

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BASIC FINANCIAL STATEMENTS

April 30, 2016

JOHN E. MEISTER

Certified Public Accountant

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

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JOHN E. MEISTER

Certified Public Accountant

809 W. Detweiller Drive, Suite 804
Peoria, Illinois 61615

(309) 683-0441 Phone
(309) 683-0443 Fax

Independent Auditor's Report

To the Honorable Mayor and
Board of Trustees
Village of Peoria Heights, Illinois

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Peoria Heights, Illinois (Village) as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion

The Village of Peoria Heights, Illinois has not presented or disclosed information in connection with potential liabilities for other post-employment benefits as required by Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this presentation and disclosure would affect the financial statements is not reasonably determinable. The Village has also omitted disclosures required by GASB Statement 67 *Pension Disclosures* for the Police Pension Fund. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Qualified Opinion

In my opinion, except for the effects of the matters described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Peoria Heights, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, the Village of Peoria Heights, Illinois adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective May 1, 2015. Net position as of April 30, 2015 has been restated as a result. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

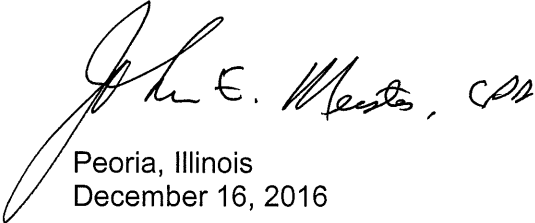
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 50 and 51 and the pension information on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions for the Police Pension Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Peoria Heights, Illinois' basic financial statements. The combining and individual fund financial statements and schedule of property tax rates, extensions and collections and assessed valuations on pages 55 through 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedule of property tax rates, extensions and collections and assessed valuations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to 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 my opinion, the combining and individual fund financial statements and schedule of property tax rates, extensions and collections and assessed valuations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



John E. Meester, CPA
Peoria, Illinois
December 16, 2016

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	Peoria Heights Public Library
Cash and investments	\$ 1,104,791	\$ 493,487	\$ 1,598,278	\$ 325,459
Property taxes receivable	454,078	-	454,078	563,987
Due from State of Illinois	660,557	43,685	704,242	-
Accounts receivable	55,803	235,923	291,726	16,547
Inventory	5,233	-	5,233	-
Prepaid items	52,335	33,186	85,521	6,506
Restricted assets - cash and investments	-	73,537	73,537	-
Capital assets, not being depreciated	2,165,051	279,742	2,444,793	20,000
Capital assets, net of accumulated depreciation	<u>4,222,518</u>	<u>2,841,826</u>	<u>7,064,344</u>	<u>1,193,605</u>
Total assets	<u>8,720,366</u>	<u>4,001,386</u>	<u>12,721,752</u>	<u>2,126,104</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>156,297</u>	<u>113,151</u>	<u>269,448</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 8,876,663</u>	<u>\$ 4,114,537</u>	<u>\$ 12,991,200</u>	<u>\$ 2,126,104</u>
LIABILITIES				
Accounts payable	\$ 77,605	\$ 12,071	\$ 89,676	\$ -
Accrued payroll and vacation	153,632	29,280	182,912	-
Accrued interest payable	2,414	5,108	7,522	3,250
Internal balances	160,000	(160,000)	-	-
Liabilities payable from restricted assets:				
Customer service deposits	-	73,537	73,537	-
Long-term debt:				
Due within one year	78,937	75,024	153,961	125,000
Due beyond one year	794,941	998,991	1,793,932	135,000
Net pension obligation	<u>360,006</u>	<u>260,625</u>	<u>620,631</u>	<u>-</u>
Total liabilities	<u>1,627,535</u>	<u>1,294,636</u>	<u>2,922,171</u>	<u>263,250</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned property tax revenue	454,078	-	454,078	563,987
Deferred inflows related to pensions	<u>80,556</u>	<u>58,318</u>	<u>138,874</u>	<u>-</u>
Total deferred inflows of resources	<u>534,634</u>	<u>58,318</u>	<u>592,952</u>	<u>563,987</u>
NET POSITION				
Invested in capital assets, net of related debt	5,571,691	2,785,919	8,357,610	953,605
Restricted for:				
Debt service	861	-	861	5,106
Working cash	-	-	-	78,640
Street maintenance	168,528	-	168,528	-
Unrestricted	<u>973,414</u>	<u>(24,336)</u>	<u>949,078</u>	<u>261,516</u>
Total net position	<u>6,714,494</u>	<u>2,761,583</u>	<u>9,476,077</u>	<u>1,298,867</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	<u>\$ 8,876,663</u>	<u>\$ 4,114,537</u>	<u>\$ 12,991,200</u>	<u>\$ 2,126,104</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

Year Ended April 30, 2016

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Capital Grants and Contributions</u>
Governmental activities:			
Administration and general government	\$ 986,314	\$ 331,503	\$ -
Police	1,776,279	184,109	-
Fire protection	265,602	-	-
Garbage collection	449,633	-	-
Streets and alleys	865,850	27,887	-
Interest on long-term debt	<u>5,078</u>	<u>-</u>	<u>-</u>
Total governmental activities	4,348,756	543,499	-
Business-type activities:			
Waterworks	<u>1,368,928</u>	<u>1,047,772</u>	<u>184,020</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,717,684</u>	<u>\$ 1,591,271</u>	<u>\$ 184,020</u>
Component unit:			
Peoria Heights Public Library	<u>\$ 444,417</u>	<u>\$ 9,217</u>	<u>\$ 1,200</u>
General revenues:			
			Property taxes
			Sales and use taxes
			State income tax
			Replacement taxes
			Motor fuel tax allotments
			Other taxes
			Interest
			Other income
			Gain on sale of capital assets
			Total general revenues
			Change in net position
Net position:			
			Beginning of year, as previously reported
			Prior period adjustment
			Beginning of year, as restated
			Net position - end of year

The accompanying notes are an integral part of the financial statements.

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Peoria Heights Public Library</u>
\$ (654,811)	\$ -	\$ (654,811)	\$ -
(1,592,170)	-	(1,592,170)	-
(265,602)	-	(265,602)	-
(449,633)	-	(449,633)	-
(837,963)	-	(837,963)	-
<u>(5,078)</u>	<u>-</u>	<u>(5,078)</u>	<u>-</u>
(3,805,257)	-	(3,805,257)	-
-	(137,136)	(137,136)	-
<u>(3,805,257)</u>	<u>(137,136)</u>	<u>(3,942,393)</u>	-
			(434,000)
396,787	-	396,787	532,510
1,947,316	-	1,947,316	-
629,677	-	629,677	-
155,883	-	155,883	43,535
157,464	-	157,464	-
75,861	-	75,861	-
1,817	1,375	3,192	934
49,411	-	49,411	2,868
<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>-</u>
<u>3,426,716</u>	<u>1,375</u>	<u>3,428,091</u>	<u>579,847</u>
(378,541)	(135,761)	(514,302)	145,847
7,597,646	2,957,835	10,555,481	1,153,020
<u>(504,611)</u>	<u>(60,491)</u>	<u>(565,102)</u>	<u>-</u>
<u>7,093,035</u>	<u>2,897,344</u>	<u>9,990,379</u>	<u>1,153,020</u>
<u>\$ 6,714,494</u>	<u>\$ 2,761,583</u>	<u>\$ 9,476,077</u>	<u>\$ 1,298,867</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

April 30, 2016

ASSETS	General Fund	Police Pension Levy Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 665,431	\$ -	\$ 439,360	\$ 1,104,791
Property taxes receivable	122,043	284,175	47,860	454,078
Due from State of Illinois	646,547	-	14,010	660,557
Accounts receivable	52,252	-	3,551	55,803
Due from other funds	149,738	-	679	150,417
Inventory	5,233	-	-	5,233
Prepaid items	52,335	-	-	52,335
	<u>1,693,579</u>	<u>284,175</u>	<u>505,460</u>	<u>2,483,214</u>
TOTAL ASSETS	\$ 1,693,579	\$ 284,175	\$ 505,460	\$ 2,483,214
 LIABILITIES				
Accounts payable	\$ 72,424	\$ -	5,181	\$ 77,605
Accrued payroll and vacation	153,632	-	-	153,632
Due to other funds	160,679	-	149,738	310,417
	<u>386,735</u>	<u>-</u>	<u>154,919</u>	<u>541,654</u>
TOTAL LIABILITIES	386,735	-	154,919	541,654
 DEFERRED INFLOWS OF RESOURCES				
Unearned property tax revenue	122,043	284,175	47,860	454,078
	<u>122,043</u>	<u>284,175</u>	<u>47,860</u>	<u>454,078</u>
 FUND BALANCES				
Nonspendable	57,568	-	-	57,568
Restricted	-	-	169,389	169,389
Assigned	-	-	224,520	224,520
Unassigned	1,127,233	-	(91,228)	1,036,005
Total fund balances	<u>1,184,801</u>	<u>-</u>	<u>302,681</u>	<u>1,487,482</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,693,579	\$ 284,175	\$ 505,460	\$ 2,483,214

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

April 30, 2016

Total fund balances - governmental funds \$ 1,487,482

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 governmental funds.

