

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BASIC FINANCIAL STATEMENTS

April 30, 2018

MEISTER, HILTON, CHITWOOD & ASSOCIATES, INC.

Certified Public Accountants

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

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VILLAGE OF PEORIA HEIGHTS, ILLINOIS

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Meister, Hilton, Chitwood & Associates, Inc.

Certified Public Accountants

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Peoria Heights, Illinois (Village) as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 our 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 49 and 50 and the pension information on pages 51 through 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our 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 68 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 our 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.

Meister, Hilton, Chitwood & Associates, Inc.

Peoria, Illinois
November 12, 2018

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	Peoria Heights Public Library
Cash and investments	\$ 1,433,692	\$ 504,765	\$ 1,938,457	\$ 389,256
Property taxes receivable	567,064	-	567,064	475,735
Due from State of Illinois	742,559	-	742,559	26,348
Accounts receivable	94,327	274,500	368,827	-
Inventory	6,975	-	6,975	-
Prepaid items	22,833	12,807	35,640	5,245
Restricted assets - cash and investments	-	75,685	75,685	-
Capital assets, not being depreciated	1,986,090	463,640	2,449,730	20,000
Capital assets, net of accumulated depreciation	3,859,296	3,147,545	7,006,841	1,175,303
Net pension asset	103,693	13,390	117,083	-
Total assets	8,816,529	4,492,332	13,308,861	2,091,887
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	139,790	97,914	237,704	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,956,319	\$ 4,590,246	\$ 13,546,565	\$ 2,091,887
LIABILITIES				
Accounts payable	\$ 76,445	\$ 7,071	\$ 83,516	\$ -
Accrued payroll and vacation	268,482	31,726	300,208	-
Accrued interest payable	1,736	4,865	6,601	-
Internal balances	160,000	(160,000)	-	-
Liabilities payable from restricted assets:				
Customer service deposits	-	75,685	75,685	-
Long-term debt:				
Due within one year	147,849	168,544	316,393	-
Due beyond one year	2,703,096	1,658,130	4,361,226	-
Total liabilities	3,357,608	1,786,021	5,143,629	-
DEFERRED INFLOWS OF RESOURCES				
Unearned property tax revenue	567,064	-	567,064	475,735
Deferred inflows related to pensions	415,412	255,143	670,555	-
Total deferred inflows of resources	982,476	255,143	1,237,619	475,735
NET POSITION (DEFICIT)				
Invested in capital assets, net of related debt	5,310,447	1,784,511	7,094,958	1,195,303
Restricted for:				
Street maintenance	171,145	-	171,145	-
Debt service	863	-	863	-
Business development	237,095	-	237,095	-
Retirement	-	-	-	22,388
Working cash	-	-	-	99,823
Unrestricted	(1,103,315)	764,571	(338,744)	298,638
Total net position	4,616,235	2,549,082	7,165,317	1,616,152
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,956,319	\$ 4,590,246	\$ 13,546,565	\$ 2,091,887

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

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

Year Ended April 30, 2018

		<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	\$ 945,401	\$ 211,933	\$ 66,370
Police	1,885,050	151,937	9,319
Fire protection	272,462	-	-
Garbage collection	479,043	-	-
Streets and alleys	754,741	28,890	-
Community development	67,626	-	-
Interest on long-term debt	116,997	-	-
	<hr/>	<hr/>	<hr/>
Total governmental activities	4,521,320	392,760	75,689
Business-type activities:			
Waterworks	1,142,883	1,229,503	-
	<hr/>	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT	\$ 5,664,203	\$ 1,622,263	\$ 75,689
	<hr/>	<hr/>	<hr/>
Component unit:			
Peoria Heights Public Library	\$ 492,679	\$ 8,208	\$ 5,812
	<hr/>	<hr/>	<hr/>

General revenues:

Property taxes
 Sales and use taxes
 State income tax
 Replacement taxes
 Telecommunication taxes
 Motor fuel tax allotments
 Other taxes
 Interest
 Other income

Total general revenues

Change in net position

Net position:

Beginning of year

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>
\$ (667,098)	\$ -	\$ (667,098)	\$ -
(1,723,794)	-	(1,723,794)	-
(272,462)	-	(272,462)	-
(479,043)	-	(479,043)	-
(725,851)	-	(725,851)	-
(67,626)	-	(67,626)	-
(116,997)	-	(116,997)	-
(4,052,871)	-	(4,052,871)	-
-	86,620	86,620	-
(4,052,871)	86,620	(3,966,251)	-
			(478,659)
552,538	-	552,538	596,950
2,337,699	-	2,337,699	-
560,159	-	560,159	-
144,892	-	144,892	41,468
96,897	-	96,897	-
404,100	-	404,100	-
157,181	-	157,181	-
10,975	3,640	14,615	3,082
91,838	-	91,838	3,162
4,356,279	3,640	4,359,919	644,662
303,408	90,260	393,668	166,003
4,312,827	2,458,822	6,771,649	1,450,149
<u>\$ 4,616,235</u>	<u>\$ 2,549,082</u>	<u>\$ 7,165,317</u>	<u>\$ 1,616,152</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

April 30, 2018

ASSETS	General Fund	Police Pension Levy Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 588,162	\$ -	\$ 169,311	\$ 676,219	\$ 1,433,692
Property taxes receivable	122,043	324,842	-	120,179	567,064
Due from State of Illinois	647,156	-	-	95,403	742,559
Accounts receivable	56,316	-	3,726	34,285	94,327
Due from other funds	294,986	-	-	679	295,665
Inventory	6,975	-	-	-	6,975
Prepaid items	22,833	-	-	-	22,833
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,738,471	\$ 324,842	\$ 173,037	\$ 926,765	\$ 3,163,115
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES					
Accounts payable	\$ 49,501	\$ -	\$ -	26,944	\$ 76,445
Accrued payroll and vacation	268,482	-	-	-	268,482
Due to other funds	160,679	-	-	294,986	455,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	478,662	-	-	321,930	800,592
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES					
Unearned property tax revenue	122,043	324,842	-	120,179	567,064
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES					
Nonspendable	29,808	-	-	-	29,808
Restricted	-	-	-	409,103	409,103
Assigned	-	-	-	224,520	224,520
Unassigned	1,107,958	-	173,037	(148,967)	1,132,028
Total fund balances	<u>1,137,766</u>	<u>-</u>	<u>173,037</u>	<u>484,656</u>	<u>1,795,459</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,738,471	\$ 324,842	\$ 173,037	\$ 926,765	\$ 3,163,115
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2018

