

**CITY OF PERU, ILLINOIS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**APRIL 30, 2023**

**CITY OF PERU, ILLINOIS**

**Table of Contents  
For the Year Ended April 30, 2023**

---

	PAGE
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b> .....	4-10
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position (Statement A) .....	11
Statement of Activities (Statement B) .....	12
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds (Statement C) .....	13-14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Statement D) .....	15-16
Statement of Net Position – Proprietary Funds (Statement E) .....	17
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (Statement F) .....	18
Statement of Cash Flows – Proprietary Funds (Statement G) .....	19
Statement of Fiduciary Net Position (Statement H) .....	20
Statement of Changes in Fiduciary Net Position (Statement I) .....	21
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b> .....	22-69
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
<b>General Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule A-1) .....	70-76
<b>Illinois Municipal Retirement Fund:</b>	
Schedule of Changes in the City's Net Pension Liability and Related Ratios (Schedule B-1) .....	77-78
Schedule of City Contributions (Schedule B-2) .....	79

**CITY OF PERU, ILLINOIS**

**Table of Contents  
For the Year Ended April 30, 2023**

---

	PAGE
<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued):</b>	
<b>Police Pension Fund:</b>	
Schedule of Changes in the City's Net Pension Liability and Related Ratios (Schedule B-3).....	80-81
Schedule of City Contributions (Schedule B-4).....	82
Schedules of Investment Returns (Schedule B-5) .....	83
<b>Firemen's Pension Fund:</b>	
Schedules of Changes in the City's Net Pension Liability and Related Ratios (Schedule B-6).....	84-85
Schedule of City Contributions (Schedule B-7).....	86
Schedules of Investment Returns (Schedule B-8) .....	87
<b>Retiree Health Plan:</b>	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios (Schedule B-9).....	88
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b> .....	89-91
<b>OTHER INFORMATION:</b>	
<b>Non-major Special Revenue Funds:</b>	
Combining Balance Sheet (Schedule C-1) .....	92-93
Combining Schedule of Revenues, Expenditures And Changes in Fund Balances (Schedule C-2).....	94-95
<b>Drug Enforcement Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-3) .....	96
<b>Garbage Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-4) .....	97

CITY OF PERU, ILLINOIS

Table of Contents  
For the Year Ended April 30, 2023

---

	PAGE
<b>OTHER INFORMATION (Continued):</b>	
<b>Non-major Special Revenue Funds (Continued):</b>	
<b>Motor Fuel Tax Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-5) .....	98
<b>TIF District No. 2 (Industrial Park) Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-6) .....	99
<b>TIF District No. 3 Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-7) .....	100
<b>TIF District No. 4 (Downtown) Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-8) .....	101
<b>TIF District No. 5 (Peru Mall) Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-9) .....	102
<b>MVP TIF Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-10) .....	103
<b>Community Development Assistance Program Fund:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Schedule C-11) .....	104
<b>Fiduciary Funds:</b>	
<b>Pension Trust Funds:</b>	
Combining Statement of Fiduciary Funds (Schedule D-1) .....	105
Combining Statement of Changes in Fiduciary Net Position (Schedule D-2) .....	106

**CITY OF PERU, ILLINOIS**

**Table of Contents  
For the Year Ended April 30, 2023**

---

	PAGE
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Assessed Valuations, Rates, Extensions and Collections (Schedule E).....	107
<b>OTHER REQUIRED REPORTING</b>	
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 <i>Government Auditing Standards</i> .....	108-109
Independent Auditors' Report on Compliance with the Illinois Tax Increment Allocation Redevelopment Act .....	110-111

***INDEPENDENT AUDITORS' REPORT***



116 E. Washington Street  
Suite One  
Morris, Illinois 60450

Phone: (815) 942-3306  
Fax: (815) 942-9430  
www.mackcpas.com

TAWNYA R. MACK, CPA  
LAURI POPE, CPA

CATE MOULTON, CPA  
KYLE SHEPPARD, CPA  
MADISON SCHEEL, CPA  
CHRIS CHRISTENSEN  
JESSIKA MCGARVEY

CERTIFIED PUBLIC ACCOUNTANTS

---

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

We did not audit the financial statements of Police Pension and Firemen's Pension Funds, which represent 100 percent and 100 percent, respectively, of the assets, and net position of the Fiduciary Funds as of April 30, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fiduciary Funds, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Peru, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Peru, Illinois' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension data schedules and OPEB and related notes 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Supplemental Information**

Management is responsible for the supplemental information included in the annual report. The supplemental information is comprised of the schedules of assessed valuations, tax rates, tax extensions and tax collections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the supplemental information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the supplemental information and consider whether a material inconsistency exists between the supplemental information and the basic financial statements, or the supplemental information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the supplemental information exists, we are required to describe it in our report.

## **Report on Summarized Comparative Information**

We previously audited City of Peru, Illinois' April 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2022. The summarized comparative information presented herein as of and for the year ended April 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023 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  
November 20, 2023

***MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)***

## **CITY OF PERU, ILLINOIS**

### **Management's Discussion and Analysis - Unaudited For the Year Ended 2023**

---

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, 2023.

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 within the City. The fund financial statements that follow report activities within the City's major funds in more detail.

#### **Financial Highlights**

- The City's overall net position increased \$2,600,034 to \$119,819,973 during fiscal year 2023. Of this amount, the net position of the governmental activities increased \$978,690 and the net position of the business-type activities increased \$1,621,344.
- Revenues of the City's governmental activities increased 3.8%, or \$905,464 from fiscal year 2022 to fiscal year end 2023. The revenues of the business-type of activities recognized a slight decrease due to less utility services billed.
- Total program expenses of the City's governmental activities increased \$2,071,681 (excluding the MVP TIF District land acquisition) and the expenses related to the business-type activities increased \$2,185,159.

#### **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 2023

---

#### 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. Sales taxes finance almost all of these activities.

Business type activities also referred to the Proprietary or Enterprise Funds 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 2023**

**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 as well as a Statement of Cash Flows.

The City is the trustee, or fiduciary, for assets that belong to others. These funds include the Police and Firemen’s Pension Trust and Custodial 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.

The government-wide financial statements and the governmental fund financial statements are reconciled within the Basic Financial Statements section.

**Government-wide Financial Analysis:**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b><u>Assets</u></b>						
Current and other assets	\$ 17,730,993	\$ 16,553,932	23,454,089	28,181,929	41,185,082	44,735,861
Capital assets	55,361,525	50,148,304	71,203,069	66,335,852	126,564,594	116,484,156
Total assets	<u>73,092,518</u>	<u>66,702,236</u>	<u>94,657,158</u>	<u>94,517,781</u>	<u>167,749,676</u>	<u>161,220,017</u>
Deferred Outflows	<u>7,173,765</u>	<u>3,075,853</u>	<u>2,162,328</u>	<u>988,273</u>	<u>9,336,093</u>	<u>4,064,126</u>
<b><u>Liabilities</u></b>						
Current liabilities	1,973,199	2,477,004	2,993,599	4,815,477	4,966,798	7,292,481
Long-term liabilities	35,702,163	25,991,037	8,240,338	7,377,604	43,942,501	33,368,641
Total liabilities	<u>37,675,362</u>	<u>28,468,041</u>	<u>11,233,937</u>	<u>12,193,081</u>	<u>48,909,299</u>	<u>40,661,122</u>
Deferred inflows	<u>6,331,543</u>	<u>6,059,948</u>	<u>2,024,954</u>	<u>1,343,134</u>	<u>8,356,497</u>	<u>7,403,082</u>
<b><u>Net Position</u></b>						
Net investment in capital assets	35,601,783	35,074,145	64,546,750	58,471,363	100,148,533	93,545,508
Restricted	6,528,469	5,573,391	1,529,263	1,521,414	8,057,732	7,094,805
Unrestricted	<u>(5,870,874)</u>	<u>(5,397,436)</u>	<u>17,484,582</u>	<u>21,977,062</u>	<u>11,613,708</u>	<u>16,579,626</u>
Total net position	<u>\$ 36,259,378</u>	<u>\$ 35,250,100</u>	<u>83,560,595</u>	<u>81,969,839</u>	<u>119,819,973</u>	<u>117,219,939</u>

**CITY OF PERU, ILLINOIS**

**Management’s Discussion and Analysis - Unaudited  
For the Year Ended 2023**

**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 \$119,819,973. Of that amount, \$100,148,533 was invested in capital assets, net of related debt, and depreciation related to those assets. There were \$8,057,732 of net assets restricted for purposes specified by external restrictions, constitutional provisions, debt agreements or enabling legislation. The remaining \$11,613,708 was unrestricted.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 5,073,602	\$ 4,565,712	32,775,959	33,833,557	37,849,561	38,399,269
Operating grants and contributions	831,584	725,027	-	-	831,584	725,027
Capital grants			140,301	21,800	140,301	21,800
General revenues:						
Property taxes, levied for general purposes	1,668,893	684,019	-	-	1,668,893	684,019
Sales tax	7,201,633	7,195,303	-	-	7,201,633	7,195,303
Income tax	1,542,258	1,538,589	-	-	1,542,258	1,538,589
Home rule sales tax	4,788,714	4,570,100	-	-	4,788,714	4,570,100
Hotel/motel tax	659,190	459,319	-	-	659,190	459,319
Telecommunications tax	131,503	138,253	-	-	131,503	138,253
Local use tax	400,792	395,443	-	-	400,792	395,443
Cannabis use tax	15,581	15,860	-	-	15,581	15,860
Video gaming tax	435,447	405,574	-	-	435,447	405,574
Replacement tax	681,354	604,402	-	-	681,354	604,402
Interest income	522,424	55,614	174,664	136,930	697,088	192,544
Other	940,104	2,634,401	153,746	130,649	1,093,850	2,765,050
Total revenues	<u>24,893,079</u>	<u>23,987,616</u>	<u>33,244,670</u>	<u>34,122,936</u>	<u>58,137,749</u>	<u>58,110,552</u>
Program expenses:						
General government	6,374,911	5,191,569	-	-	6,374,911	5,191,569
Public safety	7,564,347	6,164,648	-	-	7,564,347	6,164,648
Public works	6,259,159	2,788,369	-	-	6,259,159	2,788,369
Health and welfare	1,325,847	1,149,821	-	-	1,325,847	1,149,821
Culture & recreation	1,450,963	1,057,735	-	-	1,450,963	1,057,735
Payments under intergov't agreements	458,215	362,838	-	-	458,215	362,838
Interest on long-term debt	446,462	452,404	-	-	446,462	452,404
Loss on disposal of capital assets	34,486	-	-	-	34,486	-
Utility Fund	-	-	30,928,842	28,981,684	30,928,842	28,981,684
Landfill	-	-	164,147	43,315	164,147	43,315
Airport	-	-	530,337	413,168	530,337	413,168
Total expenses	<u>23,914,389</u>	<u>17,167,383</u>	<u>31,623,326</u>	<u>29,438,167</u>	<u>55,537,716</u>	<u>46,605,552</u>
Change in net position	<u>978,690</u>	<u>6,820,233</u>	<u>1,621,344</u>	<u>4,684,769</u>	<u>2,600,033</u>	<u>11,505,002</u>
Net position, beginning of year	35,280,688	28,429,868	81,939,251	76,478,702	117,219,939	104,908,570
Prior Period Adjustment	-	30,588	-	775,780	-	806,368
Net position, beginning of year, restated	<u>35,280,688</u>	<u>28,460,456</u>	<u>81,939,251</u>	<u>77,254,482</u>	<u>117,219,939</u>	<u>105,714,938</u>
Net position, end of year	<u>36,259,378</u>	<u>35,280,689</u>	<u>83,560,595</u>	<u>81,939,251</u>	<u>119,819,972</u>	<u>117,219,939</u>

The City of Peru, Illinois’ change in net position in total for the governmental was \$2,600,034 during the year.

## CITY OF PERU, ILLINOIS

### Management's Discussion and Analysis - Unaudited For the Year Ended 2023

---

#### **Government-wide Financial Analysis – (Continued):**

The net position related to government activities increased \$978,690. While the revenues related to government activities increased \$905,464, the expenses increased \$6,747,006 to \$23,914,389 compared to \$17,167,384 last year. This increase is primarily due to the acquisition of the property related to the new MVP TIF District and the infrastructure expenditures incurred related to the GAF manufacturing plant.

Although it was a significant expense in FY2023 of \$4.7 million, those costs will be recouped with future revenues from the TIF incremental tax receipts and potential sale of additional property. The other increase in expenses were paid by those who directly benefitted from the programs (\$5,073,602) or by other governments and organizations which subsidized certain programs with operating grants and contributions (\$831,584). The City paid the remaining "public benefit" portion of the governmental activities with sales taxes, property taxes (some of which could only be used for certain programs) and with interest and other miscellaneous receipts.

Business type activities' net position increased \$1,621,344 during the year with a decrease in revenues of (\$878,266) and an increase in expenses of \$2,185,159 over fiscal year 2022.

#### **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 \$11,608,337 which is \$301,406 greater than the total fund balance at April 30, 2022.

The fund balance of the General Fund at April 30, 2023 was \$10,243,339. This represented an increase of \$597,044.

