,553	59,412	-
Promissory notes	159,045	-	64,603	94,442	32,381
TIF Senior Lien Capital					
Accretion Bonds					
Series 2006	315,614	32,351	70,000	277,965	70,000
TIF Junior Lien Notes					
Series 1998	337,272	-	-	337,272	-
Series 2006	66,000	-	-	66,000	-
TIF Developer Notes	387,004	-	73,205	313,799	-
Compensated absences	179,415	-	39,010	140,405	14,041
	<u>\$ 4,475,315</u>	<u>\$ 32,351</u>	<u>\$ 358,371</u>	<u>\$ 4,149,295</u>	<u>\$ 226,422</u>
Business-type activities					
Compensated absences	\$ 18,768	\$ 2,136	\$ 1,877	\$ 19,027	\$ 1,903

Village of Steger, Illinois
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Total interest expense on the notes payable for 2021 is approximately \$4,000. Annual debt service requirements to maturity for the promissory notes are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 32,381	\$ 2,663	\$ 35,044
2023	32,381	1,579	33,960
2024	29,680	498	30,178
	<u>\$ 94,442</u>	<u>\$ 4,740</u>	<u>\$ 99,182</u>

Future payments and annual accretions for the Capital Appreciation Bonds for each of the next five fiscal years and in five-year increments thereafter are as follows:

Year Ending December 31,	Governmental Activities	
	Accretion	Principal
2022	\$ 28,492	\$ 70,000
2023	24,237	75,000
2024	19,034	75,000
2025	13,298	75,000
2026	6,974	75,000
	<u>\$ 92,035</u>	<u>\$ 370,000</u>
Accrued value at December 31, 2021		<u>\$ 277,965</u>

Future payments for the Alternate Revenue G.O. Bonds for each of the next five fiscal years and in five-year increments thereafter are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 110,000	\$ 114,125	\$ 224,125
2023	115,000	109,625	224,625
2024	120,000	104,925	224,925
2025	125,000	100,025	225,025
2026-2030	705,000	419,525	1,124,525
2031-2035	855,000	264,988	1,119,988
2036-2039	830,000	68,000	898,000
	<u>\$ 2,860,000</u>	<u>\$ 1,181,213</u>	<u>\$ 4,041,213</u>

Village of Steger, Illinois
Notes to Financial Statements
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Note 7: Other Postemployment Benefits

Plan Description

The Village provides other postemployment benefits (OPEB) for retired employees through a single-employer defined benefit OPEB plan. Employees are eligible to retire from the Village of Steger and continue their health coverage after meeting the age and service requirement for retirement. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund in the Village’s financial statements, as no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report.

Eligibility

Police

Tier 1	Age 50 and 20 years of service or age 60 and 8 years of service	
Tier 2	Normal retirement	Age 55 and 10 years of service
	Early retirement	Age 50 and 10 years of service

Other IMRF-Covered Employees and Elected Officials

Tier 1	Normal retirement	Age 55 and 35 years of service or age 60 and 8 years of service
	Early retirement	Age 55 and 8 years of service
Tier 2	Normal retirement	Age 62 and 35 years of service or age 67 and 10 years of service
	Early retirement	Age 62 and 10 years of service

Benefits

Retired eligible employees and their dependents may continue coverage under Village of Steger’s group health until they reach age 65 by paying 100% of the blended group premium cost. The Village pays the entire actuarial cost of the health coverage for grandfathered retired elected officials and their spouses. The Village pays 100% of the cost of coverage for disabled officers.

Employees Covered by Benefit Terms

At December 31, 2021, the following Village employees were covered by the benefit terms:

Active participants	34
Retired participants	4
	<hr style="width: 100%;"/>
	38
	<hr style="width: 100%;"/>

Village of Steger, Illinois
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The plan only covers previous retired officials who are already part of the plan. New retired officials are no longer covered.

Total OPEB Liability

The Village's total OPEB liability of \$962,644 was measured as of December 31, 2021, as determined by an actuarial valuation as of December 31, 2021.

Changes in Total OPEB Liability

Balance at January 1, 2021	\$ 962,644
Changes for the year	
Service cost including administrative expenses	48,309
Interest on the total OPEB liabilities	18,910
Benefit changes	(5,667)
Differences between expected and actual experience	(235,172)
Assumption changes	74,839
Benefit payments	(34,298)
Net changes	(133,079)
Balance at December 31, 2021	\$ 829,565

Changes in assumptions reflect a change in the discount rate from 2.00% in 2020 to 1.84% in 2021.

OPEB Expense and Deferred Inflows of Resource Related to OPEB

For the year ended December 31, 2021, the Village recognized OPEB expense of \$62,122. At December 31, 2021, the Village reported deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,721	\$ (211,534)
Assumption changes	194,143	(72,599)
	\$ 276,864	\$ (284,133)

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

Year Ending December 31,	Amount
2022	\$ 570
2023	570
2024	570
2025	570
2026	570
Thereafter	<u>(10,119)</u>
	<u>\$ (7,269)</u>

Actuarial Assumption and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	December 31, 2021
Actuarial cost method	Entry-age normal
Discount rate	2.00% used as of January 1, 2021 1.84% as of December 31, 2021 The discount rate was based on the 20-year muni bond index rates
Salary increase	3.50% per annum
Mortality	Probabilities of death for participants were according to PubS base rates projected to 2021 using scale MP2021 for Police. For all others, the Pub 2010 base rates projected to 2021 using scale MP2021 was used. No additional provision (besides those already embedded) were included for mortality improvements beyond 2021.
Healthcare cost trend rates	Starting at 7.0% decreasing .25% annually through 2023, then .50% through 2026 to an ultimate rate of 4.5% for 2027 and after.

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Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The table below presents the total OPEB liability of the Village calculated using the discount rate of 1.84% 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 (0.84%) or 1 percentage point higher (2.84%) the current rate:

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
Village's total OPEB liability	\$ 908,356	\$ 829,565	\$ 758,973

The table below illustrates the sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates assumption for a 1% decrease and a 1% increase in the rates.

	1% Decrease 6.0% Decreasing to 3.5%	Current Healthcare Cost Trend Rates 7.0% Decreasing to 4.5%	1% Increase 8.0% Decreasing to 5.5%
Village's total OPEB liability	\$ 743,671	\$ 829,565	\$ 929,758

Note 8: Defined Benefit Pension Plan – Regular Employees

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF) plans (Regular and SLEP), agent multiple-employer defined benefit pension plans, and the Police Pension Plan, which is a single-employer defined benefit pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. Complete financial statements for the Police Pension Plan may be obtained at the Village's administrative offices located at 3320 Lewis Avenue, Steger, Illinois 60475. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained on-line at www.imrf.org.