Total fund balances - governmental funds		\$ 1,795,459
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Cost	\$ 10,660,805	
Accumulated depreciation	<u>(4,815,419)</u>	5,845,386
<p>Amounts related to pension reporting are not reported in the governmental funds:</p>		
Deferred outflows of resources	139,790	
Net pension asset	103,693	
Deferred inflows of resources	<u>(415,412)</u>	(171,929)
<p>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, 2018 consist of the following:</p>		
Loans payable	(1,026,558)	
Bonds payable	(1,824,387)	
Accrued interest payable	<u>(1,736)</u>	<u>(2,852,681)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 4,616,235</u>

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, 2018

	General Fund	Police Pension Levy Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 123,194	\$ 306,861	75,019	\$ 47,464	\$ 552,538
Intergovernmental:					
Sales tax	851,870	-	5,496	-	857,366
Home rule sales tax	899,939	-	24,957	-	924,896
Local use tax	174,902	-	-	-	174,902
State income taxes	560,159	-	-	-	560,159
Business development sales tax	-	-	16,479	253,796	270,275
Motor fuel tax allotments	-	-	-	157,181	157,181
Personal property replacement taxes	144,892	-	-	-	144,892
Telecommunication tax	96,897	-	-	-	96,897
Other taxes	133,825	-	-	-	133,825
State and federal grants	9,319	-	-	-	9,319
Licenses and permits	55,075	-	-	28,890	83,965
Intergovernmental agreement	11,196	-	-	-	11,196
Food and beverage tax	321,323	-	59,212	-	380,535
Franchise fees	118,860	-	-	-	118,860
Fines	140,741	-	-	-	140,741
Charges for services	37,998	-	-	-	37,998
Land lease	39,607	-	-	-	39,607
Donations/Memorials	66,370	-	-	-	66,370
Interest	7,593	-	605	2,777	10,975
Miscellaneous	21,504	-	-	30,727	52,231
Total revenues	<u>3,815,264</u>	<u>306,861</u>	<u>181,768</u>	<u>520,835</u>	<u>4,824,728</u>
EXPENDITURES					
Current					
Administration	770,582	-	-	61,493	832,075
Police department	1,495,776	306,861	-	-	1,802,637
Fire protection	179,299	-	-	-	179,299
Garbage collection and recycling	479,043	-	-	-	479,043
Streets and alleys	516,431	-	-	209,626	726,057
Community development	-	-	40,065	27,561	67,626
Capital outlay	248,599	-	-	-	248,599
Debt service	83,444	-	-	132,741	216,185
Total expenditures	<u>3,773,174</u>	<u>306,861</u>	<u>40,065</u>	<u>431,421</u>	<u>4,551,521</u>
Deficiency of revenues over expenditures	<u>42,090</u>	<u>-</u>	<u>141,703</u>	<u>89,414</u>	<u>273,207</u>

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

GOVERNMENTAL FUNDS

Year Ended April 30, 2018

	<u>General Fund</u>	<u>Police Pension Levy Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES					
Proceeds from issuance of long-term debt	-	-	-	93,562	93,562
Total other financing sources	-	-	-	93,562	93,562
Net change in fund balance	42,090	-	141,703	182,976	366,769
FUND BALANCE					
Beginning of year	<u>1,095,676</u>	<u>-</u>	<u>31,334</u>	<u>301,680</u>	<u>1,428,690</u>
End of year	<u>\$ 1,137,766</u>	<u>\$ -</u>	<u>\$ 173,037</u>	<u>\$ 484,656</u>	<u>\$ 1,795,459</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, 2018

Total net change in fund balances - governmental funds \$ 366,769

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	\$ 248,599	
Depreciation expense	<u>(407,434)</u>	(158,835)

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	(3,537)	
Bonds payable	<u>(90,025)</u>	(93,562)

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 96,329

Interest on long-term debt is reported when paid in the governmental funds. However, in the Statement of Activities, interest expense is recorded when incurred. 2,859

Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred inflows and outflows of resources related to pensions:

Pension contributions	73,577	
Pension income	<u>16,271</u>	<u>89,848</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 303,408

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, 2018

	<u>Business-type Activities</u>
ASSETS	
Current assets	
Cash and investments	\$ 504,765
Accounts receivable, net of allowance of \$38,000	274,500
Due from other funds	160,000
Prepaid expenses	12,807
Total current assets	<u>952,072</u>
Restricted assets	
Cash and investments	<u>75,685</u>
Capital assets, not being depreciated	463,640
Capital assets, net of accumulated depreciation	<u>3,147,545</u>
Total capital assets	<u>3,611,185</u>
Net pension asset	<u>13,390</u>
Total assets	4,652,332
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>97,914</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,750,246</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, 2018

	<u>Business-type Activities</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 7,071
Accrued payroll and vacation	31,726
Accrued interest payable	4,865
Current portion of long-term debt	168,544
Total current liabilities	<u>212,206</u>
Liabilities payable from restricted assets	
Customer service deposits	<u>75,685</u>
Long-term liabilities:	
Notes payable	858,883
IEPA loan payable	799,247
Total long-term liabilities	<u>1,658,130</u>
Total liabilities	<u>1,946,021</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>255,143</u>
NET POSITION	
Invested in capital assets, net of related debt	1,784,511
Unrestricted	764,571
Total net position	<u>2,549,082</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 4,750,246</u></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, 2018

	<u>Business-type</u> <u>Activities</u>
OPERATING REVENUES	
Water sales	\$ 1,206,109
Service connection fees	2,253
Miscellaneous revenues	21,141
Total operating revenues	<u>1,229,503</u>
 OPERATING EXPENSES	
Wages and benefits	451,029
Operations	81,339
Plant maintenance	95,599
Office expenses	118,756
Administration	41,083
Depreciation	318,137
Total operating expenses	<u>1,105,943</u>
Operating income	<u>123,560</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest income	3,640
Interest expense	<u>(36,940)</u>
Total nonoperating revenues (expenses)	<u>(33,300)</u>
 CHANGE IN NET POSITION	 90,260
 NET POSITION	
Beginning of year	<u>2,458,822</u>
End of year	<u>\$ 2,549,082</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, 2018

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,192,533
Miscellaneous revenues received	21,141
Cash payments to suppliers and vendors for goods and services	(329,681)
Cash payments to employees for services and benefits	(510,576)
Net cash provided by operating activities	<u>373,417</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(179,277)
Proceeds from issuance of long-term debt	614,823
Interest paid	(36,690)
Purchase of capital assets	(587,067)
Net cash used in capital and related financing activities	<u>(188,211)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>3,640</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	188,846
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>391,604</u>
End of year	<u>\$ 580,450</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - ENTERPRISE FUND
WATERWORKS FUND

