

CITY OF PERU, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

CITY OF PERU, ILLINOIS

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For the Year Ended April 30, 2020**

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

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, 2020, 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, 2020, 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, 2019, which are presented for comparison purposes with the accompanying financial statements. In our report dated October 9, 2019, 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 84-98 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 84-97 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 98 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 26, 2020 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 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

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, 2020.

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 \$5,446,740 to \$94,197,110 in 2020 from \$88,750,370 in 2019. Of this amount, the net position of the governmental activities increased \$1,918,889 and the net position of the business-type activities increased \$3,527,851.
- Revenues of the City's governmental activities increased 6.6%, or \$1,219,497, from fiscal year 2019 to fiscal year 2020.
- Program expenses of the City's governmental activities increased 6.59%, or \$1,095,817 from fiscal year 2019 to fiscal year 2020.

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, 2020

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, 2020**

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 Fireman’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 statement 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>						
Current and other assets	\$ 15,696,872	15,358,265	24,804,334	24,691,865	40,501,206	40,050,130
Capital assets	26,209,068	23,864,557	61,613,014	60,635,530	87,822,082	84,500,087
Total assets	41,905,940	39,222,822	86,417,348	85,327,395	128,323,288	124,550,217
Deferred Outflows	4,704,192	5,740,973	1,130,113	1,687,394	5,834,305	7,428,367
<u>Liabilities</u>						
Current liabilities	2,291,695	1,766,335	4,412,908	3,280,546	6,704,603	5,046,881
Long-term liabilities	17,193,927	19,241,562	10,211,119	14,930,947	27,405,046	34,172,509
Total liabilities	19,485,622	21,007,897	14,624,027	18,211,493	34,109,649	39,219,390
Deferred inflows	4,634,238	3,384,515	1,216,596	624,309	5,850,834	4,008,824
<u>Net Position</u>						
Net investment in capital assets	26,187,175	23,756,464	50,980,707	47,555,118	77,167,882	71,311,582
Restricted	4,769,286	4,099,541	2,993,915	3,086,794	7,763,201	7,186,335
Unrestricted	(8,466,189)	(7,284,622)	17,732,216	17,537,075	9,266,027	10,252,453
Total net position	\$ 22,490,272	20,571,383	71,706,838	68,178,987	94,197,110	88,750,370

CITY OF PERU, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

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 \$94,197,146. Of that amount, \$77,167,882 was invested in capital assets, net of related debt, and depreciation related to those assets. There were \$7,763,201 of net assets restricted for purposes specified by external restrictions, constitutional provisions, debt agreements or enabling legislation. The remaining \$9,266,063 was unrestricted.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,007,991	3,300,396	31,400,433	31,928,300	35,408,424	35,228,696
Operating grants and contributions	333,783	60,792	422,237	13,622	756,020	74,414
Capital grants	-	-	-	1,206,342	-	1,206,342
General revenues:						
Property taxes, levied for general purposes	1,066,115	951,242	-	-	1,066,115	951,242
Sales tax	6,303,939	6,213,475	-	-	6,303,939	6,213,475
Income tax	1,012,602	1,064,408	-	-	1,012,602	1,064,408
Home rule sales tax	4,002,916	4,066,516	-	-	4,002,916	4,066,516
Hotel/motel tax	381,804	451,364	-	-	381,804	451,364
Telecommunications tax	175,513	204,945	-	-	175,513	204,945
Local use tax	360,252	313,000	-	-	360,252	313,000
Cannabis use tax	1,685	-	-	-	1,685	-
Video gaming tax	235,353	250,802	-	-	235,353	250,802
Replacement tax	229,850	193,518	-	-	229,850	193,518
Interest income	189,409	180,657	349,144	276,145	538,553	456,802
Other	1,403,359	1,233,959	127,846	218,294	1,531,205	1,452,253
Total revenues	<u>19,704,571</u>	<u>18,485,074</u>	<u>32,299,660</u>	<u>33,642,703</u>	<u>52,004,231</u>	<u>52,127,777</u>
Program expenses:						
General government	6,981,019	6,525,466	-	-	6,981,019	6,525,466
Public safety	6,058,406	5,556,357	-	-	6,058,406	5,556,357
Public works	2,493,139	2,536,890	-	-	2,493,139	2,536,890
Health and welfare	1,066,515	1,025,381	-	-	1,066,515	1,025,381
Culture & recreation	812,049	714,611	-	-	812,049	714,611
Payments under intergov't agreements	319,281	272,840	-	-	319,281	272,840
Interest on long-term debt	6,109	9,154	-	-	6,109	9,154
Utility Fund	-	-	28,044,062	28,083,671	28,044,062	28,083,671
Landfill	-	-	78,011	59,221	78,011	59,221
Airport	-	-	698,901	675,941	698,901	675,941
Total expenses	<u>17,736,517</u>	<u>16,640,700</u>	<u>28,820,974</u>	<u>28,818,833</u>	<u>46,557,491</u>	<u>45,459,532</u>
Change in net position before transfers	<u>1,968,054</u>	<u>1,844,374</u>	<u>3,478,686</u>	<u>4,823,870</u>	<u>5,446,740</u>	<u>6,668,244</u>
Transfers, net	<u>(49,165)</u>	<u>(52,911)</u>	<u>49,165</u>	<u>52,911</u>	<u>-</u>	<u>-</u>
Change in net position	<u>1,918,889</u>	<u>1,791,463</u>	<u>3,527,851</u>	<u>4,876,781</u>	<u>5,446,740</u>	<u>6,668,244</u>
Net position, beginning 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>
Net position, end of year	<u>\$ 22,490,272</u>	<u>20,571,383</u>	<u>71,706,838</u>	<u>68,178,987</u>	<u>94,197,110</u>	<u>88,750,370</u>

The City of Peru, Illinois' change in net position of governmental activities was \$1,918,889 during the year. Revenues for governmental activities increased \$1,219,497 over the prior year.

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Government-wide Financial Analysis – (Continued):

The cost of all governmental activities this year was \$17,736,517 compared to \$16,640,700 last year. However, as shown in the Statement of Activities on page 12, the amount taxpayers ultimately financed for these activities was only \$13,394,743 because some of the cost was paid by those who directly benefitted from the programs (\$4,007,991) or by other governments and organizations which subsidized certain programs with operating and capital gains and contributions (\$333,783).

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 \$3,527,851 during the year. Revenues for business type activities decreased by (\$1,343,043) over the prior fiscal year and the total expenses increased \$2,141.

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 \$10,757,769, which is \$69,587 less than the \$10,827,356 total fund balance at April 30, 2019.

The fund balance of the General Fund at April 30, 2020 was \$9,129,149. This represented a decrease of \$594,827 during the year. The City expected a deficit for the period. The cost of the Police building redevelopment project exceeded \$3 million during the year.

Proprietary Fund Highlights

The net position of the Utility Fund at April 30, 2020 was \$60,963,941. This represented an increase of \$4,113,945 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 \$3,632,163. 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 \$977,483. Capital improvements for the year ended April 30, 2020 included \$1,179,556 of sewer separation work.

The net position balance of the Landfill Fund at April 30, 2020 was \$1,244,670. This represented a decrease of (\$21,039) 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). 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, 2020 was \$9,498,227. This represented a decrease of (\$565,055) from the prior year. Airport revenue is generated from T-hanger rentals, renting of surrounding farm land, and land leases. Airport projects are dependent on funds from the Department of Aeronautics (both Federal and State). Depreciation is the largest expense for the Airport. Depreciation expense for the year ended April 30, 2020 was \$592,397.

CITY OF PERU, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Budgetary Highlights

The City exceeded the budgeted amount in the General and Garbage Funds for the year ended April 30, 2020. More information is presented in Note 17 to the financial statements.

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 \$26,209,068 (net of accumulated depreciation/amortization) at April 30, 2020. Capital assets for business type activities totaled \$61,613,014 (net of accumulated depreciation) at April 30, 2020. See Note 4 to the financial statements for more information about the City's capital assets.

Long-term Debt

At April 30, 2020, the City had \$21,893 of outstanding notes for governmental activities. Business type activities had \$10,632,307 of outstanding notes, general obligation bonds and revenue bonds, net of discounts and premiums at April 30, 2020.

Moody's Investors Service increased the City's debt rating from A1 to AA3 in 2019. 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, 2020, the City's general obligation debt limitation was \$23,174,001. 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

Sales tax generation continues to be the City's primary governmental revenue source. The City receives 1% sales tax under the State of Illinois' Retailer's Occupation Tax legislation and an additional 1% sales tax from local Home Rule ordinances. Combined sales tax for the year ending April 30, 2020 remained consistent compared to year ending April 30, 2019. The city budgeted a 15% decrease in combined sales tax for fiscal year 2021. The budgeted decrease is due to the adverse impact that COVID-19 closings and restrictions will likely have on community retail. Pandemic regulations will continue to have an impact on retail and other travel dependent city revenues deep into fiscal year 2021. Utility Fund revenues are also expected to decrease in fiscal year 2021. Commercial customers faced similar economic challenges from the viral pandemic. Utility revenues are forecasted to return faster than governmental revenues.

The city forecasts Motor Fuel, Motel Hotel, Income, and Video Gaming taxes all to be down approximately 10% in fiscal year 2021 due to the related restrictions noted above. The city's unexpected increase in Motor Fuel Tax allotment offsets the impact of the lost revenue.

City property taxes rates in 2019 decreased from 2018. Taxpayers with the median home value of \$115,000 saw a decrease of .80c 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. The estimate of the equalized assessed value forecasts an increase of 1.14% in the City-wide equalized assessed value for the year ending April 30, 2020.

CITY OF PERU, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

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, 2020
(With Comparative Figures for April 30, 2019)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2020	2019
ASSETS				
Cash and cash equivalents	\$ 8,394,368	6,822,964	15,217,332	13,755,470
Investments	2,470,612	11,222,610	13,693,222	14,774,931
Receivables:				
Property taxes	1,512,563	-	1,512,563	1,693,478
Sales taxes	1,533,607	-	1,533,607	1,489,351
Telecommunications taxes	43,407	-	43,407	49,154
Home rule sales taxes	861,473	-	861,473	957,553
Motor fuel taxes	30,534	-	30,534	22,788
State income taxes	253,731	-	253,731	345,680
Replacement taxes	28,916	-	28,916	52,781
Accounts receivable	-	2,904,837	2,904,837	2,072,460
Other	166,370	12,857	179,227	228,992
Prepaid expenses	226,119	524,002	750,121	880,301
Accrued interest	-	25,517	25,517	25,517
Inventory	-	498,321	498,321	640,397
Internal balances	175,172	(175,172)	-	-
Restricted cash and cash equivalents	-	2,446,844	2,446,844	2,681,936
Restricted investments	-	521,554	521,554	379,341
Capital assets, net of accumulated depreciation	26,209,068	61,613,014	87,822,082	84,500,087
Total assets	41,905,940	86,417,348	128,323,288	124,550,217
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding loss	-	363,694	363,694	500,280
Pension-related deferred outflows	4,704,192	766,419	5,470,611	6,928,087
Total deferred outflows	4,704,192	1,130,113	5,834,305	7,428,367
LIABILITIES				
Cash overdrafts	-	132,116	132,116	98,253
Accounts payable	1,914,436	2,123,232	4,037,668	3,936,106
Accrued interest payable	-	119,570	119,570	148,094
Salaries and benefits payable	129,599	-	129,599	240,183
Refundable customer deposits	-	623,323	623,323	624,245
Long-term liabilities:				
Due within one year:				
Notes payable	21,893	230,328	252,221	511,377
General obligation bonds payable	-	475,000	475,000	1,405,000
Revenue bonds payable	-	625,000	625,000	595,000
Compensated absences	225,767	84,339	310,106	285,990
Due in more than one year:				
Notes payable	-	2,763,937	2,763,937	2,994,265
General obligation bonds payable	-	6,538,042	6,538,042	7,050,461
Revenue bonds payable	-	-	-	632,402
Compensated absences	274,702	302,459	577,161	571,689
Net OPEB liability	573,203	234,125	807,328	773,152
Net pension liability	16,346,022	53,557	16,399,579	19,034,174
Estimated post-closure care	-	318,999	318,999	318,999
Total liabilities	19,485,622	14,624,027	34,109,649	39,219,390
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property tax	1,341,563	-	1,341,563	1,532,478
Pension-related deferred inflows	3,292,675	1,216,596	4,509,271	2,476,346
Total deferred inflows	4,634,238	1,216,596	5,850,834	4,008,824
NET POSITION				
Net investment in capital assets	26,187,175	50,980,707	77,167,882	71,311,582
Restricted for:				
Debt service	-	2,993,915	2,993,915	3,086,794
Public safety services	1,001,157	-	1,001,157	718,199
Streets and public improvements	973,882	-	973,882	585,559
Urban renewal purposes	334,480	-	334,480	232,764
Economic development	81,831	-	81,831	81,798
Other purposes	2,364,441	-	2,364,441	2,481,221
Unrestricted	(8,452,694)	17,732,216	9,279,522	10,252,453
Total net position	\$ 22,490,272	71,706,838	94,197,110	88,750,370