##### **Proprietary Fund Highlights**

The net position of the Utility Fund at April 30, 2023 was \$73,527,498. This represented an increase of \$1,960,988 during the year. The increase is due to charges for utility services in the city exceeding normal operating expenses by \$1,891,643. The cost of electricity is 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 Assets exceeded depreciation by \$61,588,651.

The net position balance of the Landfill Fund at April 30, 2023 was \$1,107,130. This represented a decrease of \$115,701 from 2022. The Landfill is in the later stages of the closure process. Landfill revenue is primarily generated from monthly assessments (on utility bills).

The net position balance of the Airport Fund at April 30, 2023 was \$8,925,967. This represented a decrease of (\$223,944) from the prior year. Airport revenue is generated from T-hanger rentals, renting of surrounding farm land, and corporate hangar 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, 2023 was \$215,806.

## CITY OF PERU, ILLINOIS

### Management's Discussion and Analysis - Unaudited For the Year Ended 2023

---

#### **Budgetary Highlights**

The City exceeded the budgeted amount in the General and Garbage Funds for the year ended April 30, 2023. More information is presented in Note 18 of 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 \$55,361,525 (net of accumulated depreciation/amortization) at April 30, 2023. Capital assets for business type activities totaled \$71,203,069 (net of accumulated depreciation) at April 30, 2023.

Significant capital expenditures during the year for the General Fund included the MVP TIF District Land Acquisition (\$2,010,229), Schweickert Stadium (\$1,405,718), Schweickert Ice House (\$1,013,619), 2022 Street Program (\$651,279), and the Washington Park Tennis Courts (\$521,911).

Capital improvements for the year ended April 30, 2023 for the Proprietary Funds included Sewer Separation Work (\$1,864,063), Water St WM Project (\$1,748,587), St John's WM Project (\$695,350), Water Tower Painting (\$740,397), Pohar Crossing Subdivision (\$1,316,186), MVP TIF District Project (\$430,869), and a Tandem Truck (\$135,253).

##### Long-term Debt

At April 30, 2023, the City had \$19,521,689 of general obligation bonds, outstanding notes, and leases payable for governmental activities. Business type activities had \$6,553,748.

Moody's Investor Services confirmed in February 2023 an Aa3 issuer rating. Moody's noted although there is a relatively limited local economy, the city's is well balanced with its strong reserves. Additional information on the City's debt can be found in Note 5 of this report.

As of April 30, 2023, the City's general obligation debt limitation was \$28,822,943. 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. Fiscal year 2022 sales taxes reached an unprecedented high exceeding \$7 million. Sales taxes for the year ending April 30, 2023, exceeded the budget again with a slight increase of \$57,945 over 2022. Inflation and consistent strong purchasing continue to drive the increase. Combined sales tax and home-rule taxes increased 1.9% from 2022 to 2023.

Interest income for the city in total grew >200% due to increased rates within checking, CD and money market accounts. An increased level of interest income should continue into FY24. In addition, the city increased the Hotel/Motel tax rate in June 2022 to 7% from 4.7% to be more equitable with other surrounding cities resulting in a 43% increase in FY23.



## **CITY OF PERU, ILLINOIS**

### **Management's Discussion and Analysis - Unaudited For the Year Ended 2023**

---

Property taxes continue to be allocated exclusively to public safety pensions. Taxpayers with a median home value of \$130,000 saw a slight increase of \$1.95 in total on the city tax line item of their 2022 tax bill. Increased equalized assessed values, new developments, and a strong sales tax base have allowed for the City to keep property tax rates low. Equalized assessed value (EAV) increased 4.45% in 2022 over 2021. 2023 is estimated to increase again.

If you have questions about this report or need additional financial information, contact the City Council, 1901 4<sup>th</sup> Street, Peru, Illinois 61354.

***BASIC FINANCIAL STATEMENTS***

## Statement of Net Position

April 30, 2023

(With Comparative Figures for April 30, 2022)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	
			2023	2022
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,542,655	8,854,001	19,396,656	25,138,423
Investments	1,441,489	7,922,375	9,363,864	6,021,053
Receivables:				
Property taxes	2,016,301	-	2,016,301	1,675,961
Sales taxes	1,699,200	-	1,699,200	1,735,354
Telecommunications taxes	32,645	-	32,645	33,308
Home rule sales taxes	1,131,629	-	1,131,629	1,126,373
Motor fuel taxes	35,159	-	35,159	34,546
State income taxes	444,118	-	444,118	505,765
Replacement taxes	129,210	-	129,210	144,443
Accounts receivable	122,851	3,721,294	3,844,145	3,468,860
Other	7,239	-	7,239	216,461
Prepaid expenses	222,194	1,208,681	1,430,875	1,401,550
Accrued interest	-	-	-	12,017
Inventory	-	124,778	124,778	302,946
Internal balances	(93,697)	93,697	-	-
Restricted cash and cash equivalents	-	1,147,329	1,147,329	811,345
Restricted investments	-	381,934	381,934	698,052
Net pension asset	-	-	-	1,409,404
Capital assets, net of accumulated depreciation	55,361,525	71,203,069	126,564,594	116,484,156
Total assets	73,092,518	94,657,158	167,749,676	161,220,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Bond refunding loss	-	168,657	168,657	244,708
Asset retirement obligation	-	365,000	365,000	370,000
Pension-related deferred outflows	7,173,765	1,628,671	8,802,436	3,449,418
Total deferred outflows	7,173,765	2,162,328	9,336,093	4,064,126
<b>LIABILITIES</b>				
Cash overdrafts	73,598	395,301	468,899	84,943
Accounts payable	1,579,924	1,948,934	3,528,858	3,556,751
Accrued interest payable	134,295	56,350	190,645	211,454
Salaries and benefits payable	185,382	-	185,382	165,554
Refundable customer deposits	-	593,014	593,014	584,668
Long-term liabilities:				
Due within one year:				
Notes payable	152,272	230,328	382,600	377,355
General obligation bonds payable	535,000	1,160,000	1,695,000	1,645,000
Lease payable	97,178	27,315	124,493	-
Compensated absences	262,523	151,458	413,981	357,757
Due in more than one year:				
Notes payable	807,669	2,072,953	2,880,622	3,263,222
General obligation bonds payable	17,929,570	3,063,152	20,992,722	17,705,353
Lease payable	238,053	102,571	340,624	-
Asset retirement obligation	-	375,000	375,000	375,000
Compensated absences	631,352	106,606	737,958	671,947
Net OPEB liability	510,589	170,196	680,785	812,133
Net pension liability	14,537,957	471,760	15,009,717	10,540,986
Estimated post-closure care	-	308,999	308,999	308,999
Total liabilities	37,675,362	11,233,937	48,909,299	40,661,122
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property tax	1,846,301	-	1,846,301	1,503,961
Deferred grant revenue	-	117,621	117,621	-
Deferred impact fees	-	1,096,074	1,096,074	-
Pension-related deferred inflows	4,485,242	811,259	5,296,501	5,899,121
Total deferred inflows	6,331,543	2,024,954	8,356,497	7,403,082
<b>NET POSITION</b>				
Net investment in capital assets	35,601,783	64,546,750	100,148,533	93,545,508
Restricted for:				
Debt service	-	1,529,263	1,529,263	1,521,414
Public safety services	243,944	-	243,944	1,468,320
Streets and public improvements	354,618	-	354,618	756,966
Urban renewal purposes	688,783	-	688,783	583,272
Economic development	35,698	-	35,698	105,315
Other purposes	5,205,426	-	5,205,426	2,659,518
Unrestricted	(5,870,874)	17,484,582	11,613,708	16,579,626
Total net position	\$ 36,259,378	83,560,595	119,819,973	117,219,939

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

Statement of Activities  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	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	
							2023	2022
Primary government:								
Governmental activities:								
General government	\$ 6,374,911	4,131,377	831,584	-	(1,411,950)	-	(1,411,950)	(792,127)
Public safety	7,564,347	22,160	-	-	(7,542,187)	-	(7,542,187)	(6,141,217)
Public works	6,259,159	-	-	-	(6,259,159)	-	(6,259,159)	(2,788,369)
Health and welfare	1,325,847	920,065	-	-	(405,782)	-	(405,782)	(281,955)
Culture and recreation	1,450,963	-	-	-	(1,450,963)	-	(1,450,963)	(1,057,735)
Payments under intergovernmental agreements	458,215	-	-	-	(458,215)	-	(458,215)	(362,838)
Unallocated interest on long-term debt	446,462	-	-	-	(446,462)	-	(446,462)	(452,404)
Total governmental activities	23,879,904	5,073,602	831,584	-	(17,974,718)	-	(17,974,718)	(11,876,646)
Business-type activities:								
Utility fund	30,928,842	32,655,635	-	-	-	1,726,793	1,726,793	4,720,580
Landfill	164,147	38,760	-	-	-	(125,387)	(125,387)	(4,310)
Airport	530,337	81,564	-	140,301	-	(308,472)	(308,472)	(299,080)
Total business-type activities	31,623,326	32,775,959	-	140,301	-	1,292,934	1,292,934	4,417,190
Total primary government	\$ 55,503,230	37,849,561	831,584	140,301	(17,974,718)	1,292,934	(16,681,784)	(7,459,456)
General revenues:								
Property taxes, levied for general purposes					\$ 1,668,893	-	1,668,893	684,019
Sales tax					7,201,633	-	7,201,633	7,195,303
Income tax					1,542,258	-	1,542,258	1,538,589
Home rule sales tax					4,788,714	-	4,788,714	4,570,100
Hotel/motel tax					659,190	-	659,190	459,319
Telecommunications tax					131,503	-	131,503	138,253
Local use tax					400,792	-	400,792	395,443
Cannabis use tax					15,581	-	15,581	15,860
Video gaming tax					435,447	-	435,447	405,574
Replacement tax					681,354	-	681,354	604,402
Motor fuel tax					522,424	-	522,424	648,873
Interest income					251,033	174,664	425,697	192,544
Fines and penalties					88,020	-	88,020	129,089
Telecom tower proceeds					74,266	-	74,266	74,493
Other					526,786	153,746	680,532	1,912,595
Total general revenues					18,987,894	328,410	19,316,304	18,964,456
Special items:								
Loss on disposal of capital assets					(34,486)	-	(34,486)	-
Change in net position					978,690	1,621,344	2,600,034	11,505,001
Net position, beginning of year					35,280,688	81,939,251	117,219,939	104,908,570
Prior Period Adjustment					-	-	-	806,368
Net position, beginning of year, restated					35,280,688	81,939,251	117,219,939	105,714,938
Net position, end of year					\$ 36,259,378	83,560,595	119,819,973	117,219,939

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

## Balance Sheet - Governmental Funds

April 30, 2023

(With Comparative Figures for April 30, 2022)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2023	2022
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,174,610	1,287,884	9,462,494	8,079,475
Investments	1,441,489	-	1,441,489	1,523,465
Receivables:				
Property taxes	1,070,249	946,052	2,016,301	1,675,961
Sales taxes	1,699,200	-	1,699,200	1,735,354
Telecommunications taxes	32,645	-	32,645	33,308
Home rule sales taxes	1,131,629	-	1,131,629	1,126,373
Motor fuel taxes	-	35,159	35,159	34,546
State income taxes	444,118	-	444,118	505,765
Replacement taxes	129,210	-	129,210	144,443
Accounts	-	122,851	122,851	-
Other	7,239	-	7,239	247,049
Due from other funds	102,724	194,855	297,579	280,878
Prepaid expenses	222,194	-	222,194	202,874
Total assets	<u>\$ 14,455,307</u>	<u>2,586,801</u>	<u>17,042,108</u>	<u>15,589,491</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Overdraft payable	\$ -	73,598	73,598	39,781
Accounts payable	1,573,468	6,456	1,579,924	1,185,953
Salaries and benefits payable	185,382	-	185,382	165,554
Due to other funds	195,579	195,697	391,276	92,423
Total liabilities	<u>1,954,429</u>	<u>275,751</u>	<u>2,230,180</u>	<u>1,483,711</u>
Deferred inflows of resources:				
Succeeding year property tax	900,249	946,052	1,846,301	1,503,961
Unavailable revenues	1,357,290	-	1,357,290	1,294,888
Total deferred inflows	<u>2,257,539</u>	<u>946,052</u>	<u>3,203,591</u>	<u>2,798,849</u>
Fund balances:				
Non-spendable:				
Prepaid expenses	222,194	-	222,194	202,874
Parkside school	517,607	-	517,607	466,374
Assigned - municipal pool	100,000	-	100,000	132,108
Committed - motel tax	948,053	-	948,053	816,975
Restricted for:				
Public safety services	-	243,944	243,944	1,468,320
Streets and public improvements	-	354,618	354,618	756,966
Urban renewal purposes	-	688,783	688,783	583,272
Economic development	-	35,698	35,698	105,315
Other purposes	5,092,998	112,428	5,205,426	2,659,518
Unassigned	3,362,487	(70,473)	3,292,014	4,115,209
Total fund balances	<u>10,243,339</u>	<u>1,364,998</u>	<u>11,608,337</u>	<u>11,306,931</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,455,307</u>	<u>2,586,801</u>	<u>17,042,108</u>	<u>15,589,491</u>