Year Ended April 30, 2018

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 123,560
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	318,137
Pension income	(44,462)
Change in operating assets and liabilities:	
Accounts receivable	(15,984)
Prepaid expenses	4,965
Accounts payable	2,131
Accrued payroll and vacation	(15,085)
Liabilities payable from restricted assets	<u>155</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 373,417</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, 2018

ASSETS

Cash and cash equivalents	\$	89,943
Investments, at fair value		
U.S. Treasury Obligations		688,182
U.S. Agency Obligations		127,594
Corporate Bonds		506,997
Mutual funds		1,109,563
		2,432,336
Accrued interest receivable		9,367
Prepaid expenses		800
Total assets	\$	2,532,446

LIABILITIES

Accounts payable and accrued liabilities		9,086
Net position restricted for pensions	\$	2,523,360

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, 2018

Additions:

Contributions:

Employer - property taxes	\$ 306,861
Plan members	<u>85,740</u>

Total contributions 392,601

Investment income:

Interest	44,731
Dividends	19,540
Realized loss from sale of investments	(51,983)
Net appreciation in fair value of investments	<u>39,286</u>
	51,574
Less investment expenses	<u>(8,052)</u>

Total investment income 43,522

Total additions 436,123

Deductions:

Pension benefits paid:

Retirement	84,400
Surviving spouse	<u>24,485</u>
Total benefits paid	<u>108,885</u>

Administrative expenses:

Accounting and legal	18,262
Clerical fees	4,500
Other	<u>4,175</u>
Total administrative expenses	<u>26,937</u>

Total deductions 135,822

Net increase 300,301

Net position restricted for pensions:

Beginning of year 2,223,059

End of year \$ 2,523,360

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

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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. A 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 Village.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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 Library 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, 2018

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, 2018

(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.

Community Development Fund - This capital projects fund is used to account for development projects being carried out by the Village. Such projects are financed by proceeds from general obligation bonds, loan proceeds, and tax increment financing activities.

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, restricted sales taxes 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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

(d) Financial Statement Presentation (Continued)

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.

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.

A fiscal year budget has not been prepared for the Community Development Fund. The expenditures of these funds are restricted and controlled through the economic development agreements. Therefore, a budgetary comparison schedule for the Community Development Fund has not been prepared.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

(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, US Treasury and Agencies obligations and corporate bonds 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.

(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 2017 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 2019.

(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."

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

(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.

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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

(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 recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

(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.

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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

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

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.

(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, 2018, the Village (primary government) had the following cash and investments:

Cash and investments	\$ 1,938,457
Restricted cash and investments	75,685
Cash and investments – Fiduciary Funds	89,943
Investments – Fiduciary Funds	<u>2,432,336</u>
Total cash and investments	<u>\$ 4,536,421</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Demand deposits and cash on hand	\$ 759,212
Certificates of deposit	379,750
Illinois Funds Money Market Fund	875,180
Deposits held by Fiduciary Funds	89,943
Investments held by Fiduciary Funds	<u>2,432,336</u>
Total cash and investments	<u>\$ 4,536,421</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, 2018, the bank balance of the Village's deposits, which includes demand deposits, money market funds, and certificates of deposit, was \$1,390,728. Of the bank balance, \$859,378 was covered by federal depository insurance and \$531,350 was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution.

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

Illinois Funds

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 cash and 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. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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, 2018, the Village had approximately 43 percent of its cash and investments invested in the Illinois Funds.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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, 2018, 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 Pension Code, 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.

Deposits

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, 2018, the Fund's bank balance was \$89,943, which was covered by federal depository insurance, thus was not exposed to custodial credit risk.

Investments

The following table presents the investments of the Pension Trust Fund's as of April 30, 2018:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
U.S. Treasury Obligations	\$ 688,182	N/A	4.38
U.S. Agency Obligations	127,594	Aaa to Aa1	2.58
Corporate Bonds	506,997	Aa1 to Baa2	4.53
Mutual Funds	<u>1,109,563</u>	N/A	N/A
Total investments	<u>\$ 2,432,336</u>		

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable. Obligations of the US Government or obligations explicitly guaranteed by the US Government are not considered to have credit risk

(2) Interest rate risk is estimated using the weighted average years to maturity method.

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

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

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

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, 2018, the bank balance, excluding the Illinois Funds, of the Library's deposits was \$177,998. The entire bank balance was covered by federal depository insurance, and therefore, was not exposed to custodial credit risk. The Illinois Funds Money Market Funds with a balance of \$235,675 were included in cash and investments on the statement of net position at April 30, 2018 but not included in the custodial credit risk analysis above.

As of April 30, 2018, the Library's cash and investments were comprised of the following:

Demand deposits	\$ 126,186
Certificate of deposit	27,395
Illinois funds	<u>235,675</u>
Total cash and investments	<u>\$ 389,256</u>

NOTE 3 - CAPITAL ASSETS

Primary Government

Capital asset activity for the governmental activities for the year ended April 30, 2018 was as follows:

	<u>April 30,</u> <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u> <u>2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 1,986,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,986,090</u>
Capital assets being depreciated:				
Building and improvements	4,841,194	72,335	-	4,913,529
Equipment	<u>3,305,564</u>	<u>176,264</u>	<u>(20,642)</u>	<u>3,761,186</u>
Total capital assets being depreciated	8,446,758	248,599	(20,642)	8,674,715
Less accumulated depreciation	<u>4,428,627</u>	<u>407,434</u>	<u>(20,642)</u>	<u>4,815,419</u>
Net capital assets being depreciated	<u>4,018,131</u>	<u>(158,835)</u>	<u>-</u>	<u>3,859,296</u>
Governmental activities capital assets, net	<u>\$ 6,004,221</u>	<u>\$ (158,835)</u>	<u>\$ -</u>	<u>\$ 5,845,386</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Primary Government (continued)

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 the governmental activities functions/programs as follows:

Administration	\$ 141,330
Police	99,459
Fire	98,413
Streets	<u>68,232</u>

Total depreciation expense – governmental activities \$ 407,434

Capital asset activity for the business-type activities for the year ended April 30, 2018 was as follows:

Business-type activities:	April 30, 2017	Additions	Deductions	April 30, 2018
Capital assets not being depreciated:				
Land	\$ 38,942	\$ -	\$ -	\$ 38,942
Construction in progress	<u>24,959</u>	<u>399,739</u>	<u>-</u>	<u>424,698</u>
	<u>63,901</u>	<u>399,739</u>	<u>-</u>	<u>463,640</u>
Capital assets being depreciated:				
Water tower	2,932,712	-	-	2,932,712
Fire hydrants and service connections	122,988	-	-	122,988
Meters	498,664	187,328	-	685,992
Vehicles and equipment	666,761	-	-	666,761
Pump house equipment	553,280	-	-	553,280
Wells	673,848	-	-	673,848
Reservoir	33,105	-	-	33,105
Water mains	3,589,115	-	-	3,589,115
Stand pipe	<u>135,208</u>	<u>-</u>	<u>-</u>	<u>135,208</u>
	9,205,681	187,328	-	9,393,009
Less accumulated depreciation	<u>5,927,327</u>	<u>318,137</u>	<u>-</u>	<u>6,245,464</u>
Total capital assets being depreciated, net	<u>3,278,354</u>	<u>(130,809)</u>	<u>-</u>	<u>3,147,545</u>
Business-type activities capital assets, net	<u>\$ 3,342,255</u>	<u>\$ 268,930</u>	<u>\$ -</u>	<u>\$ 3,611,185</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Capital asset activity for the Peoria Heights Public Library for the year ended April 30, 2018 was as follows:

	<u>April 30,</u> <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u> <u>2018</u>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Buildings and improvements	1,773,838	36,875	-	1,810,713
Furniture and fixtures	130,499	14,018	-	144,607
Equipment	159,471	-	-	159,471
Books	137,754	41,209	(18,568)	160,395
Total capital assets being depreciated	2,201,562	92,192	(18,568)	2,275,186
Less accumulated depreciation	1,037,896	80,555	(18,568)	1,099,883
Net capital assets being depreciated	1,163,666	11,637	-	1,175,303
Capital assets, net	<u>\$ 1,183,666</u>	<u>\$ 11,637</u>	<u>\$ -</u>	<u>\$ 1,195,303</u>

NOTE 4 – DUE FROM THE STATE OF ILLINOIS

Amounts due from the State of Illinois at April 30, 2018 for the Village's major and nonmajor funds are as follows:

	<u>Governmental Activities</u>		
	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Funds</u>
Sales tax	\$ 216,905	\$ -	\$ -
Home rule sales tax	239,733	-	-
Income tax	84,430	-	-
Use tax	39,332	-	-
Replacement tax	31,014	-	-
Motor fuel tax	-	-	14,093
Business district tax	-	-	81,310
Telecommunications tax	23,166	-	-
Video gaming tax	12,576	-	-
Total	<u>\$ 647,156</u>	<u>\$ -</u>	<u>\$ 95,403</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - LONG-TERM DEBT

Primary Government – Governmental Activities

Changes in long-term debt for governmental activities for the year ended April 30, 2018 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	\$ 112,500	\$ -	\$ 12,500	\$ 100,000	\$ 12,500
Notes payable	1,006,850	3,537	83,829	926,558	95,349
Bonds payable	<u>1,734,362</u>	<u>90,025</u>	<u>-</u>	<u>1,824,387</u>	<u>40,000</u>
	<u>\$ 2,853,712</u>	<u>\$ 93,562</u>	<u>\$ 96,329</u>	<u>\$ 2,850,945</u>	<u>\$ 147,849</u>

Repayment of long-term debt will be funded through the general fund from general revenue sources and bond and interest fund from sales and real estate taxes from the business development districts.

Long-term debt at April 30, 2018 is comprised of the following:

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 a bank dated September 26, 2016, original amount was \$145,000. The note is due in quarterly installments of \$7,446, including interest at 2.52 percent, commencing March 19, 2019 through September 2023. Interest only payments are due quarterly through December 19, 2018. The note is unsecured.

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.

Note payable with a bank dated August 26, 2016, original amount was \$600,500. The note is due in quarterly installments of \$11,462, including interest at 2.52 percent, commencing November 2, 2017 through September 2021 with a balloon payment of \$483,958. Interest only payments were due quarterly beginning November 2, 2016 through November 2, 2017. The note is unsecured.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Governmental Activities

Taxable General Obligation Bonds, series 2016 dated April 28, 2016, original issue amount of \$1,850,000. The purchase price for the bonds were paid in multiple advances as funds were drawn from Heritage Bank of Central Illinois. As of April 30, 2018, \$1,824,387 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. 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, 2018. However, interest of \$90,025 was capitalized and added to the principal of the bonds during 2018.

The annual debt service requirements to maturity for the Illinois Finance Authority Loan as of April 30, 2018, is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 12,500	\$ -	\$ 12,500
2020	12,500	-	12,500
2021	12,500	-	12,500
2022	12,500	-	12,500
2023	12,500	-	12,500
2024 - 2026	<u>37,500</u>	<u>-</u>	<u>37,500</u>
Total	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$100,000</u>

The annual debt service requirements to maturity for notes payable as of April 30, 2018, is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 95,349	\$ 25,093	\$ 120,442
2020	117,553	22,031	139,584
2021	118,828	18,707	137,535
2022	294,978	10,970	305,948
2023	59,788	7,933	67,721
2024 - 2026	<u>240,062</u>	<u>19,447</u>	<u>259,509</u>
Total	<u>\$ 926,558</u>	<u>\$ 104,181</u>	<u>\$ 1,030,739</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Governmental Activities

The annual debt service requirements to maturity for bonds payable as of April 30, 2018, is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 40,000	\$ 93,500	\$ 133,500
2020	60,000	91,450	151,450
2021	60,000	88,375	148,375
2022	65,000	85,300	150,300
2023	70,000	81,969	151,969
2024 - 2028	435,000	350,648	785,648
2029 - 2033	620,000	220,730	840,730
2034 - 2036	<u>474,387</u>	<u>48,593</u>	<u>522,980</u>
 Total	 <u>\$ 1,824,387</u>	 <u>\$ 1,060,565</u>	 <u>\$ 2,884,952</u>

Primary Government – Business-type Activities

Changes in long-term debt for business-type activities for the year ended April 30, 2018 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	\$ 911,796	\$ -	\$ 55,924	\$ 855,872	\$ 56,625
Notes payable	<u>479,332</u>	<u>614,823</u>	<u>123,353</u>	<u>970,802</u>	<u>111,919</u>
	<u>\$ 1,391,128</u>	<u>\$ 614,823</u>	<u>\$ 179,277</u>	<u>\$ 1,826,674</u>	<u>\$ 168,544</u>

Business-type activities long-term debt at April 30, 2018 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 was \$1,158,814. Semiannual principal and interest payments of \$33,574 are due each January 28 and July 28 through January 2032.

Note payable to 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).

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Primary Government – Business-type Activities (Continued)

Note payable to a bank due in monthly payments of \$10,405, including interest at 3.02 percent commencing January 14, 2017, with final payment due December 14, 2031. Total loan commitment is \$1,500,000. The proceeds from the note is to be paid in multiple advances as funds are drawn from the Bank. As of April 30, 2018, \$1,047,666 had been drawn on the note.