Village of Steger, Illinois
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The aggregate totals for all pension items for the three plans are as follows:

	Governmental Activities	Business-Type Activities	Total Village
Net pension liability (asset)			
IMRF - Regular	\$ (1,147,498)	\$ (320,078)	\$ (1,467,576)
IMRF - SLEP	(114,881)	-	(114,881)
Police	7,538,033	-	7,538,033
	<u>\$ 6,275,654</u>	<u>\$ (320,078)</u>	<u>\$ 5,955,576</u>
Deferred outflows of resources			
IMRF - Regular	\$ 40,984	\$ 11,432	\$ 52,416
IMRF - SLEP	-	-	-
Police	2,167,296	-	2,167,296
	<u>\$ 2,208,280</u>	<u>\$ 11,432</u>	<u>\$ 2,219,712</u>
Deferred inflows of resources			
IMRF - Regular	\$ 786,015	\$ 219,247	\$ 1,005,262
IMRF - SLEP	57,550	-	57,550
Police	1,615,739	-	1,615,739
	<u>\$ 2,459,304</u>	<u>\$ 219,247</u>	<u>\$ 2,678,551</u>
Pension expense			
IMRF - Regular	\$ (204,943)	\$ (57,166)	\$ (262,109)
IMRF - SLEP	(12,000)	-	(12,000)
Police	851,911	-	851,911
	<u>\$ 634,968</u>	<u>\$ (57,166)</u>	<u>\$ 577,802</u>

Regular Plan

Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. 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, detailed information about the pension plan's fiduciary net

Village of Steger, Illinois
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position, and required supplemental information. The report may be obtained online at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs and selected police chiefs.

All three IMRF benefit plans have two tiers of pension benefits. 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% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% 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% 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% 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% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled but not yet receiving benefits	42
Active plan members	30
Total employees covered by IMRF	104

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Contributions

As set by statute, the Village's Regular Plan members are required to contribute 4.5% 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 their own employees. The Village's annual contribution rate for calendar year 2021 was 7.51%. For the fiscal year ended December 31, 2021, the Village contributed \$77,202 to the plan. 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 reported at December 31, 2021, was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at January 1, 2021	\$ 6,119,524	\$ 6,878,141	\$ (758,617)
Service cost	88,797	-	88,797
Interest	435,520	-	435,520
Differences between expected and actual experience	58,216	-	58,216
Contributions - employer	-	77,202	(77,202)
Contributions - employee	-	46,425	(46,425)
Net investment income	-	1,176,644	(1,176,644)
Benefit payments, including refunds	(313,497)	(313,497)	-
Miscellaneous other charges	-	(8,779)	8,779
Net changes	269,036	977,995	(708,959)
Balances at December 31, 2021	<u>\$ 6,388,560</u>	<u>\$ 7,856,136</u>	<u>\$ (1,467,576)</u>

Village of Steger, Illinois
Notes to Financial Statements
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$(262,109). At December 31, 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
Differences between expected and actual experience	\$ 52,416	\$ 65,425
Changes of assumptions	-	22,088
Net difference between projected and actual earnings on pension plan investments	-	917,749
	\$ 52,416	\$ 1,005,262

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

Year Ending December 31	Amount
2022	\$ (223,743)
2023	(369,490)
2024	(222,577)
2025	(137,036)
	\$ (952,846)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry-age normal

Village of Steger, Illinois
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Assumptions	
Inflation	2.25%
Salary increases	2.85% - 13.75%, including inflation
Investment rate of return	7.25%
Asset valuation method	Market value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) 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.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2021, was 7.25% (same as prior year). The projection of cash flows used to determine the discount rate assumes that employee 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 employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model 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 by the target asset allocation percentage and by adding expected inflation.

Village of Steger, Illinois
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The target allocation and best estimates of geometric real rates of return as of December 31, 2021, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return
Domestic equity	39%	4.50%
International equity	15%	5.75%
Fixed income	25%	2.00%
Real estate	10%	5.90%
Alternative investments	10%	4.30% - 8.10%
Cash equivalents	1%	1.70%

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Village, calculated using the discount rate of 7.25%, as well as what the Village’s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
Net pension liability (asset) of the Village	\$ (724,449)	\$ (1,467,576)	\$ (2,064,041)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report.

Note 9: Defined Benefit Pension Plan – Sheriff’s Law Enforcement Plan (SLEP)

Plan Description

The Village’s defined benefit pension plan for sheriff’s law enforcement personnel employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the

Village of Steger, Illinois
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General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements, detailed information about the pension plan’s fiduciary net position and required supplemental information. The report may be obtained online at www.imrf.org.

Benefits Provided

The SLEP plan is for sheriffs, deputy sheriffs and selected police chiefs. SLEP provides two tiers of pension benefits. Employees hired prior to 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% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% 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% 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% 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% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1
Active plan members	1
	1
Total employees covered by IMRF	2

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Contributions

As set by statute, the Village's SLEP plan members are required to contribute 14.10% 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. For the fiscal year ended December 31, 2021, the Village made no contributions to the plan. 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 (Asset)

The Village's net pension liability (asset) reported at December 31, 2021, was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of that date.

Changes in the net pension asset during the measurement year were as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at January 1, 2021	\$ 197,339	\$ 286,978	\$ (89,639)
Interest	13,741	-	13,741
Differences between expected and actual experience	16,704	-	16,704
Contributions - employer	-	1,215	(1,215)
Contributions - employee	-	646	(646)
Net investment income	-	53,917	(53,917)
Benefit payments, including refunds	(15,620)	(15,620)	-
Miscellaneous other charges	-	(91)	91
Net changes	14,825	40,067	(25,242)
Balances at December 31, 2021	\$ 212,164	\$ 327,045	\$ (114,881)

Village of Steger, Illinois
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of (\$12,000). At December 31, 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
Net difference between projected and actual earnings on pension plan investments	<u>\$ -</u>	<u>\$ 57,550</u>

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

Year Ending December 31	Amount
2022	\$ (12,339)
2023	(24,156)
2024	(14,334)
2025	(6,721)
	\$ (57,550)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry-age normal

Village of Steger, Illinois
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Assumptions	
Inflation	2.25%
Salary increases	2.85% - 13.75%, including inflation
Investment rate of return	7.25%
Asset valuation method	Market value

For or nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) 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.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2021, was 7.25% (same as prior year). The projection of cash flows used to determine the discount rate assumes that employee 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 employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model 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 by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of geometric real rates of return as of December 31, 2021, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return
Domestic equity	39%	4.50%
International equity	15%	5.75%
Fixed income	25%	2.00%
Real estate	10%	5.90%
Alternative investments	10%	4.30% - 8.10%
Cash equivalents	1%	1.70%

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Village, calculated using the discount rate of 7.25%, as well as what the Village’s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
Net pension liability (asset) of the Village	\$ (93,884)	\$ (114,881)	\$ (132,944)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report.