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

Statement of Activities
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	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	
							2020	2019
Primary government:								
Governmental activities:								
General government	\$ 6,981,019	3,207,347	333,783	-	(3,439,889)	-	(3,439,889)	(3,914,073)
Public safety	6,058,406	33,530	-	-	(6,024,876)	-	(6,024,876)	(5,527,577)
Public works	2,493,139	-	-	-	(2,493,139)	-	(2,493,139)	(2,536,890)
Health and welfare	1,066,515	766,075	-	-	(300,440)	-	(300,440)	(306,095)
Culture and recreation	812,049	1,039	-	-	(811,010)	-	(811,010)	(712,882)
Payments under intergovernmental agreements	319,281	-	-	-	(319,281)	-	(319,281)	(272,840)
Unallocated interest on long-term debt	6,109	-	-	-	(6,109)	-	(6,109)	(9,154)
Total governmental activities	<u>17,736,517</u>	<u>4,007,991</u>	<u>333,783</u>	<u>-</u>	<u>(13,394,743)</u>	<u>-</u>	<u>(13,394,743)</u>	<u>(13,279,512)</u>
Business-type activities:								
Utility fund	28,044,062	31,285,272	422,237	-	-	3,663,447	3,663,447	3,707,905
Landfill	78,011	41,668	-	-	-	(36,343)	(36,343)	13,712
Airport	698,901	73,493	-	-	-	(625,408)	(625,408)	607,814
Total business-type activities	<u>28,820,974</u>	<u>31,400,433</u>	<u>422,237</u>	<u>-</u>	<u>-</u>	<u>3,001,696</u>	<u>3,001,696</u>	<u>4,329,431</u>
Total primary government	<u>\$ 46,557,491</u>	<u>35,408,424</u>	<u>756,020</u>	<u>-</u>	<u>(13,394,743)</u>	<u>3,001,696</u>	<u>(10,393,047)</u>	<u>(8,950,081)</u>
General revenues:								
Property taxes, levied for general purposes					\$ 1,066,115	-	1,066,115	951,242
Sales tax					6,303,939	-	6,303,939	6,213,475
Income tax					1,012,602	-	1,012,602	1,064,408
Home rule sales tax					4,002,916	-	4,002,916	4,066,516
Hotel/motel tax					381,804	-	381,804	451,364
Telecommunications tax					175,513	-	175,513	204,945
Local use tax					360,252	-	360,252	313,000
Cannabis use tax					1,685	-	1,685	-
Video gaming tax					235,353	-	235,353	250,802
Replacement tax					229,850	-	229,850	193,518
Motor fuel tax					381,731	-	381,731	268,668
Interest income					189,409	349,144	538,553	456,802
Fines and penalties					114,348	-	114,348	242,166
Telcom tower proceeds					66,490	-	66,490	48,616
Other					840,790	127,846	968,636	892,803
Transfers					(49,165)	49,165	-	-
Total general revenues					<u>15,313,632</u>	<u>526,155</u>	<u>15,839,787</u>	<u>15,618,325</u>
Change in net position					1,918,889	3,527,851	5,446,740	6,668,244
Net position, beginning of year					<u>20,571,383</u>	<u>68,178,987</u>	<u>88,750,370</u>	<u>82,082,126</u>
Net position, end of year					<u>\$ 22,490,272</u>	<u>71,706,838</u>	<u>94,197,110</u>	<u>88,750,370</u>

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

Balance Sheet - Governmental Funds

April 30, 2020

(With Comparative Figures for April 30, 2019)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2020	2019
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,174,411	1,694,753	7,869,164	7,260,073
Investments	2,470,612	-	2,470,612	2,742,223
Receivables:				
Property taxes	951,480	561,083	1,512,563	1,693,478
Sales taxes	1,533,607	-	1,533,607	1,489,351
Telecommunications taxes	43,407	-	43,407	49,154
Home rule sales taxes	861,473	-	861,473	957,553
Motor fuel taxes	-	30,534	30,534	22,788
State income taxes	253,731	-	253,731	345,680
Replacement taxes	28,916	-	28,916	52,781
Other	102,308	64,062	166,370	216,135
Due from other funds	267,595	-	267,595	318,926
Prepaid expenses	226,119	-	226,119	206,079
Total assets	\$ 12,913,659	2,350,432	15,264,091	15,354,221
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	1,846,130	68,306	1,914,436	1,525,942
Salaries and benefits payable	129,599	-	129,599	240,183
Due to other funds	-	92,423	92,423	92,845
Total liabilities	1,975,729	160,729	2,136,458	1,858,970
Deferred inflows of resources:				
Succeeding year property tax	780,480	561,083	1,341,563	1,532,478
Unavailable revenues	1,028,301	-	1,028,301	1,135,417
Total deferred inflows	1,808,781	561,083	2,369,864	2,667,895
Fund balances:				
Non-spendable:				
Prepaid expenses	226,119	-	226,119	206,079
Parkside school	890,844	-	890,844	916,546
Assigned - municipal pool	132,108	-	132,108	130,287
Committed - motel tax	839,126	-	839,126	527,522
Restricted for:				
Public safety services	771,214	229,943	1,001,157	718,199
Streets and public improvements	-	973,882	973,882	585,559
Urban renewal purposes	-	334,480	334,480	232,764
Economic development	-	81,831	81,831	81,798
Other purposes	2,280,473	83,968	2,364,441	2,481,221
Unassigned	3,989,265	(75,484)	3,913,781	4,947,381
Total fund balances	9,129,149	1,628,620	10,757,769	10,827,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,913,659	2,350,432	15,264,091	15,354,221

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

Balance Sheet - Governmental Funds
April 30, 2020
(With Comparative Figures for April 30, 2019)

	2020	2019
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	\$ 10,757,769	10,827,356
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 \$55,321,793 and the accumulated depreciation is \$29,112,725.	26,209,068	23,864,557
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.	1,028,301	1,135,417
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	4,704,192	5,740,973
Deferred inflows of resources	(3,292,675)	(1,852,037)
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.	525,204	96,889
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)
Notes payable	(21,893)	(108,093)
Compensated absences	(500,469)	(490,813)
Net OPEB liability	(573,203)	(548,515)
Net pension liability / asset	(16,346,022)	(18,094,141)
Net position of governmental activities	<u>\$ 22,490,272</u>	<u>20,571,383</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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2020	2019
Revenues:				
Taxes	\$ 12,751,241	896,054	13,647,295	13,471,132
Intergovernmental revenue	563,633	381,731	945,364	522,978
Licenses and permits	1,450,794	-	1,450,794	1,491,188
Fines and penalties	86,402	27,946	114,348	242,166
Charges for services	33,530	767,114	800,644	749,795
Interest income	181,538	7,760	189,298	180,628
Cell tower proceeds	66,490	-	66,490	48,616
Other	616,933	46,429	663,362	649,332
Total revenues	15,750,561	2,127,034	17,877,595	17,355,835
Expenditures:				
Current:				
General government	4,597,390	412,782	5,010,172	5,609,728
Public safety	5,225,162	24,679	5,249,841	4,899,090
Public works	1,752,733	-	1,752,733	1,816,930
Health and welfare	271,638	794,877	1,066,515	1,025,381
Culture and recreation	640,812	57,990	698,802	687,330
Debt service:				
Principal	86,200	-	86,200	84,291
Interest	6,319	-	6,319	9,665
Capital outlay	4,214,036	45,020	4,259,056	2,640,601
Payments under intergovernmental agreements	-	319,281	319,281	272,840
Total expenditures	16,794,290	1,654,629	18,448,919	17,045,856
Excess (deficiency) of revenues over (under) expenditures	(1,043,729)	472,405	(571,324)	309,979
Other financing sources (uses):				
Proceeds from the sale of capital assets	550,902	-	550,902	25,177
Transfers from other funds	10,000	117,697	127,697	177,586
Transfers to other funds	(112,000)	(64,862)	(176,862)	(230,497)
Total other financing sources (uses)	448,902	52,835	501,737	(27,734)
Changes in fund balances	(594,827)	525,240	(69,587)	282,245
Fund balances, beginning of year	9,723,976	1,103,380	10,827,356	10,545,111
Fund balances, end of year	\$ 9,129,149	1,628,620	10,757,769	10,827,356

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020	2019
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	\$ (69,587)	282,245
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	4,102,183	2,874,440
Depreciation expense	(1,384,198)	(1,257,481)
In the Statement of Activities, the gain or loss on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.	(373,474)	-
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.	(107,116)	44,620
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.	428,315	25,026
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.	(2,477,419)	3,883,562
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	210	511
Compensated absences	(9,656)	10,107
Change in OPEB liability	(24,688)	(29,084)
Change in Pension liability	1,748,119	(4,126,774)
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.	86,200	84,291
Change in net position of governmental activities	<u>\$ 1,918,889</u>	<u>1,791,463</u>

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

Statement of Net Position - Proprietary Funds
 April 30, 2020
 (With Comparative Figures for April 30, 2019)

	Enterprise Funds			Total		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	2020	2019	Self Insurance Fund 2020
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,405,052	417,912	-	6,822,964	6,398,508	525,204
Investments	10,772,610	450,000	-	11,222,610	12,032,708	-
Accounts receivable, net	2,874,843	23,537	6,457	2,904,837	2,072,460	-
Other receivables, net	-	-	12,857	12,857	12,857	-
Prepaid expenses	511,902	90	12,010	524,002	674,222	-
Inventory	498,321	-	-	498,321	640,397	-
Total current assets	21,062,728	891,539	31,324	21,985,591	21,831,152	525,204
Non-current assets:						
Restricted assets:						
Restricted cash and cash equivalents	2,314,927	131,917	-	2,446,844	2,681,936	-
Restricted investments	280,274	241,280	-	521,554	379,341	-
Accrued interest	24,712	795	10	25,517	25,517	-
Total non-current assets	2,619,913	373,992	10	2,993,915	3,086,794	-
Capital assets:						
Land	1,902,579	210,000	5,315,000	7,427,579	7,357,579	-
Construction in progress	3,261,040	-	-	3,261,040	1,847,164	-
Buildings	16,241,893	359,597	1,750,727	18,352,217	18,352,217	-
Machinery and equipment	49,767,273	835,488	413,295	51,016,056	50,891,536	-
Land improvements	1,191,690	9,440	1,007,586	2,208,716	2,208,716	-
Infrastructure	60,905,263	-	13,393,620	74,298,883	71,800,726	-
Total capital assets at cost	133,269,738	1,414,525	21,880,228	156,564,491	152,457,938	-
Less: Accumulated depreciation	81,568,273	1,114,922	12,268,282	94,951,477	91,822,408	-
Total capital assets	51,701,465	299,603	9,611,946	61,613,014	60,635,530	-
Total assets	75,384,106	1,565,134	9,643,280	86,592,520	85,553,476	525,204
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding loss	363,694	-	-	363,694	500,280	-
Pension related deferred outflows	766,419	-	-	766,419	1,187,114	-
Total deferred outflows of resources	1,130,113	-	-	1,130,113	1,687,394	-
LIABILITIES						
Current liabilities:						
Cash overdrafts	-	-	132,116	132,116	98,253	-
Accounts payable	2,108,830	1,465	12,937	2,123,232	2,410,164	-
Accrued interest payable	119,570	-	-	119,570	147,884	-
Compensated absences	84,339	-	-	84,339	80,834	-
Due to other funds	175,172	-	-	175,172	226,081	-
Refundable customer deposits	623,323	-	-	623,323	624,245	-
Notes payable	230,328	-	-	230,328	403,284	-
General obligation bonds payable	475,000	-	-	475,000	1,405,000	-
Revenue bonds payable	625,000	-	-	625,000	595,000	-
Total current liabilities	4,441,562	1,465	145,053	4,588,080	5,990,745	-
Non-current liabilities:						
Compensated absences	302,459	-	-	302,459	286,032	-
Notes payable	2,763,937	-	-	2,763,937	2,994,265	-
General obligation bonds payable	6,538,042	-	-	6,538,042	7,050,461	-
Revenue bonds payable	-	-	-	-	632,402	-
Net OPEB liability	234,125	-	-	234,125	224,637	-
Net pension liability	53,557	-	-	53,557	940,033	-
Estimated post-closure care	-	318,999	-	318,999	318,999	-
Total non-current liabilities	9,892,120	318,999	-	10,211,119	12,446,829	-
Total liabilities	14,333,682	320,464	145,053	14,799,199	18,437,574	-
DEFERRED INFLOWS OF RESOURCES						
Pension-related deferred inflows	1,216,596	-	-	1,216,596	624,309	-
NET POSITION						
Net investment in capital assets	41,069,158	299,603	9,611,946	50,980,707	47,555,118	-
Restricted	2,619,913	373,992	10	2,993,915	3,086,794	-
Unrestricted	17,274,870	571,075	(113,729)	17,732,216	17,537,075	525,204
Total net position	\$ 60,963,941	1,244,670	9,498,227	71,706,838	68,178,987	525,204

