

CITY OF PERU, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2019

CITY OF PERU, ILLINOIS

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For the Year Ended April 30, 2019**

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INDEPENDENT AUDITORS' REPORT



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Independent Auditors' Report

To the Chairman and Members
of the City Council
City of Peru, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peru, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peru, 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

Comparative Data

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Peru, Illinois, for the year ended April 30, 2018, which are presented for comparison purposes with the accompanying financial statements. In our report dated September 26, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedules of changes in the net pension liability and related ratios, schedules of city contributions, schedules of investment returns, schedule of changes in the net OPEB liability for the retiree health plan, and notes to required supplementary information on pages 4-10 and pages 66-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Peru, Illinois' basic financial statements. The schedules listed in the table of contents as "Other Information" on pages 84-99 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 on pages 84-98 are the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuations, Rates, Extensions and Collections on page 99 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of the City of Peru, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Peru, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P.C.

Mack & Associates, P.C.

Certified Public Accountants

Morris, Illinois
October 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

The management of the City of Peru, Illinois provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended April 30, 2019.

Please read this analysis in conjunction with the City's financial statements. The first two financial statements are government-wide statements that account for all activities of the City. The fund financial statements that follow report activities of the City's major funds in more detail.

Financial Highlights

- The City's net position increased \$6,668,224 to \$88,750,370 in 2019 from \$82,082,126 (as restated) in 2018. Of this amount, the net position of the governmental activities increased \$1,791,463 and the net position of the business-type activities increased \$4,876,781.
- Revenues of the City's governmental activities decreased 2.49%, or \$461,007 from fiscal year 2018 to fiscal year 2019.
- Program expenses of the City's governmental activities increased 10.83%, or \$1,625,925 from fiscal year 2018 to fiscal year 2019.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial statements.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Peru, Illinois as a whole and present an overview of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City of Peru, Illinois' operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's General Fund budget for the year, the City's schedule of changes in the net pension liability and related ratios, schedule of city contributions, schedules of investment returns and schedule of funding progress for the retiree health plan.

Other Information provides detailed information about the nonmajor special revenue funds, private purpose and pension trust funds and assessed property tax valuations, rates, extensions and collections.

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Reporting the City's Financial Activities

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the different reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

Governmental activities include public safety, public works, culture and recreation, general government, health and welfare, and payments under intergovernmental agreements. Property tax and state and federal grants finance most of these activities.

Business type activities include the Utility Fund, the Landfill Fund and the Airport Fund. These activities are financed primarily by user charges.

Fund Financial Statements

The City has three kinds of funds:

Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include the General Fund and the Special Revenue Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.

Proprietary funds account for the City's Enterprise and Internal-Service Funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities, except for Internal Service Funds, which are combined with Governmental Activities on the Statement of Net Position. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements.

CITY OF PERU, ILLINOIS

**Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

Overview of the Financial Statements – (Continued)

Fund Financial Statements – (Continued)

The Enterprise Funds include the Utility Fund, the Landfill Fund, and the Airport Fund, each considered to be a major fund of the City. The Internal-Service Fund is used to account for the City’s self-insured health insurance premiums and claims. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The financial statements required for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

The City is the trustee, or fiduciary, for assets that belong to others. These funds include the Police and Firemen’s Pension Trust Funds. The City is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The financial statements required for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018*</u>	<u>2019</u>	<u>2018*</u>	<u>2019</u>	<u>2018*</u>
<u>Assets</u>						
Current and other assets	\$ 15,358,265	15,592,591	24,691,865	24,915,850	40,050,130	40,508,441
Capital assets	23,864,557	22,247,598	60,635,530	57,991,695	84,500,087	80,239,293
Total assets	<u>39,222,822</u>	<u>37,840,189</u>	<u>85,327,395</u>	<u>82,907,545</u>	<u>124,550,217</u>	<u>120,747,734</u>
Deferred Outflows	<u>5,740,973</u>	<u>2,321,133</u>	<u>1,687,394</u>	<u>967,828</u>	<u>7,428,367</u>	<u>3,288,961</u>
<u>Liabilities</u>						
Current liabilities	1,766,335	1,917,228	3,280,546	3,031,172	5,046,881	4,948,400
Long-term liabilities	19,241,562	15,650,809	14,930,947	16,262,553	34,172,509	31,913,362
Total liabilities	<u>21,007,897</u>	<u>17,568,037</u>	<u>18,211,493</u>	<u>19,293,725</u>	<u>39,219,390</u>	<u>36,861,762</u>
Deferred inflows	<u>3,384,515</u>	<u>3,813,365</u>	<u>624,309</u>	<u>1,279,442</u>	<u>4,008,824</u>	<u>5,092,807</u>
<u>Net Position</u>						
Net investment in capital assets	23,756,464	22,055,214	47,555,118	42,515,157	71,311,582	64,570,371
Restricted	4,099,541	3,050,360	3,086,794	3,140,042	7,186,335	6,190,402
Unrestricted	<u>(7,284,622)</u>	<u>(6,325,654)</u>	<u>17,537,075</u>	<u>17,647,007</u>	<u>10,252,453</u>	<u>11,321,353</u>
Total net position	<u>\$ 20,571,383</u>	<u>18,779,920</u>	<u>68,178,987</u>	<u>63,302,206</u>	<u>88,750,370</u>	<u>82,082,126</u>

* As restated due to implementation of GASB 75.

CITY OF PERU, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

Government-wide Financial Analysis – (Continued):

The amount by which the City's assets and deferred outflows exceed its liabilities and deferred inflows is called net position. At year-end, the City's net position was \$88,750,370. Of that amount, \$71,311,582 was invested in capital assets, net of related debt, and depreciation related to those assets. There was \$7,186,335 of net position restricted for purposes specified by external restrictions, constitutional provisions, debt agreements or enabling legislation. The remaining \$10,252,453 was unrestricted.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,300,396	2,519,652	31,928,300	32,051,205	35,228,696	34,570,857
Operating grants and contributions	60,792	151,120	13,622	-	74,414	151,120
Capital grants	-	-	1,206,342	8,195	1,206,342	8,195
General revenues:						
Property taxes, levied for general purposes	951,242	950,559	-	-	951,242	950,559
Sales tax	6,213,475	5,927,761	-	-	6,213,475	5,927,761
Income tax	1,064,408	1,139,994	-	-	1,064,408	1,139,994
Home rule sales tax	4,066,516	3,976,178	-	-	4,066,516	3,976,178
Hotel/motel tax	451,364	422,889	-	-	451,364	422,889
Telecommunications tax	204,945	217,251	-	-	204,945	217,251
Local use tax	313,000	270,794	-	-	313,000	270,794
911 surcharge	-	37	-	-	-	37
Video gaming tax	250,802	216,581	-	-	250,802	216,581
Replacement tax	193,518	185,602	-	-	193,518	185,602
Interest income	180,657	93,860	276,145	214,159	456,802	308,019
Other	1,233,959	2,873,803	218,294	169,502	1,452,253	3,043,305
Total revenues	<u>18,485,074</u>	<u>18,946,081</u>	<u>33,642,703</u>	<u>32,443,061</u>	<u>52,127,777</u>	<u>51,389,142</u>
Program expenses:						
General government	6,525,466	5,734,643	-	-	6,525,466	5,734,643
Public safety	5,556,357	5,266,994	-	-	5,556,357	5,266,994
Public works	2,536,890	2,338,327	-	-	2,536,890	2,338,327
Health and welfare	1,025,381	740,509	-	-	1,025,381	740,509
Culture & recreation	714,611	639,935	-	-	714,611	639,935
Payments under intergov't agreements	272,840	283,404	-	-	272,840	283,404
Interest on long-term debt	9,154	10,963	-	-	9,154	10,963
Utility Fund	-	-	28,083,671	29,040,263	28,083,671	29,040,263
Landfill	-	-	59,221	254,444	59,221	254,444
Airport	-	-	675,941	706,705	675,941	706,705
Total expenses	<u>16,640,700</u>	<u>15,014,775</u>	<u>28,818,833</u>	<u>30,001,412</u>	<u>45,459,533</u>	<u>45,016,187</u>
Change in net position before transfers	<u>1,844,374</u>	<u>3,931,306</u>	<u>4,823,870</u>	<u>2,441,649</u>	<u>6,668,244</u>	<u>6,372,955</u>
Transfers, net	<u>(52,911)</u>	<u>13,680</u>	<u>52,911</u>	<u>(13,680)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>1,791,463</u>	<u>3,944,986</u>	<u>4,876,781</u>	<u>2,427,969</u>	<u>6,668,244</u>	<u>6,372,955</u>
Net position, beginning of year*	<u>18,779,920</u>	<u>14,834,934</u>	<u>63,302,206</u>	<u>60,874,237</u>	<u>82,082,126</u>	<u>75,709,171</u>
Net position, end of year	<u>\$ 20,571,383</u>	<u>18,779,920</u>	<u>68,178,987</u>	<u>63,302,206</u>	<u>88,750,370</u>	<u>82,082,126</u>

* As restated in 2018 for implementation of GASB 75.

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Government-wide Financial Analysis – (Continued):

The cost of all governmental activities this year was \$16,640,700 compared to \$15,014,775 last year. However, as shown in the Statement of Activities on page 12, the amount taxpayers ultimately financed for these activities was only \$13,279,512 because some of the cost was paid by those who directly benefitted from the programs (\$3,300,396) or by other governments and organizations which subsidized certain programs with operating and capital gains and contributions (\$60,792).

The City paid the remaining "public benefit" portion of the governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, sales tax and miscellaneous receipts.

City of Peru, Illinois' net position of business type activities increased \$4,876,781 during the year. Revenues for business type activities increased by \$1,199,642 over the prior fiscal year while total expenses decreased \$1,182,579.

Individual Major Fund Analysis

Governmental Fund Highlights

As the City of Peru, Illinois completed the year, its governmental funds reported a combined fund balance of \$10,827,356, which is \$282,245 more than the \$10,545,111 total fund balance at April 30, 2018.

The fund balance of the General Fund at April 30, 2019 was \$9,723,976. This represented an increase of \$95,396 during the year.

Proprietary Fund Highlights

The net position of the Utility Fund at April 30, 2019 was \$56,849,996. This represented an increase of \$4,153,264 during the year. The increase is due to regular Utility Fund operating income. Charges for utility services in the City exceeded normal operating expenses by \$4,143,879. The cost of electricity is a variable based on demand, hydroelectric performance, and load factors. The increase in position does not reflect the outflow of resources to invest in capital items in the Fund. Capital improvements exceeded depreciation by \$1,818,727. Capital improvements for the year ended April 30, 2019 included \$1,081,623 of sewer separation work and \$770,145 of water main work.

The net position balance of the Landfill Fund at April 30, 2019 was \$1,265,709. This represented an increase of \$24,119 from the prior year. The Landfill is in the later stages of the closure process. Landfill revenue is primarily generated from monthly assessments (on utility bills) and is subsidized by lawn bag and garbage stickers. The increase is a cash balance increase that will be used to help fund closure needs.

The net position balance of the Airport Fund at April 30, 2019 was \$10,063,282. This represented an increase of \$699,398 from the prior year. Airport revenue is generated from T-hangar rentals, renting of surrounding farm land, and land leases. Airport projects are dependent on funds from the Department of Aeronautics (both Federal and State). During the year ending April 30, 2019, the fund capitalized assets and recognized revenues of \$1,206,342 related to aeronautic grants and projects that had been completed in the current and prior years. Depreciation is the largest expense for the Airport. Depreciation expense for the year ended April 30, 2019 was \$534,795.

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Budgetary Highlights

The City did not exceed the budgeted amount in any funds for the year ended April 30, 2019.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets include land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress. Capital assets for governmental activities totaled \$23,864,557 (net of accumulated depreciation/amortization) at April 30, 2019. Capital assets for business type activities totaled \$60,635,530 (net of accumulated depreciation) at April 30, 2019. See Note 4 to the financial statements for more information about the City's capital assets.

Long-term Debt

At April 30, 2019, the City had \$108,093 of outstanding notes for governmental activities. Business type activities had \$13,080,412 of outstanding notes, general obligation bonds and revenue bonds, net of discounts and premiums at April 30, 2019.

Moody's Investors Service increased the City's debt rating from A1 to AA3. Moody's noted increased reserves, stronger financial policies, and following through with previously-stated financial goals as the key factors underlying the increase. Additional information on the City's debt can be found in Note 5 of this report.

As of April 30, 2019, the City's general obligation debt limitation was \$24,963,909. The general obligation debt limitation is based on the assessed taxable valuation of the most recent property tax levy. Additional information on the City's debt limitation can be found in Note 6 of this report.

Economic Factors and Next Year's Budget and Rates

The City depends highly on sales tax generation to support governmental revenues. Regular and home rule sales tax accounted for over 55% of governmental income for the year ended April 30, 2019. The brick and mortar retailers continue to struggle nationally, and the local market is not insulated. The City expects to see a decrease in future sales tax generation net of inflationary cost increases. The State of Illinois increased the tax levied per gallon of gasoline by 19 cents. The increase doubles the tax rate and the local distribution is expected to increase by 80%.

Electricity revenues are the main source of income within the business-type activity funds. Charges for services accounted for 95% of business activity income for the year ending April 30, 2019. The water and sewer rates automatically increase by 3% annually. No increase is expected for the electricity rates.

The State made a few other legislative changes that will take effect January 1, 2020. The legalization of sports gambling and recreational marijuana have created two new possible revenue streams for local governments. High barriers to entry for marijuana dispensaries and gaming operations likely will keep the City from realizing any new revenue in the short-term. The long-term impact of these taxing opportunities is unknown.

Property tax rates for the City have decreased for calendar year 2018. Taxpayers with the median home value of \$115,000 saw a decrease of \$2.60 in their City tax line item. Improving equalized assessed value, new developments, and a strong sales tax base have allowed for the City to keep property tax rates low.

CITY OF PERU, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Council, 1901 4th Street, Peru, Illinois 61354.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
April 30, 2019
(With Comparative Figures for April 30, 2018)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2019	2018
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,356,962	6,398,508	13,755,470	14,210,727
Investments	2,742,223	12,032,708	14,774,931	13,036,667
Receivables:				
Property taxes	1,693,478	-	1,693,478	1,658,606
Sales taxes	1,489,351	-	1,489,351	1,457,329
Telecommunications taxes	49,154	-	49,154	54,009
Home rule sales taxes	957,553	-	957,553	949,225
Motor fuel taxes	22,788	-	22,788	23,568
State income taxes	345,680	-	345,680	270,746
Replacement taxes	52,781	-	52,781	38,290
Accounts receivable	-	2,072,460	2,072,460	2,966,034
Other	216,135	12,857	228,992	226,320
Prepaid expenses	206,079	674,222	880,301	1,040,891
Accrued interest	-	25,517	25,517	25,517
Inventory	-	640,397	640,397	661,592
Internal balances	226,081	(226,081)	-	-
Restricted cash and cash equivalents	-	2,681,936	2,681,936	2,626,556
Restricted investments	-	379,341	379,341	487,969
Net pension asset	-	-	-	774,395
Capital assets, net of accumulated depreciation	23,864,557	60,635,530	84,500,087	80,239,293
Total assets	<u>39,222,822</u>	<u>85,327,395</u>	<u>124,550,217</u>	<u>120,747,734</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Bond refunding loss	-	500,280	500,280	637,972
Pension-related deferred outflows	5,740,973	1,187,114	6,928,087	2,650,989
Total deferred outflows	<u>5,740,973</u>	<u>1,687,394</u>	<u>7,428,367</u>	<u>3,288,961</u>
<u>LIABILITIES</u>				
Cash overdrafts	-	98,253	98,253	25,832
Accounts payable	1,525,942	2,410,164	3,936,106	3,858,331
Accrued interest payable	210	147,884	148,094	187,967
Salaries and benefits payable	240,183	-	240,183	224,651
Advances from others	-	-	-	31,971
Refundable customer deposits	-	624,245	624,245	619,648
Long-term liabilities:				
Due within one year:				
Notes payable	108,093	403,284	511,377	483,123
General obligation bonds payable	-	1,405,000	1,405,000	1,395,000
Revenue bonds payable	-	595,000	595,000	550,000
Compensated absences	205,156	80,834	285,990	265,747
Due in more than one year:				
Notes payable	-	2,994,265	2,994,265	3,505,643
General obligation bonds payable	-	7,050,461	7,050,461	8,500,353
Revenue bonds payable	-	632,402	632,402	1,234,803
Compensated absences	285,657	286,032	571,689	489,463
Net OPEB liability	548,515	224,637	773,152	732,157
Net pension liability	18,094,141	940,033	19,034,174	14,438,074
Estimated post-closure care	-	318,999	318,999	318,999
Total liabilities	<u>21,007,897</u>	<u>18,211,493</u>	<u>39,219,390</u>	<u>36,861,762</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Succeeding year property tax	1,532,478	-	1,532,478	1,497,606
Pension-related deferred inflows	1,852,037	624,309	2,476,346	3,595,201
Total deferred inflows	<u>3,384,515</u>	<u>624,309</u>	<u>4,008,824</u>	<u>5,092,807</u>
<u>NET POSITION</u>				
Net investment in capital assets	23,756,464	47,555,118	71,311,582	64,570,371
Restricted for:				
Debt service	-	3,086,794	3,086,794	3,140,042
Public safety services	718,199	-	718,199	391,504
Streets and public improvements	585,559	-	585,559	533,043
Urban renewal purposes	232,764	-	232,764	186,415
Economic development	81,798	-	81,798	81,765
Other purposes	2,481,221	-	2,481,221	1,857,633
Unrestricted	(7,284,622)	17,537,075	10,252,453	11,321,353
Total net position	<u>\$ 20,571,383</u>	<u>68,178,987</u>	<u>88,750,370</u>	<u>82,082,126</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Activities