Note 10: Defined Benefit Pension Plan – Police Pension Fund

Plan Description

The Police Pension Fund is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the fund as a pension trust fund. The plan is governed by a five-member Board of Trustees. Two members of the board are appointed by the Village’s mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

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The plan issues a publicly available report that includes financial statements and other required information for the Police Pension Fund which may be obtained by writing the Village.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	12
 Total employees covered by the plan	 23

Benefits Provided

The Police Pension Fund provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held 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% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), 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. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (*i.e.*, one-half percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1 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% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee

Village of Steger, Illinois
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contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended December 31, 2021, the Village's contribution was 51.68% of covered payroll, or \$493,782.

Pension Plan Investments – Policy and Rate of Return

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is in accordance with Illinois Compiled Statutes (ILCS), as described further in Note 2. It is the policy of the pension board to pursue an investment strategy that manages 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. The following was the pension board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation %
Fixed income	53.0%
Domestic equity	20.0%
International equity	10.0%
Real estate equities	5.0%
Blended equities	10.0%
Cash and equivalents	2.0%

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.37%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability

The components of the net pension liability of the Village at December 31, 2021, were as follows:

Total pension liability	\$ 14,526,758
Plan fiduciary net position	<u>(6,988,725)</u>
Village's net pension liability	<u><u>\$ 7,538,033</u></u>
Plan fiduciary net position as a percentage of the total pension liability	48.11%

The Village's net pension liability reported at December 31, 2021, was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of January 1, 2021, rolled forward to December 31, 2021.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at January 1, 2021	<u>\$ 15,205,034</u>	<u>\$ 7,246,083</u>	<u>\$ 7,958,951</u>
Service costs	391,766	-	391,766
Interest	735,095	-	735,095
Differences between expected and actual experience	(329,795)	-	(329,795)
Change in assumptions	(687,060)	-	(687,060)
Change in benefit terms	-	-	-
Contributions - employer	-	493,782	(493,782)
Contributions - employee	-	91,075	(91,075)
Net investment income	-	(20,571)	20,571
Benefit payments, including refunds	(788,282)	(788,282)	-
Miscellaneous other charges	-	(33,362)	33,362
Net changes	<u>(678,276)</u>	<u>(257,358)</u>	<u>(420,918)</u>
Balances at December 31, 2021	<u><u>\$ 14,526,758</u></u>	<u><u>\$ 6,988,725</u></u>	<u><u>\$ 7,538,033</u></u>

Village of Steger, Illinois
Notes to Financial Statements
December 31, 2021

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

For the year ended December 31, 2021, the Village recognized pension expense of \$851,911. At December 31, 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
Differences between expected and actual experience	\$ 377,234	\$ 983,069
Change of assumptions	1,733,991	632,670
Net difference between projected and actual earnings on pension plan investments	56,071	-
	\$ 2,167,296	\$ 1,615,739

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

Year Ending December 31	Amount
2022	\$ 231,051
2023	92,417
2024	195,011
2025	87,919
2026	(81,255)
Thereafter	26,414
	\$ 551,557

Village of Steger, Illinois
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Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.50% - 11.32%
Investment rate of return	6.50%
Asset valuation method	Fair value
Actuarial cost method	Entry-age normal
Mortality rates	PubS-2010(A) adjusted for Plan Status, Collar and Illinois Public Pension Data, as appropriate
Retirement rates	100% of L&A 2020 Illinois Police Retirement Rates capped at age 65
Termination rates	100% of L&A 2020 Illinois Police Termination Rates
Disability rates	100% of L&A 2020 Illinois Police Disability Rates
Marital assumptions	Active members: 80% Retiree and disabled members: 80%

Discount Rate

The discount rate used to measure the total pension liability was 5.45% (5.13% in the prior year). The projection of cash flows used to determine the discount rate assumed that employee 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 employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members through 2065. Accordingly, the discount rate reflects the use of the long-term expected rate of return of 6.50% through 2064 and the use of the High Quality 20-Year Tax-Exempt G.O. Bond Rate (which is published by the Federal Reserve) of 2.06% for all remaining years (2.74% in the prior year).

The long-term expected rate of return on pension plan investments was determined using an asset allocation study conducted by the fund's investment management firm in December 2014 in which

Village of Steger, Illinois
Notes to Financial Statements
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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 by the target asset allocation percentage and by adding expected summarized inflation. Best estimates of arithmetic real rates of return as of December 31, 2021, for each major asset class included in the pension plan's target asset allocation, as disclosed above, are in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	1.30%
Domestic equities	5.40%
International equities	5.50%
Real estate equities	4.50%
Blended equities	3.50%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Village, calculated using the discount rate of 5.45%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.45%) or one percentage point higher (6.45%) than the current rate:

	One Percent Decrease (4.45%)	Current Discount Rate (5.45%)	One Percent Increase (6.45%)
Net pension liability of the Village	\$ 9,850,844	\$ 7,538,033	\$ 5,662,875

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report.

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Note 11: Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to the Village's employees. The Village participates in the Illinois Counties Risk Management Trust (ICRMT). ICRMT is a proprietary cooperative whose members are Illinois governments. ICRMT manages and funds first-party property losses, third-party liability claims, workers' compensation claims and public officials' liability claims of its members.

Management consists of a Board of Directors composed of one appointed representative from each member. In addition, there are two officers, a risk manager and a treasurer.

The Village does not exercise any control over the activities of ICRMT beyond its representation on the Board of Directors.

Contributions to ICRMT are determined in advance of each membership year based on the individual member's eligible revenue, as defined in the bylaws of ICRMT, assessment factors based on past member experience and the funding needs for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of ICRMT attributable to a membership year during which they were a member. The Village's payments to ICRMT are displayed in the financial statements as expenditures/expenses in the appropriate funds.

The Village purchases third-party indemnity insurance for employees' health, dental and vision. The Village is not aware of any additional amounts owed as of December 31, 2021, for the current or prior claim years. There have been no significant reductions in insurance coverage during the current year. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Note 12: Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance at December 31, 2021, of \$79,331, the Road and Bridge Fund had a deficit fund balance of \$387,476, the D.A.R.E. Fund had a deficit fund balance of \$2,192, Auditing Fund had a deficit fund balance of \$46 and the TIF 4 Fund had a deficit fund balance of \$82,058. These deficits are expected to be eliminated either through operations of the funds or transfers from the General Fund.

Note 13: Tax Incentives and Abatements

As of December 31, 2021, the Village of Steger provides tax incentives under the *Tax Increment Allocation Redevelopment Act*. The Village uses the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 to, among other things, finance infrastructure redevelopment projects that

Village of Steger, Illinois

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December 31, 2021

retain, expand and create employment opportunities within the Village's TIF districts, increase industry and commerce within the State of Illinois, increase the tax base, and eradicate potentially blighting conditions through the use of tax increment allocation financing for economic redevelopment. Under the TIF program, the Village authorizes incentives through passage of public ordinances, based upon each business' investment criteria, and through a contractual redevelopment agreement with each business, including among other things, a proposed TIF budget outlining the project and proof that the project and/or improvements have been made. Parcels located within a TIF district receive a property tax bill as well as any normal increase in the property tax bill; however, the increase or increment from the time the TIF is adopted and certified comes back to the Village to be used within the TIF district for the TIF eligible costs, some of which are described above. A portion of the agreed-upon amount of increment is rebated to the developer for the TIF eligible costs in accordance with the signed and adopted Redevelopment Agreement. For fiscal year ended December 31, 2021, the Village's property tax revenue was not reduced but was segregated by virtue of the TIF base value and the incremental property taxes collected. Payouts made by the Village under these programs totaled \$208,978 for the year ended December 31, 2021.