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

**Balance Sheet - Governmental Funds**  
**April 30, 2023**  
 (With Comparative Figures for April 30, 2022)

	2023	2022
<b>Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:</b>		
Total governmental fund balances	\$ 11,608,337	11,306,931
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 \$82,267,883 and the accumulated depreciation is \$32,119,579.	55,361,525	50,148,304
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.	1,357,290	1,294,888
Accrued interest payable	(134,295)	(139,879)
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	7,173,765	3,075,853
Deferred inflows of resources	(4,485,242)	(4,555,987)
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.	1,080,161	1,087,484
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(16,830,000)	(12,535,000)
Bond premium	(1,634,570)	(1,432,191)
Notes payable	(959,941)	(1,106,968)
Lease payable	(335,231)	-
Compensated absences	(893,875)	(712,661)
Net OPEB liability	(510,589)	(609,100)
Net pension liability / asset	(14,537,957)	(10,540,986)
Net position of governmental activities	<u>\$ 36,259,378</u>	<u>35,280,688</u>

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	General Fund	Non-major Governmental Funds	Total Governmental Funds	
			2023	2022
<b>Revenues:</b>				
Taxes	\$ 16,139,299	642,310	16,781,609	15,288,443
Intergovernmental revenue	1,512,938	522,424	2,035,362	1,978,302
Licenses and permits	2,619,911	-	2,619,911	2,186,348
Fines and penalties	61,911	26,109	88,020	129,089
Charges for services	22,160	920,065	942,225	891,297
Interest income	241,284	7,040	248,324	55,134
Cell tower proceeds	74,266	-	74,266	74,493
Other	481,303	45,483	526,786	1,761,946
Total revenues	21,153,072	2,163,431	23,316,503	22,365,052
<b>Expenditures:</b>				
Current:				
General government	4,372,980	299,282	4,672,262	4,814,303
Public safety	6,999,075	31,534	7,030,609	5,809,692
Public works	2,061,511	-	2,061,511	2,071,709
Health and welfare	442,577	883,270	1,325,847	1,149,821
Culture and recreation	1,309,639	209,109	1,518,748	1,057,735
Debt service:				
Principal	667,027	-	667,027	525,000
Interest	452,046	-	452,046	415,142
Capital outlay	4,428,358	5,603,806	10,032,164	8,448,024
Payments under intergovernmental agreements	-	458,215	458,215	362,838
Total expenditures	20,733,213	7,485,216	28,218,429	24,654,264
Excess (deficiency) of revenues over (under) expenditures	419,859	(5,321,785)	(4,901,926)	(2,289,212)
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	95,202	-	95,202	20,000
Proceeds from the sale of bonds	-	4,815,000	4,815,000	1,106,968
Premium on bonds sold	-	293,130	293,130	-
Transfers from other funds	81,983	-	81,983	-
Transfers to other funds	-	(81,983)	(81,983)	-
Total other financing sources (uses)	177,185	5,026,147	5,203,332	1,126,968
Changes in fund balances	597,044	(295,638)	301,406	(1,162,244)
Fund balances, beginning of year	9,646,295	1,660,636	11,306,931	12,438,587
Prior Period Adjustment	-	-	-	30,588
Fund balances, beginning of year, restated	9,646,295	1,660,636	11,306,931	12,469,175
Fund balances, end of year	\$ 10,243,339	1,364,998	11,608,337	11,306,931

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, 2023  
 (With Comparative Figures for the Year Ended April 30, 2022)

	2023	2022
<b>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities</b>		
Net change in fund balances - total governmental funds	\$ 301,406	(1,162,244)
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	7,632,793	8,196,791
Depreciation expense	(2,289,884)	(1,596,646)
Loss on Disposal of Assets	(129,688)	-
Governmental funds report debt payments as expenditures and debt issuances as revenue. However, in the statement of activities, debt payments and debt issuances are not reported as expenditures and revenue:		
Issuance of general obligation bonds	(4,815,000)	-
Issuance of note payable	-	(1,106,968)
Issuance of lease payable	(381,150)	-
Bond premium	(293,130)	-
Principal payments on debt	667,027	525,000
Principal payments on leases	45,919	-
Amortization of bond premium	90,751	90,750
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.	62,402	114,017
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.	(7,323)	79,858
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.	4,168,657	595,953
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	5,584	(37,262)
Compensated absences	(181,214)	(168,688)
Change in OPEB liability	98,511	138,821
Change in pension liability	(3,996,971)	1,150,850
Change in net position of governmental activities	<u>\$ 978,690</u>	<u>6,820,232</u>



Statement of Net Position - Proprietary Funds  
 April 30, 2023  
 (With Comparative Figures for April 30, 2022)

	Enterprise Funds			Total		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	2023	2022	Self Insurance Fund 2023
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 8,481,409	372,592	-	8,854,001	15,971,496	1,080,161
Investments	7,822,375	100,000	-	7,922,375	4,497,588	-
Accounts receivable, net	3,590,138	1,535	129,621	3,721,294	3,438,272	-
Due from other funds	201,961	-	-	201,961	-	-
Prepaid expenses	1,197,023	85	11,573	1,208,681	1,198,676	-
Inventory	124,778	-	-	124,778	302,946	-
Total current assets	21,417,684	474,212	141,194	22,033,090	25,408,978	1,080,161
Non-current assets:						
Restricted assets:						
Restricted cash and cash equivalents	587,863	559,466	-	1,147,329	811,345	-
Restricted investments	255,643	126,291	-	381,934	698,052	-
Accrued interest	-	-	-	-	12,017	-
Total restricted assets	843,506	685,757	-	1,529,263	1,521,414	-
Net pension asset	-	-	-	-	1,409,404	-
Total non-current assets	843,506	685,757	-	1,529,263	2,930,818	-
Capital assets:						
Land	1,902,579	210,000	5,315,000	7,427,579	7,427,579	-
Construction in progress	2,786,096	-	398,637	3,184,733	937,246	-
Buildings and land improvements	17,179,704	369,037	2,723,863	20,272,604	20,637,303	-
Machinery and equipment	51,767,395	119,337	-	51,886,732	53,798,010	-
Infrastructure	76,570,146	-	13,393,620	89,963,766	84,521,534	-
Total capital assets at cost	150,205,920	698,374	21,831,120	172,735,414	167,321,672	-
Less: Accumulated depreciation	88,617,269	420,583	12,494,493	101,532,345	100,985,820	-
Total capital assets	61,588,651	277,791	9,336,627	71,203,069	66,335,852	-
Total assets	83,849,841	1,437,760	9,477,821	94,765,422	94,675,648	1,080,161
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Bond refunding loss	168,657	-	-	168,657	244,708	-
Asset retirement obligation	365,000	-	-	365,000	370,000	-
Pension related deferred outflows	1,628,671	-	-	1,628,671	373,565	-
Total deferred outflows of resources	2,162,328	-	-	2,162,328	988,273	-
<b>LIABILITIES</b>						
Current liabilities:						
Cash overdrafts	-	-	395,301	395,301	45,162	-
Accounts payable	1,897,712	21,631	29,591	1,948,934	2,370,830	-
Deferred impact fees	1,096,074	-	-	1,096,074	-	-
Accrued interest payable	56,350	-	-	56,350	71,575	-
Compensated absences	151,458	-	-	151,458	78,915	-
Due to other funds	98,923	-	9,341	108,264	188,455	-
Refundable customer deposits	593,014	-	-	593,014	584,668	-
Notes payable	230,328	-	-	230,328	230,328	-
General obligation bonds payable	1,160,000	-	-	1,160,000	1,125,000	-
Lease payable	27,315	-	-	27,315	-	-
Total current liabilities	5,311,174	21,631	434,233	5,767,038	4,694,933	-
Non-current liabilities:						
Compensated absences	106,606	-	-	106,606	238,128	-
Notes payable	2,072,953	-	-	2,072,953	2,303,281	-
General obligation bonds payable	3,063,152	-	-	3,063,152	4,258,162	-
Lease payable	102,571	-	-	102,571	-	-
Asset retirement obligation	375,000	-	-	375,000	375,000	-
Net pension liability	471,760	-	-	471,760	-	-
Net OPEB liability	170,196	-	-	170,196	203,033	-
Estimated post-closure care	-	308,999	-	308,999	308,999	-
Total non-current liabilities	6,362,238	308,999	-	6,671,237	7,686,603	-
Total liabilities	11,673,412	330,630	434,233	12,438,275	12,381,536	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred grant revenue	-	-	117,621	117,621	-	-
Pension-related deferred inflows	811,259	-	-	811,259	1,343,134	-
Total deferred inflows of resources	811,259	970,259	117,621	928,880	1,343,134	-
<b>NET POSITION</b>						
Net investment in capital assets	54,932,332	277,791	9,336,627	64,546,750	58,471,363	-
Restricted	843,506	685,757	-	1,529,263	1,521,414	-
Unrestricted	17,751,660	143,582	(410,660)	17,484,582	21,946,474	1,080,161
Total net position	\$ 73,527,498	1,107,130	8,925,967	83,560,595	81,939,251	1,080,161

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, 2023**  
**(With Comparative Figures for the Year Ended April 30, 2022)**

	Enterprise Funds			Total Proprietary Funds		Internal Service Fund
	Utility Fund	Landfill Fund	Illinois Valley	2023	2022	Self
			Regional Airport Operations Fund			Insurance Fund
						2023
Operating revenues:						
Charges for services	\$ 32,456,806	38,760	8,906	32,504,472	33,403,446	1,511,466
Other charges and rentals	198,829	-	72,658	271,487	430,111	-
Total operating revenues	32,655,635	38,760	81,564	32,775,959	33,833,557	1,511,466
Operating expenses:						
General and administrative	3,119,659	156,719	646,847	3,923,225	3,183,306	4,749
Power and generating plant	16,881,024	-	-	16,881,024	17,607,361	-
Distribution system	4,148,443	-	-	4,148,443	2,478,580	-
Hydroelectric plant	655,362	-	-	655,362	225,992	-
Street lighting	100,107	-	-	100,107	62,719	-
Truck expenses	233,962	-	-	233,962	163,403	-
Pumping and purification	1,892,471	-	-	1,892,471	1,680,299	-
Sewerage system, disposal plant	601,214	-	-	601,214	545,931	-
Insurance premiums and claims	-	-	-	-	-	1,516,749
Depreciation	3,194,979	7,428	215,806	3,418,213	3,294,026	-
Total operating expenses	30,763,992	164,147	530,337	31,458,476	29,241,617	1,521,498
Operating income (loss)	1,891,643	(125,387)	(448,773)	1,317,483	4,591,940	(10,032)
Non-operating revenues (expenses):						
Interest income	164,954	9,686	24	174,664	136,930	2,709
Rental income	55,041	-	41,736	96,777	83,837	-
Farm income	-	-	42,769	42,769	42,769	-
Grant revenues	-	-	140,301	140,301	21,800	-
Miscellaneous	14,200	-	-	14,200	4,043	-
Interest expense	(164,850)	-	-	(164,850)	(196,550)	-
Total non-operating revenues (expenses)	69,345	9,686	224,830	303,861	92,829	2,709
Change in net position	1,960,988	(115,701)	(223,943)	1,621,344	4,684,769	(7,323)
Net position, beginning of year	71,566,510	1,222,831	9,149,910	81,939,251	76,478,702	1,087,484
Prior period adjustment	-	-	-	-	775,780	-
Net position, beginning of year, restated	71,566,510	1,222,831	9,149,910	81,939,251	77,254,482	-
Net position, end of year	\$ 73,527,498	1,107,130	8,925,967	83,560,595	81,939,251	1,080,161

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

**Statement of Cash Flows - Proprietary Funds**  
**Year Ended April 30, 2023**  
**(With Comparative Figures for the Year Ended April 30, 2022)**