Year Ended April 30, 2019

(With Comparative Figures for the Year Ended April 30, 2018)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2019	2018
Primary government:								
Governmental activities:								
General government	\$ 6,525,466	2,550,601	60,792	-	(3,914,073)	-	(3,914,073)	(3,445,126)
Public safety	5,556,357	28,780	-	-	(5,527,577)	-	(5,527,577)	(5,224,220)
Public works	2,536,890	-	-	-	(2,536,890)	-	(2,536,890)	(2,338,327)
Health and welfare	1,025,381	719,286	-	-	(306,095)	-	(306,095)	(403,551)
Culture and recreation	714,611	1,729	-	-	(712,882)	-	(712,882)	(638,412)
Payments under intergovernmental agreements	272,840	-	-	-	(272,840)	-	(272,840)	(283,404)
Unallocated interest on long-term debt	9,154	-	-	-	(9,154)	-	(9,154)	(10,963)
Total governmental activities	16,640,700	3,300,396	60,792	-	(13,279,512)	-	(13,279,512)	(12,344,003)
Business-type activities:								
Utility fund	28,083,671	31,777,954	13,622	-	-	3,707,905	3,707,905	2,558,920
Landfill	59,221	72,933	-	-	-	13,712	13,712	112,119
Airport	675,941	77,413	-	1,206,342	-	607,814	607,814	(613,051)
Total business-type activities	28,818,833	31,928,300	13,622	1,206,342	-	4,329,431	4,329,431	2,057,988
Total primary government	\$ 45,459,533	35,228,696	74,414	1,206,342	(13,279,512)	4,329,431	(8,950,081)	(10,286,015)
General revenues:								
Property taxes, levied for general purposes					\$ 951,242	-	951,242	950,559
Sales tax					6,213,475	-	6,213,475	5,927,761
Income tax					1,064,408	-	1,064,408	1,139,994
Home rule sales tax					4,066,516	-	4,066,516	3,976,178
Hotel/motel tax					451,364	-	451,364	422,889
Telecommunications tax					204,945	-	204,945	217,251
Local use tax					313,000	-	313,000	270,794
911 surcharge					-	-	-	37
Video gaming tax					250,802	-	250,802	216,581
Replacement tax					193,518	-	193,518	185,602
Motor fuel tax					268,668	-	268,668	270,246
Interest income					180,657	276,145	456,802	308,019
Fines and penalties					242,166	-	242,166	116,316
Telcom tower proceeds					48,616	-	48,616	1,397,913
Other					674,509	218,294	892,803	1,258,830
Transfers					(52,911)	52,911	-	-
Total general revenues					15,070,975	547,350	15,618,325	16,658,970
Change in net position					1,791,463	4,876,781	6,668,244	6,372,955
Net position, beginning of year					18,779,920	63,302,206	82,082,126	76,233,107
Prior period adjustment					-	-	-	(523,936)
Net position, end of year					\$ 20,571,383	68,178,987	88,750,370	82,082,126

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds

April 30, 2019

(With Comparative Figures for April 30, 2018)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2019	2018
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,082,703	1,177,370	7,260,073	6,701,087
Investments	2,742,223	-	2,742,223	2,676,008
Receivables:				
Property taxes	907,556	785,922	1,693,478	1,658,606
Sales taxes	1,489,351	-	1,489,351	1,457,329
Telecommunications taxes	49,154	-	49,154	54,009
Home rule sales taxes	957,553	-	957,553	949,225
Motor fuel taxes	-	22,788	22,788	23,568
State income taxes	345,680	-	345,680	270,746
Replacement taxes	52,781	-	52,781	38,290
Other	154,995	61,140	216,135	189,760
Due from other funds	318,926	-	318,926	875,404
Prepaid expenses	205,559	520	206,079	298,826
Total assets	\$ 13,306,481	2,047,740	15,354,221	15,192,858
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	1,460,349	65,593	1,525,942	1,659,885
Salaries and benefits payable	240,183	-	240,183	224,651
Advances from others (overdrafts payable)	-	-	-	31,971
Due to other funds	-	92,845	92,845	142,837
Total liabilities	1,700,532	158,438	1,858,970	2,059,344
Deferred inflows of resources:				
Succeeding year property tax	746,556	785,922	1,532,478	1,497,606
Unavailable revenues	1,135,417	-	1,135,417	1,090,797
Total deferred inflows	1,881,973	785,922	2,667,895	2,588,403
Fund balances:				
Non-spendable:				
Prepaid expenses	205,559	520	206,079	298,826
Parkside school	916,546	-	916,546	888,752
Assigned - municipal pool	130,287	-	130,287	128,145
Committed - motel tax	527,522	-	527,522	127,920
Restricted for:				
Public safety services	509,800	208,399	718,199	391,504
Streets and public improvements	-	585,559	585,559	533,043
Urban renewal purposes	-	232,764	232,764	186,415
Economic development	-	81,798	81,798	81,765
Other purposes	2,397,902	83,319	2,481,221	1,857,633
Unassigned	5,036,360	(88,979)	4,947,381	6,051,108
Total fund balances	9,723,976	1,103,380	10,827,356	10,545,111
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,306,481	2,047,740	15,354,221	15,192,858

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds
April 30, 2019
(With Comparative Figures for April 30, 2018)

	2019	2018
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	\$ 10,827,356	10,545,111
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources, and, therefore, are not report in the funds. The cost of capital assets is \$51,593,084 and the accumulated depreciation is \$27,728,527.	23,864,557	22,247,598
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	1,135,417	1,090,797
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	5,740,973	2,321,133
Deferred inflows of resources	(1,852,037)	(2,315,759)
Internal services are used to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	96,889	71,863
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
Accrued interest payable	(210)	(721)
Notes payable	(108,093)	(192,384)
Compensated absences	(490,813)	(500,920)
Net OPEB liability	(548,515)	(519,431)
Net pension liability / asset	(18,094,141)	(13,967,367)
Net position of governmental activities	<u>\$ 20,571,383</u>	<u>18,779,920</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2019	2018
Revenues:				
Taxes	\$ 12,692,137	778,995	13,471,132	13,192,846
Intergovernmental revenue	254,310	268,668	522,978	606,968
Licenses and permits	1,491,188	-	1,491,188	1,633,294
Fines and penalties	91,198	150,968	242,166	116,316
Charges for services	28,780	721,015	749,795	381,255
Interest income	175,245	5,383	180,628	93,858
Cell tower proceeds	48,616	-	48,616	1,397,913
Other	625,496	23,836	649,332	1,076,223
Total revenues	15,406,970	1,948,865	17,355,835	18,498,673
Expenditures:				
Current:				
General government	5,202,557	407,171	5,609,728	4,992,606
Public safety	4,822,049	77,041	4,899,090	4,669,748
Public works	1,816,930		1,816,930	1,663,028
Health and welfare	260,594	764,787	1,025,381	740,509
Culture and recreation	629,708	57,622	687,330	585,482
Debt service:				
Principal	84,291	-	84,291	399,826
Interest	9,665	-	9,665	12,273
Capital outlay	2,388,543	252,058	2,640,601	5,415,067
Payments under intergovernmental agreements	-	272,840	272,840	283,404
Total expenditures	15,214,337	1,831,519	17,045,856	18,761,943
Excess (deficiency) of revenues over (under) expenditures	192,633	117,346	309,979	(263,270)
Other financing sources (uses):				
Proceeds from the sale of capital assets	25,177	-	25,177	13,105
Transfers from other funds	27,586	150,000	177,586	237,000
Transfers to other funds	(150,000)	(80,497)	(230,497)	(223,320)
Total other financing sources (uses)	(97,237)	69,503	(27,734)	26,785
Changes in fund balances	95,396	186,849	282,245	(236,485)
Fund balances, beginning of year	9,628,580	916,531	10,545,111	10,781,596
Fund balances, end of year	\$ 9,723,976	1,103,380	10,827,356	10,545,111

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019	2018
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities		
Net change in fund balances - total governmental funds	\$ 282,245	(236,485)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	2,874,440	5,291,050
Depreciation expense	(1,257,481)	(1,155,468)
In the Statement of Activities, the loss on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.	-	(233,110)
Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds.	44,620	(70,802)
Internal service funds are used to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	25,026	71,863
The current year pension and OPEB contributions and other changes are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.	3,883,562	(1,084,218)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Accrued interest payable	511	1,310
Compensated absences	10,107	(74,482)
Change in OPEB liability	(29,084)	(32,739)
Change in Pension liability	(4,126,774)	1,068,241
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	84,291	399,826
Change in net position of governmental activities	<u>\$ 1,791,463</u>	<u>3,944,986</u>

Statement of Net Position - Proprietary Funds
 April 30, 2019
 (With Comparative Figures for April 30, 2018)

	Enterprise Funds			Total		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations	2019	2018	Self Insurance Fund 2019
			Fund			
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,840,016	558,492	-	6,398,508	7,437,777	96,889
Investments	11,484,708	548,000	-	12,032,708	10,360,659	-
Accounts receivable, net	2,038,038	28,271	6,151	2,072,460	2,966,034	-
Other receivables, net	-	-	12,857	12,857	36,560	-
Due from other funds	-	-	-	-	50,000	-
Prepaid expenses	663,680	85	10,457	674,222	742,065	-
Inventory	640,397	-	-	640,397	661,592	-
Total current assets	20,666,839	1,134,848	29,465	21,831,152	22,254,687	96,889
Non-current assets:						
Restricted assets:						
Restricted cash and cash equivalents	2,653,128	28,808	-	2,681,936	2,626,556	-
Restricted investments	261,716	117,625	-	379,341	487,969	-
Accrued interest	24,712	795	10	25,517	25,517	-
Total restricted assets	2,939,556	147,228	10	3,086,794	3,140,042	-
Net pension asset	-	-	-	-	303,688	-
Total non-current assets	2,939,556	147,228	10	3,086,794	3,443,730	-
Capital assets:						
Land	1,832,579	210,000	5,315,000	7,357,579	6,046,500	-
Construction in progress	1,847,164	-	-	1,847,164	1,358,069	-
Buildings	16,241,893	359,597	1,750,727	18,352,217	18,352,217	-
Machinery and equipment	49,642,753	835,488	413,295	50,891,536	49,352,387	-
Land improvements	1,191,690	9,440	1,007,586	2,208,716	2,208,716	-
Infrastructure	58,407,106	-	13,393,620	71,800,726	68,508,928	-
Total capital assets at cost	129,163,185	1,414,525	21,880,228	152,457,938	145,826,817	-
Less: Accumulated depreciation	79,039,265	1,107,258	11,675,885	91,822,408	87,835,122	-
Total capital assets	50,123,920	307,267	10,204,343	60,635,530	57,991,695	-
Total assets	73,730,315	1,589,343	10,233,818	85,553,476	83,690,112	96,889
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding loss	500,280	-	-	500,280	637,972	-
Pension related deferred outflows	1,187,114	-	-	1,187,114	329,856	-
Total deferred outflows of resources	1,687,394	-	-	1,687,394	967,828	-
LIABILITIES						
Current liabilities:						
Cash overdrafts	-	-	98,253	98,253	25,832	-
Accounts payable	2,333,246	4,635	72,283	2,410,164	2,198,446	-
Accrued interest payable	147,884	-	-	147,884	187,246	-
Compensated absences	80,834	-	-	80,834	73,312	-
Due to other funds	226,081	-	-	226,081	782,567	-
Refundable customer deposits	624,245	-	-	624,245	619,648	-
Notes payable	403,284	-	-	403,284	398,832	-
General obligation bonds payable	1,405,000	-	-	1,405,000	1,395,000	-
Revenue bonds payable	595,000	-	-	595,000	550,000	-
Total current liabilities	5,815,574	4,635	170,536	5,990,745	6,230,883	-
Non-current liabilities:						
Compensated absences	286,032	-	-	286,032	180,978	-
Notes payable	2,994,265	-	-	2,994,265	3,397,550	-
General obligation bonds payable	7,050,461	-	-	7,050,461	8,500,353	-
Revenue bonds payable	632,402	-	-	632,402	1,234,803	-
Net OPEB liability	224,637	-	-	224,637	212,726	-
Net pension liability	940,033	-	-	940,033	-	-
Estimated post-closure care	-	318,999	-	318,999	318,999	-
Total non-current liabilities	12,127,830	318,999	-	12,446,829	13,845,409	-
Total liabilities	17,943,404	323,634	170,536	18,437,574	20,076,292	-
DEFERRED INFLOWS OF RESOURCES						
Pension-related deferred inflows	624,309	-	-	624,309	1,279,442	-
NET POSITION						
Net investment in capital assets	37,043,508	307,267	10,204,343	47,555,118	42,515,157	-
Restricted	2,939,556	147,228	10	3,086,794	3,140,042	-
Unrestricted	16,866,932	811,214	(141,071)	17,537,075	17,647,007	96,889
Total net position	\$ 56,849,996	1,265,709	10,063,282	68,178,987	63,302,206	96,889

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Enterprise Funds			Total Proprietary Funds		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	2019	2018	Self Insurance Fund 2019
Operating revenues:						
Charges for services	31,517,284	72,933	7,013	31,597,230	31,671,827	1,059,413
Other charges and rentals	260,670	-	70,400	331,070	379,378	-
Total operating revenues	31,777,954	72,933	77,413	31,928,300	32,051,205	1,059,413
Operating expenses:						
General and administrative	2,097,096	51,557	141,146	2,289,799	2,777,044	376,784
Power and generating plant	17,052,208	-	-	17,052,208	17,465,079	-
Distribution system	2,495,110	-	-	2,495,110	2,250,609	-
Hydroelectric plant	325,598	-	-	325,598	395,059	-
Street lighting	12,635	-	-	12,635	57,707	-
Truck expenses	116,603	-	-	116,603	118,844	-
Other plant expenses	420	-	-	420	266,920	-
Pumping and purification	1,545,014	-	-	1,545,014	1,551,107	-
Sewerage system, disposal plant	521,734	-	-	521,734	438,284	-
Insurance premiums and claims	-	-	-	-	-	657,632
Depreciation	3,467,657	7,664	534,795	4,010,116	4,133,318	-
Total operating expenses	27,634,075	59,221	675,941	28,369,237	29,453,971	1,034,416
Operating income (loss)	4,143,879	13,712	(598,528)	3,559,063	2,597,234	24,997
Non-operating revenues (expenses):						
Interest income	265,729	10,407	9	276,145	214,159	29
Rental income	118,990	-	12,140	131,130	120,362	-
Farm income	-	-	79,435	79,435	20,032	-
Grant revenues	13,622	-	1,206,342	1,219,964	8,195	-
Miscellaneous	7,729	-	-	7,729	29,108	-
Interest expense	(449,596)	-	-	(449,596)	(547,441)	-
Total non-operating revenues (expenses)	(43,526)	10,407	1,297,926	1,264,807	(155,585)	29
Income (loss) before transfers	4,100,353	24,119	699,398	4,823,870	2,441,649	25,026
Operating transfers in (out)	52,911	-	-	52,911	(13,680)	-
Change in net position	4,153,264	24,119	699,398	4,876,781	2,427,969	25,026
Net position, beginning of year	52,696,732	1,241,590	9,363,884	63,302,206	61,035,041	71,863
Prior period adjustment	-	-	-	-	(160,804)	-
Net position, end of year	\$ 56,849,996	1,265,709	10,063,282	68,178,987	63,302,206	96,889