Note 14: Future Adoption of Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) recently issued the following standards:

GASB Statement No. 87, *Leases* (GASB 87)

In June 2017, GASB 87, *Leases*. The standard was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new standard establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting – A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting – A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

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The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded. The effective date is for periods beginning after June 15, 2021.

GASB Statement No. 92, *Omnibus 2020* (GASB 92)

GASB 92 addresses practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to leases, intra-entity transfers, fiduciary activities and fair value disclosures. GASB 92 is effective for reporting periods based on individual topics discussed therein. Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96)

GASB 96 provides guidance on governments are utilizing more cloud-based solutions for their information technology (IT) needs and paying for the use of third-parties' IT software on a subscription basis. The accounting and financial reporting for what the GASB refers to as subscription-based information technology arrangements (SBITAs) has been inconsistent because of a lack of authoritative guidance. The Standard is effective for reporting periods after June 15, 2022, and all reporting periods thereafter, with early implementation encouraged. The statement would be applied retroactively, using the facts and circumstances that exist at the beginning of the fiscal year of implementation. Due to the COVID-19 pandemic, the effective date was delayed one year from that originally proposed.

Management has not yet completed its evaluation of the impact, if any, of the provisions of these standards on its financial statements.

**Required Supplementary Information
(Unaudited)**

Village of Steger, Illinois
Required Supplementary Information
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Year Ended December 31, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 48,309	\$ 42,601	\$ 76,514	\$ 84,785
Interest	18,910	23,452	51,778	44,555
Benefit changes	(5,667)	-	(712,880)	-
Differences between expected and actual experience	(235,172)	-	116,864	-
Change of assumptions	74,839	64,193	106,151	(117,739)
Benefit payments including refunds	<u>(34,298)</u>	<u>(47,040)</u>	<u>(43,757)</u>	<u>(44,086)</u>
Net change in total OPEB liability	(133,079)	83,206	(405,330)	(32,485)
Total OPEB liability - beginning of year	<u>962,644</u>	<u>879,438</u>	<u>1,284,768</u>	<u>1,317,253</u>
Total OPEB liability - end of year	<u>\$ 829,565</u>	<u>\$ 962,644</u>	<u>\$ 879,438</u>	<u>\$ 1,284,768</u>
Covered-employee payroll	\$ 1,728,108	\$ 1,960,747	\$ 1,885,334	\$ 1,988,864
Village's total OPEB liability as a percentage of covered-employee payroll	48.00%	49.10%	46.65%	64.60%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Changes of assumptions relate to changes in the discount rate from 2.00% to 1.84% from 2020 to 2021.

GASB Statement No. 75 requires presentation of ten years. As of December 31, 2021, only four years of information is available.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Changes in the Village's Net Pension Liability (Asset)
and Related Ratios
Illinois Municipal Retirement Fund - Regular Plan
Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 88,797	\$ 108,622	\$ 120,411	\$ 115,564	\$ 131,361	\$ 107,083	\$ 109,451
Interest	435,520	433,742	413,730	381,901	380,346	353,403	335,658
Differences between expected and actual experience	58,216	(141,537)	60,750	221,046	(100,928)	85,679	(2,513)
Change of assumptions	-	(47,784)	-	165,972	(160,612)	-	-
Benefit payments including refunds	(313,497)	(323,717)	(302,220)	(242,380)	(200,677)	(197,470)	(212,140)
Net change in total pension liability	269,036	29,326	292,671	642,103	49,490	348,695	230,456
Total pension liability - beginning of year	6,119,524	6,090,198	5,797,527	5,155,424	5,105,934	4,757,239	4,526,783
Total pension liability - end of year	<u>\$ 6,388,560</u>	<u>\$ 6,119,524</u>	<u>\$ 6,090,198</u>	<u>\$ 5,797,527</u>	<u>\$ 5,155,424</u>	<u>\$ 5,105,934</u>	<u>\$ 4,757,239</u>
Plan fiduciary net position							
Contributions - employer	\$ 77,202	\$ 75,841	\$ 52,561	\$ 89,949	\$ 93,118	\$ 90,147	\$ 85,373
Contributions - employee	46,425	44,208	51,941	52,500	53,379	53,447	46,065
Net investment income	1,176,644	892,412	996,801	(314,614)	880,186	315,419	23,889
Benefit payments including refunds	(313,497)	(323,717)	(302,220)	(242,380)	(200,677)	(197,470)	(212,140)
Other (net transfer)	(8,779)	31,297	12,648	68,904	(62,366)	32,583	(127,113)
Net change in plan fiduciary net position	977,995	720,041	811,731	(345,641)	763,640	294,126	(183,926)
Plan fiduciary net position - beginning	6,878,141	6,158,100	5,346,369	5,692,010	4,928,370	4,634,244	4,818,170
Plan fiduciary net position - ending	<u>\$ 7,856,136</u>	<u>\$ 6,878,141</u>	<u>\$ 6,158,100</u>	<u>\$ 5,346,369</u>	<u>\$ 5,692,010</u>	<u>\$ 4,928,370</u>	<u>\$ 4,634,244</u>
Village's net pension liability (asset)	<u>\$ (1,467,576)</u>	<u>\$ (758,617)</u>	<u>\$ (67,902)</u>	<u>\$ 451,158</u>	<u>\$ (536,586)</u>	<u>\$ 177,564</u>	<u>\$ 122,995</u>
Plan fiduciary net position as a percentage of the total pension liability	122.97%	112.40%	101.11%	92.22%	110.41%	96.52%	97.41%
Covered payroll	\$ 1,027,995	\$ 982,398	\$ 1,137,676	\$ 1,166,655	\$ 1,186,212	\$ 1,187,698	\$ 1,023,660
Village's net pension liability (asset) as a percentage of covered payroll	(142.76)%	(77.22)%	(5.97)%	38.67%	(45.2)%	14.95%	12.02%

Notes to Schedule:

There were no benefit changes during the year.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's measurement date (December 31) of the net pension liability (asset).

