

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BASIC FINANCIAL STATEMENTS

April 30, 2019

**MEISTER, HILTON, CHITWOOD & ASSOCIATES, INC.**

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Certified Public Accountants

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

TABLE OF CONTENTS

	PAGE
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
 <b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position.....	4
Statement of Activities.....	5
Balance Sheet – Governmental Funds.....	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	11
Statement of Net Position - Proprietary Fund – Enterprise Fund – Waterworks Fund .....	12
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund - Enterprise Fund – Waterworks Fund .....	14
Statement of Cash Flows - Proprietary Fund - Enterprise Fund – Waterworks Fund .....	15
Statement of Fiduciary Net Position - Police Pension Fund .....	17
Statement of Changes in Fiduciary Net Position - Police Pension Fund.....	18
Notes to Financial Statements.....	19
 <b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Police Pension Levy Fund.....	49
Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios .....	51
Illinois Municipal Retirement Fund - Schedule of Employer Contributions .....	52

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

TABLE OF CONTENTS

	PAGE
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	57
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund.....	59
Police Pension Levy Fund .....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Community Development Fund.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Motor Fuel Tax Fund.....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Tax Increment Financing Fund.....	64
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Business Development District Fund .....	65
Plant and Operating Expenses - Waterworks Fund .....	66
<b>SCHEDULE</b>	
Property Tax Rates, Extensions and Collections and Assessed Valuations .....	67

# **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, 2019, 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 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 matter 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, 2019, 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 67 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  
December 16, 2019

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2019

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	Peoria Heights Public Library
Cash and investments	\$ 2,115,652	\$ 810,082	\$ 2,925,734	\$ 432,273
Property taxes receivable	732,171	-	732,171	498,779
Due from State of Illinois	662,545	-	662,545	22,300
Accounts receivable - disposal fees	68,296	-	68,296	-
Accounts receivable - other	133,135	294,469	427,604	-
Inventory	4,456	-	4,456	-
Prepaid items	13,578	11,630	25,208	5,458
Restricted assets - cash and investments	-	77,675	77,675	-
Capital assets, net being depreciated	1,986,090	67,732	2,053,822	20,000
Capital assets, net of accumulated depreciation	3,693,705	3,702,535	7,396,240	1,163,158
<b>Total assets</b>	<b>9,409,628</b>	<b>4,964,123</b>	<b>14,373,751</b>	<b>2,141,968</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	500,732	302,028	802,760	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,910,360</b>	<b>\$ 5,266,151</b>	<b>\$ 15,176,511</b>	<b>\$ 2,141,968</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 139,283	\$ 60,539	\$ 199,822	\$ 3,172
Accrued payroll and vacation	202,661	27,808	230,469	-
Accrued interest payable	1,283	4,989	6,272	-
Internal balances	188,790	(188,790)	-	-
Liabilities payable from restricted assets:				
Customer service deposits	-	77,675	77,675	-
Long-term debt:				
Due within one year	168,665	186,672	355,337	-
Due beyond one year	2,323,354	1,940,777	4,264,131	-
Net pension liability	273,624	199,496	473,120	-
<b>Total liabilities</b>	<b>3,297,660</b>	<b>2,309,166</b>	<b>5,606,826</b>	<b>3,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned property tax revenue	732,171	-	732,171	498,779
Deferred inflows related to pensions	318,836	200,653	519,489	-
<b>Total deferred inflows of resources</b>	<b>1,051,007</b>	<b>200,653</b>	<b>1,251,660</b>	<b>498,779</b>
<b>NET POSITION (DEFICIT)</b>				
Invested in capital assets, net of related debt	5,211,256	1,642,818	6,854,074	1,183,158
Restricted for:				
Street maintenance	184,683	-	184,683	-
Debt service	240,351	-	240,351	-
Business development	403,069	-	403,069	-
Retirement	-	-	-	27,356
Working cash	-	-	-	99,823
Unrestricted	(477,666)	1,113,514	635,848	329,680
<b>Total net position</b>	<b>5,561,693</b>	<b>2,756,332</b>	<b>8,318,025</b>	<b>1,640,017</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 9,910,360</b>	<b>\$ 5,266,151</b>	<b>\$ 15,176,511</b>	<b>\$ 2,141,968</b>

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

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

Year Ended April 30, 2019

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>			
Administration and general government	\$ 801,269	\$ 300,206	\$ 36,754
Police	2,021,236	168,831	14,935
Fire protection	261,161	-	-
Garbage collection	485,349	231,222	-
Streets and alleys	681,890	29,825	-
Community development	102,390	-	-
Interest on long-term debt	121,105	-	-
	<hr/>	<hr/>	<hr/>
Total governmental activities	4,474,400	730,084	51,689
<b>Business-type activities:</b>			
Waterworks	1,099,193	1,286,172	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 5,573,593</b>	<b>\$ 2,016,256</b>	<b>\$ 51,689</b>
	<hr/>	<hr/>	<hr/>
<b>Component unit:</b>			
Peoria Heights Public Library	\$ 521,627	\$ 8,299	\$ 8,045
	<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  
 Gain on sale of capital assets  
 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>
\$ (464,309)	\$ -	\$ (464,309)	\$ -
(1,837,470)	-	(1,837,470)	-
(261,161)	-	(261,161)	-
(254,127)	-	(254,127)	-
(652,065)	-	(652,065)	-
(102,390)	-	(102,390)	-
(121,105)	-	(121,105)	-
(3,692,627)	-	(3,692,627)	-
-	186,979	186,979	-
(3,692,627)	186,979	(3,505,648)	-
			(505,283)
568,664	-	568,664	475,735
2,445,260	-	2,445,260	-
636,871	-	636,871	-
156,746	-	156,746	44,860
90,837	-	90,837	-
156,268	-	156,268	-
139,122	-	139,122	-
31,176	12,271	43,447	5,575
366,908	8,000	374,908	-
46,233	-	46,233	2,978
4,638,085	20,271	4,658,356	529,148
945,458	207,250	1,152,708	23,865
4,616,235	2,549,082	7,165,317	1,616,152
\$ 5,561,693	\$ 2,756,332	\$ 8,318,025	\$ 1,640,017

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

April 30, 2019

ASSETS	General Fund	Police Pension Levy Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 980,443	\$ -	\$ 188,230	\$ 946,979	\$ 2,115,652
Property taxes receivable	122,043	347,182	262,946	-	732,171
Due from State of Illinois	602,703	-	-	59,842	662,545
Accounts receivable -disposal fees	68,296	-	-	-	68,296
Accounts receivable - other	112,258	-	-	20,877	133,135
Due from other funds	319,188	-	-	57,549	376,737
Inventory	4,456	-	-	-	4,456
Prepaid items	13,578	-	-	-	13,578
<b>TOTAL ASSETS</b>	<b>\$ 2,222,965</b>	<b>\$ 347,182</b>	<b>\$ 451,176</b>	<b>\$ 1,085,247</b>	<b>\$ 4,106,570</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 121,850	\$ -	\$ -	17,433	\$ 139,283
Accrued payroll and vacation	202,661	-	-	-	202,661
Due to other funds	231,148	-	319,188	15,191	565,527
<b>TOTAL LIABILITIES</b>	<b>555,659</b>	<b>-</b>	<b>319,188</b>	<b>32,624</b>	<b>907,471</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned property tax revenue	122,043	347,182	262,946	-	732,171
<b>FUND BALANCES</b>					
Nonspendable	18,034	-	-	-	18,034
Restricted	-	-	-	828,103	828,103
Assigned	-	-	-	224,520	224,520
Unassigned	1,527,229	-	(130,958)	-	1,396,271
Total fund balances	1,545,263	-	(130,958)	1,052,623	2,466,928
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,222,965</b>	<b>\$ 347,182</b>	<b>\$ 451,176</b>	<b>\$ 1,085,247</b>	<b>\$ 4,106,570</b>