Cost	\$ 10,463,754	
Accumulated depreciation	<u>(4,076,185)</u>	6,387,569

Deferred amounts related to pensions are not reported in the governmental funds:

Deferred outflows of resources	156,297	
Deferred inflows of resources	<u>(80,556)</u>	75,741

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at April 30, 2016 consist of the following:

Loans payable	(815,878)	
Bonds payable	(58,000)	
Net pension liability	(360,006)	
Accrued interest payable	<u>(2,414)</u>	<u>(1,236,298)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,714,494

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended April 30, 2016

	<u>General Fund</u>	<u>Police Pension Levy Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 121,044	\$ 262,677	\$ 13,066	\$ 396,787
Intergovernmental:				
Sales tax	766,356	-	-	766,356
Home rule sales tax	722,631	-	-	722,631
Local use tax	142,106	-	-	142,106
State income taxes	629,677	-	-	629,677
Motor fuel tax allotments	-	-	157,464	157,464
Personal property replacement taxes	155,883	-	-	155,883
Other taxes	75,861	-	-	75,861
Licenses and permits	168,970	-	27,887	196,857
Food and beverage tax	316,223	-	-	316,223
Franchise fees	124,410	-	-	124,410
Fines	184,109	-	-	184,109
Charges for services	38,123	-	-	38,123
Land lease	38,721	-	-	38,721
Interest	1,579	-	238	1,817
Miscellaneous	10,124	-	566	10,690
Total revenues	<u>3,495,817</u>	<u>262,677</u>	<u>199,221</u>	<u>3,957,715</u>
EXPENDITURES				
Current				
Administration	643,935	-	77,785	721,720
Police department	1,382,531	262,677	-	1,645,208
Fire protection	175,216	-	-	175,216
Garbage collection and recycling	449,633	-	-	449,633
Streets and alleys	467,207	-	258,322	725,529
Capital outlay	912,838	-	29,726	942,564
Debt service	79,347	-	57,139	136,486
Total expenditures	<u>4,110,707</u>	<u>262,677</u>	<u>422,972</u>	<u>4,796,356</u>
Deficiency of revenues over expenditures	<u>(614,890)</u>	<u>-</u>	<u>(223,751)</u>	<u>(838,641)</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended April 30, 2016

	<u>General Fund</u>	<u>Police Pension Levy Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	12,500	-	-	12,500
Proceeds from issuance of long-term debt	<u>755,061</u>	<u>-</u>	<u>58,000</u>	<u>813,061</u>
Total other financing sources	<u>767,561</u>	<u>-</u>	<u>58,000</u>	<u>825,561</u>
Net change in fund balance	152,671	-	(165,751)	(13,080)
FUND BALANCE				
Beginning of year	<u>1,032,130</u>	<u>-</u>	<u>468,432</u>	<u>1,500,562</u>
End of year	<u>\$ 1,184,801</u>	<u>\$ -</u>	<u>\$ 302,681</u>	<u>\$ 1,487,482</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended April 30, 2016

Total net change in fund balances - governmental funds \$ (13,080)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Below are the depreciation expense and capital outlays for the year:

Capital outlay	\$ 942,564	
Depreciation expense	<u>(368,525)</u>	574,039

Proceeds from the issuance of loans payable and bonds payable are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position:

Loans payable	(755,061)	
Bonds payable	<u>(58,000)</u>	(813,061)

Repayment of long-term debt is recorded as expenditures in the governmental funds, but the repayments reduce long-term debt in the statement of activities

76,683

Certain accrued expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	(2,414)	
Net pension liability and related deferrals	<u>(200,708)</u>	<u>(203,122)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL
ACTIVITIES**

\$ (378,541)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

April 30, 2016

	<u>Business-type Activities</u>
ASSETS	
Current assets	
Cash and investments	\$ 493,487
Accounts receivable, net of allowance of \$38,000	235,923
Due from State of Illinois	43,685
Due from other funds	160,000
Prepaid expenses	<u>33,186</u>
Total current assets	<u>966,281</u>
Restricted assets	
Cash and investments	<u>73,537</u>
Capital assets, not being depreciated	279,742
Capital assets, net of accumulated depreciation	<u>2,841,826</u>
Total capital assets	<u>3,121,568</u>
Total assets	4,161,386
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>113,151</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,274,537</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION

PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

April 30, 2016

	<u>Business-type Activities</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 12,071
Accrued payroll and vacation	29,280
Accrued interest payable	5,108
Current portion of long-term debt	<u>75,024</u>
Total current liabilities	<u>121,483</u>
Liabilities payable from restricted assets	
Customer service deposits	<u>73,537</u>
Long-term liabilities:	
Note payable	87,195
IEPA loan payable	911,796
Net pension obligation	<u>260,625</u>
Total long-term liabilities	<u>1,259,616</u>
Total liabilities	<u>1,454,636</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>58,318</u>
NET POSITION (DEFICIT)	
Invested in capital assets, net of related debt	2,785,919
Unrestricted	<u>(24,336)</u>
Total net position	<u>2,761,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,274,537</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

Year Ended April 30, 2016

	<u>Business-type</u> <u>Activities</u>
OPERATING REVENUES	
Water sales	\$ 1,031,748
Service connection fees	1,968
Miscellaneous revenues	14,056
Total operating revenues	<u>1,047,772</u>
OPERATING EXPENSES	
Wages and benefits	541,232
Operations	62,428
Plant maintenance	152,025
Office expenses	113,802
Administration	33,181
Pension expense	145,301
Depreciation	306,444
Total operating expenses	<u>1,354,413</u>
Operating loss	<u>(306,641)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,375
Interest expense	(14,515)
Total nonoperating revenues (expenses)	<u>(13,140)</u>
CAPITAL GRANT	<u>184,020</u>
CHANGE IN NET POSITION	(135,761)
NET POSITION	
Beginning of year, as previously reported	2,957,835
Prior period adjustment	<u>(60,491)</u>
Beginning of year, as restated	<u>2,897,344</u>
End of year	<u>\$ 2,761,583</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

Year Ended April 30, 2016

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,043,626
Miscellaneous revenues received	14,056
Cash payments to suppliers and vendors for goods and services	(344,518)
Cash payments to employees for services and benefits	<u>(532,689)</u>
Net cash provided by operating activities	<u>180,475</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(78,512)
Proceeds from issuance of long-term debt	130,951
Proceeds from capital grant	140,335
Interest paid	(12,599)
Purchase of capital assets	<u>(553,581)</u>
Net cash used in capital and related financing activities	<u>(373,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,375</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,556)
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>758,580</u>
End of year	<u>\$ 567,024</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

Year Ended April 30, 2016

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (306,641)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	306,444
Pension expense	145,301
Change in operating assets and liabilities:	
Accounts receivable	5,199
Inventory	15,832
Prepaid expenses	(7,774)
Accounts payable	8,860
Accrued payroll and vacation	8,543
Liabilities payable from restricted assets	<u>4,711</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 180,475</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION FUND
April 30, 2016

ASSETS

Cash and short-term investments	\$ 436,773
Certificates of deposit	1,383,562
Investments, at fair value Mutual funds	<u>175,465</u>
Total assets	<u>\$ 1,995,800</u>