Village of Steger, Illinois
Required Supplementary Information
Schedule of Changes in the Village's Net Pension Liability (Asset)
and Related Ratios
Illinois Municipal Retirement Fund – SLEP Plan
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,302
Interest	13,741	22,624	22,604	23,144	24,224	24,337	24,789
Differences between expected and actual experience	16,704	(123,906)	9,330	8,620	7,727	7,320	(2,040)
Change of assumptions	-	711	-	6,061	(12,478)	-	-
Benefit payments including refunds	(15,620)	(28,301)	(35,001)	(34,254)	(33,515)	(32,804)	(41,043)
Net change in total pension liability	14,825	(128,872)	(3,067)	3,571	(14,042)	(1,147)	(1,992)
Total pension liability - beginning of year	197,339	326,211	329,278	325,707	339,749	340,896	342,888
Total pension liability - end of year	<u>\$ 212,164</u>	<u>\$ 197,339</u>	<u>\$ 326,211</u>	<u>\$ 329,278</u>	<u>\$ 325,707</u>	<u>\$ 339,749</u>	<u>\$ 340,896</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,855
Contributions - employee	646	-	-	-	-	-	5,791
Net investment income	53,917	60,018	72,326	(30,952)	71,259	24,425	1,701
Benefit payments including refunds	(15,620)	(28,301)	(35,001)	(34,254)	(33,515)	(32,804)	(41,043)
Other (net transfer)	(91)	(123,552)	7,387	14,352	(6,767)	6,760	25,872
Net change in plan fiduciary net position	40,067	(91,835)	44,712	(50,854)	30,977	(1,619)	3,176
Plan fiduciary net position - beginning	286,978	378,813	334,101	384,955	353,978	355,597	352,421
Plan fiduciary net position - ending	<u>\$ 327,045</u>	<u>\$ 286,978</u>	<u>\$ 378,813</u>	<u>\$ 334,101</u>	<u>\$ 384,955</u>	<u>\$ 353,978</u>	<u>\$ 355,597</u>
Village's net pension liability (asset)	<u>\$ (114,881)</u>	<u>\$ (89,639)</u>	<u>\$ (52,602)</u>	<u>\$ (4,823)</u>	<u>\$ (59,248)</u>	<u>\$ (14,229)</u>	<u>\$ (14,701)</u>
Plan fiduciary net position as a percentage of the total pension liability	154.15%	145.42%	116.13%	101.46%	118.19%	104.19%	104.31%
Covered payroll	\$ 8,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,210
Village's net pension liability (asset) as a percentage of covered payroll	(1333.5)%	-	-	-	-	-	(19.0)%

Notes to Schedule:

There were no benefit changes during the year.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's measurement date (December 31) of the net pension liability (asset).

Village of Steger, Illinois
Required Supplementary Information
Schedule of Changes in the Village's Net Pension Liability
and Related Ratios
Police Pension Plan
Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 391,766	\$ 463,455	\$ 391,590	\$ 462,609	\$ 407,488	\$ 384,205	\$ 264,033	\$ 217,127
Interest	735,095	731,845	713,644	693,587	660,260	531,706	500,990	310,962
Differences between expected and actual experience	(329,795)	(600,664)	259,202	(393,605)	(4,804)	(153,823)	675,159	(753,351)
Change of assumptions	(687,060)	345,752	598,563	(121,484)	1,075,738	1,742,755	-	512,690
Change of benefit terms	-	-	95,977	-	-	-	-	-
Benefit payments including refunds	(788,282)	(451,220)	(449,536)	(382,767)	(371,967)	(394,988)	(325,277)	(153,160)
Net change in total pension liability	(678,276)	489,168	1,609,440	258,340	1,766,715	2,109,855	1,114,905	134,269
Total pension liability - beginning of year	15,205,034	14,715,866	13,106,426	12,848,086	11,081,371	8,971,516	7,856,611	7,722,342
Total pension liability - end of year	<u>\$ 14,526,758</u>	<u>\$ 15,205,034</u>	<u>\$ 14,715,866</u>	<u>\$ 13,106,426</u>	<u>\$ 12,848,086</u>	<u>\$ 11,081,371</u>	<u>\$ 8,971,516</u>	<u>\$ 7,856,611</u>
Plan fiduciary net position								
Contributions - employer	\$ 493,782	\$ 462,641	\$ 422,911	\$ 327,613	\$ 261,946	\$ 274,640	\$ 257,765	\$ 176,060
Contributions - employee	91,075	95,838	108,013	111,215	104,006	101,635	89,002	51,112
Contributions - other	-	-	-	-	-	15,758	-	-
Net investment income	(20,571)	854,036	866,160	(321,333)	279,110	152,864	(179,609)	9,729
Benefit payments including refunds	(788,282)	(451,220)	(449,536)	(382,767)	(371,967)	(394,988)	(325,277)	(153,160)
Administrative expenses	(33,362)	(38,094)	(35,841)	(32,841)	(30,807)	(24,412)	(25,121)	(16,928)
Net change in plan fiduciary net position	(257,358)	923,201	911,707	(298,113)	242,288	125,497	(183,240)	66,813
Plan fiduciary net position - beginning	7,246,083	6,322,882	5,411,175	5,709,288	5,467,000	5,341,503	5,524,743	5,457,930
Plan fiduciary net position - ending	<u>\$ 6,988,725</u>	<u>\$ 7,246,083</u>	<u>\$ 6,322,882</u>	<u>\$ 5,411,175</u>	<u>\$ 5,709,288</u>	<u>\$ 5,467,000</u>	<u>\$ 5,341,503</u>	<u>\$ 5,524,743</u>
Village's net pension liability	<u>\$ 7,538,033</u>	<u>\$ 7,958,951</u>	<u>\$ 8,392,984</u>	<u>\$ 7,695,251</u>	<u>\$ 7,138,798</u>	<u>\$ 5,614,371</u>	<u>\$ 3,630,013</u>	<u>\$ 2,331,868</u>
Plan fiduciary net position as a percentage of the total pension liability	48.11%	47.66%	42.97%	41.29%	44.44%	49.34%	59.54%	70.32%
Covered payroll	\$ 955,398	\$ 1,145,479	\$ 1,070,145	\$ 1,116,996	\$ 1,074,571	\$ 1,040,747	\$ 990,071	\$ 753,126
Village's net pension liability as a percentage of covered payroll	788.99%	694.81%	784.28%	688.92%	664.34%	539.46%	366.64%	309.63%

Notes to Schedule:

Changes of assumptions relate to changes in the discount rate from 5.13% to 5.45%.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's measurement date (December 31) of the net pension liability.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Village Contributions
Illinois Municipal Retirement Fund – Regular Plan
Year Ended December 31, 2021

Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/2021	\$ 77,202	\$ 77,202	\$ -	\$ 1,027,995	7.51%
12/31/2020	75,841	75,841	-	982,398	7.72%
12/31/2019	52,561	52,561	-	1,137,676	4.62%
12/31/2018	89,949	89,949	-	1,166,655	7.71%
12/31/2017	93,118	93,118	-	1,186,212	7.85%
12/31/2016	90,146	90,147	1	1,187,698	7.59%
12/31/2015	85,373	85,373	-	1,023,660	8.34%