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, 2019**

Total fund balances - governmental funds		\$ 2,466,928
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost	\$ 10,757,763		
Accumulated depreciation	<u>(5,077,968)</u>		5,679,795

Amounts related to pension reporting are not reported in the governmental funds:

Deferred outflows of resources	500,732		
Net pension liability	(273,624)		
Deferred inflows of resources	<u>(318,836)</u>		(91,728)

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, 2019 consist of the following:

Loans payable	(707,632)		
Bonds payable	(1,784,387)		
Accrued interest payable	<u>(1,283)</u>		<u>(2,493,302)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 5,561,693</u></b>
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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, 2019

	<u>General Fund</u>	<u>Police Pension Levy Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 122,761	\$ 325,694	120,209	\$ -	\$ 568,664
Intergovernmental:					
State sales tax	745,614	-	-	58,489	804,103
Home rule sales tax	764,079	-	-	82,742	846,821
Local use tax	174,451	-	-	-	174,451
State income taxes	636,871	-	-	-	636,871
Business development sales tax	-	-	-	222,502	222,502
Motor fuel tax allotments	-	-	-	156,268	156,268
Personal property replacement taxes	156,746	-	-	-	156,746
Telecommunication tax	90,837	-	-	-	90,837
Other taxes	139,122	-	-	-	139,122
State and federal grants	50,974	-	-	-	50,974
Licenses and permits	150,962	-	-	29,825	180,787
Intergovernmental agreement	52,326	-	-	-	52,326
Food and beverage tax	312,083	-	-	85,300	397,383
Franchise fees	127,391	-	-	-	127,391
Waste disposal fee	231,222	-	-	-	231,222
Fines	116,505	-	-	-	116,505
Charges for services	21,853	-	-	-	21,853
Land lease	40,063	-	-	-	40,063
Donations/Memorials	715	-	-	-	715
Interest	19,392	-	2,808	8,976	31,176
Miscellaneous	6,170	-	-	-	6,170
Total revenues	<u>3,960,137</u>	<u>325,694</u>	<u>123,017</u>	<u>644,102</u>	<u>5,052,950</u>
<b>EXPENDITURES</b>					
Current					
Administration	638,550	-	41,356	-	679,906
Police department	1,622,591	325,694	-	-	1,948,285
Fire protection	171,838	-	-	-	171,838
Garbage collection and recycling	485,349	-	-	-	485,349
Streets and alleys	480,999	-	-	176,022	657,021
Community development	-	-	-	102,390	102,390
Capital outlay	223,116	-	-	-	223,116
Debt service	97,878	-	-	509,423	607,301
Total expenditures	<u>3,720,321</u>	<u>325,694</u>	<u>41,356</u>	<u>787,835</u>	<u>4,875,206</u>
Excess (deficiency) of revenues over expenditures	<u>239,816</u>	<u>-</u>	<u>81,661</u>	<u>(143,733)</u>	<u>177,744</u>

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

**GOVERNMENTAL FUNDS**

Year Ended April 30, 2019

	<u>General Fund</u>	<u>Police Pension Levy Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	42,681	-	-	324,227	366,908
Proceeds from issuance of long-term debt	125,000	-	-	1,817	126,817
Transfers in	-	-	-	63,652	63,652
Transfers out	-	-	(63,652)	-	(63,652)
	167,681	-	(63,652)	389,696	493,725
Total other financing sources (uses)					
	407,497	-	18,009	245,963	671,469
Net change in fund balance					
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of year	1,137,766	-	(148,967)	806,660	1,795,459
End of year	\$ 1,545,263	\$ -	\$ (130,958)	\$ 1,052,623	\$ 2,466,928

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, 2019

Total net change in fund balances - governmental funds \$ 671,469

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	\$ 223,116	
Depreciation expense	<u>(388,707)</u>	(165,591)

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		(126,817)
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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

485,743

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.

453

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	42,333	
Pension income	<u>37,868</u>	<u>80,201</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL  
ACTIVITIES**

**\$ 945,458**

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, 2019

	<b><u>Business-type Activities</u></b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 810,082
Accounts receivable, net of allowance of \$42,000	294,469
Due from other funds	188,790
Prepaid expenses	11,630
Total current assets	<u>1,304,971</u>
Restricted assets	
Cash and investments	<u>77,675</u>
Capital assets, not being depreciated	67,732
Capital assets, net of accumulated depreciation	<u>3,702,535</u>
Total capital assets	<u>3,770,267</u>
Total assets	5,152,913
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>302,028</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 <b><u>\$ 5,454,941</u></b>

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, 2019

	<u>Business-type Activities</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 60,539
Accrued payroll and vacation	27,808
Accrued interest payable	4,989
Current portion of long-term debt	<u>186,672</u>
Total current liabilities	<u>280,008</u>
Liabilities payable from restricted assets	
Customer service deposits	<u>77,675</u>
Long-term liabilities:	
Notes payable	1,198,866
IEPA loan payable	741,911
Net pension liability	<u>199,496</u>
Total long-term liabilities	<u>2,140,273</u>
Total liabilities	<u>2,497,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>200,653</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,642,818
Unrestricted	<u>1,113,514</u>
Total net position	<u>2,756,332</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 5,454,941</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, 2019**

	<b><u>Business-type</u></b> <b><u>Activities</u></b>
<b>OPERATING REVENUES</b>	
Water sales	\$ 1,269,679
Service connection fees	2,537
Miscellaneous revenues	13,956
Total operating revenues	1,286,172
 <b>OPERATING EXPENSES</b>	
Wages and benefits	372,080
Operations	74,568
Plant maintenance	74,749
Office expenses	145,684
Administration	52,237
Depreciation	330,886
Total operating expenses	1,050,204
Operating income	235,968
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Gain on sale of capital assets	8,000
Interest income	12,271
Interest expense	(48,989)
Total nonoperating revenues (expenses)	(28,718)
 <b>CHANGE IN NET POSITION</b>	 207,250
 <b>NET POSITION</b>	
Beginning of year	2,549,082
End of year	\$ 2,756,332

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, 2019**

	<b><u>Business-type Activities</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,254,237
Miscellaneous revenues received	13,956
Cash payments to suppliers and vendors for goods and services	(292,593)
Cash payments to employees for services and benefits	(421,716)
Net cash provided by operating activities	553,884
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on long-term debt	(175,227)
Proceeds from issuance of long-term debt	447,212
Interest paid	(48,865)
Proceeds from sale of capital assets	8,000
Purchase of capital assets	(489,968)
Net cash used in capital and related financing activities	(258,848)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	12,271
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 307,307
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	580,450
End of year	\$ 887,757