	Utility Fund	Landfill Fund	Illinois Valley Regional Airport Operations Fund	Total Proprietary Funds	
				2023	2022
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 31,663,295	58,406	41,518	31,763,219	34,043,228
Payments to employees	(1,712,834)	-	-	(1,712,834)	(1,681,619)
Payments to suppliers	(26,588,256)	(145,088)	1,015	(26,732,329)	(24,479,422)
Net cash provided by (used in) operating activities	3,362,205	(86,682)	42,533	3,318,056	7,882,187
<b>Cash flows from noncapital financing activities:</b>					
Internal advances	(89,531)	-	-	(89,531)	1,509
Proceeds from grants	-	-	140,301	140,301	21,800
Net cash provided by (used in) noncapital financing activities	(89,531)	-	140,301	50,770	23,309
<b>Cash flows from capital and related financing activities:</b>					
Capital assets acquired	(8,172,071)	-	(254,506)	(8,426,577)	(4,568,316)
Principal payments on notes payable	(230,328)	-	-	(230,328)	(230,328)
Proceeds from leases	(129,886)	-	-	(129,886)	-
Principal payments on G.O. bonds payable	(1,160,010)	-	-	(1,160,010)	(1,195,010)
Principal payments on revenue bonds payable	27,315	-	-	27,315	-
Interest payments	(180,075)	-	-	(180,075)	(203,915)
Deferred bond cost on bond refunding	76,051	-	-	76,051	76,050
Net cash provided by (used in) capital financing activities	(9,769,004)	-	(254,506)	(10,023,510)	(6,121,519)
<b>Cash flows from investing activities:</b>					
Rental and miscellaneous sale income	69,241	-	71,648	140,889	130,649
Interest received	176,166	8,891	24	185,081	150,430
Net sales (purchases) of investments	(760,779)	307,985	-	(452,794)	2,374,553
Net cash provided by (used in) investing activities	(515,372)	316,876	71,672	(126,824)	2,655,632
Net change in cash and cash equivalents	(7,011,702)	230,194	-	(6,781,508)	4,439,609
Cash and cash equivalents, beginning of year	16,080,974	701,864	-	16,782,838	12,343,229
Cash and cash equivalents, end of year	\$ 9,069,272	932,058	-	10,001,330	16,782,838
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,891,643	(125,387)	(448,773)	1,317,483	4,591,940
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>					
Depreciation	3,194,979	7,428	215,806	3,418,213	3,294,026
<b>Effects of changes in operating assets and liabilities:</b>					
(Increase) decrease in accounts receivable	(1,000,686)	19,646	(40,046)	(1,021,086)	214,762
(Increase) decrease in prepaid expenses	(12,027)	7	1,485	(10,535)	(10,886)
(Increase) decrease in inventory	178,168	-	-	178,168	164,026
(Increase) decrease in deferred outflows of resources	(1,255,106)	-	-	(1,255,106)	78,056
Increase (decrease) in cash overdrafts	-	-	291,790	291,790	(58,349)
Increase (decrease) in accounts payable	(428,825)	21,624	22,271	(384,930)	413,229
Increase (decrease) in compensated absences	(58,979)	-	-	(58,979)	(27,764)
Increase (decrease) in refundable customer deposits	8,346	-	-	8,346	(5,091)
Increase (decrease) in deferred inflows of resources	(531,875)	-	-	(531,875)	132,444
Increase (decrease) in estimates post-closure care	-	(10,000)	-	(10,000)	(10,000)
Increase (decrease) in net OPEB liability	(32,837)	-	-	(32,837)	(102,456)
Increase (decrease) in net pension liability	1,409,404	-	-	1,409,404	(791,750)
Net cash provided by (used in) operating activities	\$ 3,362,205	(86,682)	42,533	3,318,056	7,882,187

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

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**April 30, 2023**  
**(With Comparative Figures for April 30, 2022)**

		<u>Pension Trust Funds</u>	
		<u>2023</u>	<u>2022</u>
	<u>ASSETS</u>		
Cash and cash equivalents		\$ 3,249,884	4,165,923
Investments		14,373,618	12,614,110
Accrued interest		1,471	5,673
Total assets		<u>\$ 17,624,973</u>	<u>16,785,706</u>
	<u>NET POSITION</u>		
Held in trust for pension benefits		<u>\$ 17,624,973</u>	<u>16,785,706</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, 2023**  
**(With Comparative Figures for the Year Ended April 30, 2022)**

	Pension Trust Funds	
	2023	2022
Additions:		
Contributions:		
Employer contributions	\$ 2,006,628	1,965,160
Plan member contributions	211,709	215,016
Total contributions	2,218,337	2,180,176
Net investment income:		
Net change in fair value of investments	(527,146)	(2,040,618)
Investment income	628,437	728,902
Total investment income	101,291	(1,311,716)
Less: Investment expense	42,171	45,468
Net investment income	59,120	(1,357,184)
Total additions	2,277,457	822,992
Deductions:		
Administrative	6,592	8,205
Benefit payments, including member refunds	1,431,598	1,127,632
Total deductions	1,438,190	1,135,837
Changes in net position	839,267	(312,845)
Net position, beginning of year	16,785,706	17,098,551
Net position, end of year	\$ 17,624,973	16,785,706

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, 2023**

---

**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, garbage, 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, 2023

**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.

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

	Governmental Activities	Business- Type Activities	Total Primary Government
Capital assets, net of accumulated depreciation	\$ 55,361,525	71,203,069	126,564,594
Less:			
Notes payable	(959,941)	(2,303,281)	(3,263,222)
General obligation bonds payable	(335,231)	(129,886)	(465,117)
Leases payable	(18,464,570)	(4,223,152)	(22,687,722)
Net investment in capital assets	<u>\$ 35,601,783</u>	<u>64,546,750</u>	<u>100,148,533</u>

- a. 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.
- b. 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, 2023

---

**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, 2023

---

**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, 2023

---

**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, 2023

---

**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 basis. 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 2021 property tax levy (\$1,668,893) are used to finance the operating budget of the fiscal year ending April 30, 2023. Although the 2022 property tax levy receivable has been recorded, the related revenue (\$1,844,830) 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, 2023

---

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

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

Customer Accounts Receivable and Unbilled Usage

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

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

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions among funds. To the extent certain transactions between funds had not been paid or received as of April 30, 2023, 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, 2023**

**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

In addition to the assets reported above, the City reports intangible right-to-use assets. These assets, as defined by GASB Statement No. 87, Leases, are for lease contract of non-financial equipment assets.

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, 2023

---

**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, 2023.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

**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, 2023

---

**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 \$4,122,343 of restricted home rule sales tax receipts, \$67,205 of restricted Cemetery reserve donations, \$517,607 restricted for Parkside Bond Obligations, \$313,004 restricted for 2020/2021 Bond Reserve Obligations, \$8,756 restricted for Downtown Surplus, \$6,812 restricted for Past Elected Officials, \$11,822 restricted for Veteran’s Park Memorial, as well as \$42,199 restricted for recreational purposes and \$3,250 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.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

**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.

*G. Reclassifications*

Certain amounts presented in prior year data may have been reclassified in order to be consistent with the current year presentation.

*H. Change in Accounting Standards*

During the year ended April 30, 2023, the City implemented GASB 87 – Leases which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. At April 30, 2023, the City recorded right-to-use assets of \$381,150 and a lease liability of \$381,150 for leases where the City is the lessee in the governmental activities. At April 30, 2023, the City recorded right-to-use assets and a lease liability of \$144,000 for leases where the City is the lessee in the business-type activities.

**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 \$20,075,086, including petty cash. Bank balances totaled \$21,053,161. Cash on hand was \$1,500.

At year-end, the carrying amount of the City's trust fund deposits was \$3,249,884. Bank balances also totaled \$3,249,884.

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, 2023, all of the City's uninsured deposits were fully collateralized.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS – (CONTINUED)

Investments

As of April 30, 2023, 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	\$ 9,703,599	4,571,673	5,131,926	-	-
Mutual funds	42,199	42,199	-	-	-
Total	<u>\$ 9,745,798</u>	<u>4,613,872</u>	<u>5,131,926</u>	<u>-</u>	<u>-</u>

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.

**Notes to Basic Financial Statements  
For the Year Ended April 30, 2023**

**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.

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

	Balance at April 30, 2023	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	\$ 9,703,599	-	9,703,599	-
Mutual funds	42,199	42,199	-	-
Total investments	\$ 9,745,798	42,199	9,703,599	-

The fair value of certificates of deposit at April 30, 2023, 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.

**CITY OF PERU, ILLINOIS**

**Notes to Basic Financial Statements  
For the Year Ended April 30, 2023**

**NOTE 4: CHANGES IN CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended April 30, 2023 was as follows:

	Balance as of April 30, 2022	Additions	Deletions	Balance as of April 30, 2023
Capital assets not being depreciated:				
Land	\$ 1,593,436	2,128,107	-	3,721,543
Construction in progress	123,834	707,028	(108,784)	722,078
Total capital assets not being depreciated	<u>1,717,270</u>	<u>2,835,135</u>	<u>(108,784)</u>	<u>4,443,621</u>
Capital assets being depreciated:				
Buildings	23,491,405	1,037,904	(131,868)	24,397,441
Machinery and equipment	7,191,147	1,006,737	(1,613,103)	6,584,781
Land improvements	472,138	1,976,951	-	2,449,089
Infrastructure	49,395,923	776,066	-	50,171,989
Total capital assets being depreciated	<u>80,550,613</u>	<u>4,797,658</u>	<u>(1,744,971)</u>	<u>83,603,300</u>
Total capital assets	<u>82,267,883</u>	<u>7,632,793</u>	<u>(1,853,755)</u>	<u>88,046,921</u>
Less accumulated depreciation:				
Buildings	2,397,817	506,939	(130,880)	2,773,876
Machinery and equipment	5,046,300	354,798	(1,593,188)	3,807,910
Land improvements	432,405	15,406	-	447,811
Infrastructure	24,243,057	1,412,742	-	25,655,799
Total accumulated depreciation:	<u>32,119,579</u>	<u>2,289,885</u>	<u>(1,724,068)</u>	<u>32,685,396</u>
Total capital assets being depreciated, net	<u>48,431,034</u>	<u>2,507,773</u>	<u>(20,903)</u>	<u>50,917,904</u>
Governmental activities capital assets, net	<u>\$ 50,148,304</u>	<u>5,342,908</u>	<u>(129,687)</u>	<u>55,361,525</u>

Depreciation for governmental activities in the current fiscal year was \$2,289,885 and was allocated as follows:

General government	\$ 752,989
Public safety	509,073
Public works	<u>1,027,823</u>
Total depreciation – governmental activities	<u>\$ 2,289,885</u>

Construction in progress at April 30, 2023 is the result of the General Fund Street Program and Plank Road widening project.

Significant capital additions for the year included the Schweickert Ice House (\$1,013,619), MVP TIF Land Addition (\$2,010,229), the Schweickert Stadium (\$1,405,718), and Washington Park Tennis Courts (\$521,911).

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**NOTE 4: CHANGES IN CAPITAL ASSETS – (CONTINUED)**

Capital asset activity for business-type activities for the year ended April 30, 2023 was as follows:

	Balance as of April 30, 2022	Additions	Deletions	Balance as of April 30, 2023
Capital assets not being depreciated:				
Land	\$ 7,427,579	-	-	7,427,579
Construction in progress	937,246	2,765,341	(517,854)	3,184,733
Total capital assets not being depreciated	<u>8,364,825</u>	<u>2,765,341</u>	<u>(517,854)</u>	<u>10,612,312</u>
Depreciable capital assets:				
Buildings and land improvements	20,637,303	-	(364,699)	20,272,604
Machinery and equipment	53,798,010	591,869	(2,501,989)	51,887,890
Infrastructure	84,521,534	5,440,860	-	89,962,394
Total depreciable capital assets:	<u>158,956,847</u>	<u>6,032,729</u>	<u>(2,866,688)</u>	<u>162,122,888</u>
Total capital assets	<u>167,321,672</u>	<u>8,798,070</u>	<u>(3,384,542)</u>	<u>172,735,200</u>
Less accumulated depreciation:				
Buildings and land improvements	10,638,451	427,497	(364,699)	10,701,249
Machinery and equipment	47,309,627	937,689	(2,501,989)	45,745,327
Infrastructure	43,037,742	2,047,814	-	45,085,555
Total accumulated depreciation	<u>100,985,820</u>	<u>3,413,000</u>	<u>(2,866,688)</u>	<u>101,532,131</u>
Total capital assets being depreciated, net	<u>57,971,027</u>	<u>2,619,729</u>	<u>-</u>	<u>60,590,757</u>
Business-type activities capital assets, net	<u>\$ 66,335,852</u>	<u>5,385,070</u>	<u>(517,854)</u>	<u>71,203,069</u>

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

Utility	\$ 3,189,766
Landfill	7,428
Airport	<u>215,806</u>
Total depreciation – business type activities	<u>\$ 3,413,000</u>

Construction in progress at April 30, 2023 includes multiple water main projects and a runway extension. All projects are projected to be completed in the following fiscal year.

Significant capital additions for the year included a Sewer Separation Project (\$1,864,063), Water St WM Project (\$1,748,587), Water Tower Painting (\$740,397), St. Johns Water Main Project (\$695,350), Pohar Crossing (\$1,316,186), MVP TIF Project (\$430,869), and a Tandem Truck (\$135,253).

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**NOTE 5: LONG-TERM LIABILITIES**

Long-term liability activity for the year ended April 30, 2023, was as follows:

	Balance at April 30, 2022	Additions	Deductions	Balance at April 30, 2023	Due Within One Year
<b>Governmental Activities</b>					
Notes Payable	\$ 1,106,968	-	147,027	959,941	152,272
General Obligation Bonds Payable	12,535,000	4,815,000	520,000	16,830,000	535,000
Lease Payable - Right-to-use assets	-	381,150	45,919	335,231	97,178
Bond Premium/(Discount), Net	1,432,191	293,130	90,751	1,634,570	-
Compensated Absences (Note 1)	712,661	460,056	278,842	893,875	262,523
Net OPEB Liability (Note 8)	609,100	-	98,511	510,589	-
Net Pension Liability (Asset) (Note 7)	10,540,986	3,996,971	-	14,537,957	-
<b>Total Governmental Activities</b>	<b>\$ 26,936,906</b>	<b>9,946,307</b>	<b>1,181,050</b>	<b>35,702,163</b>	<b>1,046,973</b>
<b>Business-Type Activities</b>					
Notes Payable	\$ 2,533,609	-	230,328	2,303,281	230,328
General Obligation Bonds Payable	5,230,000	-	1,125,000	4,105,000	1,160,000
Lease Payable - Right-to-use assets	-	144,000	14,114	129,886	27,315
Bond Premium/(Discount), Net	153,162	-	35,010	118,152	-
Asset Retirement Obligation	375,000	-	-	375,000	-
Compensated Absences (Note 1)	317,043	-	58,979	258,064	151,458
Net OPEB Liability (Note 8)	203,033	-	32,837	170,196	-
Net Pension Liability (Asset) (Note 7)	(1,409,404)	1,881,164	-	471,760	-
Estimated Postclosure Care (Note 11)	318,999	-	10,000	308,999	-
<b>Total Business-Type Activities</b>	<b>\$ 7,721,442</b>	<b>2,025,164</b>	<b>1,506,268</b>	<b>8,240,338</b>	<b>1,569,101</b>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2023 was \$3,230,000.