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Enterprise Funds			Total Proprietary Funds		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	2020	2019	Self Insurance Fund 2020
Operating revenues:						
Charges for services	\$ 31,163,243	41,668	6,336	31,211,247	31,597,230	1,756,553
Other charges and rentals	122,029	-	67,157	189,186	331,070	-
Total operating revenues	31,285,272	41,668	73,493	31,400,433	31,928,300	1,756,553
Operating expenses:						
General and administrative	2,435,546	70,347	106,504	2,612,397	2,289,799	467,306
Power and generating plant	17,225,109	-	-	17,225,109	17,052,208	-
Distribution system	2,856,850	-	-	2,856,850	2,495,110	-
Hydroelectric plant	195,379	-	-	195,379	325,598	-
Street lighting	38,034	-	-	38,034	12,635	-
Truck expenses	113,860	-	-	113,860	116,603	-
Other plant expenses	1	-	-	1	420	-
Pumping and purification	1,749,343	-	-	1,749,343	1,545,014	-
Sewerage system, disposal plant	509,978	-	-	509,978	521,734	-
Insurance premiums and claims	-	-	-	-	-	861,043
Depreciation	2,529,009	7,664	592,397	3,129,070	4,010,116	-
Total operating expenses	27,653,109	78,011	698,901	28,430,021	28,369,237	1,328,349
Operating income (loss)	3,632,163	(36,343)	(625,408)	2,970,412	3,559,063	428,204
Non-operating revenues (expenses):						
Interest income	333,832	15,304	8	349,144	276,145	111
Rental income	66,981	-	10,672	77,653	131,130	-
Farm income	-	-	49,673	49,673	79,435	-
Grant revenues	422,237	-	-	422,237	1,219,964	-
Miscellaneous	520	-	-	520	7,729	-
Interest expense	(390,953)	-	-	(390,953)	(449,596)	-
Total non-operating revenues (expenses)	432,617	15,304	60,353	508,274	1,264,807	111
Income (loss) before transfers	4,064,780	(21,039)	(565,055)	3,478,686	4,823,870	428,315
Operating transfers in (out)	49,165	-	-	49,165	52,911	-
Change in net position	4,113,945	(21,039)	(565,055)	3,527,851	4,876,781	428,315
Net position, beginning of year	56,849,996	1,265,709	10,063,282	68,178,987	63,302,206	96,889
Net position, end of year	\$ 60,963,941	1,244,670	9,498,227	71,706,838	68,178,987	525,204

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

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	Total Proprietary Funds	
				2020	2019
Cash flows from operating activities:					
Receipts from customers	\$ 30,447,545	46,402	73,187	30,567,134	32,826,471
Payments to employees	(1,609,001)	-	-	(1,609,001)	(1,647,467)
Payments to suppliers	(24,474,309)	(73,522)	(133,540)	(24,681,371)	(21,148,691)
Net cash provided by (used in) operating activities	4,364,235	(27,120)	(60,353)	4,276,762	10,030,313
Cash flows from noncapital financing activities:					
Internal advances	49,165	-	-	49,165	(453,575)
Proceeds from grants	422,237	-	-	422,237	14,268
Net cash provided by (used in) noncapital financing activities	471,402	-	-	471,402	(439,307)
Cash flows from capital and related financing activities:					
Capital assets acquired	(4,106,554)	-	-	(4,106,554)	(5,448,254)
Principal payments on notes payable	(403,284)	-	-	(403,284)	(398,833)
Principal payments on G.O. bonds payable	(1,442,419)	-	-	(1,442,419)	(1,439,892)
Principal payments on revenue bonds payable	(602,402)	-	-	(602,402)	(557,401)
Interest payments	(419,267)	-	-	(419,267)	(488,958)
Deferred bond cost on bond refunding	(136,586)	-	-	(136,586)	(137,692)
Net cash provided by (used in) capital financing activities	(7,110,512)	-	-	(7,110,512)	(8,471,030)
Cash flows from investing activities:					
Rental and miscellaneous sale income	67,501	-	60,345	127,846	194,591
Interest received	333,832	15,304	8	349,144	276,145
Net sales (purchases) of investments	2,100,377	(25,655)	-	2,074,722	(2,574,601)
Net cash provided by (used in) investing activities	2,501,710	(10,351)	60,353	2,551,712	(2,103,865)
Net change in cash and cash equivalents	226,835	(37,471)	-	189,364	(983,889)
Cash and cash equivalents, beginning of year	8,493,144	587,300	-	9,080,444	10,064,333
Cash and cash equivalents, end of year	\$ 8,719,979	549,829	-	9,269,808	9,080,444
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,632,163	(36,343)	(625,408)	2,970,412	3,559,063
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	2,529,009	7,664	592,397	3,129,070	4,010,116
Effects of changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(836,805)	4,734	(306)	(832,377)	917,277
(Increase) decrease in prepaid expenses	151,778	(5)	(1,553)	150,220	67,843
(Increase) decrease in inventory	142,076	-	-	142,076	21,195
(Increase) decrease in deferred outflows of resources	420,695	-	-	420,695	(857,258)
Increase (decrease) in cash overdrafts	-	-	33,863	33,863	72,421
Increase (decrease) in accounts payable	(224,416)	(3,170)	(59,346)	(286,932)	211,718
Increase (decrease) in compensated absences	19,932	-	-	19,932	112,576
Increase (decrease) in refundable customer deposits	(922)	-	-	(922)	4,597
Increase (decrease) in deferred inflows of resources	(592,287)	-	-	(592,287)	655,133
Increase (decrease) in net OPEB liability	9,488	-	-	9,488	11,911
Increase (decrease) in net pension liability	(886,476)	-	-	(886,476)	1,243,721
Net cash provided by (used in) operating activities	\$ 4,364,235	(27,120)	(60,353)	4,276,762	10,030,313

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

Statement of Fiduciary Net Position - Fiduciary Funds
April 30, 2020
(With Comparative Figures for April 30, 2019)

		<u>Pension Trust Funds</u>	
		<u>2020</u>	<u>2019</u>
	<u>ASSETS</u>		
Cash and cash equivalents		\$ 1,355,077	954,807
Investments		12,195,799	11,642,897
Accrued interest		27,623	33,346
Total assets		<u>\$ 13,578,499</u>	<u>12,631,050</u>
	<u>NET POSITION</u>		
Held in trust for pension benefits		<u>\$ 13,578,499</u>	<u>12,631,050</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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Pension Trust Funds	
	2020	2019
Additions:		
Contributions:		
Employer contributions	\$ 1,757,119	1,590,230
Plan member contributions	201,728	193,389
Total contributions	1,958,847	1,783,619
Net investment income:		
Net change in fair value of investments	(317,743)	(32,657)
Investment income	500,864	573,187
Total investment income	183,121	540,530
Less: Investment expense	37,225	35,399
Net investment income	145,896	505,131
Total additions	2,104,743	2,288,750
Deductions:		
Administrative	6,680	7,433
Benefit payments, including member refunds	1,150,614	1,122,667
Total deductions	1,157,294	1,130,100
Changes in net position	947,449	1,158,650
Net position, beginning of year	12,631,050	11,472,400
Net position, end of year	\$ 13,578,499	12,631,050

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, 2020

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, 2020

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:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Capital assets, net of accumulated depreciation	\$ 26,209,068	61,613,014	87,822,082
Less:			
Notes payable	(21,893)	(2,994,265)	(3,016,158)
General obligation bonds payable	-	(7,013,042)	(7,013,042)
Revenue bonds payable	-	(625,000)	(625,000)
Net investment in capital assets	<u>\$ 26,187,175</u>	<u>50,980,707</u>	<u>77,167,882</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, 2020

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, 2020

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, 2020

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, 2020

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 Firefighters' 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 2018 property tax levy (\$1,532,478) are used to finance the operating budget of the fiscal year ending April 30, 2020. Although the 2019 property tax levy receivable has been recorded, the related revenue (\$1,341,563) 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, 2020

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 an 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, 2020, 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, 2020

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, 2020

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, 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. Retired employees can buy back sick time for 50% in cash as well.

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, 2020.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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 pension 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, 2020

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 \$2,092,326 of restricted home rule sales tax receipts, \$101,529 of restricted Cemetery reserve donations, as well as \$58,168 restricted for recreational purposes and \$28,450 restricted for COVID-19 expenditures.

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, 2020

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 \$17,532,060, including petty cash. Bank balances totaled \$18,109,470. Cash on hand was \$1,500.

At year-end, the carrying amount of the City's trust fund deposits was \$1,355,077. Bank balances also totaled \$1,355,077.

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, 2020, all of the City's uninsured deposits were fully collateralized.

Investments

As of April 30, 2020, 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	\$ 14,175,219	6,060,690	8,114,529	-	-
Mutual funds	39,557	39,557	-	-	-
Total	<u>\$ 14,214,776</u>	<u>6,100,247</u>	<u>8,114,529</u>	<u>-</u>	<u>-</u>

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

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 a Safekeeping account with Vinings Sparks. 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, 2020

NOTE 3: FAIR VALUE MEASUREMENTS – (CONTINUED)

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

	Balance at April 30, 2020	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	\$ 14,175,219	-	14,175,219	-
Mutual funds	39,557	39,557	-	-
Total investments	\$ 14,214,776	39,557	14,175,219	-

The fair value of certificates of deposit at April 30, 2020, 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, 2020 was as follows:

	Balance as of April 30, 2019	Additions	Deletions	Balance as of April 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,864,001	-	(373,473)	1,490,528
Construction in progress	42,475	3,071,215	-	3,113,690
Total capital assets not being depreciated	1,906,476	3,071,215	(373,473)	4,604,218
Capital assets being depreciated:				
Buildings	6,629,215	-	-	6,629,215
Machinery and equipment	5,163,531	222,773	-	5,386,304
Land improvements	472,138	-	-	472,138
Infrastructure	37,421,724	808,194	-	38,229,918
Total capital assets being depreciated	49,686,608	1,030,967	-	50,717,575
Total capital assets	51,593,084	4,102,182	(373,473)	55,321,793
Less accumulated depreciation:				
Buildings	1,887,539	171,127	-	2,058,666
Machinery and equipment	4,359,063	209,340	-	4,568,403
Land improvements	396,328	14,549	-	410,877
Infrastructure	21,085,597	989,182	-	22,074,779
Total accumulated depreciation:	27,728,527	1,384,198	-	29,112,725
Total capital assets being depreciated, net	21,958,081	(353,231)	-	21,604,850
Governmental activities capital assets, net	\$ 23,864,557	2,717,984	(373,473)	26,209,068

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 4: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Depreciation for governmental activities in the current fiscal year was \$1,384,198 and was allocated as follows:

General government	\$ 455,170
Public safety	307,727
Public works	<u>621,301</u>
Total depreciation – governmental activities	<u>\$ 1,384,198</u>

Construction in progress at April 30, 2020 is the result of the Peoria Street expansion, Unytite extension, the police station, and other road/parking lot projects, which are anticipated to be completed in the next fiscal year.

Significant capital additions for the year included multiple police vehicles (\$90,214), City Hall security system (\$49,840), 2019 Ford F-550 (\$45,015), 2020 Street Program (\$685,851) and Cemetery Road resurfacing (\$122,344).

Capital asset activity for business-type activities for the year ended April 30, 2020 was as follows:

	Balance as of April 30, 2019	Additions	Deletions	Balance as of April 30, 2020
Capital assets not being depreciated:				
Land	\$ 7,357,579	70,000	-	7,427,579
Construction in progress	1,847,164	1,683,225	(269,349)	3,261,040
Total capital assets not being depreciated	<u>9,204,743</u>	<u>1,753,225</u>	<u>(269,349)</u>	<u>10,688,619</u>
Depreciable capital assets:				
Buildings	18,352,217	-	-	18,352,217
Machinery and equipment	50,891,536	124,520	-	51,016,056
Land improvements	2,208,716	-	-	2,208,716
Infrastructure	71,800,726	2,498,157	-	74,298,883
Total depreciable capital assets:	<u>143,253,195</u>	<u>2,622,677</u>	<u>-</u>	<u>145,875,872</u>
Total capital assets	<u>152,457,938</u>	<u>4,375,902</u>	<u>(269,349)</u>	<u>156,564,491</u>
Less accumulated depreciation:				
Buildings	7,726,302	346,058	-	8,072,360
Machinery and equipment	44,830,152	816,108	-	45,646,260
Land improvements	1,624,664	85,210	-	1,709,874
Infrastructure	37,641,290	1,881,694	-	39,522,983
Total accumulated depreciation	<u>91,822,408</u>	<u>3,129,070</u>	<u>-</u>	<u>94,951,477</u>
Total capital assets being depreciated, net	<u>51,430,787</u>	<u>(506,393)</u>	<u>-</u>	<u>50,924,395</u>
Business-type activities capital assets, net	<u>\$ 60,635,530</u>	<u>1,246,832</u>	<u>(269,349)</u>	<u>61,613,014</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 4: CHANGES IN CAPITAL ASSETS – (CONTINUED)

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

Utility	\$ 2,529,009
Landfill	7,664
Airport	<u>592,397</u>
Total depreciation – business type activities	<u>\$ 3,129,070</u>

Construction in progress at April 30, 2020 includes multiple water main projects, and an AMI meter system. All projects are projected to be completed in the following fiscal year.