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - ENTERPRISE FUND**  
**WATERWORKS FUND**

Year Ended April 30, 2019

	<b><u>Business-type Activities</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 235,968
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	330,886
Pension income	(45,718)
Change in operating assets and liabilities:	
Accounts receivable	(19,969)
Prepaid expenses	1,177
Accounts payable	53,468
Accrued payroll and vacation	(3,918)
Liabilities payable from restricted assets	<u>1,990</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <b><u>\$ 553,884</u></b>
 <b>SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES</b>	
Long-term debt proceeds received by and due from the General Fund	<u>\$ 28,790</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, 2019**

**ASSETS**

Cash and cash equivalents	\$	120,144
Investments, at fair value		
U.S. Treasury Obligations		875,483
U.S. Agency Obligations		105,005
Corporate Bonds		531,724
Mutual funds		1,282,985
		<u>2,795,197</u>
Accrued interest receivable		<u>11,747</u>
<b>Total assets</b>	<b>\$</b>	<b><u>2,927,088</u></b>

**LIABILITIES**

Accounts payable and accrued liabilities		<u>2,107</u>
<b>Net position restricted for pensions</b>	<b>\$</b>	<b><u>2,924,981</u></b>

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, 2019

**Additions:**

Contributions:

Employer - property taxes	\$	325,694
Plan members		<u>90,273</u>

<b>Total contributions</b>		<u>415,967</u>
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Investment income:

Interest		39,901
Dividends		31,950
Realized gain from sale of investments		30,287
Net appreciation in fair value of investments		<u>39,800</u>

Less investment expenses		<u>(9,407)</u>
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Total investment income		<u>132,531</u>
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<b>Total additions</b>		<u>548,498</u>
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**Deductions:**

Pension benefits paid:

Retirement		96,008
Surviving spouse		<u>24,485</u>
Total benefits paid		<u>120,493</u>

Administrative expenses:

Accounting and legal		18,502
Clerical fees		4,620
Other		<u>3,262</u>
Total administrative expenses		<u>26,384</u>

<b>Total deductions</b>		<u>146,877</u>
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Net increase		401,621
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**Net position restricted for pensions:**

Beginning of year		<u>2,523,360</u>
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End of year		<u>\$ 2,924,981</u>
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The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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 2600.105, 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, 2019**

**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, 2019**

**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, 2019**

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

**(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.

Tax Increment Financing Fund - This special revenue fund accounts for tax increment financing revenues and expenditures for improvements and administrative costs within the four TIF Districts within the Village of Peoria Heights, Illinois.

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.

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, 2019**

**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 Tax Increment Financing Fund. The expenditures of these funds are restricted and controlled through the economic development agreements. Therefore, a budgetary comparison schedule for the Tax Increment Financing Fund has not been prepared.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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 2018 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 2020.

**(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, 2019**

**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, 2019**

**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, 2019**

**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, 2019**

**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, 2019, the Village (primary government) had the following cash and investments on the Statement of Net Position:

Cash and investments	\$ 2,925,734
Restricted cash and investments	<u>77,685</u>
Total cash and investments	<u>\$ 3,003,419</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Demand deposits and cash on hand	\$ 1,185,898
Certificates of deposit	384,370
Illinois Funds Money Market Fund	<u>1,433,151</u>
Total cash and investments	<u>\$ 3,003,419</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, 2019, the bank balance of the Village's deposits, which includes demand deposits, money market funds, and certificates of deposit, was \$1,763,778. Of the bank balance, \$954,716 was covered by federal depository insurance and \$809,062 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, 2019, the Village had approximately 48 percent of its cash and investments invested in the Illinois Funds.



**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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, 2019, 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, 2019, the Fund's bank balance was \$125,844, which was covered by federal depository insurance, thus was not exposed to custodial credit risk.

**Investments**

The Illinois Compiled Statutes limit Pension Funds with a net position of \$2.5 million or more investments in equities, mutual funds and variable annuities to 45 percent of the Fund's net position. Securities in any one company should not exceed 5 percent of the total fund.

The following table presents the investments of the Pension Trust Fund's as of April 30, 2019:

<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>Fair Value Hierarchy Level</u>
U.S. Treasury Obligations	\$ 875,483	N/A	3.98	Level 1
U.S. Agency Obligations	105,005	Aaa to Aa1	3.93	Level 1
Corporate Bonds	531,724	Aa1 to Baa2	4.60	Level 1
Mutual Funds	<u>1,282,985</u>	N/A	N/A	Level 2
Total investments	<u>\$ 2,795,197</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 certificates of deposit.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

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

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, 2019, the bank balance, excluding the Illinois Funds, of the Library's deposits was \$209,825. 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 \$241,789, were included in cash and investments on the statement of net position at April 30, 2019 but not included in the custodial credit risk analysis above.

As of April 30, 2019, the Library's cash and investments were comprised of the following:

Demand deposits	\$ 137,674
Certificate of deposit	52,810
Illinois funds	<u>241,789</u>
Total cash and investments	<u>\$ 432,273</u>

**NOTE 3 - CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the governmental activities for the year ended April 30, 2019 was as follows:

	<b><u>April 30,</u></b> <b><u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>April 30,</u></b> <b><u>2019</u></b>
<b>Governmental activities:</b>				
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	4,913,529	-	-	4,913,529
Equipment	<u>3,761,186</u>	<u>223,116</u>	<u>(126,158)</u>	<u>3,858,144</u>
Total capital assets being depreciated	8,674,715	223,116	(126,158)	8,771,673
Less accumulated depreciation	<u>4,815,419</u>	<u>388,707</u>	<u>(126,158)</u>	<u>5,077,968</u>
Net capital assets being depreciated	<u>3,859,296</u>	<u>(165,591)</u>	<u>-</u>	<u>3,693,705</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 5,845,386</u>	<u>\$ (165,591)</u>	<u>\$ -</u>	<u>\$ 5,679,795</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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	\$ 143,405
Police	87,969
Fire	96,010
Streets	<u>61,323</u>

**Total depreciation expense – governmental activities** **\$ 388,707**

Capital asset activity for the business-type activities for the year ended April 30, 2019 was as follows:

	<b><u>April 30,</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>April 30,</u></b>
<b>Business-type activities:</b>	<b><u>2018</u></b>			<b><u>2019</u></b>
Capital assets not being depreciated:				
Land	\$ 38,942	\$ -	\$ -	\$ 38,942
Construction in progress	<u>424,698</u>	<u>307,012</u>	<u>(702,920)</u>	<u>28,790</u>
	<u>463,640</u>	<u>307,012</u>	<u>(702,920)</u>	<u>67,732</u>
Capital assets being depreciated:				
Water tower	2,932,712	702,920	-	3,635,632
Fire hydrants and service connections	122,988	-	-	122,988
Meters	685,992	10,057	-	696,049
Vehicles and equipment	666,761	172,899	-	839,660
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>
	9,393,009	885,876	-	10,278,885
Less accumulated depreciation	<u>6,245,464</u>	<u>330,886</u>	<u>-</u>	<u>6,576,350</u>
Total capital assets being depreciated, net	<u>3,147,545</u>	<u>554,990</u>	<u>(702,920)</u>	<u>3,702,535</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 3,611,185</u></b>	<b><u>\$ 862,002</u></b>	<b><u>\$ (702,920)</u></b>	<b><u>\$ 3,770,267</u></b>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 3 - CAPITAL ASSETS (CONTINUED)**