LIABILITIES

	<u>-</u>
Net position held in trust for pension benefits	<u>\$ 1,995,800</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FUND
Year Ended April 30, 2016

Additions:

Contributions:

Employer - property taxes	\$ 262,677
Plan members' contributions	<u>68,814</u>
Total contributions	<u>331,491</u>

Investment income:

Interest	13,228
Net depreciation in fair value of investments	<u>(2,591)</u>
Total investment income	<u>10,637</u>

Total additions	<u>342,128</u>
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Deductions:

Pension benefits paid:

Retirement	78,829
Widows	<u>24,485</u>
Total benefits paid	<u>103,314</u>

Administrative expenses:

Accounting, legal and clerical fees	20,585
Other	<u>343</u>
Total administrative expenses	<u>20,928</u>

Total deductions	<u>124,242</u>
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Net increase	217,886
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Net position held in trust for pension benefits:

Beginning of year	<u>1,777,914</u>
End of year	<u><u>\$ 1,995,800</u></u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Peoria Heights, Illinois (Village) is a governmental entity located in Peoria County, Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the Village (examples would be property taxes, sales taxes, income taxes, and motor fuel taxes), charges for services performed for constituents of the Village and governmental grants. The Village of Peoria Heights, Illinois revenues are therefore primarily dependent on the economy within its territorial boundaries and nearby surrounding area. Taxable industry within the area is primarily manufacturing and retail.

The Village was incorporated in 1898 under the provisions of the State of Illinois. The Village operates under a Board of Trustee form of government and provides the following services as authorized by its charter: public safety (police), streets, public improvements, planning and zoning, general administrative services and water utility service.

The following is a summary of the more significant policies.

(a) Financial Reporting Entity

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the Village of Peoria Heights, Illinois, is a primary government in that it is a village with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

GASB Statement No. 61, *The Financial Reporting Entity, Omnibus* defines the governmental financial reporting entity as being made up of two parts, the primary government and those component units for which the primary government is financially accountable. The Village has developed criteria to determine whether other entities are component units of the Village. Component units are legally separate organizations for which the elected officials of the Village of Peoria Heights are financially accountable. The Village of Peoria Heights would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village of Peoria Heights (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on the Village of Peoria Heights, the Village is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

A blended component unit, although legally separate entities, is, in substance, part of the Village's operations and therefore data from this unit is combined with the data of the primary government. The discretely presented component unit is reported in a separate column/row in the government-wide statements to emphasize that it is legally separate from the government.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Reporting Entity (Continued)

Based on the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Peoria Heights Police Pension Fund and the Peoria Heights Public Library (Library) are component units of the Village.

The Peoria Heights Police Pension Fund was established to provide retirement, death and disability payments to the police of the Village or their beneficiaries. The Fund is a single-employer defined benefit pension plan. Contribution levels are mandated by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The year end for the fund is April 30 and the fund has been reported as a blended component unit as a fiduciary fund in the Village's financial statements.

The Peoria Heights Public Library was organized to serve the informational, cultural, educational, and recreational needs of all the residents within the Library's boundaries. The year end for the unit is April 30. The Peoria Heights Public Library is fiscally dependent on the Village and, therefore, the Village is considered to be financially accountable for the Library. The Library is reported as a discretely presented component unit of the Village.

The Peoria Heights Public Library audited financial statements can be obtained from the Library at 816 E. Glen Avenue, Peoria Heights, Illinois 61616.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities, including the discretely presented component unit) report information on all of the nonfiduciary activities of the Village and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, proprietary 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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Measurement Focus and Basis of Accounting

Basis of accounting defines when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of their recognition.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 120 days of the end of the current fiscal period, except for property taxes which must be collected within 60 days to be considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

(d) Financial Statement Presentation

The accounts of the Village are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, and revenues and expenditures/expenses.

Governmental Funds are those through which governmental functions of the Village are financed. The acquisition, use and balances of the Village's expendable resources and the related liabilities are accounted for through governmental funds. The Village reports the following major governmental funds:

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

(d) Financial Statement Presentation (Continued)

General Fund - The General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This fund pays the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

Police Pension Levy Fund - This special revenue fund is used to account for property taxes levied for the employer contribution to the Peoria Heights Police Pension Fund.

Additional governmental fund types which are combined as nonmajor funds are as follows:

Special Revenue Funds - These funds are used to account for Village activities which are primarily financed by special restricted revenue sources such as governmental grants or general property taxes levied for specific purposes.

Capital Project Funds - These funds are used to account for renovation or construction projects being carried out by the Village.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Proprietary Fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows, which are similar to those often found in the private sector. The only propriety fund of the Village is classified as an enterprise fund.

Enterprise Fund - The Waterworks Fund is used to account for the operations of the water distribution system for residents and businesses of the Village.

Fiduciary Fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Village has the following fiduciary fund type:

Pension Trust Fund - The pension trust fund accounts for the assets of the Village's police pension plan fund, which accumulates resources for retirement, death and disability benefits to the police of the Village or their beneficiaries.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 on-going operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Budget Policy

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

- (1) The Village Board administration committee submits to the Village Board, a proposed operating budget for the fiscal year commencing the following May 1. The budget includes proposed expenditures and the means of financing them.
- (2) In April, public hearings are conducted to obtain public comments.
- (3) Prior to May 1, the budget is legally enacted through passage of an appropriation ordinance by the Village Board.
- (4) The Village is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved by the Village Board.

Annual budgets are prepared and approved on the modified accrual basis for all funds. An annual budget is also prepared for the enterprise fund. The legal level of control is considered to be at the fund level. The budget presented is the original budget, as there were no amendments made during the year.

(f) Cash and Investments

The Village's cash is comprised of demand accounts and savings accounts.

The Village invests in allowable investments under the Illinois Compiled Statutes. These included (a) interest-bearing savings accounts and certificates of deposit, (b) bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, and (c) short-term discount obligations of the Federal National Mortgage Association.

Investments consist of certificates of deposit and deposits in the Illinois Funds. Investments are stated at cost, which approximates fair value.

The deposits and investments of the Peoria Heights Police Pension Fund and the Peoria Heights Public Library are held separate from those of the Village of Peoria Heights, Illinois. Investments in mutual funds are reported at fair value, with market fluctuations credited or charged to current year income. Certificates of deposit are stated at cost, which approximates fair value.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventory

Inventory is stated at the lower of cost or market on a first-in, first-out (FIFO) basis.

(h) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Village's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the Village on the following January 1. Normally, taxes are due and payable in two installments in June and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30 or shortly thereafter by the County Collector's office. Final distribution to all taxing bodies, including Village's funds, is usually made prior to December 31st by the County Collector's office.

Property taxes levied for the 2015 levy year have been recognized as assets, net of an estimated uncollectible amount of 2 percent, and related deferred inflows of resources as these taxes will be collected and are planned for budget purposes to be used in fiscal year 2017.

(i) Interfund Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

(j) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with a useful life greater than one year and an initial, individual cost of more than \$1,500 for equipment and \$20,000 for buildings and improvements and infrastructure assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Infrastructure assets are being accounted for prospectively beginning in 2005, as permitted by Governmental Accounting Standards Board Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Capital Assets (Continued)

Property, plant, and equipment of the Village is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	3-20
Equipment	5-10
Improvements other than buildings	7-20
Buildings and improvements	20-50
Fire hydrants, water mains and meters	20
Wells	20-50

(k) Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as expenditure/expense until then. The Village reports deferred outflows of resources related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates.

(l) Deferred Inflows of Resources

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the Village's government-wide statements, property tax revenue remains as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which they are levied and budgeted for. Additionally, the Village has deferred inflows related to pension expense to be recognized in future periods.

(m) Pensions

For purposes of measuring the net pension liability and deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village pension plans and additions to/deductions from the Village pension plans fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognize when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay benefits are accrued when incurred in the governmental and government-wide financial statements.

(o) Long-term Liabilities

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Issuance costs are reported as expenditures when incurred.