On June 24, 2020, the City issued General Obligation Bonds, Series 2020 in the amount of \$8,810,000, set to mature January 1, 2040, due in annual principal installments of \$305,000 to \$590,000 with semi-annual interest of 2.45% to 4.00%. The bonds were issued to finance capital improvements. Payments on these bonds are paid through the General Fund using operating revenues. The balance outstanding as of April 30, 2023 was \$7,725,000.

On February 24, 2021, the City issued General Obligation Refunding Bonds, Series 2021 in the amount of \$5,855,000, set to mature May 1, 2036, due in annual principal installments of \$240,000 to \$375,000, with semi-annual interest of 2.00% to 3.00%. A portion of the proceeds of the Bonds will be deposited with Zions Bancorporation, National Association, Chicago, Illinois, the refunding agent for the Refunded Bonds at closing, in a non-interest bearing account, in an amount of \$1,185,000. The bonds were issued to refund General Obligation Bonds, Series 2010. Payments on these bonds are made from the General Fund and Utility Funds using operating revenues. The balance outstanding as of April 30, 2023 was \$4,290,000 in the governmental funds and was \$875,000 in the business-type funds.

On June 7, 2022, the City issued General Obligation Bond, Series 2022 in the amount of \$4,815,000, set to mature on January 1, 2031, due in annual principle installments of \$610,000 to \$770,000, with semi-annual interest of 4.00%. The bonds were issued to finance capital improvements. Payments on these bonds will be paid through the General Fund using operating revenues. The balance outstanding as of April 30, 2023 was \$4,815,000.

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

Year Ending April 30, 2023	G.O. Bonds - Governmental			G.O. Bonds - Business Type		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 535,000	596,613	1,131,613	1,160,000	102,725	1,262,725
2025	1,165,000	579,313	1,744,313	1,190,000	68,625	1,258,625
2026	1,205,000	536,913	1,741,913	1,230,000	33,550	1,263,550
2027	1,245,000	492,913	1,737,913	125,000	14,500	139,500
2028	1,290,000	474,288	1,764,288	125,000	12,000	137,000
2029-2033	5,610,000	1,515,025	7,125,025	275,000	50,250	325,250
2034-2038	4,000,000	695,060	4,695,060	-	-	-
2039-2040	1,780,000	98,050	1,878,050	-	-	-
Total	<u>\$ 16,830,000</u>	<u>4,988,175</u>	<u>21,818,175</u>	<u>4,105,000</u>	<u>281,650</u>	<u>4,386,650</u>



CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)**

Notes Payable

On June 23, 2021, the City obtained a \$1,106,968 note from Central Bank Illinois for the purchase of a fire truck. The note will mature August 1, 2028, at a rate of 1.95% and requires annual payments of \$171,251, which includes both principal and interest. Payments are made from the General Fund of the City. The balance outstanding as of April 30, 2023 was \$959,941.

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, 2023 was \$2,303,281.

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
2024	\$ 152,272	18,979	171,251	230,328	-	230,328
2025	155,239	16,012	171,251	230,328	-	230,328
2026	158,352	12,899	171,251	230,328	-	230,328
2027	161,482	9,769	171,251	230,328	-	230,328
2028	164,675	6,576	171,251	230,328	-	230,328
2029-2033	167,921	3,329	171,250	1,151,640	-	1,151,640
Total	<u>\$ 959,941</u>	<u>67,564</u>	<u>1,027,505</u>	<u>2,303,281</u>	<u>-</u>	<u>2,303,281</u>

Leases Payable

Lease agreements are summarized as follows:

Governmental Activities:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance April 30, 2023
John Deere	12/31/2022	60 months	\$ 1,073	3.25%	\$ 59,500	54,772
John Deere	10/31/2022	60 months	1,551	3.25%	86,000	76,482
John Deere	8/31/2022	60 months	539	3.25%	29,900	25,666
John Deere	1/15/2023	60 months	2,097	2.25%	111,404	88,505
First Western	6/10/2022	60 months	550	7.00%	27,947	23,407
New Equipment	2/27/2023	36 months	2,161	3.25%	66,399	66,399
Total					<u>\$ 381,150</u>	<u>335,231</u>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

**NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)**

A. John Deere 310SL Backloader

On December 31, 2022, the City entered into a lease agreement with John Deere Financial for a 310SL Backloader in the amount of \$59,500. The lease has an interest rate of 3.25% and matures on November 28, 2027. The lease has a current balance of \$54,772 and will be paid out of the General Fund.

B. John Deere 544 P Wheel Loader

On October 31, 2022, the City entered into a lease agreement with John Deere Financial for a 544 P Wheel Loader in the amount of \$86,000. The lease has an interest rate of 3.25% and matures on September 27, 2027. The lease has a current balance of \$76,482 and will be paid out of the General Fund.

C. John Deere 50G Compact Excavator

On August 31, 2022, the City entered into a lease agreement with John Deere Financial for a 50G Compact Excavator in the amount of \$29,900. The lease has an interest rate of 3.25% and matures on July 30, 2027. The lease has a current balance of \$25,666 and will be paid out of the General Fund.

D. John Deere Equipment

On January 15, 2023, the City entered into a lease agreement with John Deere Financial for a 324L Four Wheel Drive Loader, HH80C Hydraulic Hammer, and a SB78D Snow Blower in the amount of \$111,404. The lease has an interest rate of 2.25% and matures on January 13, 2027. The lease has a current balance of \$88,505 and will be paid out of the General Fund.

E. First Western Diamond Machine

On June 10, 2022, the City entered into a lease agreement with First Western Equipment Finance for a Diamond Machine in the amount of \$27,947. The lease has an interest rate of 7.0% and matures on May 10, 2027. The lease has a current balance of \$23,407 and will be paid out of the General Fund.

F. New Equipment Exmark Laser

On February 27, 2023, the City entered into a lease agreement with New Equipment Leasing for an Exmark Laser in the amount of \$66,399. The lease has an interest rate of 3.25% and matures on January 27, 2026. The lease has a current balance of \$66,399 and will be paid out of the General Fund.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

NOTE 5: LONG-TERM LIABILITIES – (CONTINUED)

Business Type:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance April 30, 2023
John Deere	10/27/2022	60 months	\$ 1,524	3.25%	\$ 84,500	75,114
John Deere	12/28/2022	60 months	1,073	3.25%	59,500	54,772
Total					<u>\$ 144,000</u>	<u>129,886</u>

A. John Deere 310SL Backhoe Loader

On October 27, 2022, the City entered into a lease agreement with John Deere Financial for a 310SL Backhoe Loader in the amount of \$84,500. The lease has an interest rate of 3.25% and matures on September 27, 2027. The lease has a current balance of \$75,114 and will be paid out of the Utility Fund.

B. John Deere 310SL Backhoe Loader

On December 28, 2022, the City entered into a lease agreement with John Deere Financial for a 310SL Backhoe Loader in the amount of \$59,500. The lease has an interest rate of 3.25% and matures on November 28, 2027. The lease has a current balance of \$54,772 and will be paid out of the Utility Fund.

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon five water wells at the end of their estimated useful lives in accordance with state requirements. The ARO was measured using historical costs for similar abandonments, adjusted for inflation through the end of the year and engineering estimates. The estimated remaining useful lives of the water wells is 75 years.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2023:

Assessed valuation (2022) - Including TIF Districts		<u>\$ 330,231,822</u>
Statutory debt limitation (8.625%)		\$ 28,482,495
Outstanding debt:		
General obligation bonds	\$ 20,935,000	
Notes payable	3,263,222	
Leases payable	465,117	
Total	<u>24,663,339</u>	
Less amounts not included in the debt limitation:		
Illinois EPA loans	(2,303,281)	
Leases payable	(465,117)	
Total	<u>(2,768,398)</u>	
Total debt applicable to the debt limitation		<u>21,894,941</u>
Legal debt margin		<u>\$ 6,587,554</u>

**NOTE 7: DEFINED BENEFIT PENSION PLANS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Pension Liabilities:			
IMRF	\$ 1,415,278	471,760	1,887,038
Police Pension	12,685,714	-	12,685,714
Firemens Pension	436,965	-	436,965
Total net pension liabilities (asset)	<u>\$ 14,537,957</u>	<u>471,760</u>	<u>15,009,717</u>
Deferred outflows related to pensions:			
IMRF	\$ 4,886,011	1,628,671	6,514,682
Police Pension	1,984,114	-	1,984,114
Firemens Pension	303,640	-	303,640
Total deferred inflows	<u>\$ 7,173,765</u>	<u>1,628,671</u>	<u>8,802,436</u>
Deferred inflows related to pensions:			
IMRF	\$ 2,433,776	811,259	3,245,035
Police Pension	1,290,255	-	1,290,255
Firemens Pension	761,211	-	761,211
Total deferred outflows	<u>\$ 4,485,242</u>	<u>811,259</u>	<u>5,296,501</u>
Pension Expense (Benefit):			
IMRF	\$ 375,390	125,130	500,520
Police Pension	1,729,690	-	1,729,690
Firemens Pension	(46,978)	-	(46,978)
Total pension expense	<u>\$ 2,058,102</u>	<u>125,130</u>	<u>2,183,232</u>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

**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](http://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, 2023

---

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

**Illinois Municipal Retirement Fund – (Continued)**

***Membership***

As of December 31, 2022, the City’s plan membership consisted of the following:

Retirees and beneficiaries	90
Inactive, non-retired members	35
Active members	<u>57</u>
Total	<u><u>182</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 2022 and the fiscal year ended April 30, 2023 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 - 2022	6.71%
City contribution rate - 2023	4.21%
City contributions - 2022	\$ 279,395
City contributions - fiscal year 2023	\$ 243,983

***Net Pension Liability (Asset)***

The City’s net pension liability (asset) was measured as of December 31, 2022. 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, 2023

**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, 2022:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, 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 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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, 2022:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	6.50%
International Equity	18%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25-9.90%
Cash Equivalents	<u>1%</u>	4.00%
Total	<u>100%</u>	

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2022 valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, 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, 2021	\$ 31,402,400	36,622,416	(5,220,016)
Changes for the year:			
Service Cost	337,553	-	337,553
Interest on the Total Pension Liability	2,225,327	-	2,225,327
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	404,994	-	404,994
Changes of Assumptions	-	-	-
Contributions - Employer	-	279,395	(279,395)
Contributions - Employees	-	180,823	(180,823)
Net Investment Income	-	(4,741,951)	4,741,951
Benefit Payments, including Refunds of Employee Contributions	(1,754,020)	(1,754,020)	-
Other (Net Transfer)	-	142,553	(142,553)
Net Changes	<u>1,213,854</u>	<u>(5,893,200)</u>	<u>7,107,054</u>
Balances at December 31, 2022	<u>\$ 32,616,254</u>	<u>30,729,216</u>	<u>1,887,038</u>



Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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	\$ 36,367,100	32,616,254	29,613,139
Plan Fiduciary Net Position	30,729,216	30,729,216	30,729,216
Net Pension Liability (Asset)	<u>\$ 5,637,884</u>	<u>1,887,038</u>	<u>(1,116,077)</u>

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

For the year ended April 30, 2023, the City recognized pension expense of \$500,520. At April 30, 2023, 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	\$ 566,882	-
Changes in assumptions	-	7,680
Net difference between projected and actual earnings on pension plan investments	5,884,274	3,237,355
Contributions subsequent to the measurement date	63,526	-
Total	<u>\$ 6,514,682</u>	<u>3,245,035</u>

\$63,526 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, 2023. 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
2023	\$ 202,630
2024	611,898
2025	920,526
2026	1,471,067
2027	-
Thereafter	-
	<u>\$ 3,206,121</u>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2023, the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3
Active members	<u>25</u>
Total	<u><u>47</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. The minimum monthly benefit is \$1,000 per month. For tier 2 participants, the salary is capped at \$106,800 as of 2011, indexed annually, not to exceed 3.00%.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

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

**Police Pension Plan – (Continued)**

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.

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. 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.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

**Police Pension Plan – (Continued)**

***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.

***Investments***

The deposits and investments of the Fund are held separately from those of the City and are under control of the Fund's Board of Trustees. Illinois Compiled Statutes (ILCS) limit the Fund's investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits and invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, mutual funds, certain common and preferred stocks. There were no changes to the investment policy during the most recent fiscal year.

The following was the Board's adopted asset allocation policy as of April 30, 2023:

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant, in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation of 2%) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return.