Significant capital additions for the year included land for substation (\$70,000), a flood proofing project (\$703,601), sewer separation project (\$1,179,556), and multiple vehicles (\$124,520).

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2020, was as follows:

	Balance at April 30, 2019	Additions	Deductions	Balance at April 30, 2020	Due Within One Year
Governmental Activities					
Notes Payable	\$ 108,093	-	86,200	21,893	21,893
Compensated Absences (Note 1)	490,813	214,812	205,156	500,469	225,767
Net OPEB Liability (Note 8)	548,515	54,268	29,580	573,203	-
Net Pension Liability (Asset) (Note 7)	18,094,141	2,687,783	4,435,902	16,346,022	-
Total Governmental Activities	<u>\$ 19,241,562</u>	<u>2,956,863</u>	<u>4,756,838</u>	<u>17,441,587</u>	<u>247,660</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 8,310,000	-	1,405,000	6,905,000	475,000
Revenue Bonds Payable	1,220,000	-	595,000	625,000	625,000
Bond Premium/(Discount), Net	152,863	-	52,293	108,042	-
Notes Payable	3,397,549	-	403,284	2,994,265	230,328
Compensated Absences (Note 1)	366,866	100,766	80,834	386,798	84,339
Net OPEB Liability (Note 8)	224,637	22,166	12,678	234,125	-
Net Pension Liability (Asset) (Note 7)	940,033	208,752	1,095,228	53,557	-
Estimated Postclosure Care (Note 11)	318,999	-	-	318,999	-
Total Business-Type Activities	<u>\$ 14,930,947</u>	<u>331,684</u>	<u>3,644,317</u>	<u>11,625,786</u>	<u>1,414,667</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020 was \$5,575,000.

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 full amount has been paid off as of April 30, 2020.

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, 2020 was \$1,330,000.

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 full amount has been paid off as of April 30, 2020.

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

General Obligation Bonds			
Year Ending April 30,	Principal	Interest	Total P&I
2021	\$ 475,000	213,215	688,215
2022	1,155,000	847	1,155,847
2023	1,125,000	174,098	1,299,098
2024	1,160,000	137,148	1,297,148
2025	1,195,000	98,620	1,293,620
2026-2030	1,795,000	148,188	1,943,188
	<u>\$ 6,905,000</u>	<u>772,116</u>	<u>7,677,116</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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 \$638,282. For the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$634,206 and \$6,161,208 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, 2020, 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, 2020

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
2021	\$ 625,000	13,282	638,282

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, 2020 was \$21,893.

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, 2020 was \$2,994,265.

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

Year Ending April 30,	Notes Payable - Governmental			Notes Payable - Business Type		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 21,893	126	22,019	230,328	-	230,328
2022	-	-	-	230,328	-	230,328
2023	-	-	-	230,328	-	230,328
2024	-	-	-	230,328	-	230,328
2025	-	-	-	230,328	-	230,328
2026-2030	-	-	-	1,151,641	-	1,151,641
2031-2033	-	-	-	690,983	-	690,983
Total	\$ 21,893	126	22,019	2,994,265	-	2,994,265

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020:

Assessed valuation (2019)		<u>\$ 268,684,066</u>
Statutory debt limitation (8.625%)		\$ 23,174,001
Outstanding debt:		
General obligation bonds	\$ 6,905,000	
Revenue bonds payable	625,000	
Notes payable	<u>3,016,158</u>	
Total	<u>10,546,158</u>	
Less amounts not included in the debt limitation:		
Revenue bonds payable	(625,000)	
Illinois EPA loans	<u>(2,994,265)</u>	
Total	<u>(3,619,265)</u>	
Total debt applicable to the debt limitation		<u>6,926,893</u>
Legal debt margin		<u>\$ 16,247,108</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	\$ 131,122	53,557	184,679
Police Pension	14,842,680	-	14,842,680
Firemen's Pension	<u>1,372,220</u>	-	<u>1,372,220</u>
Total net pension liabilities	<u>\$ 16,346,022</u>	<u>53,557</u>	<u>16,399,579</u>
Deferred outflows related to pensions:			
IMRF	\$ 1,876,405	766,419	2,642,824
Police Pension	2,601,935	-	2,601,935
Firemen's Pension	<u>225,852</u>	-	<u>225,852</u>
Total deferred outflows	<u>\$ 4,704,192</u>	<u>766,419</u>	<u>5,470,611</u>
Deferred inflows related to pensions:			
IMRF	\$ 2,978,561	1,216,596	4,195,157
Police Pension	40,372	-	40,372
Firemen's Pension	<u>273,742</u>	-	<u>273,742</u>
Total deferred inflows	<u>\$ 3,292,675</u>	<u>1,216,596</u>	<u>4,509,271</u>
Pension expense:			
IMRF	\$ 511,084	208,752	719,836
Police Pension	2,007,256	-	2,007,256
Firemen's Pension	<u>169,443</u>	-	<u>169,443</u>
Total pension expense	<u>\$ 2,687,783</u>	<u>208,752</u>	<u>2,896,535</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Membership

As of December 31, 2019, the City’s plan membership consisted of the following:

Retirees and beneficiaries	79
Inactive, non-retired members	37
Active members	<u>51</u>
Total	<u><u>167</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 2019 and the fiscal year ended April 30, 2020 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 - 2019	7.52%
City contribution rate - 2020	10.77%
City contributions - 2019	\$ 253,023
City contributions - fiscal year 2020	\$ 299,671

Net Pension Liability (Asset)

The City’s net pension liability (asset) was measured as of December 31, 2019. 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, 2020

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, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was 5-Year smoothed market, 20% corridor.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% 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, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	<u>1%</u>	1.85%
Total	<u>100%</u>	

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

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, 2019 valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, 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, 2018	\$ 28,703,463	25,461,970	3,241,493
Changes for the year:			
Service Cost	342,197	-	342,197
Interest on the Total Pension Liability	2,041,536	-	2,041,536
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(838,847)	-	(838,847)
Changes of Assumptions	-	-	-
Contributions - Employer	-	253,023	(253,023)
Contributions - Employees	-	152,503	(152,503)
Net Investment Income	-	4,852,403	(4,852,403)
Benefit Payments, including Refunds of Employee Contributions	(1,430,878)	(1,430,878)	-
Other (Net Transfer)	-	(656,229)	656,229
Net Changes	114,008	3,170,822	(3,056,814)
Balances at December 31, 2019	<u>\$ 28,817,471</u>	<u>28,632,792</u>	<u>184,679</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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	\$ 32,418,006	28,817,471	25,872,936
Plan Fiduciary Net Position	28,632,792	28,632,792	28,632,792
Net Pension Liability (Asset)	\$ 3,785,214	184,679	(2,759,856)

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

For the year ended April 30, 2020, the City recognized pension expense of \$719,836. At April 30, 2020, 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	\$ 108,250	581,914
Changes in assumptions	242,114	107,678
Net difference between projected and actual earnings on pension plan investments	2,184,209	3,505,565
Contributions subsequent to the measurement date	108,250	-
Total	\$ 2,642,823	4,195,157

\$108,250 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, 2020. 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
2020	\$ (449,226)
2021	(693,745)
2022	95,863
2023	(613,475)
2024	-
Thereafter	-
Total	\$ (1,660,583)

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020, 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.

Normal Retirement Benefits

Tier 1 employees are those who have attained the age of 50 with 20 or more years of creditable service. These employees 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 are those who have attained the age of 50 with 10 or more years of creditable service. These employees 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, 2020

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 required to achieve 90.00% funding by 2040.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	0-100%	0.00%
Equities/Mutual Funds	0-45%	3.32-8.78%
Fixed Income	30-100%	1.00%

All investments in the plan are stated at fair value. Fair value is based on quoted market prices at April 30, 2020.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than One	1-5	6-10	11-15
Certificates of Deposits	\$ 1,617,678	-	1,617,678	-	-
Mutual Funds	4,745,973	4,745,973	-	-	-
U.S. Tres. & Agencies	225,177	225,177	-	-	-
Annuities	3,014,479	3,014,479	-	-	-
Total	<u>\$ 9,603,307</u>	<u>7,985,629</u>	<u>1,617,678</u>	<u>-</u>	<u>-</u>

Concentrations

Significant investments, other than U.S. Government guaranteed obligations and guaranteed annuity contracts, in any one organization that represents 5% or more of the Fund’s investments are T. Rowe Price Blue Chip (11.4%) and Vanguard Equity Income Fund Admiral (7.4%).

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .58%. 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, 2020

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, 2020, were as follows:

Total Pension Liability	\$ 25,722,886
Plan Fiduciary Net Position	<u>10,880,206</u>
Net Pension Liability	<u>\$ 14,842,680</u>

Plan fiduciary net position as a percentage of the total pension liability was 42.30% at April 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2019, updated to April 30, 2020, using 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 PubS-2010 Mortality Table, projected 5 years past the valuation date with MP-2019. 10% of active deaths are assumed to be in the line of duty. Assumptions for retirement age, disability rate, and termination rate are based upon the 2017 actuarial experience study performed by the State of Illinois Department of Insurance.

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.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

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, 2019	\$ 24,437,159	10,093,050	14,344,109
Changes for the year:			-
Service Cost	494,137	-	494,137
Interest on the Total Pension Liability	1,526,302	-	1,526,302
Changes of Benefit Terms	25,471	-	25,471
Differences Between Expected and Actual			
Experience of the Total Pension Liability	260,742	-	260,742
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,545,674	(1,545,674)
Contributions - Employees	-	177,092	(177,092)
Net Investment Income	-	91,528	(91,528)
Benefit Payments, including Refunds of			
Employee Contributions	(1,020,925)	(1,020,925)	-
Other (Net Transfer)	-	(6,213)	6,213
Net Changes	<u>1,285,727</u>	<u>787,156</u>	<u>498,571</u>
Balances at April 30, 2020	<u>\$ 25,722,886</u>	<u>10,880,206</u>	<u>14,842,680</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)	\$ 18,770,079	14,842,680	11,661,629

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020, the City recognized pension expense of \$2,007,256. At April 30, 2020, 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	\$ 1,000,913	40,372
Changes in assumptions	1,059,014	-
Net difference between projected and actual earnings on pension plan investments	542,008	-
Total	<u>\$ 2,601,935</u>	<u>40,372</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
2021	\$ 683,134
2022	683,134
2023	594,098
2024	557,740
2025	43,457
Thereafter	-
Total	<u>\$ 2,561,563</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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, 2020, 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.

Normal Retirement Benefits

Tier 1 employees are those who have attained the age of 50 with 20 or more years of creditable service. These employees 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 are those who have attained the age of 50 with 10 or more years of creditable service. These employees 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, 2020

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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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 required to achieve 90.00% funding by 2040.

Investments

The following was the Board’s adopted asset allocation policy as of April 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.5%
Fixed Income	85.00%	1.0%
Equities	10.00%	5.0%
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, 2020.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One</u>	<u>Investment Maturities (in years)</u>			
			<u>1-5</u>	<u>6-10</u>	<u>11-15</u>	<u>16-20</u>
Certificates of Deposit	\$ 540,615	100,592	295,848	144,175	-	-
Mutual Funds	646,118	646,118	-	-	-	-
U.S. Treasuries and Agencies	51,239	-	-	25,129	-	26,110
Bonds	1,354,520	231,776	647,691	424,866	-	50,187
Total	<u>\$ 2,592,492</u>	<u>978,486</u>	<u>943,539</u>	<u>594,170</u>	<u>-</u>	<u>76,297</u>

Concentrations

The Plan held bonds in LaSalle County Elementary School District No. 124 that collectively represents 5% of more of the plan’s net position. These assets were 5.6% of plan net position.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Firemen’s Pension Plan – (Continued)

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.21%. 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, 2020, were as follows:

Total Pension Liability	\$	4,070,513
Plan Fiduciary Net Position		2,698,293
Net Pension Liability	\$	<u>1,372,220</u>

Plan fiduciary net position as a percentage of the total pension liability was 66.29% at April 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2019, updated to April 30, 2020, using 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 PubS-2010 Mortality Table, projected 5 years past the valuation date with MP-2019. 10% of active deaths are assumed to be in the line of duty. Assumptions for retirement age, disability rate, and termination rate are based upon the 2017 actuarial experience study performed by the State of Illinois Department of Insurance.