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

(p) Statement of Cash Flows

For purposes of the statement of cash flows, the Waterworks Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(q) Net Position/Fund Balance Classifications

In the government-wide financial statements, the Village's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt - This represents the Village's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted Net Assets - This includes resources that the Village is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Assets - This includes resources derived from user charges for services, unrestricted state revenues, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the Village and may be used at the discretion of the Board to meet current expenses for any purpose.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Net Position/Fund Balance Classifications (Continued)

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The fund balance classifications used in the governmental fund financial statements are as follows:

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

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to the Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification is the residual fund balance for the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The Village would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The Village does not have a formal minimum fund balance policy.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund equity during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The Village invests in allowable investments under the Illinois Compiled Statutes. These include (a) interest-bearing savings accounts and certificates of deposit, (b) bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, and (c) short-term discount obligations of the Federal National Mortgage Association.

As of April 30, 2016, the Village (primary government) had the following cash and investments:

Cash and investments	\$ 1,598,278
Restricted assets - cash and investments	<u>73,537</u>
 Total cash and investments	 <u>\$ 1,671,815</u>
 Demand deposits and cash on hand	 \$ 271,430
Certificates of deposit	729,073
Illinois funds	<u>671,312</u>
 Total cash and investments	 <u>\$ 1,671,815</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does have a deposit policy for custodial credit risk. As of April 30, 2016, the bank balance of the Village's deposits, which includes demand deposits, mutual funds, and certificates of deposit, was \$1,209,866. Of the bank balance, \$943,998 was covered by federal depository insurance and \$265,868 was covered by collateral held by the Village's agent in the Village's name. Therefore, at April 30, 2016, none of the Village's bank balances were exposed to custodial credit risk.

The Illinois Funds have not been included in deposits above. The Illinois Funds are pooled investments held by the State but not in the Village's name.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The 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. The Illinois Funds have been classified as investments in that they have the general characteristics of demand deposit accounts as the Village may deposit cash at any time and withdraw cash at any time without prior notice or penalty. The monies invested in the Illinois Funds are pooled together and invested in US Treasury bills and notes backed by the full faith and credit of the US Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in US Treasury obligations and collateralized repurchase agreements.

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 does not have a policy for interest rate risk. Investments consist of deposits in the Illinois Funds that has a maturity of one year or less. Certificates of deposit also have a maturity of one year or less.

Concentration Risk

Concentration risk is the risk associated with not having a diversified investment portfolio to reduce the risk of loss due to over concentration in a specific maturity, issuer, or class of securities. The Village does not have an investment policy that addresses concentration risk. At April 30, 2016, the Village had approximately 40 percent of its cash and investments invested in the Illinois Funds.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. State law limits which types of securities that the Village can invest in. At April 30, 2016, the Illinois Funds are rated AAAM by Standard & Poor's.

Deposits and Investments – Pension Trust Fund (Fund)

The Police Pension Trust Fund may invest funds as authorized by the Illinois Compiled Statutes, generally in obligations of the United States, the State of Illinois and its local districts, certain insurance contracts, insured deposits of federal and state savings and loans, banks, and credit unions, and certain common and preferred stocks.

The Fund's investment policy requires all amounts deposited with financial institutions in excess of any Federal Deposit Insurance Corporation (FDIC) insurance be collateralized by eligible securities. As of April 30, 2016, none of Fund's deposits were exposed to custodial credit risk.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits and Investments – Pension Trust Fund (Fund)

The following table presents the investments and maturities of the Pension Trust Fund's investments as of April 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (In Years)</u>		<u>Carrying Amount</u>
		<u>Less Than One</u>	<u>1-5</u>	
Certificates of deposit	<u>\$ 1,383,562</u>	<u>\$ 310,970</u>	<u>\$ 1,072,592</u>	<u>\$ 1,383,562</u>
Mutual funds	<u>\$ 175,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,465</u>

Deposits and Investments – Peoria Heights Public Library (Library), Discretely Presented Component Unit

The Library's deposits include demand deposits, money market accounts and certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does have a deposit policy for custodial credit risk. As of April 30, 2016, the bank balance, excluding the Illinois Funds, of the Library's deposits was \$44,760. The entire bank balance was covered by federal depository insurance, and therefore, was not exposed to custodial credit risk.

The following funds were included in cash and investments on the statement of net position at April 30, 2016 but not included in the custodial credit risk analysis above:

Illinois Funds Money Market Funds	<u>\$ 296,314</u>
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As of April 30, 2016, the Library had the following cash and investments:

Demand deposits	\$ 2,353
Certificate of deposit	26,792
Illinois funds	<u>296,314</u>
Total cash and investments	<u>\$ 325,459</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 3 - CAPITAL ASSETS

Primary Government

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

	<u>April 30,</u> <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u> <u>2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,986,090	\$ 178,961	\$ -	\$ 2,165,051
Capital assets being depreciated:				
Building and improvements	4,741,234	48,633	-	4,789,867
Equipment	<u>2,871,001</u>	<u>714,970</u>	<u>(77,135)</u>	<u>3,508,836</u>
Total capital assets being depreciated	7,612,235	763,603	(77,135)	8,298,703
Less accumulated depreciation	<u>3,784,795</u>	<u>368,525</u>	<u>(77,135)</u>	<u>4,076,185</u>
Net capital assets being depreciated	<u>3,827,440</u>	<u>395,078</u>	<u>-</u>	<u>4,222,518</u>
Governmental activities capital assets, net	<u>\$ 5,813,530</u>	<u>\$ 574,039</u>	<u>\$ -</u>	<u>\$ 6,387,569</u>

Land with a value of approximately \$1,415,000 was acquired with federal and state grant funds under the Flood Hazard Mitigations Grant Program. The land is in a flood plain along the Illinois River. The grant program contained restrictions which require the Village to keep the land open in perpetuity.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 140,175
Police	87,762
Fire	79,113
Streets	<u>61,475</u>
Total depreciation expense – governmental activities	<u>\$ 368,525</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Primary Government (continued)

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

	<u>April 30,</u> <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u> <u>2016</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 38,942	\$ -	\$ -	\$ 38,942
Construction in progress	<u>-</u>	<u>240,800</u>	<u>-</u>	<u>240,800</u>
	<u>38,942</u>	<u>240,800</u>	<u>-</u>	<u>279,742</u>
Capital assets being depreciated:				
Water tower	2,932,712	-	-	2,932,712
Fire hydrants and service connections	122,988	-	-	122,988
Meters	196,609	88,333	-	284,942
Vehicles and equipment	535,197	143,767	-	678,964
Pump house equipment	472,599	80,681	-	553,280
Wells	673,848	-	-	673,848
Reservoir	33,105	-	-	33,105
Water mains	3,079,378	-	-	3,079,378
Stand pipe	<u>135,208</u>	<u>-</u>	<u>-</u>	<u>135,208</u>
	8,181,644	312,781	-	8,494,425
Less accumulated depreciation	<u>5,346,155</u>	<u>306,444</u>	<u>-</u>	<u>5,652,599</u>
Total capital assets being depreciated, net	<u>2,835,489</u>	<u>6,337</u>	<u>-</u>	<u>2,841,826</u>
Business-type activities capital assets, net	<u>\$ 2,874,431</u>	<u>\$ 247,137</u>	<u>\$ -</u>	<u>\$ 3,121,568</u>

At April 30, 2016, construction in progress consisted of the North Atlantic Avenue water main project.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Capital asset activity for the Peoria Heights Public Library for the year ended April 30, 2016 was as follows:

	<u>April 30,</u> <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u> <u>2016</u>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Buildings and improvements	1,773,838	-	-	1,773,838
Furniture and fixtures	130,499	-	-	130,499
Equipment	151,811	-	-	151,811
Books	<u>99,658</u>	<u>30,758</u>	<u>-</u>	<u>130,416</u>
Total capital assets being depreciated	2,155,806	30,758	-	2,186,564
Less accumulated depreciation	<u>919,151</u>	<u>73,808</u>	<u>-</u>	<u>992,959</u>
Net capital assets being depreciated	<u>1,236,655</u>	<u>(43,050)</u>	<u>-</u>	<u>1,193,605</u>
Capital assets, net	<u>\$ 1,256,655</u>	<u>\$ (43,050)</u>	<u>\$ -</u>	<u>\$ 1,213,605</u>

NOTE 4 – DUE FROM THE STATE OF ILLINOIS

Amounts due from the State of Illinois at April 30, 2016 for the Village's major, nonmajor and Waterworks funds are as follows:

	<u>Governmental Activities</u>		<u>Business-type</u>
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Waterworks</u>
Sales tax	\$ 195,869	\$ -	\$ -
Home rule sales tax	181,043	-	-
Income tax	182,044	-	-
Use tax	23,013	-	-
Replacement tax	25,837	-	-
Motor fuel tax	-	14,010	-
Telecommunications tax	30,039	-	-
CDAP Infrastructure grant	-	-	43,685
Other taxes	<u>8,702</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 646,547</u>	<u>\$ 14,010</u>	<u>\$ 43,685</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - LONG-TERM DEBT

Primary Government – Governmental Activities

Changes in long-term debt for governmental activities for the year ended April 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Illinois Finance Authority Loan	\$ 137,500	\$ -	\$ 12,500	\$ 125,000	\$ 12,500
Notes payable	-	755,061	64,183	690,878	66,437
Bonds payable	-	<u>58,000</u>	-	<u>58,000</u>	-
	<u>\$ 137,500</u>	<u>\$ 813,061</u>	<u>\$ 76,683</u>	<u>\$ 873,878</u>	<u>\$ 78,937</u>

Repayment of the debt has typically been funded through the general fund from general revenue sources.