All investments in the plan are stated at fair value. Fair value is based on quoted market prices at April 30, 2023.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

**Police Pension Plan – (Continued)**

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than One	1-5	6-10	11-15
Certificates of Deposits	\$ 557,400	147,858	40,952	-	-
Mutual Funds	7,305,389	7,305,389	-	-	-
U.S. Tres. & Agencies	558,878	558,878	-	-	-
Annuities	3,243,087	3,243,087	-	-	-
Total	\$ 11,664,754	11,255,212	40,952	-	-

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

***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 American Century Focused Dynamic Growth Mutual Fund (8.3%), Vanguard Equity Income (8.2%), and Pimco Income Institutional (6.9%).

***Rate of Return***

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was unknown. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Deposits with Financial Institutions***

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

***Credit Risk***

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and municipalities of the State of Illinois.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

**Police Pension Plan – (Continued)**

***Custodial Risk Credit***

Custodial Credit Risk Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

***Fair Value Measurements***

The Fund has the following recurring fair value measurements as of April 30, 2023. The U.S. Treasury obligations, negotiable certificates of deposits, corporate bonds, preferred securities, mutual funds, and equity securities are valued using quoted prices in active markets for identical assets (Level 1 inputs).

***Net Pension Liability***

The components of the net pension liability of the Plan at April 30, 2023, were as follows:

Total Pension Liability	\$ 27,183,082
Plan Fiduciary Net Position	<u>14,497,368</u>
Net Pension Liability	<u>\$ 12,685,714</u>

Plan fiduciary net position as a percentage of the total pension liability was 53.33% at April 30, 2023.

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of May 1, 2022, updated to April 30, 2023, using the following actuarial assumptions.

Inflation	2.50%
Salary increases, attributable to inflation	Service based
Discount Rate	6.50%
Investment rate of return	6.50%

Mortality rates were based on PubS-2010 Mortality Table, projected 5 years past the valuation date with MP-2020. 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 2022 actuarial experience study performed for the Illinois Police Officers' Pension Investment Fund.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

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

**Police Pension Plan – (Continued)**

***Actuarial Assumptions – (Continued)***

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.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.50%. 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.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%. The municipal bond rate is 4.14 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.50%.

***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 6.50%, 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 (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability/(Asset)	\$ 16,767,553	12,685,714	9,369,980

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

**Police Pension Plan** – (Continued)

*Changes in Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2022	\$ 26,883,982	13,739,008	13,144,974
Changes for the year:			
Service Cost	569,049	-	569,049
Interest on the Total Pension Liability	1,677,434	-	1,677,434
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	215,940	-	215,940
Changes of Assumptions	(935,141)	-	(935,141)
Contributions - Employer	-	1,769,732	(1,769,732)
Contributions - Employees	-	187,582	(187,582)
Net Investment Income	-	35,820	(35,820)
Benefit Payments, including Refunds of Employee Contributions	(1,228,182)	(1,228,182)	-
Other (Net Transfer)	-	(6,592)	6,592
Net Changes	299,100	758,360	(459,260)
Balances at April 30, 2023	<u>\$ 27,183,082</u>	<u>14,497,368</u>	<u>12,685,714</u>



CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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, 2023, the City recognized pension expense of \$1,729,690. At April 30, 2023, 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	\$ 462,771	510,970
Changes in assumptions	206,171	779,285
Net difference between projected and actual earnings on pension plan investments	1,315,172	-
Total	<u>\$ 1,984,114</u>	<u>1,290,255</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
2024	\$ 509,103
2025	(5,180)
2026	356,989
2027	(47,186)
2028	(119,867)
Thereafter	-
Total	<u>\$ 693,859</u>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2023, the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Inactive Plan Members Not Yet Receiving Benefits	-
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 hired prior to January 1, 2011 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 hired on or after January 1, 2011 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. The minimum monthly benefit payment is \$1,159 per month.

**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, 2023

---

**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, 2023

---

**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 Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at [www.ifpif.org](http://www.ifpif.org). The fund transferred all eligible assets to the Investment Fund in November 2021.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund’s cash on hand totaled \$418,741 and the bank balances totaled \$418,741.

Custodial Credit Risk. For deposits, the Fund's investment policy limits the exposure to custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution equal to at least 100% of the value of the deposit. At April 30, 2023, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

Investments. At year-end the Fund has \$2,708,864 invested in IFPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at [www.ifpif.org](http://www.ifpif.org).

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

**Firemen’s Pension Plan – (Continued)**

***Investments – (Continued)***

Investment Policy. IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code

***Rate of Return***

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was unknown. 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, 2023, were as follows:

Total Pension Liability	\$ 3,564,570
Plan Fiduciary Net Position	<u>3,127,605</u>
Net Pension Liability	<u>\$ 436,965</u>

Plan fiduciary net position as a percentage of the total pension liability was 87.74% at April 30, 2023.

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of May 1, 2022, updated to April 30, 2023, using the following actuarial assumptions.

Inflation	2.50%
Salary increases, attributable to inflation	Service based
Discount rate	6.50%
Investment rate of return	6.50%

Mortality rates were based on PubS-2010 Mortality Table, projected 5 years past the valuation date with MP-2020. 20% 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 2023, 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, 2023

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50%. 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, 2022	\$ 4,253,322	3,046,698	1,206,624
Changes for the year:			
Service Cost	126,261	-	126,261
Interest on the Total Pension Liability	213,894	-	213,894
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(169,286)	-	(169,286)
Changes of Assumptions	(656,205)	-	(656,205)
Contributions - Employer	-	236,896	(236,896)
Contributions - Employees	-	24,127	(24,127)
Net Investment Income	-	23,300	(23,300)
Benefit Payments, including Refunds of			
Employee Contributions	(203,416)	(203,416)	-
Administrative expense	-	-	-
Net Changes	<u>(688,752)</u>	<u>80,907</u>	<u>(769,659)</u>
Balances at April 30, 2023	<u>\$ 3,564,570</u>	<u>3,127,605</u>	<u>436,965</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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 6.50%, 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.

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net Pension Liability	\$ 884,961	436,965	64,289

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

For the year ended April 30, 2023, the City recognized pension benefit of \$46,978 related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	269,058
Changes in assumptions	23,834	492,153
Net difference between projected and actual earnings on pension plan investments	<u>279,806</u>	<u>-</u>
Total	<u>\$ 303,640</u>	<u>761,211</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:

<u>Year Ending April 30,</u>	<u>Net Deferred Inflows of Resources</u>
2024	\$ (179,845)
2025	(182,445)
2026	(121,376)
2027	26,095
2028	-
Thereafter	<u>-</u>
Total	<u>\$ (457,571)</u>

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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, 2022, 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	-
Active Plan Members	<u>78</u>
Total	<u><u>88</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, 2023 were \$70,860.

***Net OPEB Liability***

At April 30, 2023, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 680,785
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 680,785</u></u>

Changes of assumptions reflect a change in the discount rate from 3.98% for the fiscal year ending April 30, 2022 to 4.14% for the fiscal year ending April 30, 2023.

Of the net OPEB liability, \$510,589 was reported under Governmental Activities, while \$170,196 was reported under Business-type Activities.



Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

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

***Actuarial Assumptions***

The Total OPEB Liability was determined by an actuarial valuation as of May 1, 2022, rolled forward to April 30, 2023, using the following actuarial assumptions:

- Inflation at 2.50%
- Salary increases at 2.50%
- Discount rate of 4.14%
- Initial Trend Rate of 7.25%
- Ultimate Trend Rate of 4.00%
- 52 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 4.14%. 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, 2023, the City recognized an OPEB benefit of \$57,308. Of this amount, \$42,981 was allocated to Governmental Activities, while \$14,327 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)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at April 30, 2022	\$ 812,133	-	812,133
Changes for the year:			
Service Cost	12,644	-	12,644
Interest	31,198	-	31,198
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(5,832)	-	(5,832)
Changes of Assumptions	(98,498)	-	(98,498)
Benefit Payments	(70,860)	-	(70,860)
Administrative expense	-	-	-
Net Changes	<u>(131,348)</u>	<u>-</u>	<u>(131,348)</u>
Balances at April 30, 2023	<u>\$ 680,785</u>	<u>-</u>	<u>680,785</u>

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**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 4.14%, 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 (3.14%)	Current Discount Rate (4.14%)	1% Increase (5.14%)
Net OPEB Liability	\$ 745,496	680,785	624,304

***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 (3.00-6.25%)	Current Healthcare Cost Trend Rate (4.00-7.25%)	1% Increase (5.00- 8.25%)
Net OPEB Liability	\$ 620,020	680,785	750,636

**NOTE 9: INTERFUND BALANCES**

Due to and due from other funds exists between funds at April 30, 2023 to record payroll, benefits, and other expenses paid by the General Fund to be reimbursed by the Nonmajor Special Revenue Funds, the Utility Fund, and the Illinois Valley Regional Airport Operations Fund. See detail on interfund balances below:

	Due To Other Funds	Due From Other Funds
General Fund	\$ 195,579	102,724
Special Revenue:		
MVP TIF Fund	195,697	194,855
Utility Fund	98,923	201,961
Illinois Valley Regional Airport Operations Fund	9,341	-
Total	\$ 499,540	499,540

Interfund balances have been eliminated in the government-wide financial statements with the exception of balances between governmental and business-type activities which total \$93,697.

**NOTE 10: TRANSFERS**

During the year ended April 30, 2023, the City made a transfer from the Community Development Assistance Program Fund to the General Fund in the amount of \$81,983 for the purpose of closing the Community Development Assistance Program Fund.

**Notes to Basic Financial Statements  
For the Year Ended April 30, 2023**

---

**NOTE 11: 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 \$1,658,766 to the General Fund to operate within the City during the year ended April 30, 2023. The phone company, gas company and cable company paid \$303,040 to the City.

**NOTE 12: 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 money market account with a balance of \$126,291 at April 30, 2023 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.

**NOTE 13: DEFICIT BALANCE**

At April 30, 2023, the TIF District No. 3 Fund and the TIF District No. 5 (Peru Mall) Fund had a deficit fund balance of \$51,654 and \$18,819. Both deficits will be eliminated by future growth within the TIF Funds.

**NOTE 14: 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 15: 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.

CITY OF PERU, ILLINOIS

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

**NOTE 16: RISKS AND UNCERTAINTIES**

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

**NOTE 17: COMMITTED CONSTRUCTION**

At April 30, 2023, the City had the following construction contracts outstanding:

Project	Total Contract Amount	Portion at April 30, 2023	
		Completed	Committed
Master Builder Way	\$ 2,438,092	-	2,438,092
General Fund Street Program 2023	986,299	521,871	464,428
Washington Park Ice House	997,883	926,190	71,693
GAF - Utilities Extension	1,847,162	211,386	1,635,776
NE Water Main	948,813	225,910	722,903
Total	<u>\$ 7,218,249</u>	<u>1,885,357</u>	<u>5,332,892</u>

**NOTE 18: BUDGET APPROPRIATIONS**

Actual expenditures exceeded appropriations for the year ended April 30, 2023 in the following funds:

Fund	Actual Expenditures	Budgeted Appropriations	Variance
General Fund	\$ 20,733,213	19,746,359	986,854
Garbage Fund	883,270	831,600	51,670
Motor Fuel Tax Fund	928,481	925,000	3,481
TIF District No. 2 (Industrial Park) Fund	264,992	213,500	51,492
TIF District No. 4 (Downtown) Fund	166,368	55,200	111,168
TIF District No. 5 (Peru Mall) Fund	6,122	-	6,122
MVP TIF Fund	5,117,303	-	5,117,303

**NOTE 19: 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 \$933,016 for the year ended April 30, 2023, and the City paid \$4,749 in administration fees during the year.

Notes to Basic Financial Statements  
For the Year Ended April 30, 2023

---

**NOTE 20: 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 \$19,320 during the year ended April 30, 2023.

Cell Tower

During the year ended April 30, 2023, 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, 2023 the City received \$74,266 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, 2023 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, 2023, the City received and remitted \$1,556,145 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 \$347,270 under this agreement during the year ended April 30, 2023.

Building Materials Manufacturing Corporation

The City has an agreement with Building Materials Manufacturing Corporation (GAF) for the extension of the City's utilities and construction of Master-Builder Way. GAF will reimburse the City for costs related to the acquisition of land and for costs of such extension, including all engineering, inspection, construction, and related expenses. During the year ended April 30, 2023, the City received \$0 under this agreement.

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 all sales tax rebates under this agreement as of April 30, 2023.

**Notes to Basic Financial Statements  
For the Year Ended April 30, 2023**

---

**NOTE 21: DEFERRED IMPACT FEES**

During the year ended April 30, 2023, the City received impact fees in the amount of \$1,096,073 which are related to new commercial subdivision developments within the City. This amount is shown as deferred revenue in the Utility Fund on the financial statements and will be recognized as income in fiscal year 2024 when the project expenditures will be incurred.

**NOTE 22: ACCOUNTING CHANGES**

Change in Accounting Estimates

For the year ended April 30, 2023, the City changed estimate of accounts receivable for the Garbage Fund and Utility Fund. The changes is being applied prospectively, beginning May 1, 2021. The effect of this change is an increase of \$30,588 in governmental activities accounts receivable and a corresponding increase in fund balances and an increase of \$775,780 in business-type activities accounts receivable and a corresponding increase in net position.