Repayment of the business-type activity debt has been funded through water sales operating revenues and the infrastructure maintenance surcharge fee in the Waterworks fund.

The annual requirements to amortize the Illinois Environmental Protection Agency loan as of April 30, 2018, including interest are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 56,625	\$ 10,523	\$ 67,148
2020	57,336	9,812	67,148
2021	58,055	9,093	67,148
2022	58,782	8,366	67,148
2023	59,519	7,629	67,148
2024 - 2028	308,981	26,756	335,737
2029 - 2032	<u>256,574</u>	<u>7,163</u>	<u>263,737</u>
Total	<u>\$ 855,872</u>	<u>\$ 79,342</u>	<u>\$ 935,214</u>

The annual debt service requirements to maturity for notes payable as of April 30, 2018, are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 111,919	\$ 26,496	\$ 138,415
2020	123,882	24,936	148,818
2021	127,861	20,957	148,818
2022	108,006	16,848	124,854
2023	111,313	13,541	124,854
2024 - 2028	<u>387,821</u>	<u>19,923</u>	<u>407,744</u>
Total	<u>\$ 970,802</u>	<u>\$ 122,701</u>	<u>\$1,093,503</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Component Unit – Peoria Heights Public Library

Changes in long-term debt for the Peoria Heights Public Library for the year ended April 30, 2018 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	\$ 235,000	\$ -	\$ 135,000	\$ -	\$ -

Long-term debt was 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 were due each June 1 and December 1 and the principal was due each December 1 through December 2017. The bonds were issued for the purpose of acquiring, constructing and furnishing a new library building.

Legal Debt Margin – Primary Government

The legal debt margin of the Village at April 30, 2018 is as follows:

Assessed valuation - 2017 levy	<u>\$ 95,599,248</u>
Statutory debt limitation (8.625 percent of assessed valuation)	\$ 8,245,435
Less debt, excluding EPA loan	<u>3,821,747</u>
Legal debt margin	<u>\$ 4,423,688</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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, 2018.

Individual fund interfund receivables and payables at April 30, 2018 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General:		
Tax Increment Financing	\$ 294,986	\$ -
Waterworks	-	160,000
Motor Fuel Tax	-	679
	<u>294,986</u>	<u>160,679</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor governmental funds - General	<u>679</u>	<u>294,986</u>
Total governmental activities	<u>295,665</u>	<u>455,665</u>
Waterworks - General	<u>160,000</u>	<u>-</u>
	<u>\$ 455,665</u>	<u>\$ 455,665</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.

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

There were no funds with excess of total expenditures over budget.

- b. Deficit fund balances of individual funds.

The following fund had a deficit fund balance at April 30, 2018:

Nonmajor governmental fund:	
Tax Increment Financing	<u>\$ 148,967</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.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

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).

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, 2017, the following employees (Village of Peoria Heights including the Library) were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	28
Inactive Plan Members entitled to but not yet receiving benefits	20
Active Plan Members	<u>27</u>
Total	<u><u>75</u></u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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 2017 was 9.70%. For the fiscal year ended April 30, 2018, the Village's portion of the contribution to the plan was \$109,232. 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, 2017. 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, 2017:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- The IMRF specific rates for mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- There were no benefit changes during the year.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

- 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 as of December 31, 2017:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.50% 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 (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate 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 3.31%, and the resulting single discount rate is 7.50%.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension (Asset) Liability

The following table shows the components of the change in the Village's net pension (asset) liability for the calendar year ended December 31, 2017 for Regular Plan members:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2016	\$ 5,274,286	\$ 4,826,646	\$ 447,640
Changes for the year:			
Service Cost	109,255	-	109,255
Interest on the Total Pension Liability	389,717	-	389,717
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	75,678	-	75,678
Changes of Assumptions	(182,151)	-	(182,151)
Contributions - Employer	-	128,989	(128,989)
Contributions - Employees	-	67,468	(67,468)
Net Investment Income	-	844,189	(844,189)
Benefit Payments, including Refunds of Employee Contributions	(265,362)	(265,362)	-
Other (Net Transfer)	-	(83,424)	83,424
Net Changes	<u>127,137</u>	<u>691,860</u>	<u>(564,723)</u>
Balances at December 31, 2017	<u>\$ 5,401,423</u>	<u>\$ 5,518,506</u>	<u>\$ (117,083)</u>

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

The following presents the net pension (asset) liability, calculated using a single discount rate of 7.50 percent, as well as what the plan's net pension liability (assets) would be if it were calculated using a single discount rate that is 1% lower (6.50 percent) or 1% higher (8.50 percent) than the current rate:

	<u>(6.50%) 1% Lower</u>	<u>(7.50%) Current Discount Rate</u>	<u>(8.50%) 1% Higher</u>
Net pension liability (asset)	\$ <u>578,020</u>	\$ <u>(117,083)</u>	\$ <u>(681,195)</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018, the Village recognized pension income of \$25,078. At April 30, 2018, 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	\$ 57,277	\$ 139,476
Changes of assumptions	1,243	140,757
Net difference between projected and actual earnings on pension plan investments	<u>147,785</u>	<u>390,322</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>206,305</u>	<u>670,555</u>
Pension Contributions made subsequent to the Measurement Date	<u>31,399</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 237,704</u>	<u>\$ 670,555</u>

\$31,399 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2019.

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 Inflows Of Resources</u>
2018	\$ (150,137)
2019	(95,286)
2020	(118,335)
2021	<u>(100,492)</u>
	<u>\$ (464,250)</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018.

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, 2018, the Village's net position/fund balances were restricted for the following purposes:

Motor Fuel Tax Fund – street maintenance and improvements	\$ 171,145
Business Development Fund – improvements within the business Development district	237,095
Bond and Interest Fund – payment of long-term debt principal and interest	<u>863</u>
Total	<u>\$ 409,103</u>

Assigned fund balances represent amounts constrained by the Village's intent to use them for a specific purpose. At April 30, 2018, 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, 2018

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:

2019	\$ <u>263,995</u>
------	-------------------

The total expenditures under this contract for the year ended April 30, 2018 were \$372,263.

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:

2019	\$ <u>35,844</u>
------	------------------

The total expenditures under this contract for the year ended April 30, 2018 were \$106,780.

Note Payable

On December 14, 2016, the Village entered into a promissory note payable to a bank in the amount of \$1,500,000. The proceeds from the promissory note will be taken in multiple advances from Morton Community Bank as the funds are needed for water main and meter replacements and water tower maintenance. As of April 30, 2018, \$1,047,666 had been drawn on the note and \$452,334 was remaining for the Village's use.