**Discretely Presented Component Unit**

Capital asset activity for the Peoria Heights Public Library for the year ended April 30, 2019 was as follows:

	<b>April 30, <u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>April 30, <u>2019</u></b>
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Buildings and improvements	1,810,713	27,014	-	1,837,727
Furniture and fixtures	144,607	-	-	144,607
Equipment	159,471	-	-	159,471
Books	<u>160,395</u>	<u>41,913</u>	<u>(25,859)</u>	<u>176,449</u>
Total capital assets being depreciated	2,275,186	68,927	(25,859)	2,318,254
Less accumulated depreciation	<u>1,099,883</u>	<u>81,072</u>	<u>(25,859)</u>	<u>1,155,096</u>
Net capital assets being depreciated	<u>1,175,303</u>	<u>(12,145)</u>	<u>-</u>	<u>1,163,158</u>
<b>Capital assets, net</b>	<b><u>\$ 1,195,303</u></b>	<b><u>\$(12,145)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,183,158</u></b>

**NOTE 4 – DUE FROM THE STATE OF ILLINOIS**

Amounts due from the State of Illinois at April 30, 2019 for the Village's major and nonmajor funds are as follows:

	<b><u>Governmental Activities</u></b>	
	<b><u>General</u></b>	<b><u>Nonmajor Funds</u></b>
Sales tax	\$ 183,502	\$ -
Home rule sales tax	184,739	-
Income tax	123,621	-
Use tax	31,769	-
Replacement tax	42,752	-
Motor fuel tax	-	13,626
Business district tax	-	46,216
Telecommunications tax	22,486	-
Video gaming tax	<u>13,834</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 602,703</u></b>	<b><u>\$ 59,842</u></b>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 5 - LONG-TERM DEBT**

**Primary Government – Governmental Activities**

Changes in long-term debt for governmental activities for the year ended April 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Illinois Finance Authority Loan	\$ 100,000	\$ -	\$ 12,500	\$ 87,500	\$ 12,500
Notes payable	926,558	126,817	433,243	620,132	96,165
Bonds payable	<u>1,824,387</u>	<u>-</u>	<u>40,000</u>	<u>1,784,387</u>	<u>60,000</u>
	<u>\$ 2,850,945</u>	<u>\$ 126,817</u>	<u>\$ 485,743</u>	<u>\$ 2,492,019</u>	<u>\$ 168,665</u>

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

Long-term debt at April 30, 2019 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 were 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 3.49 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. The note is unsecured. This note was paid off in March 2019.

Note payable with a bank due in monthly installments of \$1,695, with interest at 3.53 percent and is due June 2025. The note is secured by a vehicle.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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, 2019, \$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, (interest was 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 through April 2036. Principal and interest of \$123,500 was paid on the bonds for the year ended April 30, 2019.

The annual debt service requirements to maturity for the Illinois Finance Authority Loan as of April 30, 2019, is as follows:

<b>Year Ending <u>April 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 12,500	\$ -	\$ 12,500
2021	12,500	-	12,500
2022	12,500	-	12,500
2023	12,500	-	12,500
2024	12,500	-	12,500
2025 - 2026	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total	<u>\$ 87,500</u>	<u>\$ -</u>	<u>\$ 87,500</u>

The annual debt service requirements to maturity for notes payable as of April 30, 2019, is as follows:

<b>Year Ending <u>April 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 96,165	\$ 17,982	\$ 114,147
2021	97,076	15,027	112,103
2022	76,150	11,994	88,144
2023	78,351	9,798	88,149
2024	62,028	7,551	69,579
2025 - 2026	<u>210,362</u>	<u>13,615</u>	<u>223,977</u>
Total	<u>\$ 620,132</u>	<u>\$ 75,967</u>	<u>\$ 696,099</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Primary Government – Governmental Activities**

The annual debt service requirements to maturity for bonds payable as of April 30, 2019, is as follows:

<b>Year Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
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	75,000	78,381	153,381
2025 - 2029	470,000	328,354	798,354
2030 - 2034	665,000	188,955	853,955
2035 - 2036	<u>319,387</u>	<u>24,281</u>	<u>343,668</u>
Total	<u>\$ 1,784,387</u>	<u>\$ 967,065</u>	<u>\$ 2,751,452</u>

**Primary Government – Business-type Activities**

Changes in long-term debt for business-type activities for the year ended April 30, 2019 were as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Business-type activities:</b>					
Illinois Environmental Protection Agency loan	\$ 855,872	\$ -	\$ 56,625	\$ 799,247	\$ 57,335
Notes payable	<u>970,802</u>	<u>476,002</u>	<u>118,602</u>	<u>1,328,202</u>	<u>129,337</u>
	<u>\$ 1,826,674</u>	<u>\$ 476,002</u>	<u>\$ 175,227</u>	<u>\$ 2,127,449</u>	<u>\$ 186,672</u>

Business-type activities long-term debt at April 30, 2019 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).

Note payable with a bank due in monthly installments of \$1,685, with interest at 3.53 percent and is due June 2025. The note is secured by a vehicle.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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 are to be paid in multiple advances as funds are drawn from the Bank. As of April 30, 2019, \$1,398,670 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, 2019, including interest are as follows:

<b>Year Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 57,335	\$ 9,812	\$ 67,147
2021	58,054	9,093	67,147
2022	58,782	8,366	67,148
2023	59,519	7,629	67,148
2024	60,266	6,882	67,148
2025 - 2029	312,856	22,882	335,738
2030 - 2032	<u>192,435</u>	<u>4,154</u>	<u>196,589</u>
Total	<u>\$ 799,247</u>	<u>\$ 68,818</u>	<u>\$ 868,065</u>

The annual debt service requirements to maturity for notes payable as of April 30, 2019, are as follows:

<b>Year Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 129,337	\$ 39,662	\$ 168,999
2021	133,579	35,420	168,999
2022	113,997	31,037	145,034
2023	117,591	27,443	145,034
2024	121,298	23,736	145,034
2025 - 2029	582,046	63,945	645,991
2030 - 2031	<u>130,354</u>	<u>2,268</u>	<u>132,622</u>
Total	<u>\$ 1,328,202</u>	<u>\$ 223,511</u>	<u>\$1,551,713</u>



**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Legal Debt Margin – Primary Government**

The legal debt margin of the Village at April 30, 2019 is as follows:

Assessed valuation - 2018 levy	<u>\$ 93,260,091</u>
Statutory debt limitation (8.625 percent of assessed valuation)	\$ 8,043,683
Less debt, excluding EPA loan	<u>3,820,221</u>
<b>Legal debt margin</b>	<b><u>\$ 4,223,462</u></b>

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund transfers:

Interfund transfers are defined as the flow of assets without equivalent flows of assets in return. The composition of interfund transfers for the year ended April 30, 2019 is as follows:

<u>Fund Transfer In</u>	<u>Fund Transfer Out</u>	<u>Amount</u>
Community Development	Tax Increment Financing	<u>\$ 63,652</u>

In accordance with a redevelopment agreement, all real estate taxes collected on a certain property within a TIF District are to be transferred to the Community Development Fund to make the debt service payments on the bonds related to the development.