Change in Accounting Principle

During the fiscal year ended April 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principal that leases are financings of the right to use an underlying asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's April 30, 2023 financial statements and had no effect on the beginning net position of the City.

**NOTE 23: SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 30, 2023, 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, 2023 as a result of events occurring between May 1, 2023 and November 20, 2023.

***REQUIRED SUPPLEMENTARY INFORMATION***

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Revenues:					
Taxes:					
Property tax	\$ 172,500	172,500	1,026,583	854,083	985,835
Sales tax	6,872,500	7,137,500	7,139,231	1,731	7,081,286
State income tax	1,095,000	1,540,000	1,542,258	2,258	1,538,589
Hotel/motel tax	395,000	660,000	659,190	(810)	459,319
Video gaming tax	378,500	378,500	435,447	56,947	405,574
Telecommunications tax	165,000	165,000	131,503	(33,497)	138,253
Pull Tab License Fees	1,000	1,000	-	(1,000)	-
Local use tax	390,500	390,500	400,792	10,292	395,443
Cannabis use tax	17,500	17,500	15,581	(1,919)	15,860
Home rule tax - parkside	2,168,961	2,393,961	2,394,357	396	2,285,050
Home rule tax - infrastructure	2,168,961	2,393,961	2,394,357	396	2,285,050
Total taxes	13,825,422	15,250,422	16,139,299	888,877	15,590,259
Intergovernmental revenue:					
Replacement tax	219,000	679,000	681,354	2,354	604,402
State grants and reimbursements	20,000	165,000	168,445	3,445	62,975
Federal grants and reimbursements	-	662,000	663,139	1,139	662,052
Total intergovernmental revenue	239,000	1,506,000	1,512,938	6,938	1,329,429
Licenses and permits:					
Contractor licenses	15,200	15,200	26,025	10,825	19,825
Liquor licenses	5,000	5,000	7,970	2,970	11,520
Franchise fees	1,899,377	1,899,377	1,974,632	75,255	2,001,709
Other licenses	15,150	15,150	119,662	104,512	97,558
Building permits	28,500	288,500	288,872	372	51,175
Inspection fees	5,000	200,000	202,750	2,750	4,561
Total licenses and permits	1,968,227	2,423,227	2,619,911	196,684	2,186,348
Fines and penalties:					
Court fines	40,500	40,500	25,965	(14,535)	39,072
Zoning ordinance fines	1,500	1,500	400	(1,100)	2,300
False alarm fines	4,000	4,000	5,150	1,150	5,750
Parking fines	3,750	3,750	2,250	(1,500)	865
Adjudication fines	25,000	25,000	28,146	3,146	22,818
Other fines	-	-	-	-	2,970
Total fines and penalties	74,750	74,750	61,911	(12,839)	73,775
Charges for services:					
Fire services	17,500	17,500	11,160	(6,340)	11,431
Illinois Valley Regional Dispatch	12,000	12,000	11,000	(1,000)	12,000
Misc. Fire Services	1,500	-	-	-	-
Total charges for services	31,000	29,500	22,160	(7,340)	23,431
Investment income:					
Income from investments	56,000	230,000	241,284	11,284	51,370
Amex Rebate	2,500	2,500	-	(2,500)	-
Total Investment Income	58,500	232,500	241,284	8,784	51,370
Other revenues:					
Cemetery income	40,500	40,500	56,300	15,800	40,000
Reimbursements	10,000	10,000	17,017	7,017	28,856
Recreation receipts	2,500	2,500	25,791	23,291	-
City property rent	6,600	6,600	13,268	6,668	33,150
Farm cash rent	6,000	6,000	-	(6,000)	13,958
Telcom tower rent	80,000	80,000	74,266	(5,734)	74,493
Donations	50,500	50,500	1,806	(48,694)	1,033,945
Miscellaneous	552,105	552,105	367,121	(184,984)	588,778
Total other revenues	748,205	748,205	555,569	(192,636)	1,813,180
Total revenues	\$ 16,942,604	20,264,604	21,153,072	888,468	21,067,792



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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures:					
General government:					
General and administrative:					
Salaries	\$ 1,041,885	1,041,885	925,833	(116,052)	996,809
Group insurance	186,950	186,950	215,030	28,080	189,288
Dental Insurance	3,100	3,100	61,847	58,747	-
Unemployment insurance	3,500	3,500	10,220	6,720	8,383
Workers' compensation insurance	15,550	15,550	5,820	(9,730)	6,314
Social Security contribution	68,876	68,876	66,306	(2,570)	74,750
IMRF contribution	72,850	72,850	78,025	5,175	78,147
Maintenance	20,250	20,250	43,045	22,795	36,332
Auditing service	47,500	47,500	42,883	(4,617)	47,376
Engineering service	60,000	60,000	58,672	(1,328)	100,294
Legal service	140,000	140,000	115,072	(24,928)	170,921
Code enforcement	8,550	8,550	9,636	1,086	2,430
Administration hearing	4,000	4,000	4,165	165	4,000
Postage	21,000	21,000	11,733	(9,267)	9,708
Telephone	800	800	-	(800)	76
Education/Meetings	500	500	-	(500)	-
Publishing and advertising	45,000	45,000	68,104	23,104	57,385
COVID-19 expense	-	-	-	-	4,651
Education, dues, and mileage	47,500	47,500	29,910	(17,590)	37,886
Utilities	35,000	35,000	33,453	(1,547)	33,453
Motel tax economic development	-	-	-	-	25
Liability insurance	52,500	52,500	29,995	(22,505)	49,034
Other contractual services	51,850	51,850	52,965	1,115	45,387
Operating supplies	44,600	44,600	43,297	(1,303)	42,958
Maintenance agreements	38,500	38,500	7,664	(30,836)	15,495
Community relations	-	-	1,047	1,047	13,520
Parkside School Bond	1,560,000	1,560,000	1,556,145	(3,855)	1,559,264
Economic development	75,000	75,000	65,284	(9,716)	135,967
Economic support grant	-	-	-	-	45,152
Donations	88,500	88,500	58,246	(30,254)	130,671
Bad debt	5,000	5,000	752	(4,248)	778
Miscellaneous	62,500	62,500	34,687	(27,813)	187,304
Total general and administrative	3,801,261	3,801,261	3,629,836	(171,425)	4,083,758
City cemetery:					
Salaries	110,000	110,000	116,992	6,992	142,791
Group insurance	30,500	30,500	30,377	(123)	27,634
Dental Insurance	600	600	1,385	785	478
Workers' compensation insurance	5,000	5,000	4,440	(560)	3,924
Social Security contribution	8,000	8,000	8,795	795	10,378
IMRF contribution	9,200	9,200	5,530	(3,670)	10,073
Clothing allowance	350	350	137	(213)	369
Maintenance:					
Buildings	500	500	-	(500)	5,782
Equipment	7,500	7,500	13,495	5,995	6,765
Vehicles	500	500	2,268	1,768	204

**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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)**

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
General government (continued):					
City cemetery (continued):					
Telephone	\$ 750	750	1,068	318	884
Utilities	1,800	1,800	6,440	4,640	7,470
Landscaping	16,000	16,000	8,750	(7,250)	9,352
Equipment rental	500	500	-	(500)	-
Contractual services	500	500	2,582	2,082	1,355
General insurance	3,200	3,200	3,040	(160)	3,152
Operating supplies	7,850	7,850	13,185	5,335	20,154
Automotive fuel and oil	2,050	2,050	8,710	6,660	5,841
Total city cemetery	204,800	204,800	227,194	22,394	256,606
Public buildings & grounds:					
Salaries	14,500	14,500	31,805	17,305	21,777
Workers' compensation insurance	320	320	541	221	353
Social security contribution	1,045	1,045	2,433	1,388	1,666
Maintenance:					
Buildings	10,000	108,000	124,749	16,749	5,218
Equipment	5,000	5,000	9,649	4,649	1,072
Grounds	75,000	75,000	91,678	16,678	101,857
Telephone	6,200	6,200	5,800	(400)	5,844
Utilities	13,500	13,500	18,731	5,231	19,296
Landscaping	82,500	82,500	119,962	37,462	65,701
General insurance	750	750	630	(120)	753
Other contractual services	47,500	47,500	79,991	32,491	49,296
Operating supplies	12,500	12,500	6,953	(5,547)	16,663
Property taxes	15,000	15,000	12,180	(2,820)	54,380
Miscellaneous expense	5,000	5,000	10,848	5,848	10,752
Total public buildings & grounds	288,815	386,815	515,950	129,135	354,628
Total general government	4,294,876	4,392,876	4,372,980	(19,896)	4,694,992
Public safety:					
Police department:					
Salaries	2,451,305	2,560,903	2,494,714	(66,189)	2,421,639
Group insurance	572,500	485,969	481,738	(4,231)	422,520
Dental Insurance	11,750	11,750	11,312	(438)	9,369
Worker's compensation	48,500	48,500	54,468	5,968	37,886
Social Security contribution	47,500	47,500	53,527	6,027	50,397
IMRF contributions	17,500	17,500	12,194	(5,306)	16,448
Uniform allowance	23,300	23,300	28,783	5,483	25,691
Leads Line Rental	12,500	12,500	11,039	(1,461)	10,109

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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			Over (Under) Final Budget	2022
	Appropriations		Actual		Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Police department (continued):					
Maintenance:					
Buildings	\$ 40,000	40,000	31,500	(8,500)	3,502
Equipment	15,000	15,000	43,867	28,867	64,234
Computers	8,000	8,000	-	(8,000)	-
Vehicles	80,000	80,000	101,720	21,720	94,347
Legal service	5,000	5,000	7,455	2,455	3,932
Employment testing	5,000	5,000	3,200	(1,800)	2,396
Postage	1,000	1,000	557	(443)	684
Telephone	10,000	10,000	20,978	10,978	19,966
Code red services	15,975	15,975	5,011	(10,964)	5,337
Dues	3,000	3,000	5,098	2,098	513
Meetings/Education & Safety	15,000	15,000	26,705	11,705	6,165
Utilities	97,500	97,500	90,989	(6,511)	89,898
Liability insurance	85,000	85,000	59,280	(25,720)	61,455
Special Programs Expense	7,500	7,500	9,490	1,990	8,984
Other contractual services	65,000	65,000	71,776	6,776	62,647
Pension contribution	1,000,000	1,000,000	1,769,732	769,732	1,732,462
Operating supplies	56,000	56,000	29,696	(26,304)	53,851
Automotive fuel & oil	55,000	55,000	71,710	16,710	67,572
Computer software	2,500	2,500	10,920	8,420	14,655
Community relations	500	500	400	(100)	675
ESDA Expenses	5,000	5,000	10,799	5,799	11,812
Miscellaneous Expense	6,000	6,000	8,830	2,830	13,863
Total police department	4,762,830	4,785,897	5,527,488	741,591	5,313,009
Fire department:					
Salaries	549,315	549,315	629,009	79,694	510,309
Group insurance	115,000	115,000	135,842	20,842	90,889
Dental Insurance	1,500	1,500	1,584	84	1,902
Workers' compensation insurance	42,500	42,500	30,948	(11,552)	35,588
Social Security contribution	18,500	18,500	20,671	2,171	16,033
IMRF contribution	800	800	633	(167)	927
Uniform allowance	1,500	1,500	1,438	(62)	948
Maintenance:					
Building	275,000	40,000	41,322	1,322	9,147
Equipment	17,000	17,000	29,898	12,898	29,126
Computers	1,500	1,500	-	(1,500)	-
Vehicles	60,000	60,000	142,975	82,975	100,105
Legal service	1,000	1,000	1,379	379	3,946
Telephone	5,500	5,500	5,007	(493)	4,919
Dues	1,500	1,500	563	(937)	2,631
Training	8,500	8,500	12,146	3,646	10,802
Turnout gear	10,000	10,000	22,289	12,289	7,144
Utilities	13,500	13,500	18,888	5,388	20,828

**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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)**

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public safety (continued):					
Fire department (continued):					
Liability insurance	\$ 40,500	40,500	38,238	(2,262)	39,640
Other contractual services	15,750	15,750	11,043	(4,707)	10,507
Operating supplies	30,000	30,000	28,030	(1,970)	21,441
Medical services	16,500	16,500	28,905	12,405	8,404
Automotive fuel and oil	13,500	13,500	20,691	7,191	15,004
Pension contribution	162,500	162,500	236,896	74,396	150,000
Miscellaneous	2,500	2,500	13,192	10,692	8,215
Total fire department	1,403,865	1,168,865	1,471,587	302,722	1,098,455
Total public safety	6,166,695	5,954,762	6,999,075	1,044,313	6,411,464
Public works:					
Service garage:					
Salaries	153,000	153,000	142,357	(10,643)	137,752
Group insurance	36,050	36,050	13,897	(22,153)	71,940
Dental Insurance	800	800	319	(481)	391
Workers' compensation insurance	5,000	5,000	3,617	(1,383)	3,924
Social security contribution	11,705	11,705	10,529	(1,176)	10,150
IMRF contribution	11,050	11,050	8,174	(2,876)	11,379
Operating supplies	-	-	199	199	100
Liability insurance	4,320	4,320	4,070	(250)	4,220
Miscellaneous	250	250	216	(34)	313
Total service garage	222,175	222,175	183,378	(38,797)	240,169
Sidewalks and crossings:					
Maintenance	2,500	2,500	26,804	24,304	16,161
Curb project	100,000	100,000	15,974	(84,026)	-
Total sidewalks and crossings	102,500	102,500	42,778	(59,722)	16,161
Streets and alleys:					
Salaries	647,000	647,000	717,722	70,722	630,410
Group insurance	75,000	75,000	59,886	(15,114)	101,143
Dental Insurance	1,350	1,350	1,558	208	1,796
Workers' compensation insurance	37,200	37,200	31,872	(5,328)	30,091
Social security contribution	50,500	50,500	52,891	2,391	46,782
IMRF contribution	49,500	49,500	40,059	(9,441)	49,154
Uniform allowance	2,050	2,050	2,601	551	1,090
Maintenance:					
Buildings	12,500	12,500	17,251	4,751	195,228
Equipment	35,000	35,000	70,441	35,441	46,921
Vehicles	30,000	30,000	101,560	71,560	73,586
Streets	225,000	225,000	327,510	102,510	224,150
Engineering service	95,000	95,000	52,588	(42,412)	49,099
Legal expense	2,500	2,500	1,108	(1,392)	4,825