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	Total Proprietary Funds	
				2019	2018
Cash flows from operating activities:					
Receipts from customers	\$ 32,679,589	70,676	76,206	32,826,471	32,575,818
Payments to employees	(1,647,467)	-	-	(1,647,467)	(1,829,700)
Payments to suppliers	(21,094,849)	(47,276)	(6,566)	(21,148,691)	(23,033,018)
Net cash provided by (used in) operating activities	9,937,273	23,400	69,640	10,030,313	7,713,100
Cash flows from noncapital financing activities:					
Internal advances	(453,575)	-	-	(453,575)	612,541
Proceeds from grants	13,622	-	646	14,268	8,195
Net cash provided by (used in) noncapital financing activities	(439,953)	-	646	(439,307)	620,736
Cash flows from capital and related financing activities:					
Capital assets acquired	(5,286,384)	-	(161,870)	(5,448,254)	(4,450,772)
Principal payments on notes payable	(398,833)	-	-	(398,833)	(397,713)
Principal payments on G.O. bonds payable	(1,439,892)	-	-	(1,439,892)	(954,891)
Principal payments on revenue bonds payable	(557,401)	-	-	(557,401)	(537,402)
Interest expenses	(488,958)	-	-	(488,958)	(498,276)
Deferred bond cost on bond refunding	(137,692)	-	-	(137,692)	(142,205)
Net cash provided by (used in) capital financing activities	(8,309,160)	-	(161,870)	(8,471,030)	(6,981,259)
Cash flows from investing activities:					
Rental and miscellaneous sale income	103,016	-	91,575	194,591	184,240
Interest received	265,729	10,407	9	276,145	213,848
Net sales (purchases) of investments	(2,686,064)	111,463	-	(2,574,601)	256,426
Net cash provided by (used in) investing activities	(2,317,319)	121,870	91,584	(2,103,865)	654,514
Net change in cash and cash equivalents	(1,129,159)	145,270	-	(983,889)	2,007,091
Cash and cash equivalents, beginning of year	9,622,303	442,030	-	10,064,333	8,057,242
Cash and cash equivalents, end of year	\$ 8,493,144	587,300	-	9,080,444	10,064,333
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,143,879	13,712	(598,528)	3,559,063	2,597,234
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	3,467,657	7,664	534,795	4,010,116	4,133,318
Effects of changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	920,741	(2,257)	(1,207)	917,277	548,017
(Increase) decrease in prepaid expenses	67,994	3	(154)	67,843	608,259
(Increase) decrease in inventory	21,195	-	-	21,195	(6,885)
(Increase) decrease in deferred outflows of resources	(857,258)	-	-	(857,258)	(282,069)
Increase (decrease) in cash overdrafts	-	-	72,421	72,421	96,888
Increase (decrease) in accounts payable	145,127	4,278	62,313	211,718	(144,542)
Increase (decrease) in compensated absences	112,576	-	-	112,576	(116,867)
Increase (decrease) in refundable customer deposits	4,597	-	-	4,597	(8,666)
Increase (decrease) in deferred inflows of resources	655,133	-	-	655,133	(951,600)
Increase (decrease) in net OPEB liability	11,911	-	-	11,911	(10,876)
Increase (decrease) in net pension liability	1,243,721	-	-	1,243,721	1,250,889
Net cash provided by (used in) operating activities	\$ 9,937,273	23,400	69,640	10,030,313	7,713,100

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position - Fiduciary Funds
 April 30, 2019
 (With Comparative Figures for April 30, 2018)

		Pension Trust Funds	
		2019	2018
	<u>ASSETS</u>		
Cash and cash equivalents		\$ 954,807	769,223
Investments		11,642,897	10,681,186
Accrued interest		33,346	21,991
Total assets		<u>\$ 12,631,050</u>	<u>11,472,400</u>
	<u>NET POSITION</u>		
Held in trust for pension benefits		<u>\$ 12,631,050</u>	<u>11,472,400</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Pension Trust Funds	
	2019	2018
Additions:		
Contributions:		
Employer contributions	\$ 1,590,230	1,432,361
Plan member contributions	193,389	184,906
Total contributions	1,783,619	1,617,267
Net investment income:		
Net change in fair value of investments	(32,657)	182,596
Investment income	573,187	477,964
Total investment income	540,530	660,560
Less: Investment expense	35,399	44,196
Net investment income	505,131	616,364
Total additions	2,288,750	2,233,631
Deductions:		
Administrative	7,433	5,075
Benefit payments, including member refunds	1,122,667	1,100,447
Total deductions	1,130,100	1,105,522
Changes in net position	1,158,650	1,128,109
Net position, beginning of year	11,472,400	10,344,291
Net position, end of year	\$ 12,631,050	11,472,400

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Peru, Illinois (City) operates under a council form of government, which is governed by a Board of Alderpersons and a Mayor. The City provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. The City also operates a public utility company, a landfill, and a municipal airport.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

A. The Financial Reporting Entity

For financial reporting purposes, the City of Peru, Illinois has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet GASB criteria.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Government-wide Financial Statements - (Continued)

The Statement of Net Position presents the City’s nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Net investment in capital assets is calculated as follows:

	Governmental Activities	Business- type Activities	Total Primary Government
Capital assets, net of accumulated depreciation	\$ 23,864,557	60,635,530	84,500,087
Less:			
Notes payable	(108,093)	(3,397,549)	(3,505,642)
General obligation bonds payable	-	(8,455,461)	(8,455,461)
Revenue bonds payable	-	(1,227,402)	(1,227,402)
Net investment in capital assets	<u>\$ 23,756,464</u>	<u>47,555,118</u>	<u>71,311,582</u>

- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.” Unrestricted net position may be subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. The City does not allocate indirect costs.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Fund Financial Statements

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

The City reports the following major fund:

General Fund – The General Fund is the general operating fund of the City and is always classified as a major fund. All general tax revenues from general and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the Fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

The City reports the following major proprietary funds:

Utility Fund – The Utility Fund is used to account for the revenues and expenses associated with providing electrical power, water and sewer services to the residents of the City. Financing is provided by electric, water and sewer user charges.

Landfill Fund – The Landfill Fund is used to account for the revenues and expenses associated with maintaining the landfill site. Financing is provided by landfill charges.

Illinois Valley Regional Airport Operations Fund – The Illinois Valley Regional Airport Operations Fund is used to account for the revenues and expenses associated with operating and maintaining the regional airport. Financing is provided by fuel sales and rental income.

Additionally, the City reports an internal service fund, which accounts for health insurance provided to other departments or agencies of the City on a cost-reimbursement basis.

The City also reports fiduciary funds which focus on net position and changes in net position. The City's fiduciary funds include the Police Pension Trust Fund and the Firemen's Pension Trust Fund.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Fund Financial Statements – (Continued)

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. 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 City considers revenue to be available if it is collected within 60 days after year-end.

Property taxes are recorded as revenue when levied for budgetary purposes. Penalties and interest, court fees, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Sales, income, and motor fuel taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Measurement Focus and Basis of Accounting – (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and include cash in checking and money market accounts and any certificates of deposit with an original maturity date of twelve months or less.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Investments

State statutes authorize the government to invest in the following:

1. Commercial banks
2. Savings and loan institutions
3. Obligations of the US Treasury and US Agencies
4. Obligations of the States and their political subdivisions
5. Credit union shares
6. Repurchase agreements
7. Commercial paper rated within the three highest classifications by at least two standard rating services
8. Illinois Public Treasurer's Investment Pool

The Police and Firemen's Pension Trust Funds may invest in other investments including general and special accounts of life insurance companies, mutual funds, bank managed funds and equities.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates, and investments that do not have established markets are reported at estimated fair value.

Restricted cash and cash equivalents consist of monies for assets the City has set aside to meet all required payments for debt principal and interest in accordance with bond ordinances and any monies whose purpose is restricted as to use.

Property Taxes

Property tax receivable is recognized in the fund financial statements on the levy or lien date. The City's property tax is levied on or before the last Tuesday in December each year on all taxable real property located in the City. Property taxes attach as an enforceable lien on property as of January 1. Taxes are typically due and payable in two installments in June and September at the County Collector's office. The City receives significant distributions of tax receipts within one month of these due dates.

Property taxes generated from the 2017 property tax levy (\$1,497,606) are used to finance the operating budget of the fiscal year ending April 30, 2019. Although the 2018 property tax levy receivable has been recorded, the related revenue (\$1,532,478) is deferred in both the government-wide and fund financial statements. Recognition of revenue is deferred until the year it is intended to finance.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Customer Accounts Receivable and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided. Accounts receivable are uncollateralized consumer obligations which generally require payment within fifteen days from the invoice date. Accounts receivable are stated at the invoice amount plus accrued interest. Unpaid accounts over one day past due bear interest at 5.00%. Account balances with invoices over thirty days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the City could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require excessive collection costs are written off to the allowance for doubtful accounts.

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions among funds. To the extent certain transactions between funds had not been paid or received as of April 30, 2019, balances of interfund amounts receivable or payable have been reported in the fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

Inventories

Inventories of materials and supplies are stated at the lower of cost or market, based upon an annual physical count of quantities on hand. Inventories are recorded as an asset for all enterprise funds at cost using the first in, first out method.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

Land	\$ 1
Buildings and building improvements	10,000
Infrastructure	20,000
Land improvements	10,000
Machinery and equipment	5,000

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	15-50 years
Infrastructure	10-50 years
Land improvements	5-20 years
Machinery and equipment	5-25 years

Impairment of Long-lived Assets

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and the fund Balance Sheets sometimes report separate sections for deferred outflows / inflows of resources. These separate financial statement elements represent a consumption / acquisition of net position that applies to a future year(s) and so will not be recognized as an outflow (expense / expenditure) or inflow (revenue) of resources until then.

Deferred outflows of resources consist of bond refunding loss, items not yet charged to pension expense and contributions from the City after the measurement date but before the end of the City's reporting period.

Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end. Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized as revenue until the year for which they are levied and unamortized portion of the net difference between projected and actual earning on IMRF's investments.

Compensated Absences

City employees are granted sick leave and vacation days. Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. Vacation leave must be taken within one year of the employee's anniversary date or it is lost. Eligible employees who have attained at least 50 years of age; are immediately eligible to retire with an IMRF benefit, an Illinois Downstate Police Pension, or a Firefighters' Pension; retire in good standing with the City; and provide not less than 60 days advance written notice of their retirement can, upon retirement, buy back 100% of the employee's accrued sick leave days for the purpose of off-setting the cost of continued health insurance coverage provided by the City.

The estimated current and long-term portions of the liability for vested vacation and sick leave benefits attributable to the City's governmental funds is recorded in the Statement of Net Position. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund. All compensated absences are valued at the employee's hourly rate as of April 30, 2019.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the Proprietary Fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF), the Police Pension Fund, and the Firemen's Pension Fund and additions to / deductions from the 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the Retiree Insurance Plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

E. Fund Equity

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

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable:

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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Fund Equity – (Continued)

2. 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), grants, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Amounts restricted in the General Fund for “Other Purposes” include \$2,241,292 of restricted home rule sales tax receipts, \$100,603 of restricted Cemetery reserve donations, as well as \$56,005 restricted for recreational purposes.

3. Committed:

This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

4. Assigned:

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

5. Unassigned:

This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

F. Use of Estimates

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 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 CASH EQUIVALENTS

The City's investment policy allows it to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds. The policy states that investments shall be made that reflect the cash flow needs of the type being invested. In general, the City may invest in obligations of the United States of America, or its agencies, or obligations guaranteed by full faith and credit of the same and certain time deposits and short-term obligations of the United States of America or its agencies or guaranteed by the full faith and credit of the same and certain time deposits and short-term obligations as defined in the Public Fund Investment Act.

At year-end, the carrying amount of the City's deposits was \$16,337,653, excluding petty cash. Bank balances totaled \$16,471,698. Petty cash on hand was \$1,500.

At year-end, the carrying amount of the City's trust fund deposits was \$954,806. Bank balances also totaled \$954,806.

Custodial Credit Risk - Cash

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City. As of April 30, 2019, \$15,471,698 of the City's uninsured deposits were fully collateralized, and \$0 of the City's deposits were exposed to custodial credit risk because they were neither insured, nor collateralized.

Investments

As of April 30, 2019, the City's investments were as follows:

	Fair Value	Remaining Maturity			
		Less Than One Year	1-5 Years	6-10 Years	11-15 Years
Certificates of deposit	\$ 15,116,867	6,242,284	8,874,583	-	-
Mutual funds	37,405	37,405	-	-	-
Total	\$ 15,154,272	6,279,689	8,874,583	-	-

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 2: CASH AND CASH EQUIVALENTS – (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

As a means of limiting its exposure to fair value losses arising from rising interest rate, the City's investment policy states to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City shall not directly invest in securities maturing more than five years from the date of purchase. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investments in securities through the use of mutual funds or governmental investment pools such as Illinois Funds. The City's investment policy requires that all security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by an independent third party custodian designated by the treasurer and evidenced by safekeeping receipts and a written custodial agreement.

Concentration of Credit Risk

The City has diversified its Certificates of Deposit holdings through the use of two Safekeeping accounts with Vinings Sparks and D.A. Davidson. As a result, none of the City's investment balance is subject to concentration of credit risk.

NOTE 3: FAIR VALUE MEASUREMENTS

For disclosure purposes, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 3: FAIR VALUE MEASUREMENTS – (CONTINUED)

Investments measured at fair value on a recurring basis are disclosed below:

	Balance at April 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 15,116,867	-	15,116,867	-
Mutual funds	37,405	37,405	-	-
Total investments	\$ 15,154,272	37,405	15,116,867	-

The fair value of certificates of deposit at April 30, 2019, was determined primarily based on level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

NOTE 4: CHANGES IN CAPITAL ASSETS

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

	Balance as of April 30, 2018	Additions	Deletions	Balance as of April 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,344,219	519,782	-	1,864,001
Construction in progress	2,781,119	42,475	(2,781,119)	42,475
Total capital assets not being depreciated	4,125,338	562,257	(2,781,119)	1,906,476
Capital assets being depreciated:				
Buildings	6,622,315	6,900	-	6,629,215
Machinery and equipment	4,899,724	263,807	-	5,163,531
Land improvements	472,138	-	-	472,138
Infrastructure	32,599,128	4,822,596	-	37,421,724
Total capital assets being depreciated	44,593,305	5,093,303	-	49,686,608
Total capital assets	48,718,643	5,655,560	(2,781,119)	51,593,084
Less accumulated depreciation:				
Buildings	1,715,616	171,923	-	1,887,539
Machinery and equipment	4,136,968	222,095	-	4,359,063
Land improvements	378,732	17,596	-	396,328
Infrastructure	20,239,729	845,868	-	21,085,597
Total accumulated depreciation:	26,471,045	1,257,482	-	27,728,527
Total capital assets being depreciated, net	18,122,260	3,835,821	-	21,958,081
Governmental activities capital assets, net	\$ 22,247,598	4,398,078	(2,781,119)	23,864,557

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 4: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Depreciation for governmental activities in the current fiscal year was \$1,257,482 and was allocated as follows:

General government	\$ 413,501
Public safety	279,556
Public works	<u>564,215</u>
Total depreciation – governmental activities	<u>\$ 1,257,482</u>

Construction in progress at April 30, 2019 is the result of the Peoria Street expansion and Unytite extension, which are anticipated to be completed in the next fiscal year.

Significant capital additions for the year included the CVS land (\$304,596), 2019 Street Program (\$821,272), Splash Park (\$503,534) and Plank Road redevelopment (\$2,996,322).

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

	Balance as of April 30, 2018	Additions	Deletions	Balance as of April 30, 2019
Capital assets not being depreciated:				
Land	\$ 6,046,500	1,311,079	-	7,357,579
Construction in progress	1,358,069	1,669,562	(1,180,467)	1,847,164
Total capital assets not being depreciated	<u>7,404,569</u>	<u>2,980,641</u>	<u>(1,180,467)</u>	<u>9,204,743</u>
Depreciable capital assets:				
Buildings	18,352,217	-	-	18,352,217
Machinery and equipment	49,352,387	1,561,978	(22,829)	50,891,536
Land improvements	2,208,716	-	-	2,208,716
Infrastructure	68,508,928	3,291,798	-	71,800,726
Total depreciable capital assets:	<u>138,422,248</u>	<u>4,853,776</u>	<u>(22,829)</u>	<u>143,253,195</u>
Total capital assets	<u>145,826,817</u>	<u>7,834,417</u>	<u>(1,203,296)</u>	<u>152,457,938</u>
Less accumulated depreciation:				
Buildings	7,379,060	347,242	-	7,726,302
Machinery and equipment	43,651,088	1,201,893	(22,829)	44,830,152
Land improvements	1,539,455	85,209	-	1,624,664
Infrastructure	35,265,519	2,375,772	-	37,641,290
Total accumulated depreciation	<u>87,835,122</u>	<u>4,010,116</u>	<u>(22,829)</u>	<u>91,822,408</u>
Total capital assets being depreciated, net	<u>50,587,126</u>	<u>843,660</u>	<u>-</u>	<u>51,430,787</u>
Business-type activities capital assets, net	<u>\$ 57,991,695</u>	<u>3,824,301</u>	<u>(1,180,467)</u>	<u>60,635,530</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 4: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Depreciation expense was charged to business-type activities as follows:

Utility	\$ 3,467,657
Landfill	7,664
Airport	<u>534,795</u>
Total depreciation – business type activities	<u>\$ 4,010,116</u>

Construction in progress at April 30, 2019 includes a Waste Water Treatment Plant floodproofing project, water meter system upgrades, as well as other water main upgrades.