Individual fund interfund receivables and payables at April 30, 2019 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General:</b>		
Tax Increment Financing	\$ 319,188	\$ -
Waterworks	-	188,790
Nonmajor governmental funds	-	42,358
	<u>319,188</u>	<u>231,148</u>
<b>Tax Increment Financing:</b>		
General	<u>\$ -</u>	<u>\$ 319,188</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Nonmajor Governmental Funds:</b>		
General	\$ 42,358	\$ -
Nonmajor governmental funds	<u>15,191</u>	<u>15,191</u>
	<u>57,549</u>	<u>15,191</u>
 Total governmental activities	 <u>376,737</u>	 <u>565,527</u>
 Waterworks - General	 <u>188,790</u>	 <u>-</u>
	 <u>\$ 565,527</u>	 <u>\$ 565,527</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 the 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 at April 30, 2019 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Actual Over Budget</u>
Business Development District	<u>\$ 208,849</u>	<u>\$ 384,061</u>	<u>\$ 175,212</u>

- b. Deficit fund balances of individual funds.

The following fund had a deficit fund balance at April 30, 2019:

Tax Increment Financing	<u>\$ 130,958</u>
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The deficit in the tax increment financing fund will be eliminated through future incremental property tax receipts.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

Illinois Municipal Retirement Fund

**Plan Description**

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

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. The report is available for download at [www.imrf.org](http://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.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Illinois Municipal Retirement Fund (Continued)

**Employees Covered by Benefit Terms**

As of December 31, 2018, the following employees (Village of Peoria Heights including the Library) were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to but not yet receiving benefits	25
Active Plan Members	20
<b>Total</b>	<b>72</b>

**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 2018 was 8.71%. For the fiscal year ended April 30, 2019, the Village’s portion of the contribution to the plan was \$66,686. 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, 2018. 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, 2018:

- 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%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- 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 from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Illinois Municipal Retirement Fund (Continued)

**Actuarial Assumptions (continued)**

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	<u>1%</u>	2.50%
Total	<u>100%</u>	

**Single Discount Rate**

A Single Discount Rate of 7.25% 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 contributions for use with the long-term expected rate of return are not met).

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Illinois Municipal Retirement Fund (Continued)

For the purpose of this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

**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, 2018 for Regular Plan members:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
<b>Balances at December 31, 2017</b>	\$ 5,401,423	\$ 5,518,506	\$ (117,083)
<b>Changes for the year:</b>			
Service Cost	127,505	-	127,505
Interest on the Total Pension Liability	400,081	-	400,081
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(117,464)	-	(117,464)
Changes of Assumptions	154,473	-	154,473
Contributions - Employer	-	102,712	(102,712)
Contributions - Employees	-	53,067	(53,067)
Net Investment Income	-	(279,566)	279,566
Benefit Payments, including Refunds of Employee Contributions	(261,518)	(261,518)	-
Other (Net Transfer)	-	98,179	(98,179)
Net Changes	<u>303,077</u>	<u>(287,126)</u>	<u>590,203</u>
<b>Balances at December 31, 2018</b>	<u>\$ 5,704,500</u>	<u>\$ 5,231,380</u>	<u>\$ 473,120</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 7.25 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 (6.25 percent) or 1% higher (8.25 percent) than the current rate:

	<u>(6.25%) 1% Lower</u>	<u>(7.25%) Current Discount Rate</u>	<u>(8.25%) 1% Higher</u>
Net pension liability (asset)	<u>\$ 1,195,155</u>	<u>\$ 473,120</u>	<u>\$ (101,099)</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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, 2019, the Village recognized pension income of \$59,233. At April 30, 2019, 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>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 38,876	\$ 131,995
Changes of assumptions	118,407	94,753
Net difference between projected and actual earnings on pension plan investments	<u>630,997</u>	<u>292,741</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>788,280</u>	<u>519,489</u>
<b>Pension Contributions made subsequent to the Measurement Date</b>	<u>14,480</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u>\$ 802,760</u>	<u>\$ 519,489</u>

\$14,480 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, 2020.

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows Of Resources</u>
2019	\$ 51,989
2020	28,940
2021	46,783
2022	<u>141,079</u>
	<u>\$ 268,791</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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, 2019.

**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, 2019, the Village's (primary government) net position/fund balances were restricted for the following purposes:

Motor Fuel Tax Fund – street maintenance and improvements	\$ 184,683
Community Development Fund – payment of long-term debt	240,351
Community Development Fund – improvements and payments under certain redevelopment agreements	58,500
Business Development Fund – improvements within the business development district	<u>344,569</u>
<b>Total</b>	<b><u>\$ 828,103</u></b>



**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**NOTE 9 – FUND BALANCES/NET ASSETS (CONTINUED)**

Assigned fund balances represent amounts constrained by the Village's intent to use them for a specific purpose. At April 30, 2019, 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>
<b>Total</b>	<b><u>\$ 224,520</u></b>

**NOTE 10 - COMMITMENTS**

Collection and Disposal of Refuse and Recycling Contract

The Village has contracted with a private contractor to provide collection and disposal service for garbage and landscape waste and to provide a residential recycling program for the period January 1, 2019 through December 31, 2023. The minimum commitments under this contract are as follows:

Year ending April 30:

2020	\$ 441,618
2021	449,628
2022	457,638
2023	465,648
2024	<u>313,992</u>
<b>Total</b>	<b><u>\$ 2,128,524</u></b>

The total expenditures under this contract for the year ended April 30, 2019 were \$485,349.

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 the bank as the funds are needed for water main and meter replacements and water tower maintenance. As of April 30, 2019, \$1,398,670 had been drawn on the note and \$101,330 was remaining for the Village's use.

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**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, 2019, 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, 2019, the Village abated property taxes totaling \$37,500 from the Community Development Fund under this program.

The Village also enters into sales tax agreements from time to time with local businesses in order to draw and retain business in the Village. For the year ended April 30, 2019, the Village abated sales tax totaling \$37,241 from the Community Development Fund under this program. Under these agreements, the Village will reimburse verified eligible project costs to the local businesses each year as follows:

- 75% abatement of municipal sales and home rule sales taxes to a developer up to a maximum of \$512,940. Total reimbursements paid since the inception of the agreement are \$7,239.
- 71% abatement of municipal sales tax and home rule sales taxes and 100% abatement of business development sales tax to a developer up to a maximum of \$277,241. Total reimbursements paid since the inception of the agreement are \$22,911.

The Village is obligated to reimburse the verified eligible project costs to the local businesses each year only to the extent that the applicable taxes have been collected on the subject properties.