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, 2018, 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 – TAX ABATEMENTS

The Village enters into tax abatement agreements with local businesses under the Tax Increment Financing Act, in order to create economic development in certain districts. For the fiscal year ended April 30, 2018, the Village abated property taxes totaling \$37,500 under this program.

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued.

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, 2018

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 122,000	\$ 123,194	\$ 1,194
Intergovernmental:			
Sales tax	810,000	851,870	41,870
Home rule sales tax	775,000	899,939	124,939
Local use tax	145,000	174,902	29,902
State income taxes	600,000	560,159	(39,841)
Personal property replacement taxes	150,000	144,892	(5,108)
Telecommunication tax	120,000	96,897	(23,103)
Other taxes	107,000	133,825	26,825
State and federal grants	41,000	9,319	(31,681)
Licenses and permits	49,250	55,075	5,825
Intergovernmental agreement	202,000	11,196	(190,804)
Food and beverage tax	315,000	321,323	6,323
Franchise fees	124,000	118,860	(5,140)
Fines	165,500	140,741	(24,759)
Charges for services	35,000	37,998	2,998
Land lease	39,085	39,607	522
Donations	-	66,370	66,370
Interest	2,500	7,593	5,093
Miscellaneous	3,744	21,504	17,760
Total revenues	<u>3,806,079</u>	<u>3,815,264</u>	<u>9,185</u>
EXPENDITURES			
Administration	742,232	770,582	(28,350)
Police department	1,770,350	1,495,776	274,574
Fire protection	198,250	179,299	18,951
Garbage collection and recycling	472,610	479,043	(6,433)
Streets and alleys	630,675	516,431	114,244
Capital outlay	137,000	248,599	(111,599)
Debt service	74,465	83,444	(8,979)
Total expenditures	<u>4,025,582</u>	<u>3,773,174</u>	<u>252,408</u>
Deficiency of revenues over expenditures	(219,503)	42,090	261,593
FUND BALANCE			
Beginning of year		<u>1,095,676</u>	
End of year		<u>\$ 1,137,766</u>	

**Village of Peoria Heights
Illinois Municipal Retirement Fund
Required Supplemental Information
Year Ended April 30, 2018**

(Unaudited - See Accompanying Independent Auditor's Report)

Schedule of Changes in the Net Pension Liability and Related Ratios

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 109,255	\$ 115,702	\$ 111,573
Interest on the Total Pension Liability	389,717	387,979	382,775
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	75,678	(224,212)	(189,927)
Changes of Assumptions	(182,151)	(6,323)	6,415
Benefit Payments, including Refunds of Employee Contributions	<u>(265,362)</u>	<u>(241,930)</u>	<u>(231,291)</u>
Net Change in Total Pension Liability	127,137	31,216	79,545
Total Pension Liability - Beginning	<u>5,274,286</u>	<u>5,243,070</u>	<u>5,163,525</u>
Total Pension Liability – Ending (A)	<u>\$ 5,401,423</u>	<u>\$ 5,274,286</u>	<u>\$ 5,243,070</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 128,989	\$ 113,361	\$ 113,219
Contributions - Employees	67,468	50,359	50,147
Net Investment Income	844,189	316,785	24,190
Benefit Payments, including Refunds of Employee Contributions	(265,362)	(241,930)	(231,291)
Other (Net Transfer)	<u>(83,424)</u>	<u>(34,368)</u>	<u>(205,869)</u>
Net Change in Plan Fiduciary Net Position	691,860	204,207	(249,604)
Plan Fiduciary Net Position - Beginning	<u>4,826,646</u>	<u>4,622,439</u>	<u>4,872,043</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 5,518,506</u>	<u>\$ 4,826,646</u>	<u>\$ 4,622,439</u>
Net Pension (Asset) Liability - Ending (A) - (B)	<u>\$ (117,083)</u>	<u>\$ 447,640</u>	<u>\$ 620,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>102.17%</u>	<u>91.51%</u>	<u>88.16%</u>
Covered Valuation Payroll	<u>\$ 1,329,779</u>	<u>\$ 1,119,071</u>	<u>\$ 1,114,357</u>
Net Pension (Asset) Liability as a Percentage of Covered Valuation Payroll	<u>-8.80%</u>	<u>40.00%</u>	<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, 2018**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions
Calendar Years Ended December 31, 2017, 2016 and 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>
2017	\$ 128,989	\$ 128,989	\$ -	\$ 1,329,779	9.70%
2016	113,362	113,361	1	1,119,071	10.13
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 2017 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 2017 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
 Amortization Method: Level percentage of payroll, closed
 Remaining Amortization Period: 26-year closed period until remaining period reaches 10 years (then 10 year rolling period)
 Asset Valuation Method: 5-year smoothed market; 20% corridor
 Wage Growth: 3.50%
 Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
 Salary Increases: 3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
 Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Village of Peoria Heights
Illinois Municipal Retirement Fund
Required Supplemental Information
Year Ended April 30, 2018**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions
Calendar Years Ended December 31, 2017, 2016 and 2015**

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation.

COMBINING AND INDIVIDUAL FUND STATEMENTS

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2018

ASSETS	<u>Special Revenue</u>	
	Motor Fuel Tax Fund	Tax Increment Financing Fund
Cash and investments	\$ 152,815	\$ 138,019
Property taxes receivable	-	120,179
Accounts receivable	3,558	30,727
Due from State of Illinois	14,093	-
Due from other funds	679	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 171,145	\$ 288,925
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ -	\$ 22,727
Due to other funds	-	294,986
	<hr/>	<hr/>
TOTAL LIABILITIES	-	317,713
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Unearned property tax revenue	-	120,179
	<hr/>	<hr/>
FUND BALANCES (DEFICIT)		
Restricted	171,145	-
Assigned	-	-
Unassigned	-	(148,967)
	<hr/>	<hr/>
Total fund balances	171,145	(148,967)
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 171,145	\$ 288,925
	<hr/>	<hr/>

<u>Business Development District Fund</u>	<u>Capital Projects</u>		<u>Debt Service</u>	<u>Total</u>
	<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>	<u>Bond and Interest Fund</u>	
\$ 160,002	\$ 215,000	\$ 9,520	\$ 863	\$ 676,219
-	-	-	-	120,179
-	-	-	-	34,285
81,310	-	-	-	95,403
-	-	-	-	679
<u>\$ 241,312</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$ 863</u>	<u>\$ 926,765</u>
\$ 4,217	\$ -	\$ -	\$ -	\$ 26,944
-	-	-	-	294,986
<u>4,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,930</u>
-	-	-	-	120,179
237,095	-	-	863	409,103
-	215,000	9,520	-	224,520
-	-	-	-	(148,967)
<u>237,095</u>	<u>215,000</u>	<u>9,520</u>	<u>863</u>	<u>484,656</u>
<u>\$ 241,312</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$ 863</u>	<u>\$ 926,765</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended April 30, 2018