Significant capital additions for the year included an airport taxiway extension (\$1,440,030), various water mains (\$770,145), sewer separation project (\$1,081,623), and the Halm property (\$1,311,079).

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2019, was as follows:

	Balance at April 30, 2018	Additions	Deductions	Balance at April 30, 2019	Due Within One Year
Governmental Activities					
Notes Payable	\$ 192,384	-	84,291	108,093	108,093
Compensated Absences (Note 1)	500,920	182,328	192,435	490,813	205,156
Net OPEB Liability (Note 8)*	519,431	57,986	28,902	548,515	-
Net Pension Liability (Asset) (Note 7)	13,963,787	4,130,354	-	18,094,141	-
Total Governmental Activities	<u>\$ 15,176,522</u>	<u>4,370,668</u>	<u>305,628</u>	<u>19,241,562</u>	<u>313,249</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 9,705,000	-	1,395,000	8,310,000	1,405,000
Revenue Bonds Payable	1,770,000	-	550,000	1,220,000	595,000
Bond Premium/(Discount), Net	205,156	-	52,293	152,863	-
Notes Payable	3,796,381	-	398,832	3,397,549	403,284
Compensated Absences (Note 1)	254,290	185,888	73,312	366,866	80,834
Net OPEB Liability (Note 8)*	212,726	23,748	11,837	224,637	-
Net Pension Liability (Asset) (Note 7)	(303,688)	1,243,721	-	940,033	-
Estimated Postclosure Care (Note 11)	318,999	-	-	318,999	-
Total Business-Type Activities	<u>\$ 15,958,864</u>	<u>1,453,357</u>	<u>2,481,274</u>	<u>14,930,947</u>	<u>2,484,118</u>

* Balance as of April 30, 2018 has been re-stated due to the adoption of GASB 75 in the current year.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)

General Obligation Bonds

On February 28, 2017, the City issued General Obligation Refunding Bonds, Series 2017 in the amount of \$6,605,000, set to mature May 1, 2025, due in annual principal installments of \$50,000 to \$1,110,000, with semi-annual interest of 1.00% to 3.00%. The bonds were issued to refund General Obligation Bonds, Series 2009. Payments on these bonds are made from the Utility Fund using operating revenues. The balance outstanding as of April 30, 2019 was \$6,055,000.

On December 1, 2009, the City issued General Obligation Bonds, Series 2009A in the amount of \$3,035,000, set to mature January 1, 2020, due in annual principal installments of \$255,000 to \$365,000 with semi-annual interest of 2.00% to 4.00%. The bonds were issued to refund a portion of the outstanding General Obligation Bonds, Series 2001. Payments on these bonds are paid through the Utility Fund using operating revenues. The balance outstanding as of April 30, 2019 was \$365,000.

On March 8, 2010, the City issued General Obligation Bonds, Series 2010 in the amount of \$2,500,000, set to mature January 1, 2030, due in annual principal installments of \$110,000 to \$155,000 with semi-annual interest of 2.10% to 6.25%. The bonds were issued to finance capital improvements. Payments on these bonds are paid through the Utility Fund using operating revenues. The balance outstanding as of April 30, 2019 was \$1,470,000.

On October 4, 2011, the City issued General Obligation Refunding Bonds, Series 2011B in the amount of \$3,105,000, set to mature July 1, 2020, due in annual principal installments of \$350,000 to \$420,000 with semi-annual interest of 2.00% to 4.00%. The bonds were issued to refund a portion of the outstanding General Obligation Bonds, Series 2004. Payments on these bonds are paid through the Utility Fund using operating revenues. The balance outstanding as of April 30, 2019 was \$420,000.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P&I</u>
2020	\$ 1,405,000	232,875	1,637,875
2021	475,000	213,215	688,215
2022	1,155,000	212,848	1,367,848
2023	1,125,000	174,098	1,299,098
2024	1,160,000	137,148	1,297,148
2025-2029	2,840,000	237,433	3,077,433
2030	150,000	9,375	159,375
	<u>\$ 8,310,000</u>	<u>1,216,992</u>	<u>9,526,992</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)

Revenue Bonds

On April 2, 2008, the City issued Electric System Revenue Refunding Bonds, Series 2008, in the amount of \$6,040,000, set to mature May 1, 2020, due in annual principal installments of \$380,000 to \$700,000, with semi-annual interest of 4.00% to 4.25%. The bonds were issued to refund the outstanding Electric System Revenue Bonds, Series 1998. Payments are made from the Utility Fund with operating revenues.

The City has pledged future customer revenues, net of specified operating expenses, to repay the revenue bonds. The total principal and interest remaining to be paid on the bonds is \$1,272,488. For the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$613,538 and \$7,611,153 respectively.

The resolution providing for the issuance of the revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- (b) User rates shall be established at a level which produces and maintains net revenues at a level not less than 130% of the amount of principal and interest on the notes falling due in the same year.
- (c) The City will maintain a Revenue Fund and will make monthly payments from the Revenue Fund into the Operating Fund to the extent, if any, needed to increase the amount in the Operating Fund so that it equals the Operating Requirement. The Operating Requirement is an amount of money equal to one-sixth (1/6) of the amount required for payment of operating expenses in the current fiscal year, as shown by the Annual Budget then in effect.
- (d) The City will maintain a Bond Service Fund and will make transfers in an amount equal to the amount of principal and interest due on the next succeeding principal payment date until the full amount of such installment is on deposit in the Bond Service Fund.
- (e) The City will maintain a Bond Reserve Fund and will make monthly transfers in an amount equal to the bond reserve requirement. The bond reserve requirement is equal to the maximum annual debt service required to be maintained under the Bond Ordinance. The Bond Reserve Fund will be applied solely for the purpose of paying the principal and interest on the bonds and any parity bonds, if amounts on deposit in the Bond Service Fund are not sufficient for such purpose.
- (f) The City will maintain a Renewal and Replacement Fund and will make monthly transfers of the lesser of (i) \$10,000 and (ii) the amount needed to increase the amount in the Renewal and Replacement Fund so that it equals the System Reserve Requirement of \$250,000. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

During the year ended April 30, 2019, the City was in compliance with the revenue bond provisions.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)

Revenue Bonds – (Continued)

A summary of the annual revenue bond principal and interest requirements to maturity is as follows:

Year Ending April 30,	Revenue Bonds		
	Principal	Interest	Total
2020	\$ 595,000	39,206	634,206
2021	625,000	13,282	638,282
Total	<u>\$ 1,220,000</u>	<u>52,488</u>	<u>1,272,488</u>

Notes Payable

On December 12, 2013, the City obtained a \$530,000 note from Peru Federal Savings Bank for the purchase of a fire truck. The note will mature June 2, 2020, has an interest rate of 2.25% and requires quarterly payments of \$21,992 which includes both principal and interest. Payments are made from the General Fund of the City. The balance outstanding as of April 30, 2019 was \$108,093.

On March 28, 2000, the City obtained an Illinois EPA Water Project loan totaling \$2,691,394. The loan will mature on March 28, 2020, has an interest rate of 2.625%, and requires semi-annual payments of \$88,184 which includes both principal and interest. Payments are made from the Utility Fund from operating revenues. The balance outstanding as of April 30, 2019 was \$172,956.

On December 31, 2012, the City obtained an Illinois EPA Sewer Separation Project loan totaling \$4,491,398. The loan will mature April 30, 2033, has an interest rate of 0% and requires semi-annual payments of \$115,164. Payments are made from the Utility Fund from operating revenues. The balance outstanding as of April 30, 2019 was \$3,224,593.

A summary of the annual notes payable principal and interest requirements to maturity is as follows:

Year Ending April 30,	<u>Notes Payable - Governmental</u>			<u>Notes Payable - Business-type</u>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 108,093	1,439	109,532	403,284	3,713	406,997
2021	-	126	126	230,328	-	230,328
2022	-	-	-	230,328	-	230,328
2023	-	-	-	230,328	-	230,328
2024	-	-	-	230,328	-	230,328
2025-2029	-	-	-	1,151,641	-	1,151,641
2030-2033	-	-	-	921,312	-	921,312
Total	<u>\$ 108,093</u>	<u>1,565</u>	<u>109,658</u>	<u>3,397,549</u>	<u>3,713</u>	<u>3,401,262</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 6: LEGAL DEBT MARGIN

Legal debt margin is the percent of the City's assessed valuation which is subject to debt limitation. The statutory debt limitation for the City is 8.625%. The City's legal debt margin is as follows as of April 30, 2019:

Assessed valuation (2018)		<u>\$ 289,436,622</u>
Statutory debt limitation (8.625%)		\$ 24,963,909
Outstanding debt:		
General obligation bonds	\$ 8,310,000	
Revenue bonds payable	1,220,000	
Notes payable	<u>3,505,642</u>	
Total	<u>13,035,642</u>	
Less amounts not included in the debt limitation:		
Revenue bonds payable	(1,220,000)	
Illinois EPA loans	<u>(3,397,549)</u>	
Total	<u>(4,617,549)</u>	
Total debt applicable to the debt limitation		<u>8,418,093</u>
Legal debt margin		<u>\$ 16,545,816</u>

NOTE 7: DEFINED BENEFIT PENSION PLANS

The City's totals for pension-related amounts is reported in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Total
Net pension liabilities:			
IMRF	\$ 2,301,460	940,033	3,241,493
Police Pension	14,344,110	-	14,344,110
Firemen's Pension	1,448,571	-	1,448,571
Total net pension liabilities	<u>\$ 18,094,141</u>	<u>940,033</u>	<u>19,034,174</u>
Deferred outflows related to pensions:			
IMRF	\$ 2,906,382	1,187,114	4,093,496
Police Pension	2,585,133	-	2,585,133
Firemen's Pension	249,458	-	249,458
Total deferred outflows	<u>\$ 5,740,973</u>	<u>1,187,114</u>	<u>6,928,087</u>
Deferred inflows related to pensions:			
IMRF	\$ 1,528,479	624,309	2,152,788
Police Pension	60,558	-	60,558
Firemen's Pension	263,000	-	263,000
Total deferred inflows	<u>\$ 1,852,037</u>	<u>624,309</u>	<u>2,476,346</u>
Pension expense:			
IMRF	\$ (3,328)	(1,360)	(4,688)
Police Pension	1,748,804	-	1,748,804
Firemen's Pension	162,204	-	162,204
Total pension expense	<u>\$ 1,907,680</u>	<u>(1,360)</u>	<u>1,906,320</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description

The City'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 City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. 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. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The 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 City Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO 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 original pension amount
- ½ of the increase in the Consumer Price Index of the original pension amount.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Membership

As of December 31, 2018, the City’s plan membership consisted of the following:

Retirees and beneficiaries	79
Inactive, non-retired members	40
Active members	<u>51</u>
Total	<u><u>170</u></u>

Contributions

As set by statute, the City’s Regular plan members are required to contribute a percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The required contribution rates and actual City contributions for calendar year 2018 and the fiscal year ended April 30, 2019 are summarized below. The City 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Member contribution rate	4.50%
City contribution rate - 2018	11.22%
City contribution rate - 2019	7.52%
City contributions - 2018	\$375,958
City contributions - fiscal year 2019	\$340,916

Net Pension Liability (Asset)

The City’s net pension liability (asset) was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

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 according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from an IMRF-specific mortality table with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<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>	

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

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 (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For purposes of the December 31, 2018 valuations, 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 Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2017	\$ 26,700,890	27,475,285	(774,395)
Changes for the year:			
Service Cost	309,047	-	309,047
Interest on the Total Pension Liability	1,960,569	-	1,960,569
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	359,000	-	359,000
Changes of Assumptions	802,953	-	802,953
Contributions - Employer	-	375,958	(375,958)
Contributions - Employees	-	150,954	(150,954)
Net Investment Income	-	(1,562,355)	1,562,355
Benefit Payments, including Refunds of Employee Contributions	(1,428,996)	(1,428,996)	-
Other (Net Transfer)	-	451,124	(451,124)
Net Changes	<u>2,002,573</u>	<u>(2,013,315)</u>	<u>4,015,888</u>
Balances at December 31, 2018	<u>\$ 28,703,463</u>	<u>25,461,970</u>	<u>3,241,493</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1.00% lower or 1.00% higher.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$ 32,366,289	28,703,463	25,712,831
Plan Fiduciary Net Position	<u>25,461,970</u>	<u>25,461,970</u>	<u>25,461,970</u>
Net Pension Liability (Asset)	<u>\$ 6,904,319</u>	<u>3,241,493</u>	<u>250,861</u>

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

For the year ended April 30, 2019, the City recognized pension expense of \$(4,688). At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 233,625	222,374
Changes of assumptions	522,534	352,907
Net difference between projected and actual earnings on pension plan investments	3,259,673	1,577,507
Contributions subsequent to the measurement date	<u>77,664</u>	<u>-</u>
Total	<u>\$ 4,093,496</u>	<u>2,152,788</u>

\$77,664 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Calendar Year Ending December 31,	Net Deferred Outflows of Resources
2019	\$ 506,541
2020	439,902
2021	195,383
2022	721,218
2023	-
Thereafter	<u>-</u>
Total	<u>\$ 1,863,044</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan

Plan Description

Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan’s Board of Trustees which consists of: two members appointed by the City, two active members of the Police Department elected by the membership and one retired member of the Police Department elected by the membership. The Plan is established and administered as prescribed by “Article 3 Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code.

Membership

As of April 30, 2018 (the actuarial valuation date), the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	23
Inactive Plan Members Entitled to But Not	
Yet Receiving Benefits	1
Active members	<u>24</u>
Total	<u><u>48</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as disability, termination and death benefits in two tiers depending on when a participant enters the plan.

Normal Retirement Benefits

Tier 1 employees (hired prior to January 1, 2011) who have attained the age of 50 with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the annual salary attached to the rank, held on the last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75.00% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2 employees (hired after January 1, 2011) who have attained the age of 55 with 10 or more years of creditable service receive 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75.00% of average salary.

Cost of Living Adjustment

Cost of living adjustments for Tier 1 employees include an annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2 employees receive an annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Disability Benefits

Disabled retirees receive a maximum of: a) 65.00% of salary attached to the rank held by the member on the last day of service, and; b) the monthly retirement pension that the member is entitled to receive if he or she retired immediately. Eligibility for total and permanent disabilities is determined by the Board of Trustees. For non-service connected disabilities, a benefit of 50.00% of salary attached to rank held by the member on last day of service.

Pre-Retirement Death Benefit

For service incurred deaths, the benefit includes 100% of salary attached to the rank held by the member on the last day of service. For non-service incurred deaths, the benefit includes a maximum of: a) 50.00% of salary attached to the rank held by the member on the last day of service, and; b) the monthly retirement pension earned by the deceased member at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Termination Benefits

Employees with less than 10 years of service receive a refund of member contributions. Employees with 10 or more years of service receive either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held prior to termination times creditable service.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due, and payable in accordance with the terms of the plan. Administrative costs are paid from investment earnings.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. The City is required to contribute the remaining amount necessary for the payment of Normal (current year's) Cost and amortization of the accrued past service liability ending in 2040.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Investments

The following was the Board’s adopted asset allocation policy as of April 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0-100%
Equities / mutual funds	0-45%
Fixed income	30-100%

All investments in the plan are stated at fair value. Fair value is based on quoted market prices at April 30, 2019.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than One</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>
Certificates of Deposit	\$ 1,587,794	624,811	962,983	-	-
Mutual Funds	4,261,159	4,261,159	-	-	-
U.S. Tres. & Agencies	514,904	514,904	-	-	-
Annuities	2,934,787	2,934,787	-	-	-
Total	<u>\$ 9,298,644</u>	<u>8,335,661</u>	<u>962,983</u>	<u>-</u>	<u>-</u>

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan’s Fiduciary Net Position.

Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Net Pension Liability

The components of the net pension liability of the Plan at April 30, 2019, were as follows:

Total Pension Liability	\$ 24,437,159
Plan Fiduciary Net Position	<u>10,093,049</u>
Net Pension Liability	<u>\$ 14,344,110</u>

Plan fiduciary net position as a percentage of the total pension liability was 41.30% at April 30, 2019.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2018, updated to April 30, 2019, using the projected unit credit cost method and the following actuarial assumptions.

Inflation	2.50%
Salary increases, attributable to inflation	Service based
Discount rate	6.25%
Investment rate of return	6.25%

Mortality rates were based on the PubS-2010 Mortality Table, projected 5 years past the valuation date with Scale MP-2018. The other significant assumptions are based upon the most recent actuarial experience study performed by the State of Illinois Department of Insurance dated October 31, 2018.