Illinois Finance Authority loan dated October 4, 2005, original amount was \$250,000. The loan is interest free and due in annual installments of \$12,500 through November 1, 2025. The proceeds were used to fund part of the purchase price of a new aerial ladder fire truck.

Note payable with a bank due in annual payments of \$23,965, with interest at 3.90 percent and is due October 2020. The note is secured by a vehicle (dump truck).

Note payable with an individual due in varying annual payments. The loan is interest free and is due May 2020. The note is secured by a mortgage on real estate (4500 N. Prospect Road).

Note payable with a bank due in monthly installments of \$2,048, with interest at 10.45 percent and is due May 2019. The note is secured by certain equipment.

Note payable with a bank due in annual payments of \$36,737, with interest at 2.75 percent. The note is due March 2026 with a final payment of \$190,557. The note is secured by a fire truck.

Taxable General Obligation Bonds, series 2016 dated April 28, 2016, original issue amount of \$1,850,000. The purchase price for the bonds shall be paid in multiple advances as funds are drawn from Heritage Bank of Central Illinois. As of April 30, 2016, \$58,000 had been drawn on the bonds. The issue provides for serial retirement of principal due each April 28, commencing April 28, 2019, through 2036. Interest is due on April 28 and October 28 of each year, commencing October 28, 2016, (interest will be capitalized through April 28, 2018) at an interest rate of 5.125 percent.

The Village has pledged a portion of future sales and business development district tax revenue related to Trefzger's Bakery to repay \$1,850,000 in Taxable General Obligation Bonds, series 2016 issued April 28, 2016. The 2016 series bonds are payable from a portion of sales and business district tax revenues and are payable through April 2036. There was no principal or interest paid on the bonds for the year ended April 30, 2016.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Governmental Activities

The annual debt service requirements to maturity for the Illinois Finance Authority Loan as of April 30, 2016, is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 12,500	\$ -	\$ 12,500
2018	12,500	-	12,500
2019	12,500	-	12,500
2020	12,500	-	12,500
2021	12,500	-	12,500
2022 - 2026	<u>62,500</u>	<u>-</u>	<u>62,500</u>
Total	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$125,500</u>

The annual debt service requirements to maturity for notes payable as of April 30, 2016, is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 66,437	\$ 14,482	\$ 80,919
2018	74,431	14,465	88,896
2019	96,223	12,673	108,896
2020	91,876	10,875	102,751
2021	86,470	9,232	95,702
2022 - 2026	<u>275,441</u>	<u>25,327</u>	<u>300,768</u>
Total	<u>\$ 690,878</u>	<u>\$ 87,054</u>	<u>\$777,932</u>

The annual debt service requirements to maturity for bonds payable as of April 30, 2016, is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 2,973	\$ 2,973
2018	-	2,973	2,973
2019	40,000	2,973	42,973
2020	<u>18,000</u>	<u>923</u>	<u>18,923</u>
Total	<u>\$ 58,000</u>	<u>\$ 9,842</u>	<u>\$ 67,842</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Business-type Activities

Changes in long-term debt for business-type activities for the year ended April 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Illinois Environmental Protection Agency loan	\$ 1,021,576	\$ -	\$ 54,548	\$ 967,028	\$ 55,232
Notes payable	<u>-</u>	<u>130,951</u>	<u>23,964</u>	<u>106,987</u>	<u>19,792</u>
	<u>\$ 1,021,576</u>	<u>\$ 130,951</u>	<u>\$ 78,512</u>	<u>\$ 1,074,015</u>	<u>\$ 75,024</u>

Business-type activities long-term debt at April 30, 2016 is comprised of the following:

Illinois Environmental Protection Agency Drinking Water Project L17-3847, loan executed on December 17, 2012, interest at 1.25 percent. Total loan commitment is \$1,158,814. Semiannual principal and interest payments of \$33,574 are due each January 28 and July 28 through 2032.

Note payable with a bank due in annual payments of \$23,965, with interest at 3.90 percent and is due October 2020. The note is secured by a vehicle (dump truck).

Repayment of the business-type activity debt has typically been funded through water sales operating revenues in the Waterworks fund.

The annual requirements to amortize governmental activities long-term debt outstanding as of April 30, 2016, including interest are as follows:

Year Ending April 30,	<u>Waterworks Bonds, Series 2004</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 55,232	\$ 11,916	\$ 67,148
2018	55,924	11,224	67,148
2019	56,625	10,523	67,148
2020	57,336	9,812	67,148
2021	58,055	9,093	67,148
2022 - 2026	301,376	34,361	335,737
2027 - 2031	320,750	14,987	335,737
2032	<u>61,730</u>	<u>564</u>	<u>62,294</u>
Total	<u>\$ 967,028</u>	<u>\$ 102,480</u>	<u>\$ 1,069,508</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Business-type Activities

The annual debt service requirements to maturity for notes payable as of April 30, 2016, is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 19,792	\$ 4,173	\$ 23,965
2018	20,564	3,401	23,965
2019	21,366	2,599	23,965
2020	22,200	1,765	23,965
2021	<u>23,065</u>	<u>900</u>	<u>23,965</u>
Total	<u>\$ 106,987</u>	<u>\$ 12,838</u>	<u>\$119,825</u>

Component Unit – Peoria Heights Public Library

Changes in long-term debt for the Peoria Heights Public Library for the year ended April 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Library bonds, series 1998	\$ <u>375,000</u>	\$ <u>-</u>	\$ <u>115,000</u>	\$ <u>260,000</u>	\$ <u>125,000</u>

Long-term debt at April 30, 2016 is comprised of the following:

General Obligation Library bonds, Series 1998, dated July 1, 1998, with an interest rate of 3.00 percent. Original issue of \$1,250,000. Interest payments are due each June 1 and December 1 and the principal is due each December 1 through December 2017. The bonds were issued for the purpose of acquiring, constructing and furnishing a new library building.

The annual requirements to amortize the General Obligation Library bonds as of April 30, 2016, including interest are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 125,000	\$ 7,800	\$ 132,800
2018	<u>135,000</u>	<u>4,050</u>	<u>139,050</u>
Total	<u>\$ 260,000</u>	<u>\$ 11,850</u>	<u>\$ 271,850</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Legal Debt Margin – Primary Government

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

Assessed valuation - 2015 levy	<u>\$ 97,261,571</u>
Statutory debt limitation (8.625 percent of assessed valuation)	\$ 8,388,810
Less debt, excluding EPA loan	<u>980,865</u>
Legal debt margin	<u>\$ 7,407,945</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivables and payables at April 30, 2016 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General:		
Tax Increment Financing	\$ 149,738	\$ -
Waterworks	-	160,000
Motor Fuel Tax	-	679
Nonmajor governmental funds	<u>679</u>	<u>149,738</u>
Total governmental activities	<u>150,417</u>	<u>310,417</u>
Waterworks: - General	<u>160,000</u>	<u>-</u>
	<u>\$ 310,417</u>	<u>\$ 310,417</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers are defined as the flow of assets without equivalent flows of assets in return. There were no interfund transfers for the year ended April 30, 2016.