Notes to the Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Aggregate entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
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 of the period 2014 to 2016.
Mortality	For nondisabled 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 nondisabled 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	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2019 actuarial valuation; note two-year lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's most recent fiscal year-end.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Village Contributions
Illinois Municipal Retirement Fund – SLEP Plan
Year Ended December 31, 2021

Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/2021	\$ 1,215	\$ 1,215	\$ -	\$ 8,615	14.10%
12/31/2020	-	-	-	-	-
12/31/2019	-	-	-	-	-
12/31/2018	-	-	-	-	-
12/31/2017	-	-	-	-	-
12/31/2016	-	-	-	-	-
12/31/2015	10,570	10,855	285	77,210	14.06%

Notes to the Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Aggregate entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
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 of the period 2014 to 2016.
Mortality	For nondisabled 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 nondisabled 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	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2019 actuarial valuation; note two year-lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's most recent fiscal year-end.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Village Contributions
Police Pension Plan
Year Ended December 31, 2021

Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Excess/ (Deficiency)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/2021	\$ 556,002	\$ 493,782	\$ (62,220)	\$ 955,398	51.68%
12/31/2020	467,265	462,641	(4,624)	1,145,479	40.39%
12/31/2019	419,606	422,911	3,305	1,070,145	39.52%
12/31/2018	569,857	327,613	(242,244)	1,116,996	29.33%
12/31/2017	424,919	261,946	(162,973)	1,074,571	24.38%
12/31/2016	306,457	274,640	(31,817)	1,040,747	26.39%
12/31/2015	236,747	257,765	21,018	990,071	26.04%
12/31/2014	203,155	176,060	(27,095)	753,126	23.38%

Notes to the Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated one year prior in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Amortization target	20 years
Asset valuation method	5-year smoothed market; no corridor
Inflation	2.50%
Salary increases	3.50% to 11.00%, including inflation
Investment rate of return	6.25%
Mortality	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Retirement age	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Termination rates	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Disability rates	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017

Information above based on valuation assumptions used in the January 1, 2020 actuarial valuation; note two-year lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of ten fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2015. Information in this schedule has been determined as of the Village's most recent fiscal year-end.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Investment Returns
Police Pension Fund
Year Ended December 31, 2021

Fiscal Year	Annual Money Weighted Rate of Return, Net of Investment Expense
2014	0.20%
2015	(3.24)%
2016	3.09%
2017	5.16%
2018	(5.94)%
2019	16.50%
2020	13.82%
2021	(0.37)%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Village of Steger, Illinois
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Property taxes	\$ 1,291,255	\$ 1,175,530	\$ (115,725)
Other taxes	546,800	553,846	7,046
Licenses and permits	181,100	199,453	18,353
Intergovernmental	2,201,500	2,522,570	321,070
Charges for services	355,900	297,295	(58,605)
Fines and forfeitures	81,100	56,577	(24,523)
Investment income	750	320	(430)
Miscellaneous	141,600	89,329	(52,271)
Total revenues	<u>4,800,005</u>	<u>4,894,920</u>	<u>94,915</u>
Expenditures			
Current			
General government	734,645	882,153	(147,508)
Public safety	3,304,544	3,213,981	90,563
Total expenditures	<u>4,039,189</u>	<u>4,096,134</u>	<u>(56,945)</u>
Excess of Revenues Over Deficiencies	760,816	798,786	37,970
Other Financing Uses			
Transfers out	<u>(760,000)</u>	<u>(760,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 816</u>	38,786	<u>\$ 37,970</u>
Beginning Fund Balance		<u>2,610,079</u>	
Ending Fund Balance		<u>\$ 2,648,865</u>	

Village of Steger, Illinois
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Liability Insurance Fund
Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Property taxes	\$ 721,700	\$ 656,319	\$ (65,381)
Miscellaneous	165,000	154,599	(10,401)
Total revenues	<u>886,700</u>	<u>810,918</u>	<u>(75,782)</u>
Expenditures			
Current			
General government	139,750	113,596	26,154
Public safety	950,300	772,456	177,844
Highway and streets	251,550	204,474	47,076
Parks and recreation	55,900	45,439	10,461
Total expenditures	<u>1,397,500</u>	<u>1,135,965</u>	<u>261,535</u>
Excess (Deficiency) of Revenues Over Expenditures	(510,800)	(325,047)	185,753
Other Financing Sources			
Transfers in	<u>525,000</u>	<u>525,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 14,200</u>	199,953	<u>\$ 185,753</u>
Beginning Fund Balance		<u>(145,627)</u>	
Ending Fund Balance		<u>\$ 54,326</u>	

Village of Steger, Illinois
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Motor Fuel Tax Fund
Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Intergovernmental	\$ 350,000	\$ 374,972	\$ 24,972
Investment income	2,500	290	(2,210)
Total revenues	352,500	375,262	22,762
Expenditures			
Current			
Highways and streets	485,500	731,653	(246,153)
Net Change in Fund Balance	\$ (133,000)	(356,391)	\$ (223,391)
Fund Balance, Beginning of Year		676,802	
Fund Balance, End of Year		\$ 320,411	

Village of Steger, Illinois
Note to Required Supplementary Information
December 31, 2021

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The Village, each year prior to March 30 of the fiscal year, must file and pass the appropriation for the fiscal year ended December 31. This appropriation can be subsequently amended by a two-thirds vote of the Board of Trustees. However, no amendments were passed during the year.

Appropriations are adopted, controlled, and formal budgetary integration is employed as a control device during the year at the fund level for all funds. All appropriations lapse at the end of the year for which the appropriations were adopted.

The following funds had expenditures over budget:

Fund	Excess of Expenditures Over Budget
General	\$ 56,945
Motor Fuel Tax	246,153

**Other Supplemental Information -
Combining Financial Statements**

Village of Steger, Illinois
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds			
	I.M.R.F.	Playground/ Recreation	Road and Bridge	D.A.R.E.
Assets				
Cash and investments	\$ 122,669	\$ 137,905	\$ 2,867	\$ 307
Receivables, net of allowances				
Property taxes	149,231	72,152	3,557	-
Due from other funds	1,147	2,078	-	-
Prepaid items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 273,047</u>	<u>\$ 212,135</u>	<u>\$ 6,424</u>	<u>\$ 307</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ -	\$ 6,114	\$ 11,078	\$ -
Due to other funds	-	-	351,738	2,499
Accrued payroll	-	9,127	31,084	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>15,241</u>	<u>393,900</u>	<u>2,499</u>
Deferred Inflows of Resources				
Property taxes levied for the following year	<u>147,400</u>	<u>71,266</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)				
Nonspendable - prepaids	-	-	-	-
Committed for playground/recreation purposes	-	125,628	-	-
Restricted				
Highway and streets	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Employee retirement	125,647	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(387,476)</u>	<u>(2,192)</u>
Total fund balances (deficits)	<u>125,647</u>	<u>125,628</u>	<u>(387,476)</u>	<u>(2,192)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 273,047</u>	<u>\$ 212,135</u>	<u>\$ 6,424</u>	<u>\$ 307</u>