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, 2020**

NOTE 7: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

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, 2019	\$ 3,986,572	2,538,001	1,448,571
Changes for the year:			
Service Cost	113,075	-	113,075
Interest on the Total Pension Liability	201,740	-	201,740
Changes of Benefit Terms	7,453	-	7,453
Differences Between Expected and Actual Experience of the Total Pension Liability	(108,638)	-	(108,638)
Changes of Assumptions	-	-	-
Contributions - Employer	-	211,446	(211,446)
Contributions - Employees	-	24,636	(24,636)
Net Investment Income	-	54,368	(54,368)
Benefit Payments, including Refunds of Employee Contributions	(129,689)	(129,689)	-
Administrative expense	-	(469)	469
Net Changes	<u>83,941</u>	<u>160,292</u>	<u>(76,351)</u>
Balances at April 30, 2020	<u>\$ 4,070,513</u>	<u>2,698,293</u>	<u>1,372,220</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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	\$ 1,933,220	1,372,220	911,448

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

For the year ended April 30, 2020, the City recognized pension expense of \$169,443 related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	266,002
Changes in assumptions	121,974	7,740
Net difference between projected and actual earnings on pension plan investments	103,878	-
Total	<u>\$ 225,852</u>	<u>273,742</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
2021	\$ (12,588)
2022	(11,115)
2023	(26,787)
2024	2,600
2025	-
Thereafter	-
Total	<u>\$ (47,890)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the benefits described in Note 7, the City provides a Retire 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, 2020, 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, 2020 were \$40,758.

Net OPEB Liability

At April 30, 2020, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 807,328
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 807,328</u></u>

Changes of assumptions reflect a change in the discount rate from 3.21% for the fiscal year ending April 30, 2019 to 2.85% for the fiscal year ending April 30, 2020.

Of the net OPEB liability, \$573,203 was reported under Governmental Activities, while \$234,125 was reported under Business-type Activities.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of May 1, 2019, rolled forward to April 30, 2020, using the following actuarial assumptions:

- Inflation at 2.50%
- Salary increases at 2.50%
- Discount rate of 2.85%
- 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 2.85%. 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, 2020, the City recognized OPEB Expense of \$76,434. Of this amount, \$54,268 was allocated to Governmental Activities, while \$22,166 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, 2019*	\$ 773,152	-	773,152
Changes for the year:			-
Service Cost	16,086	-	16,086
Interest	24,685	-	24,685
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	34,163	-	34,163
Benefit Payments	(40,758)	-	(40,758)
Administrative expense	-	-	-
Net Changes	34,176	-	34,176
Balances at April 30, 2020	<u>\$ 807,328</u>	<u>-</u>	<u>807,328</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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 2.85%, 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 (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Net OPEB Liability	\$ 913,924	807,328	717,222

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	\$ 703,686	807,328	931,073

NOTE 9: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

Due to and due from other funds exists between funds at April 30, 2020 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	\$ -	267,595
Special Revenue:		
TIF District #3	92,423	-
Utility Fund	175,172	-
Total	<u>\$ 267,595</u>	<u>267,595</u>

CITY OF PERU, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

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

Operating Transfers

During the year ended April 30, 2020 permanent transfers were made among funds. The General Fund reimbursed the Garbage and Recreation Funds for expenditures 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	\$ 10,000	112,000
Special Revenue Funds:		
Police Drug Enforcement Fund	-	10,000
Garbage Fund	12,000	-
Recreation Fund	100,000	-
TIF District No.1		5,697
Peru Industrial Park TIF Fund	5,697	49,165
Utility Fund	49,165	-
Total	<u>\$ 176,862</u>	<u>176,862</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 \$1,010,687 to the General Fund to operate within the City during the year ended April 30, 2020. The phone company, gas company and cable company paid \$284,016.

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 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 \$119,040 at April 30, 2020 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.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 12: DEFICIT BALANCE

At April 30, 2020, the TIF District No. 3 Fund had a deficit fund balance of \$75,484. 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.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 16: COMMITTED CONSTRUCTION

At April 30, 2020, the City had the following construction contracts outstanding:

Project	Total Contract Amount	Portion at April 30, 2020	
		Completed	Committed
Unytite Drive Extension	\$ 378,000	40,324	337,676
1902 4th St. Parking	151,384	151,384	-
North Peoria Widening	3,996,177	1,170,843	2,825,334
Police Station	16,353,803	2,983,542	13,370,261
Pohar Mass Grade Contract	1,126,692	851,143	275,549
General Fund Street Program	733,503	-	733,503
Sewer Separation	1,924,953	1,312,594	612,359
7th St. Water Main	948,402	705,502	242,900
6th St. Water Main	437,124	-	437,124
Treatment Plant Roof	76,370	-	76,370
2nd St Water Main	342,622	-	342,622
Total	<u>\$ 26,469,030</u>	<u>7,215,332</u>	<u>19,253,698</u>

NOTE 17: BUDGET APPROPRIATIONS

Actual expenditures exceeded appropriations for the year ended April 30, 2020 in the following funds:

Fund	Actual Expenditures	Budgeted Appropriations	Variance
General Fund	\$ 16,794,290	16,734,311	59,979
Garbage Fund	794,877	775,675	19,202

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 \$861,043 for the year ended April 30, 2020, and the City paid \$467,306 in administration fees during the year.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

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 \$46,367 during the year ended April 30, 2020. Future minimum lease payments are \$46,367 for the years ending April 30, 2021 and April 30, 2022, and \$19,320 for the year ending April 30, 2023.

Cell Tower

During the year ended April 30, 2020, 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, 2020 the City received \$66,490 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, 2020 was \$20 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, 2020, the City received and remitted \$1,551,847 to the District under this agreement.

Northern White Sands and OmniTrax

The City has an agreement with Northern White Sands (NWS) and OmniTrax (OT) for extension of the City's watermain to serve the NWS and OT properties at Plank Road. NWS and OT are to reimburse the City for the cost of such extension, including all engineering, inspection, construction, and related expenses. The City received \$345,795 under this agreement during the year ended April 30, 2020.

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 \$562,722 in sales tax rebates during the year ended April 30, 2020.

NOTE 20: SUBSEQUENT EVENTS

Management evaluated subsequent events through , 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, 2020 as a result of events occurring between May 1, 2020 and October 26, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Revenues:					
Taxes:					
Property tax	\$ 167,500	167,500	170,061	2,561	172,247
Sales tax	6,200,000	6,325,000	6,411,055	86,055	6,168,855
State income tax	1,202,000	1,116,000	1,012,602	(103,398)	1,064,408
Hotel/motel tax	430,500	399,500	381,804	(17,696)	451,364
Video gaming tax	225,750	269,750	235,353	(34,397)	250,802
Telecommunications tax	225,000	177,000	175,513	(1,487)	204,945
Local use tax	275,000	355,000	360,252	5,252	313,000
Cannabis use tax	-	-	1,685	1,685	-
Home rule sales tax	4,150,000	4,048,000	4,002,916	(45,084)	4,066,516
Total taxes	12,875,750	12,857,750	12,751,241	(106,509)	12,692,137
Intergovernmental revenue:					
Replacement tax	157,800	235,800	229,850	(5,950)	193,518
State grants and reimbursements	420,250	354,250	333,783	(20,467)	60,792
Total intergovernmental revenue	578,050	590,050	563,633	(26,417)	254,310
Licenses and permits:					
Contractor licenses	25,000	15,000	15,200	200	23,900
Liquor licenses	27,500	12,500	37,100	24,600	29,890
Franchise fees	1,460,310	1,296,310	1,294,703	(1,607)	1,326,377
Other licenses	75,000	69,000	68,808	(192)	73,507
Building permits	35,500	28,500	28,818	318	32,764
Inspection fees	5,500	5,500	6,165	665	4,750
Total licenses and permits	1,628,810	1,426,810	1,450,794	23,984	1,491,188
Fines and penalties:					
Court fines	25,850	38,850	37,657	(1,193)	34,858
Zoning ordinance fines	3,500	3,500	2,615	(885)	6,610
False alarm fines	4,500	4,500	3,300	(1,200)	8,000
Parking fines	500	500	3,715	3,215	6,687
Adjudication fines	29,500	39,500	39,115	(385)	34,703
Other fines	500	500	-	(500)	340
Total fines and penalties	64,350	87,350	86,402	(948)	91,198
Charges for services:					
Fire services	21,000	21,000	21,530	530	16,780
Illinois Valley Regional Dispatch	12,000	12,000	12,000	-	12,000
Total charges for services	33,000	33,000	33,530	530	28,780
Income from investments	125,750	177,750	181,538	3,788	175,245
Other revenues:					
Cemetery income	37,500	40,500	40,000	(500)	34,900
Reimbursements	9,050	12,050	11,676	(374)	3,508
Rental income	10,000	17,000	12,835	(4,165)	17,182
Telcom tower rent	65,000	65,000	66,490	1,490	48,616
Donations	4,000	172,000	169,200	(2,800)	146,057
Miscellaneous	397,250	403,250	383,222	(20,028)	423,849
Total other revenues	522,800	709,800	683,423	(26,377)	674,112
Total revenues	\$ 15,828,510	15,882,510	15,750,561	(131,949)	15,406,970

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures:					
General government:					
General and administrative:					
Salaries	\$ 787,550	753,550	759,683	6,133	736,147
Group insurance	231,775	236,775	234,267	(2,508)	176,611
Unemployment insurance	7,200	7,200	8,429	1,229	11,259
Workers' compensation insurance	13,100	13,100	14,128	1,028	9,297
Social Security contribution	63,976	58,976	56,895	(2,081)	54,943
IMRF contribution	78,100	66,100	63,995	(2,105)	69,187
Maintenance of equipment	28,000	34,000	29,376	(4,624)	8,026
Auditing service	35,000	41,000	40,875	(125)	41,085
Engineering service	120,000	73,000	43,898	(29,102)	102,523
Legal service	145,000	198,000	197,772	(228)	180,076
Code enforcement	7,500	7,500	5,073	(2,427)	8,135
Administration hearing	4,500	4,500	1,500	(3,000)	-
Postage	6,000	6,000	10,753	4,753	11,479
Telephone	1,250	1,250	779	(471)	1,100
Publishing and advertising	45,000	55,000	55,402	402	50,045
COVID-19 expense	-	14,000	13,905	(95)	-
Education, dues, and mileage	56,500	43,500	45,051	1,551	56,056
Utilities	35,000	35,000	33,453	(1,547)	33,476
Motel tax economic development	100,000	4,000	3,984	(16)	-
General insurance	30,000	30,000	29,585	(415)	29,775
Other contractual services	42,500	57,500	61,279	3,779	43,306
Operating supplies	44,650	60,650	60,533	(117)	43,548
Maintenance agreements	38,000	22,000	17,126	(4,874)	32,561
Community relations	24,000	24,000	24,000	-	25,185
Sales tax rebates	500,000	563,000	562,722	(278)	543,653
Obligation payment - Parkside	1,567,361	1,567,361	1,551,847	(15,514)	1,544,797
Economic development	80,000	197,000	196,900	(100)	108,390
Donations	18,000	10,000	8,704	(1,296)	33,521
Bad debt	1,500	1,500	4,684	3,184	3,780
Rentals	50,000	-	-	-	50,000
Miscellaneous	56,500	87,500	79,805	(7,695)	122,507
Total general and administrative	4,217,962	4,272,962	4,216,403	(56,559)	4,130,468
City cemetery:					
Salaries	51,500	74,500	74,337	(163)	67,408
Group insurance	-	-	161	161	-
Workers' compensation insurance	-	5,000	4,446	(554)	3,136
Social Security contribution	3,914	3,914	5,654	1,740	5,164
IMRF contribution	2,850	2,850	3,171	321	2,550
Maintenance:					
Buildings	2,000	2,000	5,264	3,264	705
Equipment	5,000	5,000	7,069	2,069	5,246
Vehicles	1,000	1,000	148	(852)	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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
General government (continued):					
City cemetery (continued):					
Telephone	\$ 500	500	641	141	598
Utilities	2,200	2,200	2,539	339	2,597
Landscaping	6,500	6,500	8,020	1,520	10,525
Equipment rental	500	500	-	(500)	-
Contractual services	500	500	2,575	2,075	850
General insurance	3,050	3,050	2,998	(52)	3,017
Operating supplies	3,750	3,750	7,994	4,244	4,490
Automotive fuel and oil	3,850	3,850	-	(3,850)	3,170
Total city cemetery	87,114	115,114	125,017	9,903	109,866
Public buildings & grounds:					
Salaries	27,850	13,850	13,843	(7)	14,103
Workers' compensation insurance	1,000	1,000	745	(255)	732
Social security contribution	2,200	2,200	1,063	(1,137)	1,083
Maintenance:					
Buildings	24,500	34,500	34,611	111	24,308
Equipment	1,500	1,500	-	(1,500)	557
Grounds	65,000	13,000	13,434	434	24,058
Telephone	10,800	10,800	6,881	(3,919)	9,239
Utilities	17,060	17,060	15,680	(1,380)	16,004
Landscaping	60,500	60,500	67,757	7,257	43,950
General insurance	-	-	622	622	625
Land purchase and demolition	300,000	1,000	1,000	-	782,906
Ash-borer program	-	-	2,670	2,670	-
Other contractual services	17,500	44,500	44,694	194	17,490
Operating supplies	7,500	13,500	13,516	16	21,599
Property taxes	5,000	38,000	38,345	345	5,329
Miscellaneous expense	1,000	1,000	1,109	109	240
Total public buildings & grounds	541,410	252,410	255,970	3,560	962,223
Total general government	4,846,486	4,640,486	4,597,390	(43,096)	5,202,557
Public safety:					
Police department:					
Salaries	2,193,200	2,188,200	2,172,728	(15,472)	2,058,097
Group insurance	465,050	554,050	551,558	(2,492)	353,619
Worker's compensation	41,500	41,500	40,219	(1,281)	36,953
Social Security contribution	37,500	37,500	41,431	3,931	39,053
IMRF contributions	16,500	16,500	12,294	(4,206)	13,440
Uniform allowance	23,000	23,000	25,633	2,633	15,817