	<u>Special</u>	
	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>
REVENUES		
Property taxes	\$ -	\$ 47,464
Intergovernmental	157,181	-
Licenses and permits	28,890	-
Interest income	1,470	752
Other miscellaneous	-	30,727
	<hr/>	<hr/>
Total revenues	187,541	78,943
	<hr/>	<hr/>
EXPENDITURES		
Current		
Administration	-	61,493
Streets and alleys	209,626	-
Community development	-	-
Debt service	-	-
	<hr/>	<hr/>
Total expenditures	209,626	61,493
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(22,085)	17,450
 OTHER FINANCING SOURCES		
Proceeds from issuance of bonds	-	-
	<hr/>	<hr/>
Net change in fund balance	(22,085)	17,450
 FUND BALANCE (DEFICIT)		
Beginning of year	193,230	(166,417)
	<hr/>	<hr/>
End of year	\$ 171,145	\$ (148,967)
	<hr/>	<hr/>

<u>Revenue</u>	<u>Capital Projects</u>		<u>Debt Service</u>	
<u>Business Development District Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>	<u>Bond and Interest Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,464
253,796	-	-	-	410,977
-	-	-	-	28,890
555	-	-	-	2,777
-	-	-	-	30,727
<u>254,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,835</u>
-	-	-	-	61,493
-	-	-	-	209,626
27,561	-	-	-	27,561
39,179	-	-	93,562	132,741
<u>66,740</u>	<u>-</u>	<u>-</u>	<u>93,562</u>	<u>431,421</u>
187,611	-	-	(93,562)	89,414
-	-	-	93,562	93,562
<u>187,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,976</u>
<u>49,484</u>	<u>215,000</u>	<u>9,520</u>	<u>863</u>	<u>301,680</u>
<u>\$ 237,095</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$ 863</u>	<u>\$ 484,656</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

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

Year Ended April 30, 2018
With Comparative Figures for Year Ended April 30, 2017

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 122,000	\$ 123,194	\$ 121,563
Intergovernmental:			
State sales tax	810,000	851,870	759,881
Home rule sales tax	775,000	899,939	789,722
Local use tax	145,000	174,902	151,784
State income tax	600,000	560,159	580,436
Personal property replacement tax	150,000	144,892	173,160
Telecommunication tax	120,000	96,897	116,798
Other taxes	107,000	133,825	114,999
Total intergovernmental	<u>2,707,000</u>	<u>2,862,484</u>	<u>2,686,780</u>
State and federal grants	41,000	9,319	3,732
Licenses and permits	49,250	55,075	51,320
Intergovernmental agreement	202,000	11,196	-
Food and beverage tax	315,000	321,323	316,867
Franchise fees	124,000	118,860	131,458
Fines	165,500	140,741	161,363
Charges for services	35,000	37,998	49,686
Land lease	39,085	39,607	39,160
Donations	-	66,370	-
Interest	2,500	7,593	3,181
Miscellaneous	3,744	21,504	44,526
Total revenues	<u>3,806,079</u>	<u>3,815,264</u>	<u>3,609,636</u>
EXPENDITURES			
Current			
Administration	742,232	770,582	684,837
Police department	1,770,350	1,495,776	1,547,916
Fire protection	198,250	179,299	186,927
Garbage collection and recycling	472,610	479,043	463,793
Streets and alleys	630,675	516,431	521,903
Capital outlay	137,000	248,599	199,966
Debt service	74,465	83,444	93,419
Total expenditures	<u>4,025,582</u>	<u>3,773,174</u>	<u>3,698,761</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

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

Year Ended April 30, 2018
With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	\$ (219,503)	42,090	(89,125)
FUND BALANCE			
Beginning of year		<u>1,095,676</u>	<u>1,184,801</u>
End of year		<u>\$ 1,137,766</u>	<u>\$ 1,095,676</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, 2018
With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 310,467	\$ 306,861	\$ 283,025
 EXPENDITURES			
Current - Police department			
Police pension	<u>310,467</u>	<u>306,861</u>	<u>283,025</u>
 Net change in fund balance	<u>\$ -</u>	-	-
 FUND BALANCE			
Beginning of year		<u>-</u>	<u>-</u>
End of year		<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

COMMUNITY DEVELOPMENT FUND

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

Year Ended April 30, 2018

With Comparative Figures for Year Ended April 30, 2017

	2018			2017 <u>Total</u>
	<u>Trefzgers</u>	<u>4500 N. Prospect</u>	<u>Total</u>	
REVENUES				
Property taxes	\$ 75,019	\$ -	\$ 75,019	\$ -
Intergovernmental:				
Sales tax	5,496	-	5,496	22,804
Home rule sales tax	24,957	-	24,957	2,656
Business development sales tax	16,479	-	16,479	1,650
	<u>46,932</u>	<u>-</u>	<u>46,932</u>	<u>27,110</u>
Food and beverage tax	52,877	6,335	59,212	4,724
Interest income	<u>605</u>	<u>-</u>	<u>605</u>	<u>-</u>
Total revenues	<u>175,433</u>	<u>6,335</u>	<u>181,768</u>	<u>31,834</u>
EXPENDITURES				
Community development:				
Development costs	37,500	-	37,500	1,977,768
Professional and loan fees	2,565	-	2,565	1,550
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,589</u>
	<u>40,065</u>	<u>-</u>	<u>40,065</u>	<u>2,115,907</u>
Excess (deficiency) of revenues over expenditures	135,368	6,335	141,703	(2,084,073)
OTHER FINANCING SOURCES				
Proceeds from issuance of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,115,407</u>
Net change in fund balance	135,368	6,335	141,703	31,334
FUND BALANCE				
Beginning of year	<u>31,334</u>	<u>-</u>	<u>31,334</u>	<u>-</u>
End of year	<u>\$ 166,702</u>	<u>\$ 6,335</u>	<u>\$ 173,037</u>	<u>\$ 31,334</u>