**NOTE 13 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through December 16, 2019, 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, 2019**

	<b>General Fund</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 124,533	\$ 122,761	\$ (1,772)
Intergovernmental:			
Sales tax	780,000	745,614	(34,386)
Home rule sales tax	815,000	764,079	(50,921)
Local use tax	174,000	174,451	451
State income taxes	565,000	636,871	71,871
Personal property replacement taxes	148,500	156,746	8,246
Telecommunication tax	122,000	90,837	(31,163)
Other taxes	131,000	139,122	8,122
State and federal grants	40,000	50,974	10,974
Licenses and permits	147,855	150,962	3,107
Intergovernmental agreement	130,620	52,326	(78,294)
Food and beverage tax	327,000	312,083	(14,917)
Franchise fees	126,000	127,391	1,391
Waste disposal fee	200,000	231,222	31,222
Fines	124,500	116,505	(7,995)
Charges for services	37,000	21,853	(15,147)
Land lease	40,063	40,063	-
Donations	-	715	715
Interest	9,500	19,392	9,892
Miscellaneous	5,956	6,170	214
Total revenues	<u>4,048,527</u>	<u>3,960,137</u>	<u>(88,390)</u>
<b>EXPENDITURES</b>			
Administration	812,460	638,550	173,910
Police department	1,938,946	1,622,591	316,355
Fire protection	189,145	171,838	17,307
Garbage collection and recycling	494,130	485,349	8,781
Streets and alleys	632,965	480,999	151,966
Capital outlay	67,000	223,116	(156,116)
Debt service	102,223	97,878	4,345
Total expenditures	<u>4,236,869</u>	<u>3,720,321</u>	<u>516,548</u>
Excess (deficiency) of revenues over expenditures	<u>(188,342)</u>	<u>239,816</u>	<u>428,158</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	-	42,681	42,681
Proceeds from issuance of long-term debt	-	125,000	125,000
Total other financing sources	<u>-</u>	<u>167,681</u>	<u>167,681</u>
Net change in fund balance	(188,342)	407,497	595,839
<b>FUND BALANCE</b>			
Beginning of year		1,137,766	
End of year		<u>\$ 1,545,263</u>	



**Village of Peoria Heights  
Illinois Municipal Retirement Fund  
Required Supplemental Information  
Year Ended April 30, 2019**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Changes in the Net Pension Liability and Related Ratios**

Calendar Year Ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 127,505	\$ 109,255	\$ 115,702	\$ 111,573
Interest on the Total Pension Liability	400,081	389,717	387,979	382,775
Changes of Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	(117,464)	75,678	(224,212)	(189,927)
Changes of Assumptions	154,473	(182,151)	(6,323)	6,415
Benefit Payments, including Refunds of Employee Contributions	<u>(261,518)</u>	<u>(265,362)</u>	<u>(241,930)</u>	<u>(231,291)</u>
<b>Net Change in Total Pension Liability</b>	303,077	127,137	31,216	79,545
<b>Total Pension Liability - Beginning</b>	<u>5,401,423</u>	<u>5,274,286</u>	<u>5,243,070</u>	<u>5,163,525</u>
<b>Total Pension Liability – Ending (A)</b>	<u>\$ 5,704,500</u>	<u>\$ 5,401,423</u>	<u>\$ 5,274,286</u>	<u>\$ 5,243,070</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 102,712	\$ 128,989	\$ 113,361	\$ 113,219
Contributions - Employees	53,067	67,468	50,359	50,147
Net Investment Income	(279,566)	844,189	316,785	24,190
Benefit Payments, including Refunds of Employee Contributions	(261,518)	(265,362)	(241,930)	(231,291)
Other (Net Transfer)	<u>98,179</u>	<u>(83,424)</u>	<u>(34,368)</u>	<u>(205,869)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(287,126)	691,860	204,207	(249,604)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>5,518,506</u>	<u>4,826,646</u>	<u>4,622,439</u>	<u>4,872,043</u>
<b>Plan Fiduciary Net Position – Ending (B)</b>	<u>\$ 5,231,380</u>	<u>\$ 5,518,506</u>	<u>\$ 4,826,646</u>	<u>\$ 4,622,439</u>
<b>Net Pension (Asset) Liability - Ending (A) - (B)</b>	<u>\$ 473,120</u>	<u>\$ (117,083)</u>	<u>\$ 447,640</u>	<u>\$ 620,631</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>91.71%</u>	<u>102.17%</u>	<u>91.51%</u>	<u>88.16%</u>
<b>Covered Valuation Payroll</b>	<u>\$ 1,179,249</u>	<u>\$ 1,329,779</u>	<u>\$ 1,119,071</u>	<u>\$ 1,114,357</u>
<b>Net Pension (Asset) Liability as a Percentage of Covered Valuation Payroll</b>	<u>40.12%</u>	<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, 2019**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions  
Calendar Years Ended December 31, 2018, 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>
2018	\$ 102,713	\$ 102,712	\$ 1	\$ 1,179,249	8.71%
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 2018 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 2018 Contribution Rates:**

Actuarial Cost Method: Aggregate entry age normal  
 Amortization Method: Level percentage of payroll, closed  
 Remaining Amortization Period: 25-year closed period  
 Asset Valuation Method: 5-year smoothed market; 20% corridor  
 Wage Growth: 3.50%  
 Price Inflation: 2.75%  
 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 RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 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, 2019**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions  
Calendar Years Ended December 31, 2018, 2017, 2016 and 2015**

***Other Information:***

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2016, actuarial valuation.



**COMBINING AND INDIVIDUAL FUND STATEMENTS**

VILLAGE OF PEORIA HEIGHTS, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

April 30, 2019

	<u>Special</u>
<b>ASSETS</b>	<b>Motor Fuel Tax Fund</b>
Cash and investments	\$ 177,074
Accounts receivable	6,520
Due from State of Illinois	13,626
Due from other funds	<u>679</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>197,899</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 13,216
Due to other funds	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>13,216</u></b>
<b>FUND BALANCES</b>	
Restricted	184,683
Assigned	<u>-</u>
Total fund balances	<u>184,683</u>
<b>TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>197,899</u></b>

<u>Revenue</u>		<u>Capital Projects</u>			
<u>Community Development Fund</u>	<u>Business Development District Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>		<u>Total</u>
\$ 227,624	\$ 317,761	\$ 215,000	\$ 9,520	\$	946,979
14,357	-	-	-		20,877
-	46,216	-	-		59,842
56,870	-	-	-		57,549
<u>\$ 298,851</u>	<u>\$ 363,977</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$</u>	<u>1,085,247</u>
\$ -	\$ 4,217	\$ -	\$ -	\$	17,433
-	15,191	-	-		15,191
-	19,408	-	-		32,624
298,851	344,569	-	-		828,103
-	-	215,000	9,520		224,520
<u>298,851</u>	<u>344,569</u>	<u>215,000</u>	<u>9,520</u>		<u>1,052,623</u>
<u>\$ 298,851</u>	<u>\$ 363,977</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>	<u>\$</u>	<u>1,085,247</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Year Ended April 30, 2019