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Police department (continued):					
Maintenance:					
Buildings	\$ 10,000	3,000	3,441	441	2,957
Equipment	10,500	15,500	18,488	2,988	7,914
Vehicles	75,000	42,000	42,064	64	97,360
Legal service	20,500	53,500	53,375	(125)	30,149
Employment testing	2,500	2,500	2,724	224	-
Postage	1,250	1,250	1,042	(208)	956
Telephone	9,500	9,500	9,121	(379)	9,103
Code red services	15,000	15,000	15,000	-	15,000
Dues	3,250	3,250	2,773	(477)	3,073
Training	20,050	31,050	30,770	(280)	28,454
Utilities	17,400	17,400	15,090	(2,310)	16,937
General insurance	60,500	60,500	58,469	(2,031)	58,844
Rentals	14,750	14,750	13,672	(1,078)	13,533
Other contractual services	22,800	40,800	37,293	(3,507)	23,393
Pension contribution	875,000	875,000	875,000	-	750,000
Operating supplies	32,500	42,500	43,347	847	39,761
Automotive fuel & oil	60,100	49,100	49,464	364	58,611
Computer software	2,000	2,000	3,168	1,168	1,295
Community relations	18,150	10,150	11,263	1,113	12,500
Regional dispatch	-	-	-	-	7,080
ESDA Expenses	1,750	1,750	2,195	445	4,668
Miscellaneous Expense	4,350	4,350	5,985	1,635	6,374
Total police department	4,053,600	4,155,600	4,137,607	(17,993)	3,704,941
Fire department:					
Salaries	479,050	492,050	505,334	13,284	480,387
Group insurance	92,355	119,355	119,084	(271)	79,870
Workers' compensation insurance	45,750	45,750	37,093	(8,657)	44,820
Social Security contribution	17,500	17,500	16,132	(1,368)	15,352
IMRF contribution	1,000	1,000	810	(190)	698
Uniform allowance	-	-	1,379	1,379	2,008
Maintenance:					
Building	30,500	21,500	21,966	466	125,229
Equipment	6,000	12,000	12,787	787	6,528
Vehicles	46,500	77,500	77,600	100	62,169
Legal service	5,000	5,000	133	(4,867)	9,783
Telephone	8,500	8,500	6,141	(2,359)	8,567
Dues	1,500	1,500	1,545	45	603
Training	7,750	7,750	4,178	(3,572)	5,113
Turnout gear	15,000	36,000	35,727	(273)	23,464
Utilities	17,500	17,500	15,075	(2,425)	17,712

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Fire department (continued):					
General insurance	\$ 41,500	41,500	37,715	(3,785)	37,957
Rentals	1,000	1,000	-	(1,000)	105
Other contractual services	5,850	5,850	9,587	3,737	10,635
Operating supplies	30,500	17,500	18,001	501	33,039
Medical services	12,500	17,500	17,678	178	7,466
Automotive fuel and oil	15,000	15,000	12,415	(2,585)	14,495
Pension contribution	135,750	135,750	135,750	-	130,000
Miscellaneous	2,000	2,000	1,425	(575)	1,108
Total fire department	1,018,005	1,099,005	1,087,555	(11,450)	1,117,108
Total public safety	5,071,605	5,254,605	5,225,162	(29,443)	4,822,049
Public works:					
Service garage:					
Salaries	137,500	132,500	142,790	10,290	144,575
Group insurance	33,550	33,550	38,604	5,054	25,706
Workers' compensation insurance	4,500	4,500	4,825	325	4,239
Social security contribution	10,450	10,450	10,428	(22)	10,583
IMRF contribution	13,500	13,500	12,541	(959)	14,102
Operating supplies	500	500	-	(500)	374
General insurance	4,250	4,250	4,014	(236)	4,040
Miscellaneous	500	500	227	(273)	266
Total service garage	204,750	199,750	213,429	13,679	203,885
Sidewalks and crossings:					
Maintenance	30,500	6,500	6,011	(489)	916
Curb project	45,000	64,000	63,855	(145)	46,498
Total sidewalks and crossings	75,500	70,500	69,866	(634)	47,414
Streets and alleys:					
Salaries	593,200	596,200	588,501	(7,699)	575,743
Group insurance	99,850	89,850	89,835	(15)	61,524
Workers' compensation insurance	38,500	38,500	32,673	(5,827)	31,832
Social security contribution	44,750	44,750	43,613	(1,137)	42,529
IMRF contribution	60,805	48,805	48,716	(89)	53,778
Uniform allowance	2,500	2,500	1,721	(779)	1,116
Maintenance:					
Buildings	5,000	5,000	860	(4,140)	6,625
Equipment	25,750	15,750	16,148	398	16,162
Vehicles	55,250	45,250	44,948	(302)	42,856
Streets	198,500	172,500	195,179	22,679	164,177
Engineering service	150,000	2,000	2,827	827	21,099
Legal expense	10,000	1,000	583	(417)	529

**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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public works (continued):					
Streets and alleys (continued):					
Telephone	\$ 6,350	6,350	5,633	(717)	6,182
Utilities	33,750	33,750	28,865	(4,885)	33,501
General insurance	23,750	23,750	21,794	(1,956)	21,934
Rentals	10,000	-	-	-	6,344
Other contractual services	22,500	31,500	31,242	(258)	15,973
Maint. supplies - streets	22,500	22,500	21,981	(519)	30,032
Maint. supplies - snow removal	320,000	135,000	135,050	50	315,891
Operating supplies	55,000	94,000	93,522	(478)	53,258
Automotive fuel and oil	49,750	60,750	60,785	35	55,898
Education and meetings	5,000	5,000	3,986	(1,014)	8,067
Miscellaneous Expense	1,000	1,000	976	(24)	581
Total streets and alleys	<u>1,833,705</u>	<u>1,475,705</u>	<u>1,469,438</u>	<u>(6,267)</u>	<u>1,565,631</u>
Total public works	<u>2,113,955</u>	<u>1,745,955</u>	<u>1,752,733</u>	<u>6,778</u>	<u>1,816,930</u>
Health and welfare:					
Other contractual services	<u>273,308</u>	<u>273,308</u>	<u>271,638</u>	<u>(1,670)</u>	<u>260,594</u>
Total health and welfare	<u>273,308</u>	<u>273,308</u>	<u>271,638</u>	<u>(1,670)</u>	<u>260,594</u>
Culture and recreation:					
Public parks:					
Salaries	227,250	227,250	266,895	39,645	226,826
Group insurance	42,150	49,150	49,364	214	31,003
Workers' compensation insurance	-	9,000	7,508	(1,492)	6,223
Social Security contribution	16,500	16,500	19,614	3,114	16,590
IMRF contribution	18,500	18,500	17,556	(944)	18,082
Uniform allowance	1,000	1,000	379	(621)	649
Maintenance:					
Buildings	10,000	16,000	15,857	(143)	7,294
Equipment	20,500	24,500	25,967	1,467	30,980
Vehicles	500	500	382	(118)	85
Grounds	97,500	50,500	50,989	489	89,621
Engineering service	1,000	1,000	1,742	742	6,251
Utilities	22,850	22,850	24,453	1,603	25,574
General insurance	8,500	8,500	8,298	(202)	8,351
Other contractual services	54,050	80,050	80,447	397	70,085
Operating supplies	35,750	57,750	57,556	(194)	81,328
Automotive fuel and oil	3,500	3,500	1,570	(1,930)	1,946
Band concerts	8,500	8,500	11,630	3,130	8,820
Miscellaneous	2,500	2,500	605	(1,895)	-
Total culture and recreation	<u>570,550</u>	<u>597,550</u>	<u>640,812</u>	<u>43,262</u>	<u>629,708</u>

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Debt service:					
Bond interest	\$ 1,439	1,439	-	(1,439)	-
Note principal	108,093	86,093	86,200	107	84,291
Note interest	6,850	6,850	6,319	(531)	9,665
Total debt service	116,382	94,382	92,519	(1,863)	93,956
Capital outlay:					
Equipment and computers	189,950	108,950	150,399	41,449	177,456
Vehicles	164,450	198,450	177,046	(21,404)	217,276
Improvements	125,000	125,000	122,344	(2,656)	9,999
Construction	2,115,000	3,695,625	3,764,247	68,622	1,983,812
Total capital outlay	2,594,400	4,128,025	4,214,036	86,011	2,388,543
Total expenditures	15,586,686	16,734,311	16,794,290	59,979	15,214,337
Excess of revenues over expenditures	241,824	(851,801)	(1,043,729)	(191,928)	192,633
Other financing sources (uses):					
Proceeds from the sale of cap. assets	20,500	548,500	550,902	2,402	25,177
Transfers in	-	10,000	10,000	-	27,586
Transfers out	(170,625)	(111,625)	(112,000)	(375)	(150,000)
Total other financing sources (uses)	(150,125)	446,875	448,902	2,027	(97,237)
Net change in fund balance	\$ 91,699	(404,926)	(594,827)	(189,901)	95,396
Fund balance, beginning of year			9,723,976		9,628,580
Fund balance, end of year			\$ 9,129,149		9,723,976

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,				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 342,197	309,047	341,978	375,371	371,022
Interest on the total pension liability	2,041,536	1,960,569	1,968,674	1,953,304	1,930,726
Benefit changes	-	-	-	-	-
Differences between expected and actual experience	(838,847)	359,000	(142,457)	(652,022)	(538,284)
Assumption changes	-	802,953	(819,368)	(32,116)	-
Benefit payments and refunds	(1,430,878)	(1,428,996)	(1,451,875)	(1,463,477)	(1,464,907)
Net Change in Total Pension Liability	114,008	2,002,573	(103,048)	181,060	298,557
Total Pension Liability - Beginning	28,703,463	26,700,890	26,803,938	26,622,878	26,324,321
Total Pension Liability - Ending (a)	<u>\$ 28,817,471</u>	<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	\$ 253,023	375,958	352,860	476,523	423,193
Employee contributions	152,503	150,954	151,618	158,243	156,572
Pension Plan Net Investment Income	4,852,403	(1,562,355)	4,408,747	1,640,312	117,884
Benefit Payments and Refunds	(1,430,878)	(1,428,996)	(1,451,875)	(1,463,477)	(1,464,907)
Other	(656,229)	451,124	(374,669)	(157,226)	482,191
Net Change in Plan Fiduciary Net Position	3,170,822	(2,013,315)	3,086,681	654,375	(285,067)
Plan Fiduciary Net Position - Beginning	25,461,970	27,475,285	24,388,604	23,734,229	24,019,296
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,632,792</u>	<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>\$ 184,679</u>	<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	99.36%	88.71%	102.90%	90.99%	89.15%
Covered Valuation Payroll	\$ 3,364,672	3,350,776	3,119,891	3,511,589	3,454,635
Net Pension Liability as a Percentage of Covered Valuation Payroll	5.49%	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
2019	\$ 253,023	253,023	-	3,364,672	7.52%
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 2019 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): 24-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 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. 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.