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016**

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

a. Excesses of total expenditures over budget of individual funds are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Actual Over Budget</u>
General	\$ <u>3,525,138</u>	\$ <u>4,110,707</u>	\$ <u>585,569</u>
Motor Fuel tax	\$ <u>241,800</u>	\$ <u>258,322</u>	\$ <u>16,522</u>

b. Deficit fund balances of individual funds.

The following fund had a deficit fund balance at April 30, 2016:

Nonmajor governmental fund:	
Tax Increment Financing	\$ <u>91,228</u>

The deficit in the tax incremental financing fund will be eliminated through future incremental property tax receipts.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund

Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. The report is available for download 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. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided (continued)

All three IMRF benefit plans have two tiers. 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 ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees (Village of Peoria Heights including the Library) were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	26
Inactive Plan Members entitled to but not yet receiving benefits	29
Active Plan Members	<u>24</u>
Total	<u><u>79</u></u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

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 its own employees. The Village's annual contribution rate for calendar year 2015 was 10.16%. For the fiscal year ended April 30, 2016, the Village's portion of the contribution to the plan was \$93,113. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%.
- The Investment Rate of Return was assumed to be 7.49%.
- Projected Retirement Age was from the Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
- For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (based year 2014). 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-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- There were no benefit changes during the year.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.49%.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability – Regular Plan Members

The following table shows the components of the change in the Village's net pension liability for the calendar year ended December 31, 2015 for Regular Plan members:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2014	\$ 5,163,525	\$ 4,872,043	\$ 291,482
Changes for the year:			
Service Cost	111,573	-	111,573
Interest on the Total Pension Liability	382,775	-	382,775
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(189,927)	-	(189,927)
Changes of Assumptions	6,415	-	6,415
Contributions - Employer	-	113,219	(113,219)
Contributions - Employees	-	50,147	(50,147)
Net Investment Income	-	24,190	(24,190)
Benefit Payments, including Refunds of Employee Contributions	(231,291)	(231,291)	-
Other (Net Transfer)	-	(205,869)	205,869
Net Changes	<u>79,545</u>	<u>(249,604)</u>	<u>329,149</u>
Balances at December 31, 2015	<u>\$ 5,243,070</u>	<u>\$ 4,622,439</u>	<u>\$ 620,631</u>

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

The following presents the net pension liability, calculated using a single discount rate of 7.49 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower (6.49 percent) or 1% higher (8.49 percent) than the current rate:

	(6.49%) 1% Lower	(7.49%) Current Discount Rate	(8.49%) 1% Higher
Net pension liability	<u>\$ 1,316,478</u>	<u>\$ 620,631</u>	<u>\$ 52,384</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2016, the Village recognized pension expense of \$311,794. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 138,874
Changes of assumptions	4,691	-
Net difference between projected and actual earnings on pension plan investments	<u>264,757</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 269,448</u>	<u>\$ 138,874</u>

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows Of Resources</u>
2016	\$ 16,860
2017	16,860
2018	30,664
2019	<u>66,190</u>
	<u>\$ 130,574</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Police Pension Fund

Plan Description. The Village's defined benefit pension plan for police officers, the Peoria Heights Police Pension Fund (Fund), provides retirement, disability, post retirement increases, and death benefits to plan members and beneficiaries. The Fund is administered by a board of trustees which acts as the administrator of the plan. The Fund is a single-employer defined benefit pension plan. Employer contributions levels of the Police Pension Fund are mandated by Illinois State Statute (Chapter 40, Article 3) and may also be amended only by the Illinois legislature. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing the plan at the following address:

Peoria Heights Police Pension Board
 4901 N. Prospect Road
 Peoria Heights, Illinois 61616

Benefits and refunds of the Fund are recognized when due and payable in accordance with the Plan.

The Village's annual pension cost for the current and prior years and related information for the Fund is not available as of April 30, 2016.

NOTE 9 – FUND BALANCES/NET ASSETS

Restricted fund balances/net assets represent amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation. At April 30, 2016, the Village's fund balances were restricted for the following purposes:

Motor Fuel Tax Fund – street maintenance and improvements	\$ 168,528
Bond and Interest Fund – payment of long-term debt principal and interest	<u>861</u>
Total	<u>\$ 169,389</u>

Assigned fund balances represent amounts constrained by the Village's intent to use them for a specific purpose. At April 30, 2016, the Village's fund balances were assigned for the following purposes:

Capital Improvement Fund – improvements to the Village's properties	\$ 215,000
Local Improvement Fund – improvements to property within the Village	<u>9,520</u>
Total	<u>\$ 224,520</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 9 – FUND BALANCES/NET ASSETS (CONTINUED)

At April 30, 2016, the Village’s net assets were restricted for the following purposes:

Motor Fuel Tax Fund – street maintenance and improvements	\$ 168,528
Bond and Interest Fund – payment of long-term debt principal and interest	<u>861</u>
Total	<u>\$ 169,389</u>

NOTE 10 - COMMITMENTS

Collection and Disposal of Refuse Contract

The Village has contracted with a private contractor to provide collection and disposal service for garbage and landscape waste for the period January 1, 2014 through December 31, 2018. The minimum commitments under this contract are as follows:

Year ending April 30:

2017	\$ 361,413
2018	372,262
2019	<u>263,995</u>
	<u>\$ 997,670</u>

The total expenditures under this contract for the year ended April 30, 2016 were \$350,894.

Recycling Contract

The Village has contracted with a private contractor to provide a residential recycling program for the period September 1, 2013 through August 31, 2018. The minimum commitments under this contract are as follows:

Year ending April 30:

2017	\$ 102,108
2018	106,176
2019	<u>35,844</u>
	<u>\$ 244,128</u>

The total expenditures under this contract for the year ended April 30, 2016 were \$98,739.

Bond Issue

On April 28, 2016, the Village issued \$1,850,000 of Taxable General Obligation Bonds, series 2016. The purchase price for the bonds will be taken in multiple advances as funds are drawn from Heritage Bank of Central Illinois. As of April 30, 2016, \$58,000 had been drawn on the bonds to pay for the bond issuance costs and \$1,792,000 was available for the Village’s use.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 11 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damages to and destruction of assets, errors and omissions, injuries to employees, natural disasters, and medical claims of its employees and their dependents. The Village purchases commercial insurance for all risks of loss. During the year ended April 30, 2016, there were no significant reductions in insurance coverage. Settled claims from these risks have not exceeded the commercial coverage in any of the past three fiscal years.

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events through December 16, 2016, the date the financial statements were available to be issued. The following event occurred subsequent to April 30, 2016:

On April 28, 2016, the Village issued \$1,850,000 of Taxable General Obligation Bonds. The purchase price for the bonds will be taken in multiple advances as funds are drawn from Heritage Bank of Central Illinois. In June 2016, The Village drew down \$1,600,000 of the bond proceeds for a business development district project.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLES

The Village of Peoria Heights, Illinois and the Peoria Heights Public Library adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective May 1, 2014. Net position as of April 30, 2015 has been restated due to the implementation of these standards. The restatement is necessary to record the prior year net pension liability, deferred outflows of resources and deferred inflows of resources.

In addition, the Village determined that it had incorrectly recorded property tax revenue in the government-wide statements.