	<u>Special</u>
	<u>Motor Fuel Tax Fund</u>
<b>REVENUES</b>	
Intergovernmental:	
Motor fuel tax allotments	\$ 156,268
State sales tax	-
Home rule sales tax	-
Business development sales tax	-
Licenses and permits	29,825
Food and beverage tax	-
Interest income	<u>3,467</u>
Total revenues	<u>189,560</u>
<b>EXPENDITURES</b>	
Current	
Streets and alleys	176,022
Community development	-
Debt service	<u>-</u>
Total expenditures	<u>176,022</u>
Excess (deficiency) of revenues over expenditures	13,538
<b>OTHER FINANCING SOURCES</b>	
Proceeds from sale of property	-
Proceeds from issuance of long-term debt	-
Transfers in	<u>-</u>
Total other financing sources	<u>-</u>
Net change in fund balance	13,538
<b>FUND BALANCE</b>	
Beginning of year	<u>171,145</u>
End of year	<u>\$ 184,683</u>

<u>Revenue</u>		<u>Capital Projects</u>			
<u>Community Development Fund</u>	<u>Business Development District Fund</u>	<u>Capital Improvement Fund</u>	<u>Local Improvement Fund</u>		<u>Total</u>
\$ -	\$ -	\$ -	\$ -		\$ 156,268
58,489	-	-	-		58,489
82,742	-	-	-		82,742
58,217	164,285	-	-		222,502
-	-	-	-		29,825
85,300	-	-	-		85,300
2,486	3,023	-	-		8,976
<u>287,234</u>	<u>167,308</u>	<u>-</u>	<u>-</u>		<u>644,102</u>
-	-	-	-		176,022
76,943	25,447	-	-		102,390
<u>150,809</u>	<u>358,614</u>	<u>-</u>	<u>-</u>		<u>509,423</u>
<u>227,752</u>	<u>384,061</u>	<u>-</u>	<u>-</u>		<u>787,835</u>
59,482	(216,753)	-	-		(143,733)
-	324,227	-	-		324,227
1,817	-	-	-		1,817
<u>63,652</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>63,652</u>
<u>65,469</u>	<u>324,227</u>	<u>-</u>	<u>-</u>		<u>389,696</u>
124,951	107,474	-	-		245,963
<u>173,900</u>	<u>237,095</u>	<u>215,000</u>	<u>9,520</u>		<u>806,660</u>
<u>\$ 298,851</u>	<u>\$ 344,569</u>	<u>\$ 215,000</u>	<u>\$ 9,520</u>		<u>\$ 1,052,623</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

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

Year Ended April 30, 2019

With Comparative Figures for Year Ended April 30, 2018

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 124,533	\$ 122,761	\$ 123,194
Intergovernmental:			
State sales tax	780,000	745,614	851,870
Home rule sales tax	815,000	764,079	899,939
Local use tax	174,000	174,451	174,902
State income tax	565,000	636,871	560,159
Personal property replacement tax	148,500	156,746	144,892
Telecommunication tax	122,000	90,837	96,897
Other taxes	131,000	139,122	133,825
Total intergovernmental	<u>2,735,500</u>	<u>2,707,720</u>	<u>2,862,484</u>
State and federal grants	40,000	50,974	9,319
Licenses and permits	147,855	150,962	55,075
Intergovernmental agreement	130,620	52,326	11,196
Food and beverage tax	327,000	312,083	321,323
Franchise fees	126,000	127,391	118,860
Waste disposal fee	200,000	231,222	-
Fines	124,500	116,505	140,741
Charges for services	37,000	21,853	37,998
Land lease	40,063	40,063	39,607
Donations	-	715	66,370
Interest	9,500	19,392	7,593
Miscellaneous	5,956	6,170	21,504
Total revenues	<u>4,048,527</u>	<u>3,960,137</u>	<u>3,815,264</u>
<b>EXPENDITURES</b>			
Current			
Administration	812,460	638,550	770,582
Police department	1,938,946	1,622,591	1,495,776
Fire protection	189,145	171,838	179,299
Garbage collection and recycling	494,130	485,349	479,043
Streets and alleys	632,965	480,999	516,431
Capital outlay	67,000	223,116	248,599
Debt service	102,223	97,878	83,444
Total expenditures	<u>4,236,869</u>	<u>3,720,321</u>	<u>3,773,174</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

GENERAL FUND

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

Year Ended April 30, 2019

With Comparative Figures for Year Ended April 30, 2018

	<u>2019</u>		<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	(188,342)	239,816	42,090
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	-	42,681	-
Proceeds from issuance of long-term debt	-	125,000	-
Total other financing sources	-	167,681	-
Net change in fund balance	<u>\$ (188,342)</u>	407,497	42,090
<b>FUND BALANCE</b>			
Beginning of year		<u>1,137,766</u>	<u>1,095,676</u>
End of year		<u>\$ 1,545,263</u>	<u>\$ 1,137,766</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, 2019**  
**With Comparative Figures for Year Ended April 30, 2018**

	<u>2019</u>		<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 331,467	\$ 325,694	\$ 306,861
 <b>EXPENDITURES</b>			
Current - Police department			
Police pension	<u>331,467</u>	<u>325,694</u>	<u>306,861</u>
 Net change in fund balance	<u>\$ -</u>	-	-
 <b>FUND BALANCE</b>			
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**

Year Ended April 30, 2019  
With Comparative Figures for Year Ended April 30, 2018

	2019				2018 <u>Total</u>
	<u>Trefzgers</u>	<u>4500 N. Prospect</u>	<u>Heritage Expansion</u>	<u>Total</u>	
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 75,019
Intergovernmental:					
State sales tax	39,353	13,236	5,900	58,489	5,496
Home rule sales tax	54,612	19,456	8,674	82,742	24,957
Business development sales tax	36,409	17,069	4,739	58,217	16,479
	<u>130,374</u>	<u>49,761</u>	<u>19,313</u>	<u>199,448</u>	<u>46,932</u>
Food and beverage tax	49,476	23,813	12,011	85,300	59,212
Interest income	2,486	-	-	2,486	605
	<u>182,336</u>	<u>73,574</u>	<u>31,324</u>	<u>287,234</u>	<u>181,768</u>
<b>EXPENDITURES</b>					
Community development:					
Real estate tax rebates	37,500	-	-	37,500	37,500
Development agreements	-	30,002	7,239	37,241	-
Professional and loan fees	2,202	-	-	2,202	2,565
Debt service:					
Principal	40,000	13,729	-	53,729	-
Interest	93,500	3,580	-	97,080	93,562
	<u>173,202</u>	<u>47,311</u>	<u>7,239</u>	<u>227,752</u>	<u>133,627</u>
Excess of revenues over expenditures	<u>9,134</u>	<u>26,263</u>	<u>24,085</u>	<u>59,482</u>	<u>48,141</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer in	63,652	-	-	63,652	-
Proceeds from issuance of long-term debt	-	1,817	-	1,817	93,562
	<u>63,652</u>	<u>1,817</u>	<u>-</u>	<u>65,469</u>	<u>93,562</u>
Net change in fund balance	72,786	28,080	24,085	124,951	141,703
<b>FUND BALANCE</b>					
Beginning of year	<u>167,565</u>	<u>6,335</u>	<u>-</u>	<u>173,900</u>	<u>32,197</u>
End of year	<u>\$ 240,351</u>	<u>\$ 34,415</u>	<u>\$ 24,085</u>	<u>\$ 298,851</u>	<u>\$ 173,900</u>