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,					
	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service Cost	\$ 494,137	488,046	516,255	497,584	497,584	465,221
Interest	1,526,302	1,383,707	1,310,354	1,254,499	1,163,231	1,113,269
Changes of benefit terms	25,471	-	-	-	-	-
Difference between expected and actual experience	260,742	487,986	802,033	-	(141,302)	-
Changes of assumptions	-	924,349	364,789	-	820,153	-
Benefit payments, including refunds of employee contributions	(1,020,925)	(996,402)	(974,000)	(922,022)	(875,938)	(808,454)
Net Change in Total Pension Liability	1,285,727	2,287,686	2,019,431	830,061	1,463,728	770,036
Total Fiduciary Pension Liability - Beginning	24,437,159	22,149,473	20,130,042	19,299,981	17,836,253	17,066,217
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 25,722,886</u>	<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	\$ 1,545,674	1,388,128	1,248,667	998,985	858,792	827,242
Contributions - employee	177,092	170,234	162,422	165,650	161,858	159,044
Net investment income	91,528	406,268	581,388	561,341	(35,566)	296,638
Benefit payments, including refunds of employee contributions	(1,020,925)	(996,402)	(974,000)	(922,022)	(875,938)	(808,454)
Administrative expense	(6,212)	(6,225)	(4,650)	(9,884)	(7,800)	(11,407)
Net Change in Plan Fiduciary Net Position	787,157	962,003	1,013,827	794,070	101,346	463,063
Plan Fiduciary Net Position - Beginning	10,093,049	9,131,046	8,117,219	7,323,149	7,221,803	6,758,740
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,880,206</u>	<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>\$ 14,842,680</u>	<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	42.30%	41.30%	41.22%	40.32%	37.94%	40.49%
Covered Valuation Payroll	\$ 1,787,003	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	830.59%	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
2020	\$ 1,137,948	1,545,674	(407,726)	1,787,003	86.50%
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, 2019
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 2020 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

Fiscal year ending April 30,	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	0.58%	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,					
	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service Cost	\$ 113,075	105,892	115,145	104,199	104,199	94,645
Interest	201,740	190,188	191,682	181,129	175,915	168,809
Changes of benefit terms	7,453	-	-	-	-	-
Difference between expected and actual experience	(108,638)	(87,249)	(185,623)	-	(168,668)	-
Changes of assumptions	-	143,006	(15,481)	-	159,828	-
Benefit payments, including refunds of employee contributions	(129,689)	(126,265)	(126,447)	(126,184)	(125,574)	(136,226)
Net Change in Total Pension Liability	83,941	225,572	(20,724)	159,144	145,700	127,228
Total Pension Liability - Beginning	3,986,572	3,761,000	3,781,724	3,622,580	3,476,880	3,349,652
Total Pension Liability - Ending (a)	<u>\$ 4,070,513</u>	<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	211,446	202,102	183,694	150,671	130,312	124,483
Contributions - employee	24,636	23,155	22,484	22,102	21,538	21,023
Net investment income	54,368	98,864	34,975	58,102	51,158	50,576
Benefit payments, including refunds of employee contributions	(129,689)	(126,265)	(126,447)	(126,184)	(125,574)	(136,226)
Administrative expense	(469)	(1,208)	(425)	(300)	(100)	(11,056)
Net Change in Plan Fiduciary Net Position	160,292	196,648	114,281	104,391	77,334	48,800
Plan Fiduciary Net Position - Beginning	2,538,001	2,341,353	2,227,072	2,122,681	2,045,347	1,996,547
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,698,293</u>	<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>\$ 1,372,220</u>	<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	66.29%	63.66%	62.25%	58.89%	58.60%	58.83%
Covered Valuation Payroll	\$ 260,561	244,897	237,800	233,755	227,795	217,826
Net Pension Liability as a Percentage of Covered Valuation Payroll	526.64%	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
2020	\$ 88,295	211,446	(123,151)	260,561	81.15%
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, 2019

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 2020 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	5.75%
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

Fiscal year ending April 30,	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	2.22%	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*

	Year Ended April 30,	
	2020	2019
TOTAL OPEB LIABILITY		
Service Cost	\$ 16,086	14,430
Interest	24,685	26,422
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	34,163	37,882
Benefit payments	(40,758)	(37,739)
Net Change in Total OPEB Liability	34,176	40,995
Total OPEB Liability - Beginning	773,152	732,157
Total OPEB Liability - Ending (a)	<u>\$ 807,328</u>	<u>773,152</u>
Covered Valuation Payroll	\$ 6,127,786	5,492,235
Net OPEB Liability as a Percentage of Covered Valuation Payroll	13.17%	14.08%

* Schedule to be built prospectively from 2019

Notes to Schedule:

Covered Payroll:

Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

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, 2020	2.85%
Fiscal year ending April 30, 2019	3.21%
Fiscal year ending April 30, 2018	3.63%

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on April 30, 2020. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PERU, ILLINOIS

Notes to Required Supplementary Information For the Year Ended April 30, 2018

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, 2020, was adopted on April 30, 2019, and was amended on April 30, 2020.

For the year ended April 30, 2020, expenditures of the General Fund exceeded the amended budget by \$59,979.

NOTE 2: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2020, amounts reported as changes of assumptions resulted from the following changes:

- The surviving spouse benefit for non-line of duty death was updated to mirror Tier 1 benefits, whereby Tier 2 surviving spouses will now receive 54% of final average salary, even prior to achieving vesting at 10 years of service.
- The pensionable salary cap increased retroactive to 2011 to alleviate safe harbor concerns, updating the annual adjustment to be CPI-U. The 3% annual growth cap remains in place.
- The final average salary was increased from averaging the highest consecutive 96 of the last 120 months of salary to averaging the highest consecutive 48 of the last 60 months of salary.

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.

Notes to Required Supplementary Information
For the Year Ended April 30, 2018

NOTE 2: PENSIONS – (Continued)

Police Pension – (Continued)

Changes of Assumptions – (Continued)

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.

Firemen’s Pension

Changes of Assumptions

For measurement date April 30, 2020, amounts reported as changes of assumptions resulted from the following changes:

- The surviving spouse benefit for non-line of duty death was updated to mirror Tier 1 benefits, whereby Tier 2 surviving spouses will now receive 54% of final average salary, even prior to achieving vesting at 10 years of service.
- The pensionable salary cap increased retroactive to 2011 to alleviate safe harbor concerns, updating the annual adjustment to be CPI-U. The 3% annual growth cap remains in place.
- The final average salary was increased from averaging the highest consecutive 96 of the last 120 months of salary to averaging the highest consecutive 48 of the last 60 months of salary.

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 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.

OTHER INFORMATION

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-1

Combining Balance Sheet
April 30, 2020

(With Comparative Figures for April 30, 2019)

	Totals		Special Revenue Funds			
			Drug Enforcement Impound and Equipment Fund	Garbage Fund	Motor Fuel Tax Fund	Recreation Fund
	2020	2019				
<u>Assets</u>						
Cash and cash equivalents	\$ 1,694,753	1,177,370	229,943	37,264	943,348	50,948
Receivables:						
Property taxes	561,083	785,922	-	-	-	-
Motor fuel taxes	30,534	22,788	-	-	30,534	-
Other	64,062	61,140	-	64,062	-	-
Prepaid expenses	-	520	-	-	-	-
Total assets	<u>\$ 2,350,432</u>	<u>2,047,740</u>	<u>229,943</u>	<u>101,326</u>	<u>973,882</u>	<u>50,948</u>
<u>Liabilities</u>						
Accounts payable	\$ 68,306	65,593	-	68,306	-	-
Due to other funds	92,423	92,845	-	-	-	-
Total liabilities	<u>160,729</u>	<u>158,438</u>	<u>-</u>	<u>68,306</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	561,083	785,922	-	-	-	-
Unavailable revenues	-	-	-	-	-	-
Total deferred inflows of resources	<u>561,083</u>	<u>785,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Nonspendable:						
Prepaid expenses	-	520	-	-	-	-
Restricted for:						
Public safety services	229,943	208,399	229,943	-	-	-
Streets and public improvements	973,882	585,559	-	-	973,882	-
Urban renewal purposes	334,480	232,764	-	-	-	-
Economic development	81,831	81,798	-	-	-	-
Other purposes	83,968	83,319	-	33,020	-	50,948
Unassigned	(75,484)	(88,979)	-	-	-	-
Total fund balance (deficit)	<u>1,628,620</u>	<u>1,103,380</u>	<u>229,943</u>	<u>33,020</u>	<u>973,882</u>	<u>50,948</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,350,432</u>	<u>2,047,740</u>	<u>229,943</u>	<u>101,326</u>	<u>973,882</u>	<u>50,948</u>

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2020
(With Comparative Figures for April 30, 2019)

	TIF District No. 1 Fund	Peru Industrial Park TIF Fund	TIF District No. 3 Fund	TIF District No. 4 Fund	Community Development Assistance Prog. Fund
<u>Assets</u>					
Cash and cash equivalents	\$ -	334,480	16,939	-	81,831
Receivables:					
Property taxes	-	357,244	95,101	108,738	-
Motor fuel taxes	-	-	-	-	-
Other	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>691,724</u>	<u>112,040</u>	<u>108,738</u>	<u>81,831</u>
<u>Liabilities</u>					
Accounts payable	\$ -	-	-	-	-
Due to other funds	-	-	92,423	-	-
Total liabilities	-	-	92,423	-	-
<u>Deferred Inflows of Resources</u>					
Property taxes levied for subsequent years	-	357,244	95,101	108,738	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	357,244	95,101	108,738	-
<u>Fund Balances</u>					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted for:					
Public safety services	-	-	-	-	-
Streets and public improvements	-	-	-	-	-
Urban renewal purposes	-	334,480	-	-	-
Economic development	-	-	-	-	81,831
Other purposes	-	-	-	-	-
Unassigned	-	-	(75,484)	-	-
Total fund balance (deficit)	-	334,480	(75,484)	-	81,831
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>691,724</u>	<u>112,040</u>	<u>108,738</u>	<u>81,831</u>

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Totals		Special Revenue Funds		
			Drug Enforcement Impound and Equipment Fund	Garbage Fund	Motor Fuel Tax Fund
	2020	2019			
Revenues:					
Taxes	\$ 896,054	778,995	-	-	-
Intergovernmental	381,731	268,668	-	-	381,731
Fines and penalties	27,946	150,968	27,946	-	-
Charges for services	767,114	721,015	-	766,075	-
Income from investments	7,760	5,383	630	96	6,592
Other	46,429	23,836	27,647	18,782	-
Total revenues	2,127,034	1,948,865	56,223	784,953	388,323
Expenditures:					
General government	412,782	407,171	-	-	-
Public safety	24,679	77,041	24,679	-	-
Health and welfare	794,877	764,787	-	794,877	-
Culture and recreation	57,990	57,622	-	-	-
Capital Outlay	45,020	252,058	-	-	-
Payments under intergovernmental agreements	319,281	272,840	-	-	-
Total expenditures	1,654,629	1,831,519	24,679	794,877	-
Excess (deficiency) of revenues over (under) expenditures	472,405	117,346	31,544	(9,924)	388,323
Other financing sources (uses):					
Transfers from other funds	117,697	150,000	-	12,000	-
Transfers to other funds	(64,862)	(80,497)	(10,000)	-	-
Total other financing sources (uses)	52,835	69,503	(10,000)	12,000	-
Net change in fund balance	525,240	186,849	21,544	2,076	388,323
Fund balance (deficit), beginning of year	1,103,380	916,531	208,399	30,944	585,559
Fund balance (deficit), end of year	\$ 1,628,620	1,103,380	229,943	33,020	973,882

CITY OF PERU, ILLINOIS
NONMAJOR FUNDS

SCHEDULE C-2
(CONTINUED)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	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	\$ -	429,194	367,518	99,342	-
Intergovernmental	-	-	-	-	-
Fines and penalties	-	-	-	-	-
Charges for services	1,039	-	-	-	-
Income from investments	24	101	256	28	33
Other	-	-	-	-	-
Total revenues	1,063	429,295	367,774	99,370	33
Expenditures:					
General government	-	378,874	21,896	12,012	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	57,990	-	-	-	-
Capital Outlay	45,020	-	-	-	-
Payments under intergovernmental agreements	-	50,000	192,350	76,931	-
Total expenditures	103,010	428,874	214,246	88,943	-
Excess (deficiency) of revenues over (under) expenditures	(101,947)	421	153,528	10,427	33
Other financing sources (uses):					
Transfers in	100,000	-	5,697	-	-
Transfers out	-	(5,697)	(49,165)	-	-
Total other financing sources (uses)	100,000	(5,697)	(43,468)	-	-
Net change in fund balance	(1,947)	(5,276)	110,060	10,427	33
Fund balance (deficit), beginning of year	52,895	5,276	224,420	(85,911)	81,798
Fund balance (deficit), end of year	\$ 50,948	-	334,480	(75,484)	81,831