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, 2018

With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Intergovernmental:			
Motor fuel tax allotments	\$ 160,000	\$ 157,181	\$ 156,033
Licenses and permits	30,000	28,890	31,438
Interest income	500	1,470	644
	<u>190,500</u>	<u>187,541</u>	<u>188,115</u>
Total revenues			
EXPENDITURES			
Current			
Streets and alleys:			
Street maintenance	24,400	9,171	5,601
Engineering services	17,500	11,686	6,992
Sealcoating/patching	156,000	175,831	138,849
Other professional services	2,500	2,227	2,118
Maintenance supplies	10,000	15	-
Snow removal	25,000	10,696	9,853
	<u>235,400</u>	<u>209,626</u>	<u>163,413</u>
Total streets and alleys			
Net change in fund balance	<u>\$ (44,900)</u>	(22,085)	24,702
FUND BALANCE			
Beginning of year		<u>193,230</u>	<u>168,528</u>
End of year		<u>\$ 171,145</u>	<u>\$ 193,230</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

TAX INCREMENT FINANCING FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended April 30, 2018

With Comparative Totals for Year Ended April 30, 2017

	2018					2017 Total
	Leisy-Pabst	Peoria Heights #1	Peoria Heights #2	Peoria Heights #3	Total	
REVENUES						
Property taxes	\$ 2,215	\$ 20,953	\$ 24,296	\$ -	\$ 47,464	\$ 36,239
Interest income	331	215	206	-	752	47
Other miscellaneous	-	-	-	30,727	30,727	-
Total revenues	<u>2,546</u>	<u>21,168</u>	<u>24,502</u>	<u>30,727</u>	<u>78,943</u>	<u>36,286</u>
EXPENDITURES						
Current - Administration						
Legal fees	-	-	-	-	-	6,818
Advertising	-	-	-	2,474	2,474	889
Public relations	-	-	-	-	-	235
Administration fees	2,234	6,659	6,351	-	15,244	11,402
Professional fees	467	467	466	-	1,400	26,931
Environmental studies	-	6,656	-	-	6,656	36,735
Consulting fees	-	-	-	30,727	30,727	-
Peoria Heights School	339	1,940	2,713	-	4,992	7,635
Community development	-	-	-	-	-	16,265
Debt service	-	-	-	-	-	4,565
	<u>3,040</u>	<u>15,722</u>	<u>9,530</u>	<u>33,201</u>	<u>61,493</u>	<u>111,475</u>
Net change in fund balance	(494)	5,446	14,972	(2,474)	17,450	(75,189)
FUND BALANCE (DEFICIT)						
Beginning of year	<u>33,719</u>	<u>(176,812)</u>	<u>(23,324)</u>	<u>-</u>	<u>(166,417)</u>	<u>(91,228)</u>
End of year	<u>\$ 33,225</u>	<u>\$ (171,366)</u>	<u>\$ (8,352)</u>	<u>\$ (2,474)</u>	<u>\$ (148,967)</u>	<u>\$ (166,417)</u>

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

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
BUSINESS DEVELOPMENT DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended April 30, 2018
With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>	<u>2017</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Business development sales tax	\$ 253,796	\$ 49,859
Interest income	555	-
	<u>254,351</u>	<u>49,859</u>
Total revenues		
EXPENDITURES		
Community Development:		
Professional services	9,316	375
Improvements and maintenance	18,245	-
	<u>27,561</u>	<u>375</u>
Debt Service	<u>39,179</u>	<u>-</u>
Total expenditures	<u>66,740</u>	<u>375</u>
Excess of revenues over expenditures	187,611	49,484
FUND BALANCE		
Beginning of year	<u>49,484</u>	<u>-</u>
End of year	<u>\$ 237,095</u>	<u>\$ 49,484</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
BOND AND INTEREST FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
 Year Ended April 30, 2018
 With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Interest income	\$ -	\$ 2
 EXPENDITURES		
Debt service:		
Interest	<u>93,562</u>	<u>76,362</u>
	<u>93,562</u>	<u>76,362</u>
 Deficiency of revenues over expenditures	(93,562)	(76,360)
 OTHER FINANCING SOURCES		
Proceeds from issuance of bonds	<u>93,562</u>	<u>76,362</u>
 Net change in fund balance	-	2
 FUND BALANCE		
Beginning of year	<u>863</u>	<u>861</u>
End of year	<u>\$ 863</u>	<u>\$ 863</u>

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

Year Ended April 30, 2018
With Comparative Figures for Year Ended April 30, 2017

	<u>2018</u>	<u>2017</u>
Salaries	\$ 421,274	\$ 535,942
Group insurance	57,048	45,947
Gasoline, oil, etc	8,295	9,245
Utilities	87,661	92,192
Maintenance and supplies:		
Vehicles	12,642	9,166
Building	6,798	25,016
Computers and software	9,950	3,550
Equipment	17,583	34,095
Utility system	57,632	169,433
Insurance	49,161	37,305
Depreciation	318,137	304,474
Operating supplies	23,202	24,931
Utility supplies	31,169	82,921
Office expenses	22,202	21,699
Engineering services	-	3,544
Audit fees	5,944	6,320
Other professional services	13,523	13,175
Laundry services	1,557	1,379
Testing services	4,536	4,895
Miscellaneous expense	2,091	2,259
	<hr/>	<hr/>
Total plant operating and commercial expenses	<u>\$ 1,150,405</u>	<u>\$ 1,427,488</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS
SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS
AND ASSESSED VALUATIONS
For the Levy Years 2017, 2016, and 2015

	<u>Tax Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSESSED VALUATION	\$ 95,599,248	\$ 97,124,859	\$ 97,261,571
TAX RATES			
General Corporate	0.13027	0.12822	0.12804
Police Pension	<u>0.34673</u>	<u>0.31966</u>	<u>0.29814</u>
TOTAL	<u>0.47700</u>	<u>0.44788</u>	<u>0.42618</u>
TAX EXTENSIONS			
General Corporate	\$ 124,537	\$ 124,534	\$ 124,534
Police Pension	<u>331,471</u>	<u>310,469</u>	<u>289,976</u>
TOTAL	<u>\$ 456,008</u>	<u>\$ 435,003</u>	<u>\$ 414,510</u>
COLLECTIONS *	<u>\$ -</u>	<u>\$ 430,055</u>	<u>\$ 404,588</u>
PERCENT OF EXTENSION COLLECTED		<u>98.86%</u>	<u>97.61%</u>

TAX INCREMENT FINANCING FUND

	<u>Tax Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSESSED VALUATION	\$ 7,257,600	\$ 7,422,020	\$ 7,811,910
TAX EXTENSION	<u>\$ 122,631</u>	<u>\$ 50,341</u>	<u>\$ 48,837</u>
COLLECTIONS *	<u>\$ -</u>	<u>\$ 47,464</u>	<u>\$ 36,239</u>
PERCENT OF EXTENSION COLLECTED		<u>94.28%</u>	<u>74.20%</u>

* Includes distributions of interest and prior year forfeited taxes.