The long-term expected rate of return on pension plan investments can be 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 expenses and inflation) are developed for each major class of asset. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of April 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Cash	0.00%
Equities / mutual funds	3.32-8.78.%
Fixed income	1.00%

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2018	\$ 22,149,473	9,131,046	13,018,427
Changes for the year:			
Service Cost	488,046	-	488,046
Interest on the Total Pension Liability	1,383,707	-	1,383,707
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	487,986	-	487,986
Changes of Assumptions	924,349	-	924,349
Contributions - Employer	-	1,388,128	(1,388,128)
Contributions - Employees	-	170,234	(170,234)
Net Investment Income	-	406,268	(406,268)
Benefit Payments, including Refunds of Employee Contributions	(996,402)	(996,402)	-
Other (Net Transfer)	-	(6,225)	6,225
Net Changes	<u>2,287,686</u>	<u>962,003</u>	<u>1,325,683</u>
Balances at April 30, 2019	<u>\$ 24,437,159</u>	<u>10,093,049</u>	<u>14,344,110</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher.

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability/(Asset)	\$ 18,084,626	14,344,110	11,317,488

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: **DEFINED BENEFIT PENSION PLANS** – (CONTINUED)

Police Pension Plan – (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$1,748,804. At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 979,535	60,558
Changes of assumptions	1,382,350	-
Net difference between projected and actual earnings on pension plan investments	223,248	-
Total	<u>\$ 2,585,133</u>	<u>60,558</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2020	\$ 629,117
2021	527,472
2022	527,472
2023	438,436
2024	402,078
Thereafter	-
Total	<u>\$ 2,524,575</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan

Plan Description

Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan’s Board of Trustees which consists of: two members appointed by the City, two active members of the Fire Department elected by the membership and one retired member of the Fire Department elected by the membership. The Plan is established and administered as prescribed by “Article 3 Firefighter’s Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code.

Membership

As of April 30, 2018 (the actuarial valuation date), the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	3
Active members	<u>4</u>
Total	<u><u>7</u></u>

Benefits Provided

The Firemen’s Pension Plan provides retirement benefits as well as disability, termination and death benefits, depending on when a participant enters a plan.

Normal Retirement Benefits

Tier 1 employees (hired prior to January 1, 2011) who have attained the age of 50 with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the annual salary attached to the rank, held on the last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75.00% of salary. The minimum monthly benefit is \$1,159 per month. Tier 2 employees (hired after January 1, 2011) who have attained the age of 50 with 10 or more years of creditable service receive 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75.00% of average salary.

Cost of Living Adjustment

Cost of living adjustments for Tier 1 employees include an annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Cost of living adjustments for Tier 1 disabled retirees includes an annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

Benefits Provided – (Continued)

Cost of Living Adjustment – (Continued)

Tier 2 employees receive an annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefits

Disabled retirees receive a maximum of: a) 65.00% of salary attached to the rank held by the member on the last day of service, and; b) the monthly retirement pension that the member is entitled to receive if he or she retired immediately. Eligibility for total and permanent disabilities is determined by the Board of Trustees. For non-service connected disabilities, a benefit of 50.00% of salary attached to rank held by the member on last day of service.

Pre-Retirement Death Benefit

For service incurred deaths, the benefit includes 100% of salary attached to the rank held by the member on the last day of service. For non-service incurred deaths, the benefit includes a maximum of: a) 54.00% of salary attached to the rank held by the member on the last day of service, and; b) the monthly retirement pension earned by the deceased member at the time of death, regardless of whether death occurs before or after age 50.

Termination Benefits

Employees with less than 10 years of service receive a refund of member contributions. Employees with 10 or more years of service receive either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is based on the monthly salary attached to the member’s rank at separation from service. The following schedule applies:

<u>Service</u>	<u>% of Salary</u>
10	15%
11	18%
12	20%
13	23%
14	27%
15	30%
16	34%
17	37%
18	41%
19	46%

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due, and payable in accordance with the terms of the plan. Administrative costs are paid from investment earnings.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firemen’s Pension Plan. The City is required to contribute the remaining amount necessary for the payment of Normal (current year’s) Cost and amortization of the accrued past service liability ending in 2040. The City’s contribution was 82.53% of covered payroll for the year ending April 30, 2019.

Investments

The following was the Board’s adopted asset allocation policy as of April 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	5.00%
Fixed Income	85.00%
Equities	10.00%
Total	<u>100.00%</u>

All investments in the plan are stated at fair value. Fair value is based on quoted market prices at April 30, 2019.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less Than One</u>	<u>1-5</u>	<u>6-10</u>	<u>10+</u>
Certificates of Deposit	\$ 197,773	-	197,773	-	-
Mutual Funds	380,825	380,825	-	-	-
U.S. Treasuries and Agencies	224,046	-	149,540	25,001	49,505
Bonds	1,541,609	427,231	838,134	224,528	51,716
Total	<u>\$ 2,344,253</u>	<u>808,056</u>	<u>1,185,447</u>	<u>249,529</u>	<u>101,221</u>

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan’s Fiduciary Net Position.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Plan at April 30, 2019, were as follows:

Total Pension Liability	\$	3,986,572
Plan Fiduciary Net Position		2,538,001
Net Pension Liability	\$	<u>1,448,571</u>

Plan fiduciary net position as a percentage of the total pension liability was 63.66% at April 30, 2019.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2018, updated to April 30, 2019, using the projected unit credit method and the following actuarial assumptions.

Inflation	2.50%
Salary increases, attributable to inflation	Service based
Discount rate	5.00%
Investment rate of return	5.00%

Mortality rates were based on the PubS-2010 Mortality Table, projected 5 years past the valuation date with Scale MP-2018. The other significant assumptions are based upon the most recent actuarial experience study performed by the State of Illinois Department of Insurance dated October 31, 2018.

The long-term expected rate of return on pension plan investments can be 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 expenses and inflation) are developed for each major class of asset. For 2019, the inflation rate assumption of the investment advisor was not available. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

The best estimates of geometric real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of April 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Cash	N/A
Fixed Income	N/A
Equities	N/A

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2018	\$ 3,761,000	2,341,353	1,419,647
Changes for the year:			
Service Cost	105,892	-	105,892
Interest on the Total Pension Liability	190,188	-	190,188
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(87,249)	-	(87,249)
Changes of Assumptions	143,006	-	143,006
Contributions - Employer	-	202,102	(202,102)
Contributions - Employees	-	23,155	(23,155)
Net Investment Income	-	98,864	(98,864)
Benefit Payments, including Refunds of Employee Contributions	(126,265)	(126,265)	-
Administrative expense	-	(1,208)	1,208
Net Changes	<u>225,572</u>	<u>196,648</u>	<u>28,924</u>
Balances at April 30, 2019	<u>\$ 3,986,572</u>	<u>2,538,001</u>	<u>1,448,571</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 5.00%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher.

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ 2,004,034	1,448,571	993,139

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

For the year ended April 30, 2019, the City recognized pension expense of \$162,204 related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	252,680
Changes of assumptions	172,446	10,320
Net difference between projected and actual earnings on pension plan investments	77,012	-
Total	<u>\$ 249,458</u>	<u>263,000</u>

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

Year Ending April 30,	Net Deferred Inflows of Resources
2020	\$ 7,580
2021	(5,896)
2022	(4,423)
2023	(20,095)
2024	9,292
Thereafter	-
Total	<u>\$ (13,542)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the benefits described in Note 7, the City provides a Retiree Health Care Plan (OPEB Plan), which is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Membership

As of April 30, 2019, the following employees and retirees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	10
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>68</u>
Total	<u><u>78</u></u>

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility requirements under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents.

Contributions

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement. However, retiree health coverage is implicitly more expensive than active health coverage. The City's implicit contributions for the fiscal year ending April 30, 2019 were \$37,739.

Net OPEB Liability

At April 30, 2019, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 773,152
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 773,152</u></u>

The net OPEB liability was measured as of April 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2018. The City's Total OPEB Liability for the prior period adjustment was measured as of April 30, 2018 using a discount rate of 3.63%.

Of the net OPEB liability, \$548,515 was reported under Governmental Activities, while \$224,637 was reported under Business-type Activities.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of May 1, 2018, rolled forward to April 30, 2019, using the following actuarial assumptions:

- Inflation at 2.50%
- Salary increases at 2.50%
- Discount rate of 3.21%
- Initial Trend Rate of 8.00%
- Ultimate Trend Rate of 4.00%
- 54 years to Ultimate Trend Rate
- For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.21%. The high-quality municipal bond rate was based on the date closest but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 20-Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard & Poor's Ratings Services, Aa2 by Moody's, or AA by Fitch. If there are multiple ratings, the lowest is used.

OPEB Expense

For the year ended April 30, 2019, the City recognized OPEB Expense of \$81,734. Of this amount, \$58,031 was allocated to Governmental Activities, while \$23,703 was allocated to Business-type Activities.

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at April 30, 2018*	\$ 732,157	-	732,157
Changes for the year:			
Service Cost	14,430	-	14,430
Interest	26,422	-	26,422
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	37,882	-	37,882
Benefit Payments	(37,739)	-	(37,739)
Administrative expense	-	-	-
Net Changes	40,995	-	40,995
Balances at April 30, 2019	\$ 773,152	-	773,152

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.21%, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher.

	1% Decrease (2.21%)	Current Discount Rate (3.21%)	1% Increase (4.21%)
Net OPEB Liability	\$ 875,229	773,152	687,166

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, calculated using the current healthcare cost trend rates, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower or 1.00% higher.

	1% Decrease (3.00-7.00%)	Current Healthcare Cost Trend Rate (4.00-8.00%)	1% Increase (5.00-9.00%)
Net OPEB Liability	\$ 680,650	773,152	883,169

NOTE 9: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

Due to and due from other funds exists between funds at April 30, 2019 to record payroll, benefits, and other expenses paid by the General Fund to be reimbursed by the Nonmajor Special Revenue Funds and the Utility Fund. See detail on interfund balances below:

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	318,926
Special Revenue:		
Recreation Fund	422	-
TIF District #3	92,423	-
Utility Fund	226,081	-
Total	\$ 318,926	318,926

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 9: INTER-FUND BALANCES AND TRANSFERS – (CONTINUED)

Operating Transfers

During the year ended April 30, 2019 permanent transfers were made among funds. The General Fund reimbursed the Garbage and Recreation Funds for expenditures made; the Police Drug Enforcement Fund reimbursed the General Fund for capital outlays made; the TIF Fund reimbursed the Utility Fund for bond and interest payments; and the General Fund reimbursed the Utility Fund for use of the Public Works building. See detail on operating transfers below:

	Transfers In	Transfers Out
General Fund	\$ 27,586	150,000
Special Revenue Funds:		
Police Drug Enforcement Fund	-	27,586
Garbage Fund	50,000	-
Recreation Fund	100,000	-
Peru Industrial Park TIF Fund	-	52,911
Utility Fund	52,911	-
Total	<u>\$ 230,497</u>	<u>230,497</u>

NOTE 10: FRANCHISE AGREEMENTS

The City has franchise agreements with several utility companies which give them exclusive rights to operate within the City. The most significant franchise agreement is between the General Fund and the Utility Fund. The Utility Fund paid \$1,048,417 to the General Fund to operate within the City during the year ended April 30, 2019. The phone company, gas company and cable company paid \$251,657.

NOTE 11: ESTIMATED CLOSURE AND POST CLOSURE CARE COSTS

The City is the owner of two municipal landfills and one landscape compost site. The City stopped accepting waste, other than landscape waste at the compost site, in October 1994.

The Environmental Protection Agency (EPA) certified closure for the two municipal landfills during the year ended April 30, 2001. To comply with federal and state regulations for the closed municipal landfill sites, the City was required to monitor both landfills for a minimum post-closure period of 15 years. It is estimated that post closure care will require annual costs of approximately \$50,000 for the next two fiscal years. The City has demonstrated that it is capable of meeting this financial obligation by using a financial test as required by the EPA. The City has designated a certificate of deposit with a balance of \$117,625 at April 30, 2019 for post closure care costs.

The landscape waste compost site will require approximately \$219,000 in closure costs. In compliance with the Illinois EPA financial responsibility requirements. The liability would be paid from the general landfill reserve.

CITY OF PERU, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 12: DEFICIT BALANCE

At April 30, 2019, the TIF District No. 3 Fund had a deficit fund balance of \$85,911. The deficit balance was a result of the City settling a legal dispute over a parcel in TIF District No. 3 that required back pay to be paid to all entities involved and also had an additional settlement amount. The deficit will be eliminated by future growth within the TIF.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of losses related to tort immunity, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. It is the policy of the City to purchase commercial insurance for the risks of loss in the following areas: comprehensive general liability, auto liability, property, public official and employee liability, and employee excess liability. There have been no significant reductions in insurance coverage, and settlement amounts have not exceeded insurance coverage for the prior three years.

NOTE 14: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amount, if any, to be immaterial.

NOTE 15: RISKS AND UNCERTAINTIES

The Pension Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term. Such changes could materially affect the amounts reported in the Statement of Net Position available for benefits.

NOTE 16: COMMITTED CONSTRUCTION

At April 30, 2019, the City had the following construction contracts outstanding:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Portion at April 30, 2019</u>	
		<u>Completed</u>	<u>Committed</u>
WWTP Flood Proofing	\$ 592,658	132,126	460,532
New Water Main	851,994	759,870	92,124
Sewer Separation Project	1,510,461	258,596	1,251,865
Total	<u>\$ 2,955,113</u>	<u>1,150,592</u>	<u>1,804,521</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 17: BUDGET APPROPRIATIONS

Actual expenditures exceeded appropriations for the year ended April 30, 2019 in the following fund:

Fund	Actual Expenditures	Budgeted Appropriations	Variance
Garbage Fund	\$ 764,787	753,480	11,307

NOTE 18: EMPLOYEE HEALTH INSURANCE PROGRAM

Effective January 1, 2018, employee health benefits are provided by the City under a self-insurance program with a plan year-end of December 31. Administration of the Plan is outsourced to a third party provider. Health insurance claims under the plan were \$657,632 for the year ended April 30, 2019, and the City paid \$376,784 in administration fees during the year.

NOTE 19: CONTRACTS AND AGREEMENTS

Operating Lease

The City leases equipment under an agreement with John Deere Financial. The lease is for 60 months, beginning October 20, 2017, and requires monthly payments of \$3,864. Under the lease, the City paid \$27,048 during the year ended April 30, 2019. Future minimum lease payments are \$46,367 for the years ending April 30, 2020 through April 30, 2022, and \$19,320 for the year ending April 30, 2023.

Cell Tower

During the year ended April 30, 2019, the City executed an agreement with American Towers Corp. for a 50-year extension of the easement for a plot of City land occupied by a cell tower owned by American Towers Corp. The agreement became effective March 19, 2018, and the City received \$1,275,000 upon execution. During the year ended April 30, 2019 the City received \$48,616 under this agreement.

Illinois Valley Regional Dispatch

The City contracts with Illinois Valley Regional Dispatch (IVRD) for 911 emergency telecommunications services. Representatives from the Cities of Peru, LaSalle, Oglesby, and Mendota make up the IVRD board as founding members of the entity. The City began contracting with IVRD in September of 2016, and pays IVRD a per capita fee set annually. The fee for the year ended April 30, 2019 was \$18.52 per capita. The City also receives \$1,000 monthly for providing accounting and human resources functions for IVRD.

Parkside Obligation

The City has an existing intergovernmental agreement with Peru Elementary School District #124 under which the City imposed a 1% sales tax increase, and abated 50% of the tax collected for the purpose of assisting the District in financing needed improvements to its Parkside School facility. One half of the additional sales tax collected is pledged for payment of the related Parkside Bonds. Any amounts received in excess of the scheduled debt service may be retained by the City. During the year ended April 30, 2019, the City received and remitted \$1,544,797 to the District under this agreement.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 19: CONTRACTS AND AGREEMENTS – (CONTINUED)

Northern White Sands

The City has an agreement with Northern White Sands (NWS) and Peru Land Acquisition, LLC (PLA) for extension of the City’s watermain to serve the NWS property at Plank Road. NWS and PLA are to reimburse the City for the cost of such extension, including all engineering, inspection, construction, and related expenses. The City received \$345,331 under this agreement during the year ended April 30, 2019.

Sales Tax Rebates

The City has agreements with various local businesses under which the City rebates 50% of the sales taxes generated by the businesses, up to \$6.7 million. Under these agreements, the City paid \$543,653 in sales tax rebates during the year ended April 30, 2019.

NOTE 20: ACCOUNTING CHANGE AND PRIOR PERIOD ADJUSTMENT

GASB Statement No. 75, Financial Reporting for *Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by employers for OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 45, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*. This statement requires the City to report a net OPEB liability on the Statement of Net Position for its postretirement healthcare plan. As a result, the net position of governmental activities has been restated by \$1,738,904 as of April 30, 2018. See Note 8 for disclosures required under GASB Statement No. 75.

Implementation of GASB 75 resulted in the restatement of net position in the government-wide financial statements. GASB 75 requires recognition and disclosure of the net OPEB liability resulting from defined benefit OPEB plans, and the related deferred inflows and outflows of resources. Recognition of these liabilities and deferred inflows and outflows was not previously required.