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, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Drug enforcement	\$ 25,000	4,000	4,110	110	121,515
Impound fees	30,000	24,000	23,836	(164)	29,453
Other revenue	15,000	28,000	27,647	(353)	21,476
Income from investments	500	500	630	130	591
Total revenues	<u>70,500</u>	<u>56,500</u>	<u>56,223</u>	<u>(277)</u>	<u>173,035</u>
Expenditures:					
Drug enforcement	60,500	11,500	11,862	362	66,421
Impound	10,750	10,750	-	(10,750)	250
Other expenditures	10,750	10,750	12,817	2,067	10,370
Total expenditures	<u>82,000</u>	<u>33,000</u>	<u>24,679</u>	<u>(8,321)</u>	<u>77,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,500)</u>	<u>23,500</u>	<u>31,544</u>	<u>8,044</u>	<u>95,994</u>
Other financing sources (uses):					
Transfers to other funds	-	-	(10,000)	(10,000)	(27,586)
Net change in fund balance	<u>\$ (11,500)</u>	<u>23,500</u>	<u>21,544</u>	<u>(1,956)</u>	<u>68,408</u>
Fund balance, beginning of year			<u>208,399</u>		<u>139,991</u>
Fund balance, end of year			<u>229,943</u>		<u>208,399</u>

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, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Monthly garbage charges	\$ 705,000	766,000	766,075	75	719,286
Yard waste stickers	-	18,000	18,782	782	-
Income from investments	50	50	96	46	-
Total revenues	<u>705,050</u>	<u>784,050</u>	<u>784,953</u>	<u>903</u>	<u>719,286</u>
Expenditures:					
Scavenger contract	775,675	775,675	793,643	17,968	763,638
Forgiveness of debt	-	-	1,234	1,234	1,149
Total expenditures	<u>775,675</u>	<u>775,675</u>	<u>794,877</u>	<u>19,202</u>	<u>764,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,625)</u>	<u>8,375</u>	<u>(9,924)</u>	<u>(18,299)</u>	<u>(45,501)</u>
Other financing sources (uses):					
Transfers from other funds	<u>70,625</u>	<u>11,625</u>	<u>12,000</u>	<u>375</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>20,000</u>	<u>2,076</u>	<u>(17,924)</u>	<u>4,499</u>
Fund balance, beginning of year			<u>30,944</u>		<u>26,445</u>
Fund balance, end of year			<u><u>33,020</u></u>		<u><u>30,944</u></u>

CITY OF PERU, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Motor fuel tax allotments	\$ 270,500	373,500	381,731	8,231	268,668
Income from investments	2,500	2,500	6,592	4,092	4,461
Total revenues	<u>273,000</u>	<u>376,000</u>	<u>388,323</u>	<u>12,323</u>	<u>273,129</u>
Expenditures:					
Bank fees	30	30	-	(30)	17
Annual street maintenance projects	415,000	-	-	-	220,596
Total expenditures	<u>415,030</u>	<u>30</u>	<u>-</u>	<u>(30)</u>	<u>220,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (142,030)</u>	<u>375,970</u>	<u>388,323</u>	<u>12,353</u>	<u>52,516</u>
Fund balance, beginning of year			<u>585,559</u>		<u>533,043</u>
Fund balance, end of year			<u>973,882</u>		<u>585,559</u>

CITY OF PERU, ILLINOIS
RECREATION FUND

SCHEDULE C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Handicrafts and program fees	\$ 1,000	1,000	1,039	39	1,729
Miscellaneous income and donations	-	-	-	-	2,360
Income from investments	-	-	24	24	22
Total revenues	1,000	1,000	1,063	63	4,111
Expenditures:					
Compensation:					
Director	10,404	10,404	4,887	(5,517)	10,192
Handicrafts	1,200	1,200	1,079	(121)	841
Lessons and camps	3,000	3,000	1,977	(1,023)	1,847
Unemployment insurance	100	100	43	(57)	65
Workers' compensation	325	325	520	195	495
FICA / Medicare contributions	1,100	1,100	608	(492)	985
Camp director stipends	12,000	12,000	8,397	(3,603)	9,985
R&M - grounds and court maintenance	5,000	5,000	-	(5,000)	-
Operating supplies	1,000	1,000	700	(300)	147
Parade expense	1,600	1,600	1,901	301	1,031
Handicraft supplies	1,200	1,200	67	(1,133)	64
T-shirts	2,000	2,000	1,792	(208)	1,411
Fireworks	22,000	22,000	22,000	-	22,000
Fourth of July fireworks family area	2,160	2,160	2,810	650	2,160
Programs	2,471	2,471	3,328	857	2,044
Movie in the park	4,900	4,900	2,955	(1,945)	2,806
Touch-a-truck	1,000	1,000	270	(730)	-
Back to school	-	-	1,516	1,516	-
Music in the park	-	-	3,040	3,040	-
New equipment	55,000	55,000	45,020	(9,980)	31,445
Advertising	4,540	4,540	-	(4,540)	1,010
Miscellaneous	-	-	100	100	539
Total expenditures	131,000	131,000	103,010	(27,990)	89,067
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(130,000)	(101,947)	28,053	(84,956)
Other financing sources (uses):					
Transfers from other funds	100,000	100,000	100,000	-	100,000
Net change in fund balance	\$ (30,000)	(30,000)	(1,947)	28,053	15,044
Fund balance, beginning of year			52,895		37,851
Fund balance, end of year			50,948		52,895

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 435,750	428,750	429,194	444	433,416
Income from investments	150	150	101	(49)	90
Total revenues	<u>435,900</u>	<u>428,900</u>	<u>429,295</u>	<u>395</u>	<u>433,506</u>
Expenditures:					
Administration fees	5,000	5,000	5,471	471	5,031
Developer reimbursements	50,000	50,000	50,000	-	50,000
Taxing district reimbursements	403,000	374,000	373,403	(597)	377,746
Total expenditures	<u>458,000</u>	<u>429,000</u>	<u>428,874</u>	<u>(126)</u>	<u>432,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,100)</u>	<u>(100)</u>	<u>421</u>	<u>521</u>	<u>729</u>
Other financing sources (uses):					
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(5,697)</u>	<u>(5,697)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (22,100)</u></u>	<u><u>(100)</u></u>		<u><u>(5,176)</u></u>	
Fund balance, beginning of year			<u>5,276</u>		<u>4,547</u>
Fund balance, end of year			<u><u>-</u></u>		<u><u>5,276</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 267,791	367,791	367,518	(273)	257,491
Income from investments	150	150	256	106	166
Total revenues	267,941	367,941	367,774	(167)	257,657
Expenditures:					
Administration fees	12,500	21,500	21,896	396	12,654
Developer payments	46,500	48,500	44,754	(3,746)	45,952
Intergovernmental agreements	115,000	148,000	147,596	(404)	103,588
Total expenditures	174,000	218,000	214,246	(3,754)	162,194
Excess (deficiency) of revenues over (under) expenditures	93,941	149,941	153,528	3,587	95,463
Other financing sources (uses):					
Transfers from other funds	-	-	5,697	5,697	-
Transfers to other funds	(55,000)	(49,000)	(49,165)	(165)	(52,911)
Net change in fund balance	\$ 38,941	100,941	110,060	9,119	42,552
Fund balance, beginning of year			224,420		181,868
Fund balance, end of year			334,480		224,420

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 90,105	99,105	99,342	237	88,088
Income from investments	50	50	28	(22)	20
Total revenues	<u>90,155</u>	<u>99,155</u>	<u>99,370</u>	<u>215</u>	<u>88,108</u>
Expenditures:					
Administration fees	12,500	12,500	12,012	(488)	11,740
Developer reimbursement	29,500	29,500	28,062	(1,438)	28,275
Intergovernmental agreements	45,650	45,650	48,869	3,219	45,025
Total expenditures	<u>87,650</u>	<u>87,650</u>	<u>88,943</u>	<u>1,293</u>	<u>85,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,505</u>	<u>11,505</u>	10,427	<u>(1,078)</u>	3,068
Fund balance (deficit), beginning of year			<u>(85,911)</u>		<u>(88,979)</u>
Fund balance (deficit), end of year			<u>(75,484)</u>		<u>(85,911)</u>

CITY OF PERU, ILLINOIS
 COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM FUND

SCHEDULE C-10

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Income from investments	\$ -	-	33	33	33
Total revenues	-	-	33	33	33
Expenditures:					
Miscellaneous expenditures	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	33	33	33
Fund balance, beginning of year			81,798		81,765
Fund balance, end of year			81,831		81,798

CITY OF PERU, ILLINOIS
PENSION TRUST FUNDS

SCHEDULE D-1

Combining Statement of Fiduciary Net Position
April 30, 2020
(With Comparative Figures for April 30, 2019)

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2020	2019
<u>Assets</u>				
Cash and cash equivalents	\$ 1,267,558	87,519	1,355,077	954,807
Investments	9,603,307	2,592,492	12,195,799	11,642,897
Accrued interest	9,341	18,282	27,623	33,346
Total assets	<u>\$ 10,880,206</u>	<u>2,698,293</u>	<u>13,578,499</u>	<u>12,631,050</u>
<u>Net position</u>				
Held in trust for pension benefits	<u>\$ 10,880,206</u>	<u>2,698,293</u>	<u>13,578,499</u>	<u>12,631,050</u>
Total net position	<u>\$ 10,880,206</u>	<u>2,698,293</u>	<u>13,578,499</u>	<u>12,631,050</u>

CITY OF PERU, ILLINOIS
PENSION TRUST FUNDS

SCHEDULE D-2

Combining Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2020	2019
Additions:				
Contributions:				
Employer contributions	\$ 1,545,673	211,446	1,757,119	1,590,230
Plan member contributions	177,092	24,636	201,728	193,389
Total contributions	1,722,765	236,082	1,958,847	1,783,619
Net investment income:				
Net change in fair value of investments	(284,001)	(33,742)	(317,743)	(32,657)
Investment income	401,989	98,875	500,864	573,187
Total investment income	117,988	65,133	183,121	540,530
Less: investment expense	26,459	10,766	37,225	35,399
Net investment expense	91,529	54,367	145,896	505,131
Total additions	1,814,294	290,449	2,104,743	2,288,750
Deductions:				
Administrative	6,212	468	6,680	7,433
Benefit payments, including member refunds	1,020,925	129,689	1,150,614	1,122,667
Total deductions	1,027,137	130,157	1,157,294	1,130,100
Changes in net position	787,157	160,292	947,449	1,158,650
Net position, beginning of year	10,093,049	2,538,001	12,631,050	11,472,400
Net position, end of year	\$ 10,880,206	2,698,293	13,578,499	12,631,050

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

	Tax Year				
	2015	2016	2017	2018	2019
Assessed valuations	\$ 275,935,224	281,798,594	288,584,987	289,436,622	268,684,066
Tax rates:					
Garbage	0.0459	0.0000	0.0000	0.0000	0.0000
Library	0.1509	0.0000	0.0000	0.0000	0.0000
Recreation	0.0230	0.0000	0.0000	0.0000	0.0000
Police Pension	0.2053	0.2637	0.2565	0.2694	0.2672
Firemen's Pension	0.0232	0.0298	0.0290	0.0304	0.0302
Library Building Construction	0.0201	0.0000	0.0000	0.0000	0.0000
Liability Insurance	0.0271	0.0000	0.0000	0.0000	0.0000
Totals	0.4955	0.2935	0.2855	0.2998	0.2974
Tax extensions:					
Garbage	\$ 99,961	-	-	-	-
Library	338,578	-	-	-	-
Recreation	49,981	-	-	-	-
Police Pension	446,648	609,637	639,260	668,563	695,888
Firemen's Pension	50,394	68,803	72,150	75,459	78,545
Library Building Construction	45,150	-	-	-	-
Liability Insurance	60,858	-	-	-	-
Total	1,091,570	678,440	711,410	744,022	774,433
Plus: Road & Bridge*	160,026	160,907	172,163	173,000	171,000
Total Extensions	\$ 1,251,596	839,347	883,573	917,022	945,433
Tax Collections	\$ 896,062	837,802	882,101	916,430	-

* 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	2019
Assessed Valuations:		
TIF I	\$ 6,436,842	-
TIF II	6,500,126	6,313,638
TIF III	3,720,576	3,550,709
TIF IV	-	25,830,051
TIF V	-	2,533,300
Tax Extensions:		
TIF I	\$ 428,812	-
TIF II	367,191	357,244
TIF III	99,254	95,101
TIF IV	-	108,738
TIF V	-	-
Total	\$ 895,257	561,083
Collections	\$ 896,054	-

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, 2020, 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 26, 2020.

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 .

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 26, 2020



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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, 2020, and the related notes to the financial statements, and have issued our report thereon dated .

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, 2020.

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 26, 2020