Special Revenue Funds

MFT Rebuild IL Allotments	E.S.D.A.	Auditing	Total Special Revenue Funds	Debt Service Fund
\$ 420,467	\$ 31,608	\$ 500	\$ 716,323	\$ 500
-	1,406	26,045	252,391	-
-	2,787	-	6,012	55,000
-	-	-	-	168,163
<u>\$ 420,467</u>	<u>\$ 35,801</u>	<u>\$ 26,545</u>	<u>\$ 974,726</u>	<u>\$ 223,663</u>
\$ -	\$ 980	\$ -	\$ 18,172	\$ -
-	-	866	355,103	166,647
-	2,528	-	42,739	-
-	3,508	866	416,014	166,647
-	1,390	25,725	245,781	-
-	-	-	-	168,163
-	-	-	125,628	-
420,467	-	-	420,467	-
-	30,903	-	30,903	-
-	-	-	-	-
-	-	-	125,647	-
-	-	(46)	(389,714)	(111,147)
<u>420,467</u>	<u>30,903</u>	<u>(46)</u>	<u>312,931</u>	<u>57,016</u>
<u>\$ 420,467</u>	<u>\$ 35,801</u>	<u>\$ 26,545</u>	<u>\$ 974,726</u>	<u>\$ 223,663</u>

Village of Steger, Illinois
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	<u>Capital Projects Funds</u>			
	<u>TIF 1</u> <u>(Will TIF 1)</u>	<u>TIF 2</u> <u>(Cook TIF 1)</u>	<u>TIF 3</u> <u>(Cook TIF 2)</u>	<u>TIF 4</u> <u>(Will TIF 2)</u>
Assets				
Cash and investments	\$ 192,377	\$ 94,619	\$ 115,196	\$ 500
Receivables, net of allowances				
Property taxes	-	-	-	36
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 192,377</u>	<u>\$ 94,619</u>	<u>\$ 115,196</u>	<u>\$ 536</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ -	\$ 570	\$ 70,569	\$ 570
Due to other funds	-	-	-	82,024
Accrued payroll	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>570</u>	<u>70,569</u>	<u>82,594</u>
Deferred Inflows of Resources				
Property taxes levied for the following year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)				
Nonspendable - prepaids	-	-	-	-
Committed for playground/recreation purposes	-	-	-	-
Restricted				
Highway and streets	-	-	-	-
Public safety	-	-	-	-
Economic development	192,377	94,049	44,627	-
Employee retirement	-	-	-	-
Unassigned	-	-	-	(82,058)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,058)</u>
Total fund balances	<u>192,377</u>	<u>94,049</u>	<u>44,627</u>	<u>(82,058)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 192,377</u>	<u>\$ 94,619</u>	<u>\$ 115,196</u>	<u>\$ 536</u>

Capital Projects Funds		
TIF 5 (Will TIF 3)	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 353,616	\$ 756,308	\$ 1,473,131
2,485	2,521	254,912
-	-	61,012
-	-	168,163
<u>\$ 356,101</u>	<u>\$ 758,829</u>	<u>\$ 1,957,218</u>
\$ 569	\$ 72,278	\$ 90,450
-	82,024	603,774
-	-	42,739
<u>569</u>	<u>154,302</u>	<u>736,963</u>
-	-	245,781
-	-	168,163
-	-	125,628
-	-	420,467
-	-	30,903
355,532	686,585	686,585
-	-	125,647
-	(82,058)	(582,919)
<u>355,532</u>	<u>604,527</u>	<u>974,474</u>
<u>\$ 356,101</u>	<u>\$ 758,829</u>	<u>\$ 1,957,218</u>

Village of Steger, Illinois
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2021

	Special Revenue Funds			
	I.M.R.F.	Playground/ Recreation	Road and Bridge	D.A.R.E.
Revenues				
Property taxes	\$ 135,245	\$ 65,416	\$ 152,511	\$ -
Other taxes	-	-	2,196	-
Charges for services	-	52,671	53,958	-
Miscellaneous	-	20	-	-
Total revenues	<u>135,245</u>	<u>118,107</u>	<u>208,665</u>	<u>-</u>
Expenditures				
Current				
General government	198,706	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	419,874	-
Economic development	-	-	-	-
Parks and recreation	-	218,642	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>198,706</u>	<u>218,642</u>	<u>419,874</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,461)</u>	<u>(100,535)</u>	<u>(211,209)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	55,000	95,000	200,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>55,000</u>	<u>95,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balances	(8,461)	(5,535)	(11,209)	-
Beginning Fund Balance	<u>134,108</u>	<u>131,163</u>	<u>(376,267)</u>	<u>(2,192)</u>
Ending Fund Balance	<u>\$ 125,647</u>	<u>\$ 125,628</u>	<u>\$ (387,476)</u>	<u>\$ (2,192)</u>

Special Revenue Funds

MFT Rebuild IL Allotments	E.S.D.A.	Auditing	Total Special Revenue Funds	Debt Service Fund
\$ -	\$ 1,203	\$ 23,578	\$ 377,953	\$ -
210,233	-	-	212,429	-
-	-	-	106,629	-
-	-	-	20	-
<u>210,233</u>	<u>1,203</u>	<u>23,578</u>	<u>697,031</u>	<u>-</u>
-	-	40,300	239,006	-
-	26,210	-	26,210	-
-	-	-	419,874	-
-	-	-	-	-
-	-	-	218,642	-
-	-	-	-	169,603
-	-	-	-	123,022
<u>-</u>	<u>26,210</u>	<u>40,300</u>	<u>903,732</u>	<u>292,625</u>
<u>210,233</u>	<u>(25,007)</u>	<u>(16,722)</u>	<u>(206,701)</u>	<u>(292,625)</u>
-	35,000	10,000	395,000	295,000
-	-	-	-	-
<u>-</u>	<u>35,000</u>	<u>10,000</u>	<u>395,000</u>	<u>295,000</u>
210,233	9,993	(6,722)	188,299	2,375
210,234	20,910	6,676	124,632	54,641
<u>\$ 420,467</u>	<u>\$ 30,903</u>	<u>\$ (46)</u>	<u>\$ 312,931</u>	<u>\$ 57,016</u>

Village of Steger, Illinois
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2021

	<u>Capital Projects Funds</u>			
	<u>TIF 1</u> <u>(Will TIF 1)</u>	<u>TIF 2</u> <u>(Cook TIF 1)</u>	<u>TIF 3</u> <u>(Cook TIF 2)</u>	<u>TIF 4</u> <u>(Will TIF 2)</u>
Revenues				
Property taxes	\$ -	\$ 35,308	\$ 111,392	\$ 97,675
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>35,308</u>	<u>111,392</u>	<u>97,675</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Economic development	50,591	3,201	81,780	83,532
Parks and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>50,591</u>	<u>3,201</u>	<u>81,780</u>	<u>83,532</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(50,591)</u>	<u>32,107</u>	<u>29,612</u>	<u>14,143</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(50,591)	32,107	29,612	14,143
Beginning Fund Balance	<u>242,968</u>	<u>61,942</u>	<u>15,015</u>	<u>(96,201)</u>
Ending Fund Balance	<u>\$ 192,377</u>	<u>\$ 94,049</u>	<u>\$ 44,627</u>	<u>\$ (82,058)</u>