The restatement of beginning net position resulting from the change in accounting principles are as follows:

Statement of Net Position		
	Liabilities	Net Position
Balance at April 30, 2018, as previously reported	\$36,337,826	82,606,062
Prior period adjustment:		
Change in reporting net OPEB liability	523,936	(523,936)
Balance at April 30, 2018, as restated	\$36,861,762	82,082,126

NOTE 21: SUBSEQUENT EVENTS

Management evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of April 30, 2019 as a result of events occurring between May 1, 2019 and October 9, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Revenues:					
Taxes:					
Property tax	\$ 160,000	160,000	172,247	12,247	160,805
Sales tax	5,885,000	5,885,000	6,168,855	283,855	5,998,563
State income tax	945,000	1,064,000	1,064,408	408	1,139,994
Hotel/motel tax	395,000	451,000	451,364	364	422,889
Video gaming tax	190,000	251,000	250,802	(198)	216,581
Telecommunications tax	220,000	220,000	204,945	(15,055)	217,251
Local use tax	250,000	313,000	313,000	-	270,794
Home rule sales tax	3,880,000	3,880,000	4,066,516	186,516	3,976,178
Total taxes	11,925,000	12,224,000	12,692,137	468,137	12,403,055
Intergovernmental revenue:					
Replacement tax	157,000	194,000	193,518	(482)	185,602
State grants and reimbursements	30,500	54,500	60,792	6,292	151,120
Total intergovernmental revenue	187,500	248,500	254,310	5,810	336,722
Licenses and permits:					
Contractor licenses	13,500	23,500	23,900	400	24,500
Liquor licenses	22,500	29,500	29,890	390	27,690
Franchise fees	1,292,560	1,292,560	1,326,377	33,817	1,438,663
Other licenses	73,200	76,700	73,507	(3,193)	76,704
Building permits	45,500	32,500	32,764	264	58,712
Inspection fees	5,000	5,000	4,750	(250)	7,025
Total licenses and permits	1,452,260	1,459,760	1,491,188	31,428	1,633,294
Fines and penalties:					
Court fines	28,000	35,000	34,858	(142)	29,389
Zoning ordinance fines	4,050	4,050	6,610	2,560	2,700
False alarm fines	3,750	3,750	8,000	4,250	3,100
Parking fines	470	470	6,687	6,217	2,495
Adjudication fines	25,500	34,500	34,703	203	29,257
Other fines	195	195	340	145	125
Total fines and penalties	61,965	77,965	91,198	13,233	67,066
Charges for services:					
Fire services	20,500	17,500	16,780	(720)	30,774
Illinois Valley Regional Dispatch	12,000	12,000	12,000	-	12,000
Total charges for services	32,500	29,500	28,780	(720)	42,774
Income from investments	87,800	177,800	175,245	(2,555)	90,962
Other revenues:					
Cemetery income	43,050	34,050	34,900	850	42,760
Reimbursements	13,700	4,200	3,508	(692)	6,663
Rental income	6,800	11,800	17,182	5,382	-
Telcom tower rent	45,000	45,000	48,616	3,616	1,397,913
Donations	4,000	146,000	146,057	57	103,743
Miscellaneous	330,617	416,117	423,849	7,732	904,177
Total other revenues	443,167	657,167	674,112	16,945	2,455,256
Total revenues	\$ 14,190,192	14,874,692	15,406,970	532,278	17,029,129

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures:					
General government:					
General and administrative:					
Salaries	\$ 761,383	742,884	736,147	(6,737)	722,122
Group insurance	146,745	167,745	176,611	8,866	142,489
Unemployment insurance	9,500	9,500	11,259	1,759	16,477
Workers' compensation insurance	16,500	16,500	9,297	(7,203)	12,646
Social Security contribution	59,997	59,997	54,943	(5,054)	52,646
IMRF contribution	87,650	87,650	69,187	(18,463)	75,862
Maintenance of equipment	14,700	14,700	8,026	(6,674)	46,219
Auditing service	30,000	41,000	41,085	85	49,775
Engineering service	45,050	102,050	102,523	473	76,267
Legal service	85,000	180,000	180,076	76	171,181
Inspection fees	4,000	4,000	-	(4,000)	2,430
Code enforcement	10,500	10,500	8,135	(2,365)	8,370
Postage	12,500	12,500	11,479	(1,021)	11,901
Telephone	2,000	2,000	1,100	(900)	1,363
Publishing and advertising	42,500	42,500	50,045	7,545	34,152
Education, dues, and mileage	39,250	54,250	56,056	1,806	29,872
Utilities	35,000	35,000	33,476	(1,524)	33,453
General insurance	32,500	32,500	29,775	(2,725)	29,842
Other contractual services	57,050	47,050	43,306	(3,744)	47,107
Operating supplies	47,200	36,200	43,548	7,348	36,458
Maintenance agreements	17,720	17,720	32,561	14,841	18,105
Community relations	24,000	24,000	25,185	1,185	42,361
Sales tax rebates	475,750	543,750	543,653	(97)	526,545
Obligation payment - Parkside	1,461,341	1,461,341	1,544,797	83,456	1,488,711
Economic development	174,000	108,000	108,390	390	119,130
Commercial building improvement	-	-	-	-	92,422
Donations	37,250	37,250	33,521	(3,729)	42,210
Bad debt	80,500	3,500	3,780	280	13,573
Rentals	-	50,000	50,000	-	50,000
Miscellaneous	119,600	147,100	122,507	(24,593)	92,796
Total general and administrative	3,929,186	4,091,187	4,130,468	39,281	4,086,485
City cemetery:					
Salaries	72,500	72,500	67,408	(5,092)	55,377
Workers' compensation insurance	2,500	2,500	3,136	636	3,706
Social Security contribution	5,850	5,850	5,164	(686)	4,242
IMRF contribution	2,950	2,950	2,550	(400)	2,734
Maintenance:					
Buildings	5,000	5,000	705	(4,295)	12,248
Equipment	3,500	3,500	5,246	1,746	3,752
Vehicles	-	-	410	410	-

CITY OF PERU, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
General government (continued):					
City cemetery (continued):					
Telephone	\$ 750	750	598	(152)	563
Utilities	2,500	2,500	2,597	97	2,879
Landscaping	12,500	12,500	10,525	(1,975)	2,115
Contractual services	-	-	850	850	170
General insurance	3,500	3,500	3,017	(483)	2,999
Operating supplies	5,000	5,000	4,490	(510)	7,867
Automotive fuel and oil	3,750	3,750	3,170	(580)	3,735
Total city cemetery	120,300	120,300	109,866	(10,434)	102,387
Public buildings & grounds:					
Salaries	34,705	13,705	14,103	398	23,351
Workers' compensation insurance	900	900	732	(168)	850
Social security contribution	2,605	2,605	1,083	(1,522)	1,788
Maintenance:					
Buildings	32,500	32,500	24,308	(8,192)	31,126
Equipment	2,500	2,500	557	(1,943)	1,793
Grounds	15,550	15,550	24,058	8,508	24,801
Telephone	8,790	8,790	9,239	449	8,825
Utilities	15,305	15,305	16,004	699	15,832
Landscaping	57,500	43,500	43,950	450	54,040
General insurance	750	750	625	(125)	621
Land purchase and demolition	155,000	783,000	782,906	(94)	184,108
Ash-borer program	1,500	1,500	-	(1,500)	1,830
Other contractual services	22,500	22,500	17,490	(5,010)	21,982
Operating supplies	7,500	21,500	21,599	99	6,193
Property taxes	5,050	5,050	5,329	279	4,678
Miscellaneous expense	1,000	1,000	240	(760)	75
Total public buildings & grounds	363,655	970,655	962,223	(8,432)	381,893
Total general government	4,413,141	5,182,142	5,202,557	20,415	4,570,765
Public safety:					
Police department:					
Salaries	2,165,140	2,165,140	2,058,097	(107,043)	1,991,836
Group insurance	440,405	335,405	353,619	18,214	391,289
Worker's compensation	63,500	36,500	36,953	453	37,186
Social Security contribution	36,500	36,500	39,053	2,553	35,843
IMRF contributions	9,750	9,750	13,440	3,690	10,516
Uniform allowance	23,250	23,250	15,817	(7,433)	28,583

CITY OF PERU, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Police department (continued):					
Maintenance:					
Buildings	\$ 7,500	7,500	2,957	(4,543)	7,951
Equipment	5,850	5,850	7,914	2,064	9,720
Vehicles	76,150	97,150	97,360	210	66,519
Legal service	15,000	30,000	30,149	149	21,774
Employment testing	1,000	1,000	-	(1,000)	3,997
Postage	500	500	956	456	577
Telephone	9,750	9,750	9,103	(647)	9,298
Code red services	15,000	15,000	15,000	-	15,000
Dues	4,500	4,500	3,073	(1,427)	3,284
Training	12,000	28,000	28,454	454	13,440
Utilities	15,750	15,750	16,937	1,187	16,319
General insurance	60,750	60,750	58,844	(1,906)	58,484
Rentals	14,750	14,750	13,533	(1,217)	14,300
Other contractual services	19,000	19,000	23,393	4,393	17,124
Pension contribution	750,000	750,000	750,000	-	640,000
Operating supplies	25,150	40,150	39,761	(389)	27,370
Automotive fuel & oil	45,950	58,950	58,611	(339)	43,518
Computer software	1,500	1,500	1,295	(205)	1,522
Community relations	15,000	15,000	12,500	(2,500)	35,490
Regional dispatch	-	-	7,080	7,080	-
ESDA Expenses	5,000	5,000	4,668	(332)	5,601
Miscellaneous Expense	6,000	6,000	6,374	374	5,942
Total police department	3,844,645	3,792,645	3,704,941	(87,704)	3,512,483
Fire department:					
Salaries	481,900	490,900	480,387	(10,513)	473,655
Group insurance	90,425	78,425	79,870	1,445	87,210
Workers' compensation insurance	38,950	38,950	44,820	5,870	42,363
Social Security contribution	17,250	17,250	15,352	(1,898)	15,184
IMRF contribution	4,205	4,205	698	(3,507)	3,062
Uniform allowance	1,500	1,500	2,008	508	882
Maintenance:					
Building	135,000	135,000	125,229	(9,771)	5,069
Equipment	17,250	17,250	6,528	(10,722)	13,559
Vehicles	33,700	61,700	62,169	469	38,247
Legal service	2,500	2,500	9,783	7,283	13,806
Telephone	5,500	5,500	8,567	3,067	5,946
Dues	500	500	603	103	1,385
Training	6,000	6,000	5,113	(887)	8,011
Turnout gear	11,500	23,500	23,464	(36)	16,614
Utilities	16,500	16,500	17,712	1,212	17,931

CITY OF PERU, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Fire department (continued):					
General insurance	\$ 40,750	40,750	37,957	(2,793)	37,724
Rentals	1,000	1,000	105	(895)	-
Other contractual services	5,050	5,050	10,635	5,585	4,198
Operating supplies	34,950	34,950	33,039	(1,911)	41,831
Medical services	21,500	7,500	7,466	(34)	16,656
Automotive fuel and oil	12,950	12,950	14,495	1,545	11,582
Pension contribution	130,000	130,000	130,000	-	115,000
Miscellaneous	2,500	2,500	1,108	(1,392)	1,067
Total fire department	1,111,380	1,134,380	1,117,108	(17,272)	970,982
Total public safety	4,956,025	4,927,025	4,822,049	(104,976)	4,483,465
Public works:					
Service garage:					
Salaries	132,500	132,500	144,575	12,075	134,568
Group insurance	30,950	30,950	25,706	(5,244)	27,156
Workers' compensation insurance	4,820	4,820	4,239	(581)	4,172
Social security contribution	9,750	9,750	10,583	833	9,899
IMRF contribution	14,950	14,950	14,102	(848)	15,165
Operating supplies	-	-	374	374	-
General insurance	4,050	4,050	4,040	(10)	4,015
Miscellaneous	-	-	266	266	160
Total service garage	197,020	197,020	203,885	6,865	195,135
Sidewalks and crossings:					
Maintenance	22,500	500	916	416	16,300
Curb project	40,500	40,500	46,498	5,998	60,162
Total sidewalks and crossings	63,000	41,000	47,414	6,414	76,462
Streets and alleys:					
Salaries	571,250	590,250	575,743	(14,507)	538,891
Group insurance	50,700	69,700	61,524	(8,176)	53,578
Workers' compensation insurance	32,500	32,500	31,832	(668)	36,764
Social security contribution	40,750	40,750	42,529	1,779	40,055
IMRF contribution	57,550	57,550	53,778	(3,772)	57,481
Uniform allowance	4,550	4,550	1,116	(3,434)	1,177
Maintenance:					
Buildings	650	650	6,625	5,975	776
Equipment	30,050	16,050	16,162	112	33,551
Vehicles	52,750	52,750	42,856	(9,894)	48,075
Streets	105,750	163,750	164,177	427	90,794
Engineering service	40,500	21,500	21,099	(401)	123,937
Flood expense	-	-	-	-	580
Legal expense	5,000	5,000	529	(4,471)	10,584

CITY OF PERU, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public works (continued):					
Streets and alleys (continued):					
Telephone	\$ 5,270	5,270	6,182	912	6,315
Utilities	26,550	26,550	33,501	6,951	33,073
General insurance	23,850	23,850	21,934	(1,916)	21,800
Rentals	72,500	6,500	6,344	(156)	15,816
Other contractual services	25,000	25,000	15,973	(9,027)	18,805
Maint. supplies - streets	15,500	30,500	30,032	(468)	21,438
Maint. supplies - snow removal	95,700	315,700	315,891	191	128,412
Operating supplies	62,500	62,500	53,258	(9,242)	53,096
Automotive fuel and oil	47,500	47,500	55,898	8,398	46,588
Education and meetings	7,000	7,000	8,067	1,067	2,573
Miscellaneous Expense	10,000	10,000	581	(9,419)	7,272
Total streets and alleys	1,383,370	1,615,370	1,565,631	(49,739)	1,391,431
Total public works	1,643,390	1,853,390	1,816,930	(36,460)	1,663,028
Health and welfare:					
Other contractual services	283,064	257,064	260,594	3,530	282,285
Total health and welfare	283,064	257,064	260,594	3,530	282,285
Culture and recreation:					
Public parks:					
Salaries	212,750	230,750	226,826	(3,924)	196,384
Group insurance	37,300	37,300	31,003	(6,297)	32,067
Workers' compensation insurance	6,250	6,250	6,223	(27)	2,818
Social Security contribution	15,750	15,750	16,590	840	14,345
IMRF contribution	19,750	19,750	18,082	(1,668)	19,170
Uniform allowance	-	-	649	649	322
Maintenance:					
Buildings	5,000	5,000	7,294	2,294	2,706
Equipment	17,250	17,250	30,980	13,730	11,912
Vehicles	50	50	85	35	28
Grounds	76,650	89,650	89,621	(29)	87,223
Engineering service	500	500	6,251	5,751	544
Utilities	11,750	25,750	25,574	(176)	11,961
General insurance	9,050	9,050	8,351	(699)	8,300
Other contractual services	63,250	63,250	70,085	6,835	86,170
Operating supplies	22,500	81,500	81,328	(172)	21,175
Automotive fuel and oil	4,300	4,300	1,946	(2,354)	3,140
Band concerts	11,500	11,500	8,820	(2,680)	11,500
Miscellaneous	2,500	2,500	-	(2,500)	1,615
Total culture and recreation	516,100	620,100	629,708	9,608	511,380

CITY OF PERU, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Debt service:					
Bond principal	\$ -	-	-	-	309,222
Bond interest	4,650	4,650	-	(4,650)	3,110
Note principal	112,490	84,490	84,291	(199)	90,604
Note interest	6,000	6,000	9,665	3,665	9,163
Total debt service	123,140	95,140	93,956	(1,184)	412,099
Capital outlay:					
Equipment and computers	86,500	165,500	177,456	11,956	39,997
Vehicles	180,000	225,000	217,276	(7,724)	87,904
Improvements	50,000	10,000	9,999	(1)	381,642
Construction	915,000	1,982,000	1,983,812	1,812	4,701,806
Total capital outlay	1,231,500	2,382,500	2,388,543	6,043	5,211,349
Total expenditures	13,166,360	15,317,361	15,214,337	(103,024)	17,134,371
Excess of revenues over expenditures	1,023,832	(442,669)	192,633	635,302	(105,242)
Other financing sources (uses):					
Proceeds from the sale of cap. assets	-	25,000	25,177	177	13,105
Transfers in	5,000	28,000	27,586	(414)	37,000
Transfers out	(275,000)	(150,000)	(150,000)	-	(100,000)
Total other financing sources (uses)	(270,000)	(97,000)	(97,237)	(237)	(49,895)
Net change in fund balance	\$ 753,832	(539,669)	95,396	635,065	(155,137)
Fund balance, beginning of year			9,628,580		9,783,717
Fund balance, end of year			\$ 9,723,976		9,628,580