Beginning net positions have been restated as follows:

	Governmental Activities
Net position as previously reported, April 30, 2015	\$ 7,597,646
Adjustment to property taxes receivable	(421,054)
Adjustment to record net pension liability	(169,083)
Adjustment to record deferred outflows of resourced related to pensions	195,703
Adjustment to record deferred inflows of resourced related to pensions	<u>(110,177)</u>
Net position as restated, April 30, 2015	<u>\$ 7,093,035</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

	<u>Business-type</u> <u>Activities</u>
Net position as previously reported, April 30, 2015	\$ 2,957,835
Adjustment to record net pension liability	(122,399)
Adjustment to record deferred outflows of resourced related to pensions	141,658
Adjustment to record deferred inflows of resourced related to pensions	<u>(79,750)</u>
Net position as restated, April 30, 2015	<u>\$ 2,897,344</u>

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -

GENERAL FUND AND POLICE PENSION LEVY FUND
Year Ended April 30, 2016

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 124,533	\$ 121,044	\$ (3,489)
Intergovernmental:			
Sales tax	820,000	766,356	(53,644)
Home rule sales tax	770,000	722,631	(47,369)
Local use tax	120,000	142,106	22,106
State income taxes	563,995	629,677	65,682
Personal property replacement taxes	155,505	155,883	378
Other taxes	60,750	75,861	15,111
Licenses and permits	179,750	168,970	(10,780)
Food and beverage tax	275,000	316,223	41,223
Franchise fees	126,500	124,410	(2,090)
Fines	258,000	184,109	(73,891)
Charges for services	29,000	38,123	9,123
Land lease	37,800	38,721	921
Interest	1,000	1,579	579
Miscellaneous	3,305	10,124	6,819
Total revenues	<u>3,525,138</u>	<u>3,495,817</u>	<u>(29,321)</u>
EXPENDITURES			
Administration	672,465	643,935	28,530
Police department	1,434,000	1,382,531	51,469
Fire protection	196,664	175,216	21,448
Garbage collection and recycling	443,534	449,633	(6,099)
Streets and alleys	521,975	467,207	54,768
Capital outlay	135,000	912,838	(777,838)
Debt service	121,500	79,347	42,153
Total expenditures	<u>3,525,138</u>	<u>4,110,707</u>	<u>(585,569)</u>
Deficiency of revenues over expenditures	-	(614,890)	(614,890)
OTHER FINANCING SOURCES			
Proceeds from sale of assets	-	12,500	12,500
Proceeds from issuance of long-term debt	-	755,061	755,061
Total other financing sources	<u>\$ -</u>	<u>767,561</u>	<u>\$ 767,561</u>
Net change in fund balance		152,671	
FUND BALANCE			
Beginning of year		<u>1,032,130</u>	
End of year		<u>\$ 1,184,801</u>	

Police Pension Levy Fund

<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 270,291	\$ 262,677	\$ (7,614)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>270,291</u>	<u>262,677</u>	<u>(7,614)</u>
-	-	-
270,291	262,677	7,614
-	-	-
-	-	-
-	-	-
-	-	-
<u>270,291</u>	<u>262,677</u>	<u>7,614</u>
\$ -	-	\$ -
-	-	-
-	-	-
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	-	
	-	
	<u>\$ -</u>	

**Village of Peoria Heights
Illinois Municipal Retirement Fund
Required Supplemental Information
Year Ended April 30, 2016**

(Unaudited - See Accompanying Independent Auditor's Report)

Schedule of Changes in the Net Pension Liability and Related Ratios

Calendar Year Ended December 31,	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 111,573
Interest on the Total Pension Liability	382,775
Changes of Benefit Terms	-
Differences between Expected and Actual Experience of the Total Pension Liability	(189,927)
Changes of Assumptions	6,415
Benefit Payments, including Refunds of Employee Contributions	<u>(231,291)</u>
Net Change in Total Pension Liability	79,545
Total Pension Liability - Beginning	<u>5,163,525</u>
Total Pension Liability – Ending (A)	<u>\$ 5,243,070</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 113,219
Contributions - Employees	50,147
Net Investment Income	24,190
Benefit Payments, including Refunds of Employee Contributions	(231,291)
Other (Net Transfer)	<u>(205,869)</u>
Net Change in Plan Fiduciary Net Position	(249,604)
Plan Fiduciary Net Position - Beginning	<u>4,872,043</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 4,622,439</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 620,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>88.16%</u>
Covered Valuation Payroll	<u>\$ 1,114,357</u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	<u>55.69%</u>

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

**Village of Peoria Heights
Illinois Municipal Retirement Fund
Required Supplemental Information
Year Ended April 30, 2016**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions
Calendar Year Ended December 31, 2015**

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 113,219	\$ 113,219	\$ -	\$ 1,114,357	10.16%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate**

Valuation Date:

Notes 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 2015 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
 Amortization Method: Level percentage of payroll, closed
 Remaining Amortization Period: 28-year closed period until remaining period reaches 15 years (then 15 year rolling period)
 Asset Valuation Method: 5-year smoothed market; 20% corridor
 Wage Growth: 4.00%
 Price Inflation: 3.00%, approximate; No explicit price inflation assumption is used in this valuation.
 Salary Increases: 4.40% to 16.00%, including inflation
 Investment Rate of Return: 7.50%
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
 Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation.

COMBINING AND INDIVIDUAL FUND STATEMENTS

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2016

ASSETS	Special Revenue	
	Motor Fuel Tax Fund	Tax Increment Financing Fund
Cash and investments	\$ 155,469	\$ 58,510
Property taxes receivable	-	47,860
Accounts receivable	3,551	-
Due from State of Illinois	14,010	-
Due from other funds	679	-
TOTAL ASSETS	\$ 173,709	\$ 106,370
LIABILITIES		
Accounts payable	\$ 5,181	\$ -
Due to other funds	-	149,738
TOTAL LIABILITIES	5,181	149,738
DEFERRED INFLOWS OF RESOURCES		
Unearned property tax revenue	-	47,860
FUND BALANCES		
Restricted	168,528	-
Assigned	-	-
Unassigned	-	(91,228)
Total fund balances	168,528	(91,228)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 173,709	\$ 106,370

<u>Capital Projects</u>		<u>Debt Service</u>	
<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>	<u>Bond and Interest Fund</u>	<u>Total</u>
\$ 215,000	\$ 9,520	\$ 861	\$ 439,360
-	-	-	47,860
-	-	-	3,551
-	-	-	14,010
-	-	-	679
<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$ 861</u>	<u>\$ 505,460</u>
\$ -	\$ -	\$ -	\$ 5,181
-	-	-	149,738
-	-	-	154,919
-	-	-	47,860
-	-	861	169,389
215,000	9,520	-	224,520
-	-	-	(91,228)
<u>215,000</u>	<u>9,520</u>	<u>861</u>	<u>302,681</u>
<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$ 861</u>	<u>\$ 505,460</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended April 30, 2016

	<u>Special Revenue</u>	
	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>
REVENUES		
Property taxes	\$ -	\$ 13,066
Intergovernmental	157,464	-
Licenses and permits	27,887	-
Interest income	184	54
Miscellaneous	566	-
	<hr/>	<hr/>
Total revenues	186,101	13,120
	<hr/>	<hr/>
EXPENDITURES		
Current		
Administration	-	77,785
Streets and alleys	258,322	-
Capital outlay	-	29,726
Debt service	-	-
	<hr/>	<hr/>
Total expenditures	258,322	107,511
	<hr/>	<hr/>
Deficiency of revenues over expenditures	(72,221)	(94,391)
	<hr/>	<hr/>
OTHER FINANCING SOURCES		
Proceeds from issuance of bonds	-	-
	<hr/>	<hr/>
Net change in fund balance	(72,221)	(94,391)
	<hr/>	<hr/>
FUND BALANCE		
Beginning of year	240,749	3,163
	<hr/>	<hr/>
End of year	\$ 168,528	\$ (91,228)
	<hr/> <hr/>	<hr/> <hr/>

<u>Capital Projects</u>		<u>Debt Service</u>	
<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>	<u>Bond and Interest Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 13,066
-	-	-	157,464
-	-	-	27,887
-	-	-	238
-	-	-	566
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	199,221
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	77,785
-	-	-	258,322
-	-	-	29,726
-	-	57,139	57,139
<hr/>	<hr/>	<hr/>	<hr/>
-	-	57,139	422,972
<hr/>	<hr/>	<hr/>	<hr/>
-	-	(57,139)	(223,751)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	58,000	58,000
<hr/>	<hr/>	<hr/>	<hr/>
-	-	861	(165,751)
<hr/>	<hr/>	<hr/>	<hr/>
215,000	9,520	-	468,432
<hr/>	<hr/>	<hr/>	<hr/>
\$ 215,000	\$ 9,520	\$ 861	\$ 302,681
<hr/>	<hr/>	<hr/>	<hr/>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 2016