Capital Projects Funds		
TIF 5 (Will TIF 3)	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 216,853	\$ 461,228	\$ 839,181
-	-	212,429
-	-	106,629
-	-	20
<u>216,853</u>	<u>461,228</u>	<u>1,158,259</u>
-	-	239,006
-	-	26,210
-	-	419,874
3,900	223,004	223,004
-	-	218,642
-	-	169,603
-	-	123,022
<u>3,900</u>	<u>223,004</u>	<u>1,419,361</u>
<u>212,953</u>	<u>238,224</u>	<u>(261,102)</u>
-	-	690,000
(95,000)	(95,000)	(95,000)
<u>(95,000)</u>	<u>(95,000)</u>	<u>595,000</u>
117,953	143,224	333,898
<u>237,579</u>	<u>461,303</u>	<u>640,576</u>
<u>\$ 355,532</u>	<u>\$ 604,527</u>	<u>\$ 974,474</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Village of Steger, Illinois
Steger, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Steger (Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon, dated August 3, 2022. Our report expressed a qualified opinion because of a departure from accounting principles generally accepted in the United States of America. The financial statements of the Police Pension Fund were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 to be material weaknesses.

Honorable President and
Members of the Board of Trustees
Village of Steger, Illinois
Page 2

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-003 and 2021-004 to be significant deficiencies.

Report on Compliance and Other Matters

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

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

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

FORVIS,LLP

Oakbrook Terrace, Illinois
August 3, 2022

Village of Steger

Schedule of Findings and Responses

Year Ended December 31, 2021

2021-001 Segregation of Duties (Prior Year Finding)

Criteria: Internal controls are designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept in a good system of internal control is segregation of duties.

Condition: During the audit the following items were noted:

- There are multiple people with access to both cash and the ability to record cash receipts. Daily batch reconciliations/reports are prepared, but not reviewed by anyone independent of these functions leaving the monthly bank reconciliations as the only means of identifying errors or fraud.
- The Village Administrator has access to blank checks and is authorized to sign the checks. The AP Clerk has access to the blank checks and has the ability to post cash payments in the system, plus has access to signed checks for mailing, therefore, is able to modify checks after they have been signed.
- The Village Administrator and payroll clerk have the ability to add new employees and process the payroll checks and related reports without additional review and approval.

Effect: The lack of segregation of duties makes the Village susceptible to financial reporting errors or possible fraud.

Cause: The limited size of the Village's finance department has resulted in Village Administrator and some clerks having ability approve and record journal entries in the system.

Recommendation: We recommend the Village review the above noted transaction cycles and identify additional levels of reviews and approvals be put in place.

Views of Responsible Officials and Planned Corrective Actions: With a small staff the Village has limited options with separating employee duties. For cash receipts the deputy clerk, who does not handle cash receipts, reviews the CDR report from Locis (that shows all cash receipts for the day) and balances the receipts by department. Any discrepancies are investigated on a daily basis to ensure it balances for the day. This person is also then the one who prepares the deposit for the day. A second clerk will then review the deposits to also ensure they are accurate. The Village plans to have a person other than the AP clerk mail signed checks in the future. They are looking to implementing additional review and approval of transactions that cannot be segregated.

2021-002 Maintenance of Capital Asset Records (Prior Year Finding)

Criteria: The Village is required to maintain complete and accurate records for capital asset activity.

Condition: During the audit, the following items were noted:

Village of Steger
Schedule of Findings and Responses
Year Ended December 31, 2021

- The Village was unable to provide documentation to support the cost associated with several of the assets along with the impairment adjustment made in a previous year for one of its buildings.
- Infrastructure assets are missing from the listing resulting in incomplete capital asset records.

Effect: The lack of complete and accurate balances for capital assets results in material misstatements to the financial statements and qualified opinions in the independent auditor's report.

Cause: The Village does not have a formal process tracking capital asset activity. Through the years, it missed reporting capital asset additions and deletions to reconcile with the Village's accounting records.

Recommendation: We recommend that the Village reevaluate their listing of capital assets to ensure it has a complete listing of their capital assets. This will specifically require an assessment/inventory of infrastructure assets be performed so that historical cost values or estimates can be assigned to all of these assets.

Views of Responsible Officials and Planned Corrective Actions: The external finance department, Village Administrator, and department heads communicate to keep track of all asset additions and deletions during the year. Spreadsheets are kept to track the cost and depreciation of all assets added or deleted during the year. The Village plans on having a capital asset inventory completed and implementing a formal capital asset policy in the near future to ensure all assets are properly recorded.

2021-003 Written Policies (Prior Year Finding)

Criteria: Accounting procedures manuals are used by organizations to ensure responsibilities and reporting standards are transparent.

Condition: During the audit, we noted that the Village does not have a policies and procedures manual on the following areas:

- Job descriptions and responsibilities for positions within the Village
- Accounting policies and procedures
- Information technology policies and procedures
- Information security policy
- Disaster recovery policy
- Fixed asset policy

Effect: The lack of a procedures manual in times of staff turnover or extended absence could result in key processes or controls being overlooked, a lack of clarity on how to perform certain key functions, or unclear assignment of responsibilities; ultimately resulting in material financial misstatements.

Village of Steger
Schedule of Findings and Responses
Year Ended December 31, 2021

Cause: The Village has not documented policies and procedures in key areas.

Recommendation: We recommend that the Village consider developing written policies and procedures for the areas above.

Views of Responsible Officials and Planned Corrective Actions: The Village is looking into implementing written policies and procedures in the near future in the areas recommended.

2021-004 Documented Review and Approval (Prior Year Finding)

Criteria: The Village should maintain appropriate documentation of review and approval process.

Condition: During the audit, we noted that the daily cash receipts are not reconciled to the system to ensure there were no errors or payments missing and are also not reviewed by an individual other than the person who prepares the cash receipts and prepares the deposit.

Effect: Lack of control on maintaining appropriate documentation of review and approval process makes the Village susceptible to financial reporting errors or possible fraud.

Cause: The Village does not have policies and procedures in documenting review and approval process.

Recommendation: We recommend that the Village implement policies and procedures requiring the documented review and approve the items above.

Views of Responsible Officials and Planned Corrective Actions: Starting in the middle of 2021 cash receipts are reconciled to the system on a daily basis by the deputy clerk, who has no involvement in preparing cash receipts. She then prepares the deposits for the day. A second clerk then reviews these deposits for discrepancies before they are given to a police officer to be taken to the bank. Documentation and sign-off of the review will be kept in the future.