Required Supplementary Information
 Illinois Municipal Retirement Fund - Regular Plan
 Schedule of Changes in the City's Net Pension Liability and Related Ratios*

	Calendar Year Ended December 31,			
	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service cost	\$ 309,047	341,978	375,371	371,022
Interest on the total pension liability	1,960,569	1,968,674	1,953,304	1,930,726
Benefit changes	-	-	-	-
Differences between expected and actual experience	359,000	(142,457)	(652,022)	(538,284)
Assumption changes	802,953	(819,368)	(32,116)	-
Benefit payments and refunds	(1,428,996)	(1,451,875)	(1,463,477)	(1,464,907)
Net Change in Total Pension Liability	2,002,573	(103,048)	181,060	298,557
Total Pension Liability - Beginning	26,700,890	26,803,938	26,622,878	26,324,321
Total Pension Liability - Ending (a)	<u>\$ 28,703,463</u>	<u>26,700,890</u>	<u>26,803,938</u>	<u>26,622,878</u>
PLAN FIDUCIARY NET POSITION				
Employer contributions	\$ 375,958	352,860	476,523	423,193
Employee contributions	150,954	151,618	158,243	156,572
Pension Plan Net Investment Income	(1,562,355)	4,408,747	1,640,312	117,884
Benefit Payments and Refunds	(1,428,996)	(1,451,875)	(1,463,477)	(1,464,907)
Other	451,124	(374,669)	(157,226)	482,191
Net Change in Plan Fiduciary Net Position	(2,013,315)	3,086,681	654,375	(285,067)
Plan Fiduciary Net Position - Beginning	27,475,285	24,388,604	23,734,229	24,019,296
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,461,970</u>	<u>27,475,285</u>	<u>24,388,604</u>	<u>23,734,229</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 3,241,493</u>	<u>(774,395)</u>	<u>2,415,334</u>	<u>2,888,649</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.71%	102.90%	90.99%	89.15%
Covered Valuation Payroll	\$ 3,350,776	3,119,891	3,511,589	3,454,635
Net Pension Liability as a Percentage of Covered Valuation Payroll	96.74%	-24.82%	68.78%	83.62%

*Schedule to be built prospectively from 2015

**Required Supplementary Information
Illinois Municipal Retirement Fund
Schedule of City Contributions**

Calendar Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 375,957	375,958	(1)	3,350,776	11.22%
2017	352,860	352,860	-	3,119,891	11.31%
2016	476,523	476,523	-	3,511,589	13.57%
2015	423,193	423,193	-	3,454,635	12.25%

Notes to Schedules:

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

Methods and assumptions used to determine the 2018 contribution rate:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 25-year closed period Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 29 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Inflation	2.75% - approximate; No explicit price inflation assumption use din this valuation.
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 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 adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

Required Supplementary Information

Police Pension Fund

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

	Year Ended April 30,				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 488,046	516,255	497,584	497,584	465,221
Interest	1,383,707	1,310,354	1,254,499	1,163,231	1,113,269
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	487,986	802,033	-	(141,302)	-
Changes of assumptions	924,349	364,789	-	820,153	-
Benefit payments, including refunds of employee contributions	(996,402)	(974,000)	(922,022)	(875,938)	(808,454)
Net Change in Total Pension Liability	2,287,686	2,019,431	830,061	1,463,728	770,036
Total Fiduciary Pension Liability - Beginning	22,149,473	20,130,042	19,299,981	17,836,253	17,066,217
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 24,437,159</u>	<u>22,149,473</u>	<u>20,130,042</u>	<u>19,299,981</u>	<u>17,836,253</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 1,388,128	1,248,667	998,985	858,792	827,242
Contributions - employee	170,234	162,422	165,650	161,858	159,044
Net investment income	406,268	581,388	561,341	(35,566)	296,638
Benefit payments, including refunds of employee contributions	(996,402)	(974,000)	(922,022)	(875,938)	(808,454)
Administrative expense	(6,225)	(4,650)	(9,884)	(7,800)	(11,407)
Net Change in Plan Fiduciary Net Position	962,003	1,013,827	794,070	101,346	463,063
Plan Fiduciary Net Position - Beginning	9,131,046	8,117,219	7,323,149	7,221,803	6,758,740
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,093,049</u>	<u>9,131,046</u>	<u>8,117,219</u>	<u>7,323,149</u>	<u>7,221,803</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 14,344,110</u>	<u>13,018,427</u>	<u>12,012,823</u>	<u>11,976,832</u>	<u>10,614,450</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	41.30%	41.22%	40.32%	37.94%	40.49%
Covered Valuation Payroll	\$ 1,717,800	1,638,971	1,671,550	1,633,280	1,545,527
Net Pension Liability as a Percentage of Covered Valuation Payroll	835.03%	794.30%	718.66%	733.30%	686.79%

*Schedule to be built prospectively from 2015

**Required Supplementary Information
Police Pension Fund
Schedule of City Contributions**

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 1,114,980	1,388,128	(273,148)	1,717,800	80.81%
2018	1,006,366	1,248,667	(242,301)	1,638,971	76.19%
2017	779,239	998,985	(219,746)	1,671,550	59.76%
2016	779,239	858,792	(79,553)	1,633,280	52.58%
2015	733,166	827,242	(94,076)	1,545,527	53.52%

Notes to Schedules:

Valuation Date:

May 1, 2018

Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine 2019 contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Actuarial asset method	Investment gains and losses are recognized over a 5-year period.
Interest rate	6.25%
Healthy mortality rates - male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	10.00%
Rate of service-related disabilities	60.00%
Salary increases	Service-related table with rates grading from 11.00% to 3.50% at 33 years of service.
Inflation	2.50%
Tier 1 cost-of-living adjustment	3.00%
Tier 2 cost-of-living adjustment	1.25%
Marital status	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.
Other information	The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

Required Supplementary Information
Police Pension Fund
Schedule of Investment Returns

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	4.00%	N/A	N/A	N/A	4.25%

Required Supplementary Information
 Firemen's Pension Fund
 Schedule of Changes in the City's Net Pension Liability and Related Ratios*

	Year Ended April 30,				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 105,892	115,145	104,199	104,199	94,645
Interest	190,188	191,682	181,129	175,915	168,809
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(87,249)	(185,623)	-	(168,668)	-
Changes of assumptions	143,006	(15,481)	-	159,828	-
Benefit payments, including refunds of employee contributions	(126,265)	(126,447)	(126,184)	(125,574)	(136,226)
Net Change in Total Pension Liability	225,572	(20,724)	159,144	145,700	127,228
Total Pension Liability - Beginning	3,761,000	3,781,724	3,622,580	3,476,880	3,349,652
Total Pension Liability - Ending (a)	<u>\$ 3,986,572</u>	<u>3,761,000</u>	<u>3,781,724</u>	<u>3,622,580</u>	<u>3,476,880</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 202,102	183,694	150,671	130,312	124,483
Contributions - employee	23,155	22,484	22,102	21,538	21,023
Net investment income	98,864	34,975	58,102	51,158	50,576
Benefit payments, including refunds of employee contributions	(126,265)	(126,447)	(126,184)	(125,574)	(136,226)
Administrative expense	(1,208)	(425)	(300)	(100)	(11,056)
Net Change in Plan Fiduciary Net Position	196,648	114,281	104,391	77,334	48,800
Plan Fiduciary Net Position - Beginning	2,341,353	2,227,072	2,122,681	2,045,347	1,996,547
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,538,001</u>	<u>2,341,353</u>	<u>2,227,072</u>	<u>2,122,681</u>	<u>2,045,347</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 1,448,571</u>	<u>1,419,647</u>	<u>1,554,652</u>	<u>1,499,899</u>	<u>1,431,533</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.66%	62.25%	58.89%	58.60%	58.83%
Covered Valuation Payroll	\$ 244,897	237,800	233,755	227,795	217,826
Net Pension Liability as a Percentage of Covered Valuation Payroll	591.50%	596.99%	665.08%	658.44%	657.19%

*Schedule to be built prospectively from 2015

**Required Supplementary Information
Firemen's Pension Fund
Schedule of City Contributions**

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 113,933	202,102	(88,169)	244,897	82.53%
2018	116,386	183,694	(67,308)	237,800	77.25%
2017	107,448	150,671	(43,223)	233,755	64.46%
2016	107,448	130,312	(22,864)	227,795	57.21%
2015	116,506	124,483	(7,977)	217,826	57.15%

Notes to Schedules:

Valuation Date:

May 1, 2018

Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution 2019 rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Actuarial asset method	Investment gains and losses are recognized over a 5-year period.
Interest rate	5.00%
Healthy mortality rates - male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	20.00%
Rate of service-related disabilities	80.00%
Salary increases	Service-related table with rates grading from 12.50% to 3.50% at 31 years of service.
Inflation	2.50%
Tier 1 cost-of-living-adjustment	3.00%
Tier 2 cost-of-living adjustment	1.25%
Marital status	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.
Other information	The actuarial assumptions used for determining the above amounts are based on experience for all Article 4 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

Required Supplementary Information
Firemen's Pension Fund
Schedule of Investment Returns

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	4.08%	1.44%	2.95%	1.93%	2.66%

Required Supplementary Information
 Retiree Health Plan
 Schedule of Changes in the City's Net OPEB Liability and Related Ratios*

	<u>Year Ended April 30,</u> <u>2019</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 14,430
Interest	26,422
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	37,882
Benefit payments	<u>(37,739)</u>
Net Change in Total OPEB Liability	40,995
Total OPEB Liability - Beginning	<u>732,157</u>
Total OPEB Liability - Ending (a)	<u>\$ 773,152</u>
Covered Valuation Payroll	\$ 5,492,235
Net OPEB Liability as a Percentage of Covered Valuation Payroll	14.08%

*Schedule to be built prospectively from 2019

Notes to Schedule:

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal year ending April 30, 2019	3.21%
Fiscal year ending April 30, 2018	3.63%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information
For the Year Ended April 30, 2019

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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

The City prepares an annual operating budget which includes all funds and is prepared on a basis consistent with the financial statement presentation. The budget is used to control spending limits within the financial statement presentation. The budget is used to control spending limits within the City funds. The budget lapses at the end of each fiscal year. The City does not utilize an encumbrance system. The City follows detailed procedures in establishing the budget data reflected in the financial statements, and the budget for the following fiscal year is always adopted in the quarter ahead of year-end close. The budget for the year ended April 30, 2019, was adopted on April 30, 2018, and was amended on April 30, 2019.

NOTE 2: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2019, amounts reported as changes of assumptions resulted from an update of the mortality rates to reflect the PubS-2010 tables.

For measurement date April 30, 2018, amounts reported as changes of assumptions resulted from the following changes:

- The interest rate was decreased from 6.50% to 6.25%
- The termination and disability rates were updated to the rates determined in the State of Illinois Department of Insurance experience study dated October 5, 2017.
- The percentage of active deaths and disablements assumed to occur in the line of duty were updated to 10% and 60%, respectively, in accordance with the experience study.

For measurement date April 30 2016, amounts reported as changes of assumptions resulted from updating the mortality table to better reflect anticipated mortality experience in the future. The Healthy Lives Mortality assumption was updated from the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment to the RP-2000 Combined Healthy Mortality table with a blue collar adjustment, projected to the valuation date using Scale BB. Similarly, the Disabled Lives Morality assumption was updated from the RP-2000 Disabled Mortality Table to the RP-2000 Disabled Mortality Table, projected to the valuation date using Scale BB.

Notes to Required Supplementary Information
For the Year Ended April 30, 2019

NOTE 2: **PENSIONS** – (CONTINUED)

Firemen's Pension

Changes of Assumptions

For measurement date April 30, 2019, amounts reported as changes of assumptions resulted from an update of the mortality rates to reflect the PubS-2010 tables.

For measurement date April 30, 2018, amounts reported as changes of assumptions resulted from the following changes:

- The retirement, termination, and disability rates were updated to the rates determined in the State of Illinois Department of Insurance experience study dated October 5, 2017.
- The salary increase rates were updated in accordance with the experience study.
- The percentage of active deaths and disablements assumed to occur in the line of duty were updated to 20% and 80%, respectively, in accordance with the experience study.

For measurement date April 30 2016, amounts reported as changes of assumptions resulted from updating the mortality table to better reflect anticipated mortality experience in the future. The Healthy Lives Mortality assumption was updated from the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment to the RP-2000 Combined Healthy Mortality table with a blue collar adjustment, projected to the valuation date using Scale BB. Similarly, the Disabled Lives Mortality assumption was updated from the RP-2000 Disabled Mortality Table to the RP-2000 Disabled Mortality Table, projected to the valuation date using Scale BB.

OTHER INFORMATION

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-1

Combining Balance Sheet

April 30, 2019

(With Comparative Figures for April 30, 2018)

	Totals		Special Revenue Funds			
			Drug Enforcement Impound and Equipment Fund	Garbage Fund	Emergency Telephone System Board Fund	Motor Fuel Tax Fund
	2019	2018				
<u>Assets</u>						
Cash and cash equivalents	\$ 1,177,370	960,423	208,399	35,397	-	562,771
Receivables:						
Property taxes	785,922	785,922	-	-	-	-
Motor fuel taxes	22,788	23,568	-	-	-	22,788
Other	61,140	58,416	-	61,140	-	-
Prepaid expenses	520	198	-	-	-	-
Total assets	<u>\$ 2,047,740</u>	<u>1,828,527</u>	<u>208,399</u>	<u>96,537</u>	<u>-</u>	<u>585,559</u>
<u>Liabilities</u>						
Accounts payable	\$ 65,593	1,266	-	65,593	-	-
Due to other funds	92,845	124,808	-	-	-	-
Total liabilities	<u>158,438</u>	<u>126,074</u>	<u>-</u>	<u>65,593</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	785,922	785,922	-	-	-	-
Unavailable revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>785,922</u>	<u>785,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Nonspendable:						
Prepaid expenses	520	198	-	-	-	-
Restricted for:						
Public safety services	208,399	139,991	208,399	-	-	-
Streets and public improvements	585,559	533,043	-	-	-	585,559
Urban renewal purposes	232,764	186,415	-	-	-	-
Economic development	81,798	81,765	-	-	-	-
Other purposes	83,319	64,098	-	30,944	-	-
Unassigned	(88,979)	(88,979)	-	-	-	-
Total fund balance (deficit)	<u>1,103,380</u>	<u>916,531</u>	<u>208,399</u>	<u>30,944</u>	<u>-</u>	<u>585,559</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,047,740</u>	<u>1,828,527</u>	<u>208,399</u>	<u>96,537</u>	<u>-</u>	<u>585,559</u>

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2019
(With Comparative Figures for April 30, 2018)

		Special Revenue Funds				
		Recreation	TIF District	Peru Industrial	TIF District	Community
		Fund	No. 1	Park TIF	No. 3	Development
			Fund	Fund	Fund	Assistance Prog.
						Fund
<u>Assets</u>						
Cash and cash equivalents		\$ 52,797	5,276	224,420	6,512	81,798
Receivables:						
Property taxes		-	433,088	264,813	88,021	-
Motor fuel taxes		-	-	-	-	-
Other		-	-	-	-	-
Prepaid expenses		520	-	-	-	-
Total assets		<u>\$ 53,317</u>	<u>438,364</u>	<u>489,233</u>	<u>94,533</u>	<u>81,798</u>
<u>Liabilities</u>						
Accounts payable		\$ -	-	-	-	-
Due to other funds		422	-	-	92,423	-
Total liabilities		<u>422</u>	<u>-</u>	<u>-</u>	<u>92,423</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years		-	433,088	264,813	88,021	-
Unavailable revenues		-	-	-	-	-
Total deferred inflows of resources		<u>-</u>	<u>433,088</u>	<u>264,813</u>	<u>88,021</u>	<u>-</u>
<u>Fund Balances</u>						
Nonspendable:						
Prepaid expenses		520	-	-	-	-
Restricted for:						
Public safety services		-	-	-	-	-
Streets and public improvements		-	-	-	-	-
Urban renewal purposes		-	5,276	224,420	3,068	-
Economic development		-	-	-	-	81,798
Other purposes		52,375	-	-	-	-
Unassigned		-	-	-	(88,979)	-
Total fund balance (deficit)		<u>52,895</u>	<u>5,276</u>	<u>224,420</u>	<u>(85,911)</u>	<u>81,798</u>
Total liabilities, deferred inflows, and fund balances		<u>\$ 53,317</u>	<u>438,364</u>	<u>489,233</u>	<u>94,533</u>	<u>81,798</u>