With Comparative Figures for Year Ended April 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 124,533	\$ 121,044	\$ 120,517
Intergovernmental:			
Sales tax	820,000	766,356	787,540
Home rule sales tax	770,000	722,631	720,376
Local use tax	120,000	142,106	115,595
State income taxes	563,995	629,677	620,191
Personal property replacement taxes	155,505	155,883	169,323
Other taxes	60,750	75,861	59,308
Total intergovernmental	<u>2,490,250</u>	<u>2,492,514</u>	<u>2,472,333</u>
State and federal grants	-	-	7,500
Licenses and permits	179,750	168,970	163,989
Food and beverage tax	275,000	316,223	249,583
Franchise fees	126,500	124,410	123,658
Fines	258,000	184,109	289,657
Charges for services	29,000	38,123	168,557
Land lease	37,800	38,721	38,291
Interest	1,000	1,579	1,100
Miscellaneous	3,305	10,124	8,399
Total revenues	<u>3,525,138</u>	<u>3,495,817</u>	<u>3,643,584</u>
EXPENDITURES			
Current			
Administration	672,465	643,935	609,122
Police department	1,434,000	1,382,531	1,274,577
Ambulance service	-	-	262,271
Fire protection	196,664	175,216	148,682
Garbage collection and recycling	443,534	449,633	435,659
Streets and alleys	521,975	467,207	396,381
Capital outlay	135,000	912,838	218,797
Debt service	121,500	79,347	12,500
Total expenditures	<u>3,525,138</u>	<u>4,110,707</u>	<u>3,357,989</u>
Excess (deficiency) of revenues over expenditures	-	(614,890)	285,595

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 2016

With Comparative Figures for Year Ended April 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
OTHER FINANCING SOURCES			
Proceeds from sale of assets	-	12,500	78,960
Proceeds from issuance of long-term debt	-	755,061	-
	<u>-</u>	<u>767,561</u>	<u>78,960</u>
Total other financing sources	-	767,561	78,960
	<u>-</u>	<u>767,561</u>	<u>78,960</u>
Net change in fund balance	<u>\$ -</u>	152,671	364,555
FUND BALANCE			
Beginning of year		<u>1,032,130</u>	<u>667,575</u>
End of year		<u>\$ 1,184,801</u>	<u>\$ 1,032,130</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
POLICE PENSION LEVY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 2016
With Comparative Figures for Year Ended April 30, 2015

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 270,291	\$ 262,677	\$ 242,936
 EXPENDITURES			
Current - Police department			
Police pension	270,291	262,677	242,936
Net change in fund balance	\$ -	-	-
 FUND BALANCE			
Beginning of year		-	-
End of year		\$ -	\$ -

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

MOTOR FUEL TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 2016

With Comparative Figures for Year Ended April 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Intergovernmental:			
Motor fuel tax allotments	\$ 180,000	\$ 157,464	\$ 150,866
Illinois Jobs Now grant	-	-	28,814
Capital Bill Program grant	-	-	28,814
Total intergovernmental	<u>180,000</u>	<u>157,464</u>	<u>208,494</u>
Licenses and permits	30,000	27,887	31,090
Interest income	50	184	55
Miscellaneous	<u>-</u>	<u>566</u>	<u>-</u>
Total revenues	<u>210,050</u>	<u>186,101</u>	<u>239,639</u>
EXPENDITURES			
Current			
Streets and alleys:			
Street maintenance	10,000	26,602	20,454
Engineering services	20,000	17,949	18,822
Improvements	160,300	171,512	119,277
Other professional services	2,500	2,088	2,165
Maintenance supplies	10,000	15,043	9,093
Snow removal	39,000	25,128	30,929
Non-capital equipment	<u>-</u>	<u>-</u>	<u>5,897</u>
Total streets and alleys	<u>241,800</u>	<u>258,322</u>	<u>206,637</u>
Net change in fund balance	<u>\$ (31,750)</u>	<u>(72,221)</u>	<u>33,002</u>
FUND BALANCE			
Beginning of year		<u>240,749</u>	<u>207,747</u>
End of year		<u>\$ 168,528</u>	<u>\$ 240,749</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

TAX INCREMENT FINANCING FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 2016

	<u>Budget</u>	<u>Leisy-Pabst</u>	<u>Peoria Heights #1</u>	<u>Peoria Heights #2</u>	<u>Total</u>
REVENUES					
Property taxes	\$ 35,000	\$ 13,066	\$ -	\$ -	\$ 13,066
Interest income	45	54	-	-	54
	<u>35,045</u>	<u>13,120</u>	<u>-</u>	<u>-</u>	<u>13,120</u>
Total revenues					
EXPENDITURES					
Current - Administration					
Legal fees	15,000	115	3,741	-	3,856
Administration fees	-	600	2,500	2,500	5,600
Professional fees	73,035	1,633	27,679	22,903	52,215
Environmental studies	-	-	12,014	-	12,014
Appraisals	-	-	4,100	-	4,100
Capital outlay	30,000	-	29,726	-	29,726
	<u>118,035</u>	<u>2,348</u>	<u>79,760</u>	<u>25,403</u>	<u>107,511</u>
Net change in fund balance	\$ <u>(82,990)</u>	10,772	(79,760)	(25,403)	(94,391)
FUND BALANCE (DEFICIT)					
Beginning of year		<u>25,635</u>	<u>(17,963)</u>	<u>(4,509)</u>	<u>3,163</u>
End of year		<u>\$ 36,407</u>	<u>\$ (97,723)</u>	<u>\$ (29,912)</u>	<u>\$ (91,228)</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended April 30, 2016

REVENUES		\$ <u> -</u>
EXPENDITURES		
Debt service		
Bond issuance costs		<u> 57,139</u>
	Deficiency of revenues over expenditures	(57,139)
OTHER FINANCING SOURCES		
Proceeds from issuance of bonds		<u> 58,000</u>
	Net change in fund balance	861
FUND BALANCE		
Beginning of year		<u> -</u>
End of year		<u><u> \$ 861</u></u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
WATERWORKS FUND
PLANT AND OPERATING COMMERCIAL EXPENSES

Year Ended April 30, 2016
With Comparative Figures for 2015

	<u>2016</u>	<u>2015</u>
Salaries	\$ 477,646	\$ 436,053
Group insurance	43,289	36,934
Gasoline, oil, etc	10,006	11,367
Utilities	85,845	77,285
Maintenance and supplies:		
Vehicles	4,686	4,918
Building	23,324	34,961
Computers and software	6,475	6,018
Equipment	9,846	11,147
Utility system	46,542	54,916
Insurance	44,915	45,402
Depreciation	306,444	319,027
Operating supplies	28,394	36,041
Utility supplies	72,700	29,979
Office expenses	21,952	24,124
Engineering services	9,459	5,444
Audit fees	6,140	5,960
Other professional services	4,313	5,210
Laundry services	1,228	920
Testing services	3,955	7,025
Miscellaneous expense	<u>1,953</u>	<u>1,745</u>
 Total plant operating and commercial expenses	 <u>\$ 1,209,112</u>	 <u>\$ 1,154,476</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS
AND ASSESSED VALUATIONS
For the Levy Years 2015, 2014, and 2013

	<u>Tax Year</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSESSED VALUATION	\$ 97,261,571	\$ 93,724,582	\$ 93,226,482
TAX RATES			
General Corporate	0.12804	0.13288	0.13359
Police Pension	0.29814	0.28839	0.26931
TOTAL	<u>0.42618</u>	<u>0.42127</u>	<u>0.40290</u>
TAX EXTENSIONS			
General Corporate	\$ 124,534	\$ 124,541	\$ 124,541
Police Pension	289,976	270,292	251,068
TOTAL	<u>\$ 414,510</u>	<u>\$ 394,833</u>	<u>\$ 375,609</u>
COLLECTIONS *	<u>\$ -</u>	<u>\$ 383,721</u>	<u>\$ 363,453</u>
PERCENT OF EXTENSION COLLECTED		<u>97.19%</u>	<u>96.76%</u>

TAX INCREMENT FINANCING FUND

	<u>Tax Year</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSESSED VALUATION	\$ 7,811,910	\$ 1,160,260	\$ 1,160,390
TAX EXTENSION	<u>\$ 48,837</u>	<u>\$ 34,463</u>	<u>\$ 34,754</u>
COLLECTIONS *	<u>\$ -</u>	<u>\$ 13,066</u>	<u>\$ 34,755</u>
PERCENT OF EXTENSION COLLECTED		<u>37.91%</u>	<u>100.00%</u>

* Includes distributions of interest and prior year forfeited taxes.