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

MOTOR FUEL TAX FUND

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

Year Ended April 30, 2019

With Comparative Figures for Year Ended April 30, 2018

	2019			2018
	Budget	State	Local	Actual Total
<b>REVENUES</b>				
Intergovernmental:				
Motor fuel tax allotments	\$ 160,000	\$ 156,268	\$ -	\$ 156,268
				\$ 157,181
Licenses and permits	32,000	-	29,825	29,825
Interest income	1,250	-	3,467	3,467
				1,470
Total revenues	193,250	156,268	33,292	189,560
				187,541
<b>EXPENDITURES</b>				
Current				
Streets and alleys:				
Street maintenance	22,400	-	1,573	1,573
Engineering services	17,500	23,004	-	23,004
Sealcoating/patching	158,000	129,111	1,347	130,458
Dues	2,500	2,323	-	2,323
Maintenance supplies	10,000	-	-	-
Snow removal	20,000	18,664	-	18,664
Total streets and alleys	230,400	173,102	2,920	176,022
				209,626
Net change in fund balance	\$ (37,150)	(16,834)	30,372	13,538
				(22,085)
<b>FUND BALANCE</b>				
Beginning of year		145,871	25,274	171,145
				193,230
End of year		\$ 129,037	\$ 55,646	\$ 184,683
				\$ 171,145

VILLAGE OF PEORIA HEIGHTS, ILLINOIS

TAX INCREMENT FINANCING FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Year Ended April 30, 2019  
With Comparative Totals for Year Ended April 30, 2018

	2019				Total	2018 Total
	Leisy-Pabst	Peoria Heights #1	Peoria Heights #2	Peoria Heights #3		
<b>REVENUES</b>						
Property taxes	\$ 12,392	\$ 83,134	\$ 24,683	\$ -	\$ 120,209	\$ 47,464
Interest income	968	1,063	777	-	2,808	752
Other miscellaneous	-	-	-	-	-	30,727
Total revenues	<u>13,360</u>	<u>84,197</u>	<u>25,460</u>	<u>-</u>	<u>123,017</u>	<u>78,943</u>
<b>EXPENDITURES</b>						
Current - Administration						
Advertising	-	274	-	-	274	2,474
Administration fees	2,357	9,629	6,412	6,086	24,484	15,244
Professional fees	633	4,613	633	1,565	7,444	1,400
Environmental studies	-	-	-	-	-	6,656
Consulting fees	-	-	-	-	-	30,727
Peoria Heights School	1,943	3,340	3,871	-	9,154	4,992
Total expenditures	<u>4,933</u>	<u>17,856</u>	<u>10,916</u>	<u>7,651</u>	<u>41,356</u>	<u>61,493</u>
Excess (deficiency) of revenues over expenditures	<u>8,427</u>	<u>66,341</u>	<u>14,544</u>	<u>(7,651)</u>	<u>81,661</u>	<u>17,450</u>
<b>OTHER FINANCING USES</b>						
Transfers out	-	(63,652)	-	-	(63,652)	-
Net change in fund balance	8,427	2,689	14,544	(7,651)	18,009	17,450
<b>FUND BALANCE (DEFICIT)</b>						
Beginning 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>
End of year	<u>\$ 41,652</u>	<u>\$ (168,677)</u>	<u>\$ 6,192</u>	<u>\$ (10,125)</u>	<u>\$ (130,958)</u>	<u>\$ (148,967)</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 - BUDGET AND ACTUAL**  
**Year Ended April 30, 2019**  
**With Comparative Figures for Year Ended April 30, 2018**

	<u>2019</u>		<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>			
Business development sales tax	\$ 237,500	\$ 164,285	\$ 253,796
Interest income	1,000	3,023	555
	<u>238,500</u>	<u>167,308</u>	<u>254,351</u>
<b>EXPENDITURES</b>			
Community Development:			
Professional services	15,000	13,563	9,316
Administration and public relations	28,000	-	-
Improvements and maintenance	120,000	11,884	18,245
	<u>163,000</u>	<u>25,447</u>	<u>27,561</u>
Debt Service:			
Principal	35,849	350,969	27,324
Interest	10,000	7,645	11,855
	<u>45,849</u>	<u>358,614</u>	<u>39,179</u>
	<u>208,849</u>	<u>384,061</u>	<u>66,740</u>
Excess (deficiency) of revenues over expenditures	29,651	(216,753)	187,611
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of property	-	324,227	-
Transfers out	(61,500)	-	-
	<u>(61,500)</u>	<u>324,227</u>	<u>-</u>
Net change in fund balance	<u>\$ (31,849)</u>	107,474	187,611
<b>FUND BALANCE</b>			
Beginning of year		<u>237,095</u>	<u>49,484</u>
End of year		<u>\$ 344,569</u>	<u>\$ 237,095</u>

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

**Year Ended April 30, 2019**  
**With Comparative Figures for Year Ended April 30, 2018**

	<u>2019</u>	<u>2018</u>
Salaries	\$ 346,412	\$ 421,274
Group insurance	54,506	57,048
Gasoline, oil, etc	9,320	8,295
Utilities	93,346	87,661
Maintenance and supplies:		
Vehicles	1,549	12,642
Building	5,818	6,798
Computers and software	6,314	9,950
Equipment	16,370	17,583
Utility system	43,845	57,632
Insurance	50,360	49,161
Depreciation	330,886	318,137
Operating supplies	25,177	23,202
Utility supplies	22,847	31,169
Office expenses	47,499	22,202
Engineering services	2,239	-
Audit fees	6,327	5,944
Other professional services	16,635	13,523
Laundry services	1,845	1,557
Testing services	3,672	4,536
Miscellaneous expense	<u>10,955</u>	<u>2,091</u>
 Total plant operating and expenses	 <u>\$ 1,095,922</u>	 <u>\$ 1,150,405</u>

**VILLAGE OF PEORIA HEIGHTS, ILLINOIS**  
**SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS**  
**AND ASSESSED VALUATIONS**  
**For the Levy Years 2018, 2017, and 2016**

	<u>Tax Year</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSESSED VALUATION</b>	\$ 93,260,091	\$ 95,599,248	\$ 97,124,859
<b>TAX RATES</b>			
General Corporate	0.13354	0.13027	0.12822
Police Pension	0.37987	0.34673	0.31966
<b>TOTAL</b>	0.51341	0.47700	0.44788
<b>TAX EXTENSIONS</b>			
General Corporate	\$ 124,540	\$ 124,537	\$ 124,534
Police Pension	354,267	331,471	310,469
<b>TOTAL</b>	\$ 478,807	\$ 456,008	\$ 435,003
<b>COLLECTIONS *</b>	\$ -	\$ 448,455	\$ 430,055
<b>PERCENT OF EXTENSION COLLECTED</b>		98.34%	98.86%

**TAX INCREMENT FINANCING FUND**

	<u>Tax Year</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSESSED VALUATION</b>	\$ 15,896,480	\$ 7,257,600	\$ 7,422,020
<b>TAX EXTENSION</b>	\$ 268,313	\$ 122,631	\$ 50,341
<b>COLLECTIONS *</b>	\$ -	\$ 120,209	\$ 47,464
<b>PERCENT OF EXTENSION COLLECTED</b>		98.02%	94.28%

\* Includes distributions of interest and prior year forfeited taxes.