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Totals		Special Revenue Funds			
			Drug Enforcement Impound and Equipment Fund	Garbage Fund	Emergency Telephone System Board Fund	Motor Fuel Tax Fund
	2019	2018				
Revenues:						
Taxes	\$ 778,995	789,791	-	-	-	-
Intergovernmental	268,668	270,246	-	-	-	268,668
Fines and penalties	150,968	49,250	150,968	-	-	-
Charges for services	721,015	338,481	-	719,286	-	-
Income from investments	5,383	2,896	591	-	-	4,461
Other	23,836	18,880	21,476	-	-	-
Total revenues	1,948,865	1,469,544	173,035	719,286	-	273,129
Expenditures:						
General government	407,171	421,841	-	-	-	-
Public safety	77,041	186,283	77,041	-	-	-
Health and welfare	764,787	458,224	-	764,787	-	-
Culture and recreation	57,622	74,102	-	-	-	-
Capital Outlay	252,058	203,718	-	-	-	220,613
Payments under intergovernmental agreements	272,840	283,404	-	-	-	-
Total expenditures	1,831,519	1,627,572	77,041	764,787	-	220,613
Excess (deficiency) of revenues over (under) expenditures	117,346	(158,028)	95,994	(45,501)	-	52,516
Other financing sources (uses):						
Transfers from other funds	150,000	200,000	-	50,000	-	-
Transfers to other funds	(80,497)	(123,320)	(27,586)	-	-	-
Total other financing sources (uses)	69,503	76,680	(27,586)	50,000	-	-
Net change in fund balance	186,849	(81,348)	68,408	4,499	-	52,516
Fund balance (deficit), beginning of year	916,531	997,879	139,991	26,445	-	533,043
Fund balance (deficit), end of year	\$ 1,103,380	916,531	208,399	30,944	-	585,559

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-2
(CONTINUED)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Special Revenue Funds				
	Recreation Fund	TIF District No. 1 Fund	Peru Industrial Park TIF Fund	TIF District No. 3 Fund	Community Development Assistance Prog. Fund
Revenues:					
Taxes	\$ -	433,416	257,491	88,088	-
Intergovernmental	-	-	-	-	-
Fines and penalties	-	-	-	-	-
Charges for services	1,729	-	-	-	-
Income from investments	22	90	166	20	33
Other	2,360	-	-	-	-
Total revenues	4,111	433,506	257,657	88,108	33
Expenditures:					
General government	-	382,777	12,654	11,740	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	57,622	-	-	-	-
Capital Outlay	31,445	-	-	-	-
Payments under intergovernmental agreements	-	50,000	149,540	73,300	-
Total expenditures	89,067	432,777	162,194	85,040	-
Excess (deficiency) of revenues over (under) expenditures	(84,956)	729	95,463	3,068	33
Other financing sources (uses):					
Transfers in	100,000	-	-	-	-
Transfers out	-	-	(52,911)	-	-
Total other financing sources (uses)	100,000	-	(52,911)	-	-
Net change in fund balance	15,044	729	42,552	3,068	33
Fund balance (deficit), beginning of year	37,851	4,547	181,868	(88,979)	81,765
Fund balance (deficit), end of year	\$ 52,895	5,276	224,420	(85,911)	81,798

CITY OF PERU, ILLINOIS
 DRUG ENFORCEMENT, IMPOUND AND EQUIPMENT FUND

SCHEDULE C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Drug enforcement	\$ 25,000	122,000	121,515	(485)	24,440
Impound fees	25,000	25,000	29,453	4,453	24,810
Other revenue	17,500	17,500	21,476	3,976	18,430
Income from investments	500	500	591	91	459
Total revenues	68,000	165,000	173,035	8,035	68,139
Expenditures:					
Drug enforcement	35,750	72,750	66,421	(6,329)	58,737
Impound	31,750	9,750	250	(9,500)	21,136
Other expenditures	25,550	10,550	10,370	(180)	13,588
Total expenditures	93,050	93,050	77,041	(16,009)	93,461
Excess (deficiency) of revenues over (under) expenditures	(25,050)	71,950	95,994	24,044	(25,322)
Other financing sources (uses):					
Transfers to other funds	-	(12,000)	(27,586)	(15,586)	(7,000)
Net change in fund balance	\$ (25,050)	59,950	68,408	8,458	(32,322)
Fund balance, beginning of year			139,991		172,313
Fund balance, end of year			208,399		139,991

CITY OF PERU, ILLINOIS
GARBAGE FUND

SCHEDULE C-4

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Monthly garbage charges	\$ 580,600	719,600	719,286	(314)	336,958
Income from investments	150	150	-	(150)	3
Total revenues	580,750	719,750	719,286	(464)	336,961
Expenditures:					
Scavenger contract	753,480	753,480	763,638	10,158	458,224
Forgiveness of debt	-	-	1,149	1,149	-
Total expenditures	753,480	753,480	764,787	11,307	458,224
Excess (deficiency) of revenues over (under) expenditures	(172,730)	(33,730)	(45,501)	(11,771)	(121,263)
Other financing sources (uses):					
Transfers from other funds	175,000	50,000	50,000	-	100,000
Net change in fund balance	\$ 2,270	16,270	4,499	(11,771)	(21,263)
Fund balance, beginning of year			26,445		47,708
Fund balance, end of year			30,944		26,445

CITY OF PERU, ILLINOIS
 EMERGENCY TELEPHONE SYSTEM BOARD FUND

SCHEDULE C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
911 surcharge tax	\$ -	-	-	-	37
Income from investments	-	-	-	-	11
Total revenues	-	-	-	-	48
Expenditures:					
R&M - equipment	-	-	-	-	20,092
Professional dues	-	-	-	-	-
Education & meetings	-	-	-	-	180
Telephone	-	-	-	-	289
Maintenance agreement	-	-	-	-	2,704
New equipment	-	-	-	-	23,142
Miscellaneous expenditures	-	-	-	-	69,557
Transfer to IVRD	-	-	-	-	10,300
Total expenditures	-	-	-	-	126,264
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	-	(126,216)
Fund balance, beginning of year			-		126,216
Fund balance, end of year			-		-

CITY OF PERU, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Motor fuel tax allotments	\$ 265,500	265,500	268,668	3,168	270,246
Income from investments	2,000	2,000	4,461	2,461	2,111
Total revenues	<u>267,500</u>	<u>267,500</u>	<u>273,129</u>	<u>5,629</u>	<u>272,357</u>
Expenditures:					
Bank fees	-	-	17	17	-
Annual street maintenance projects	235,000	235,000	220,596	(14,404)	174,076
Total expenditures	<u>235,000</u>	<u>235,000</u>	<u>220,613</u>	<u>(14,387)</u>	<u>174,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 32,500</u>	<u>32,500</u>	52,516	<u>20,016</u>	98,281
Fund balance, beginning of year			<u>533,043</u>		<u>434,762</u>
Fund balance, end of year			<u>585,559</u>		<u>533,043</u>

CITY OF PERU, ILLINOIS
RECREATION FUND

SCHEDULE C-7

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Handicrafts and program fees	\$ 1,000	1,000	1,729	729	1,523
Miscellaneous income and donations	150	150	2,360	2,210	450
Income from investments	-	-	22	22	26
Total revenues	1,150	1,150	4,111	2,961	1,999
Expenditures:					
Compensation:					
Director	10,404	10,404	10,192	(212)	9,431
Handicrafts	1,200	1,200	841	(359)	2,150
Lessons and camps	4,000	4,000	1,847	(2,153)	2,541
Unemployment insurance	100	100	65	(35)	76
Workers' compensation	100	100	495	395	365
FICA / Medicare contributions	1,100	1,100	985	(115)	1,080
Camp director stipends	12,000	12,000	9,985	(2,015)	11,955
R&M - grounds and court maintenance	5,000	5,000	-	(5,000)	6,266
Operating supplies	2,000	2,000	147	(1,853)	1,954
Parade expense	1,400	1,400	1,031	(369)	1,692
Handicraft supplies	1,200	1,200	64	(1,136)	1,031
T-shirts	2,050	2,050	1,411	(639)	2,031
Fireworks	23,000	23,000	22,000	(1,000)	23,000
Fourth of July fireworks family area	4,000	4,000	2,160	(1,840)	4,156
Programs	4,000	4,000	2,044	(1,956)	3,990
Movie in the park	1,975	1,975	2,806	831	1,313
New equipment	25,000	25,000	31,445	6,445	6,500
Advertising	1,200	1,200	1,010	(190)	1,071
Winter Fun Day	600	600	-	(600)	-
Miscellaneous	671	671	539	(132)	-
Total expenditures	101,000	101,000	89,067	(11,933)	80,602
Excess (deficiency) of revenues over (under) expenditures	(99,850)	(99,850)	(84,956)	14,894	(78,603)
Other financing sources (uses):					
Transfers from other funds	100,000	100,000	100,000	-	100,000
Transfers to other funds	-	-	-	-	(60,000)
Total other financing sources (uses)	100,000	100,000	100,000	-	40,000
Net change in fund balance	\$ 150	150	15,044	14,894	(38,603)
Fund balance, beginning of year			37,851		76,454
Fund balance, end of year			52,895		37,851

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 450,250	450,250	433,416	(16,834)	447,099
Income from investments	130	130	90	(40)	116
Total revenues	450,380	450,380	433,506	(16,874)	447,215
Expenditures:					
Administration fees	5,050	5,050	5,031	(19)	4,960
Developer reimbursements	50,000	50,000	50,000	-	50,000
Taxing district reimbursements	391,800	382,800	377,746	(5,054)	391,645
Total expenditures	446,850	437,850	432,777	(5,073)	446,605
Excess (deficiency) of revenues over (under) expenditures	\$ 3,530	12,530	729	(11,801)	610
Fund balance, beginning of year			4,547		3,937
Fund balance, end of year			5,276		4,547

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 257,250	257,250	257,491	241	253,011
Income from investments	130	130	166	36	130
Total revenues	<u>257,380</u>	<u>257,380</u>	<u>257,657</u>	<u>277</u>	<u>253,141</u>
Expenditures:					
Administration fees	12,500	12,500	12,654	154	12,567
Developer payments	48,500	48,500	45,952	(2,548)	46,653
Intergovernmental agreements	103,500	103,500	103,588	88	101,813
Total expenditures	<u>164,500</u>	<u>164,500</u>	<u>162,194</u>	<u>(2,306)</u>	<u>161,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,880</u>	<u>92,880</u>	<u>95,463</u>	<u>2,583</u>	<u>92,108</u>
Other financing sources (uses):					
Transfers to other funds	<u>(16,800)</u>	<u>(52,800)</u>	<u>(52,911)</u>	<u>(111)</u>	<u>(56,320)</u>
Net change in fund balance	<u>\$ 76,080</u>	<u>40,080</u>	<u>42,552</u>	<u>2,472</u>	<u>35,788</u>
Fund balance, beginning of year			<u>181,868</u>		<u>146,080</u>
Fund balance, end of year			<u>224,420</u>		<u>181,868</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 92,500	92,500	88,088	(4,412)	89,644
Income from investments	50	50	20	(30)	8
Total revenues	92,550	92,550	88,108	(4,442)	89,652
Expenditures:					
Administration fees	11,500	11,500	11,740	240	12,669
Developer reimbursement	30,500	30,500	28,275	(2,225)	28,786
Intergovernmental agreements	47,500	47,500	45,025	(2,475)	45,852
Total expenditures	89,500	89,500	85,040	(4,460)	87,307
Excess (deficiency) of revenues over (under) expenditures	\$ 3,050	3,050	3,068	18	2,345
Fund balance (deficit), beginning of year			(88,979)		(91,324)
Fund balance (deficit), end of year			(85,911)		(88,979)

CITY OF PERU, ILLINOIS
COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM FUND

SCHEDULE C-11

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019			2018	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Income from investments	\$ -	-	33	33	32
Total revenues	-	-	33	33	32
Expenditures:					
Miscellaneous expenditures	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	33	33	32
Fund balance, beginning of year			81,765		81,733
Fund balance, end of year			81,798		81,765

CITY OF PERU, ILLINOIS
PENSION TRUST FUNDS

SCHEDULE D-1

Combining Statement of Fiduciary Net Position
April 30, 2019
(With Comparative Figures for April 30, 2018)

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2019	2018
<u>Assets</u>				
Cash and cash equivalents	\$ 783,208	171,599	954,807	769,223
Investments	9,298,644	2,344,253	11,642,897	10,681,186
Accrued interest	11,197	22,149	33,346	21,991
Total assets	<u>\$ 10,093,049</u>	<u>2,538,001</u>	<u>12,631,050</u>	<u>11,472,400</u>
<u>Net position</u>				
Held in trust for pension benefits	<u>\$ 10,093,049</u>	<u>2,538,001</u>	<u>12,631,050</u>	<u>11,472,400</u>
Total net position	<u>\$ 10,093,049</u>	<u>2,538,001</u>	<u>12,631,050</u>	<u>11,472,400</u>

**CITY OF PERU, ILLINOIS
PENSION TRUST FUNDS**

SCHEDULE D-2

**Combining Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2019	2018
Additions:				
Contributions:				
Employer contributions	\$ 1,388,128	202,102	1,590,230	1,432,361
Plan member contributions	170,234	23,155	193,389	184,906
Total contributions	1,558,362	225,257	1,783,619	1,617,267
Net investment income:				
Net change in fair value of investments	(45,186)	12,529	(32,657)	182,596
Investment income	476,816	96,371	573,187	477,964
Total investment income	431,630	108,900	540,530	660,560
Less: investment expense	25,363	10,036	35,399	44,196
Net investment expense	406,267	98,864	505,131	616,364
Total additions	1,964,629	324,121	2,288,750	2,233,631
Deductions:				
Administrative	6,224	1,209	7,433	5,075
Benefit payments, including member refunds	996,402	126,265	1,122,667	1,100,447
Total deductions	1,002,626	127,474	1,130,100	1,105,522
Changes in net position	962,003	196,647	1,158,650	1,128,109
Net position, beginning of year	9,131,046	2,341,354	11,472,400	10,344,291
Net position, end of year	\$ 10,093,049	2,538,001	12,631,050	11,472,400

**Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections**

	Tax Year				
	2014	2015	2016	2017	2018
Assessed valuations	\$ 271,815,433	275,935,224	281,798,594	288,584,987	289,436,622
Tax rates:					
Garbage	0.0456	0.0459	0.0000	0.0000	0.0000
Library	0.1472	0.1509	0.0000	0.0000	0.0000
Recreation	0.0228	0.0230	0.0000	0.0000	0.0000
Police Pension	0.1726	0.2053	0.2637	0.2565	0.2694
Firemen's Pension	0.0195	0.0232	0.0298	0.0290	0.0304
Library Building Construction	0.0196	0.0201	0.0000	0.0000	0.0000
Library Municipal Retirement	0.0144	0.0000	0.0000	0.0000	0.0000
Library Social Security	0.0089	0.0000	0.0000	0.0000	0.0000
Liability Insurance	0.0172	0.0271	0.0000	0.0000	0.0000
Totals	0.4677	0.4955	0.2935	0.2855	0.2998
Tax extensions:					
Garbage	\$ 100,019	99,961	-	-	-
Library	332,910	338,578	-	-	-
Recreation	50,010	49,981	-	-	-
Police Pension	378,517	446,648	609,637	639,260	668,563
Firemen's Pension	42,706	50,394	68,803	72,150	75,459
Library Building Construction	44,408	45,150	-	-	-
Library Municipal Retirement	32,621	-	-	-	-
Library Social Security	20,021	-	-	-	-
Liability Insurance	38,910	60,858	-	-	-
Total	1,040,122	1,091,570	678,440	711,410	744,022
Plus: Road & Bridge*	149,329	160,026	160,907	172,163	173,000
Total Extensions	\$ 1,189,451	1,251,596	839,347	883,573	917,022
Tax Collections	\$ 1,139,422	896,062	837,802	882,101	-

* The City's share of Township funds equals one-half of the extension of the City's assessed valuations within each Township.

	Tax Year 2018
Assessed Valuations:	
TIF I	\$ 6,436,842
TIF II	6,500,126
TIF III	3,720,576
Tax Extensions:	
TIF I	\$ 428,812
TIF II	367,191
TIF III	99,254
Total	\$ 895,257
Collections	\$ -

OTHER REQUIRED REPORTING



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members of the City Council
City of Peru, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Peru, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise City of Peru, Illinois' basic financial statements and have issued our report thereon dated October 9, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of City of Peru, Illinois, in a separate letter dated October 9, 2019.

Purpose of this Report

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

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
October 9, 2019



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with the Illinois Tax Increment Allocation Redevelopment Act

Honorable Mayor and
Members of the City Council
City of Peru, Illinois

Report on the Financial Statements

We have audited the basic financial statements of the City of Peru, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2019.

We have also audited the City of Peru, Illinois' compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142).

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the City of Peru, Illinois' Tax Increment Financing District.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with subsection (q) of Section 11-74-4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1145) has occurred. An audit includes examining, on a test basis, evidence about the City of Peru, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142). However, our audit does not provide a legal determination of the City of Peru, Illinois' compliance.

Opinion

In our opinion, the City of Peru, Illinois complied, in all material respects, with the compliance requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) for the year ended April 30, 2019.

This report is intended for the information and use of the Mayor and members of the City Council, management, and the State of Illinois and is not intended to be and should not be used by anyone other than these specified parties.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
October 9, 2019