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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Public works (continued):					
Streets and alleys (continued):					
Telephone	\$ 6,650	6,650	9,386	2,736	7,696
Utilities	19,500	19,500	38,411	18,911	39,303
Liability insurance	27,500	27,500	22,097	(5,403)	22,908
Rentals	5,000	5,000	2,232	(2,768)	-
Other contractual services	22,500	22,500	15,347	(7,153)	29,718
Maint. supplies - streets	25,000	25,000	41,161	16,161	42,728
Maint. supplies - snow removal	150,000	150,000	53,954	(96,046)	81,366
Operating supplies	40,000	40,000	58,745	18,745	51,223
Automotive fuel and oil	67,500	67,500	111,442	43,942	81,334
Education and meetings	2,900	2,900	2,450	(450)	2,825
Miscellaneous Expense	5,000	5,000	3,083	(1,917)	2,003
Total streets and alleys	1,634,150	1,634,150	1,835,355	201,205	1,815,379
Total public works	1,958,825	1,958,825	2,061,511	102,686	2,071,709
Health and welfare:					
Other contractual services	309,008	309,008	442,577	133,569	298,659
Total health and welfare	309,008	309,008	442,577	133,569	298,659
Culture and recreation:					
Public parks:					
Salaries	312,650	312,650	245,725	(66,925)	226,415
Group insurance	46,000	46,000	26,346	(19,654)	31,110
Dental Insurance	1,100	1,100	828	(272)	506
Workers' compensation insurance	8,000	8,000	6,503	(1,497)	6,388
Social Security contribution	22,050	22,050	18,237	(3,813)	16,775
IMRF contribution	15,500	15,500	8,545	(6,955)	11,087
Uniform allowance	750	750	342	(408)	135
Maintenance:					
Buildings	30,000	30,000	1,819	(28,181)	3,170
Equipment	60,000	60,000	55,841	(4,159)	45,315
Vehicles	500	500	1,673	1,173	4,446
Grounds	100,000	100,000	215,464	115,464	250,489
Engineering service	2,000	2,000	57,157	55,157	46,200
Utilities	32,500	32,500	31,901	(599)	28,128
Liability insurance	8,500	8,500	8,413	(87)	8,721
Other contractual services	63,500	63,500	81,778	18,278	76,355
Operating supplies	50,000	50,000	79,159	29,159	96,172
Automotive fuel and oil	4,500	4,500	8,583	4,083	7,171
Band concerts	8,500	8,500	15,285	6,785	-
Landscaping	40,000	40,000	37,567	(2,433)	10,572
Camp Stipends	12,500	12,500	15,749	3,249	13,615
Events	277,500	277,500	387,189	109,689	167,161
Miscellaneous	1,750	1,750	5,535	3,785	7,804
Total culture and recreation	\$ 1,097,800	1,097,800	1,309,639	211,839	1,057,735

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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Appropriations		Actual	Over (Under) Final Budget	Actual
	Original	Final			
Expenditures (continued):					
Debt service:					
Bond principal	\$ 520,000	520,000	520,000	-	525,000
Bond interest	421,000	421,000	420,813	(187)	412,746
Note principal	85,000	85,000	147,027	62,027	-
Note interest	6,800	6,800	31,233	24,433	2,396
Total debt service	1,032,800	1,032,800	1,119,073	86,273	940,142
Capital outlay:					
Land / property	50,000	50,000	49,000	(1,000)	-
Equipment and computers	485,500	635,500	407,161	(228,339)	30,910
Vehicles	230,000	230,000	252,859	22,859	1,388,577
Improvements	1,000,000	1,309,787	800,930	(508,857)	2,695,189
Construction	175,000	2,775,000	2,918,408	143,408	2,733,348
Total capital outlay	1,940,500	5,000,287	4,428,358	(571,929)	6,848,024
Total expenditures	16,800,505	19,746,359	20,733,213	986,854	21,655,823
Excess of revenues over expenditures	142,099	518,245	419,859	(98,386)	(1,403,190)
Other financing sources (uses):					
Sale of fixed assets	-	20,000	95,202	75,202	20,000
Transfers in	10,000	49,900	81,983	32,083	-
Loan Proceeds	-	-	-	-	1,106,968
Total other financing sources (uses)	10,000	69,900	177,185	107,285	1,126,968
Net change in fund balance	\$ 152,099	588,145	597,044	8,899	(276,222)
Fund balance, beginning of year			9,646,295		9,922,517
Fund balance, end of year			\$ 10,243,339		9,646,295

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,				
	2022	2021	2020	2019	2018
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 337,553	326,752	348,606	342,197	309,047
Interest on the total pension liability	2,225,327	2,111,038	2,051,559	2,041,536	1,960,569
Benefit changes	-	-	-	-	-
Differences between expected and actual experience	404,994	758,479	161,123	(838,847)	359,000
Assumption changes	-	-	(287,295)	-	802,953
Benefit payments and refunds	(1,754,020)	(1,496,510)	(1,388,823)	(1,430,878)	(1,428,996)
Net Change in Total Pension Liability	1,213,854	1,699,759	885,170	114,008	2,002,573
Total Pension Liability - Beginning	31,402,400	29,702,641	28,817,471	28,703,463	26,700,890
Total Pension Liability - Ending (a)	\$ 32,616,254	31,402,400	29,702,641	28,817,471	28,703,463
<b>PLAN FIDUCIARY NET POSITION</b>					
Employer contributions	\$ 279,395	357,015	378,413	253,023	375,958
Employee contributions	180,823	205,105	159,148	152,503	150,954
Pension Plan Net Investment Income	(4,741,951)	5,304,591	4,094,359	4,852,403	(1,562,355)
Benefit Payments and Refunds	(1,754,020)	(1,496,510)	(1,388,823)	(1,430,878)	(1,428,996)
Other	142,553	261,966	114,360	(656,229)	451,124
Net Change in Plan Fiduciary Net Position	(5,893,200)	4,632,167	3,357,457	3,170,822	(2,013,315)
Plan Fiduciary Net Position - Beginning	36,622,416	31,990,249	28,632,792	25,461,970	27,475,285
Plan Fiduciary Net Position - Ending (b)	\$ 30,729,216	36,622,416	31,990,249	28,632,792	25,461,970
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	<b>\$ 1,887,038</b>	<b>(5,220,016)</b>	<b>(2,287,608)</b>	<b>184,679</b>	<b>3,241,493</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.21%	116.62%	107.70%	99.36%	88.71%
Covered Valuation Payroll	\$ 4,012,958	3,699,632	3,510,078	3,364,672	3,350,776
Net Pension Liability as a Percentage of Covered Valuation Payroll	47.02%	-141.10%	-65.17%	5.49%	96.74%

\*Schedule to be built prospectively from 2015

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,				
	2017	2016	2015	2014	2013
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 341,978	375,371	371,022	-	-
Interest on the total pension liability	1,968,674	1,953,304	1,930,726	-	-
Benefit changes	-	-	-	-	-
Differences between expected and actual experience	(142,457)	(652,022)	(538,284)	-	-
Assumption changes	(819,368)	(32,116)	-	-	-
Benefit payments and refunds	(1,451,875)	(1,463,477)	(1,464,907)	-	-
Net Change in Total Pension Liability	(103,048)	181,060	298,557	-	-
Total Pension Liability - Beginning	26,803,938	26,622,878	26,324,321	-	-
Total Pension Liability - Ending (a)	\$ 26,700,890	26,803,938	26,622,878	-	-
<b>PLAN FIDUCIARY NET POSITION</b>					
Employer contributions	\$ 352,860	476,523	423,193	-	-
Employee contributions	151,618	158,243	156,572	-	-
Pension Plan Net Investment Income	4,408,747	1,640,312	117,884	-	-
Benefit Payments and Refunds	(1,451,875)	(1,463,477)	(1,464,907)	-	-
Other	(374,669)	(157,226)	482,191	-	-
Net Change in Plan Fiduciary Net Position	3,086,681	654,375	(285,067)	-	-
Plan Fiduciary Net Position - Beginning	24,388,604	23,734,229	24,019,296	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 27,475,285	24,388,604	23,734,229	-	-
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	\$ (774,395)	2,415,334	2,888,649	-	-
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.90%	90.99%	89.15%	N/A	N/A
Covered Valuation Payroll	\$ 3,119,891	3,511,589	3,454,635	N/A	N/A
Net Pension Liability as a Percentage of Covered Valuation Payroll	-24.82%	68.78%	83.62%	N/A	N/A

\*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
2022	\$ 269,269	279,395	(10,126)	4,012,958	6.96%
2021	357,014	357,015	(1)	3,699,632	9.65%
2020	378,035	378,413	(378)	3,510,078	10.78%
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 2022 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): 21-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 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	2.75%
Inflation	2.25%
Salary increases	2.85% to 13.75% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

**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,				
	2023	2022	2021	2020	2019
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 569,049	510,436	516,119	494,137	488,046
Interest	1,677,434	1,644,791	1,601,745	1,526,302	1,383,707
Changes of benefit terms	-	-	-	25,471	-
Difference between expected and actual experience	215,940	(578,447)	(313,347)	260,742	487,986
Changes of assumptions	(935,141)	-	-	-	924,349
Benefit payments, including refunds of employee contributions	(1,228,182)	(998,043)	(1,222,158)	(1,020,925)	(996,402)
Net Change in Total Pension Liability	299,100	578,737	582,359	1,285,727	2,287,686
Total Fiduciary Pension Liability - Beginning	26,883,982	26,305,245	25,722,886	24,437,159	22,149,473
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 27,183,082</u>	<u>26,883,982</u>	<u>26,305,245</u>	<u>25,722,886</u>	<u>24,437,159</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - employer	\$ 1,769,732	1,732,462	1,700,895	1,545,674	1,388,128
Contributions - employee	187,582	190,104	174,592	177,092	170,234
Net investment income	35,820	(1,120,790)	2,415,039	91,528	406,268
Benefit payments, including refunds of employee contributions	(1,228,182)	(998,043)	(1,222,158)	(1,020,925)	(996,402)
Administrative expense	(6,592)	(7,665)	(5,634)	(6,212)	(6,225)
Net Change in Plan Fiduciary Net Position	758,360	(203,932)	3,062,734	787,157	962,003
Plan Fiduciary Net Position - Beginning	13,739,008	13,942,940	10,880,206	10,093,049	9,131,046
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,497,368</u>	<u>13,739,008</u>	<u>13,942,940</u>	<u>10,880,206</u>	<u>10,093,049</u>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	<b><u>\$ 12,685,714</u></b>	<b><u>13,144,974</u></b>	<b><u>12,362,305</u></b>	<b><u>14,842,680</u></b>	<b><u>14,344,110</u></b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.33%	51.10%	53.00%	42.30%	41.30%
Covered Valuation Payroll	\$ 1,892,856	1,918,305	1,761,776	1,787,003	1,717,800
Net Pension Liability as a Percentage of Covered Valuation Payroll	670.19%	685.24%	701.70%	830.59%	835.03%

\*Schedule to be built prospectively from 2015

## Required Supplementary Information

## Police Pension Fund

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

	Year Ended April 30,			
	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 516,255	497,584	497,584	465,221
Interest	1,310,354	1,254,499	1,163,231	1,113,269
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	802,033	-	(141,302)	-
Changes of assumptions	364,789	-	820,153	-
Benefit payments, including refunds of employee contributions	(974,000)	(922,022)	(875,938)	(808,454)
Net Change in Total Pension Liability	2,019,431	830,061	1,463,728	770,036
Total Fiduciary Pension Liability - Beginning	20,130,042	19,299,981	17,836,253	17,066,217
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 22,149,473</u>	<u>20,130,042</u>	<u>19,299,981</u>	<u>17,836,253</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 1,248,667	998,985	858,792	827,242
Contributions - employee	162,422	165,650	161,858	159,044
Net investment income	581,388	561,341	(35,566)	296,638
Benefit payments, including refunds of employee contributions	(974,000)	(922,022)	(875,938)	(808,454)
Administrative expense	(4,650)	(9,884)	(7,800)	(11,407)
Net Change in Plan Fiduciary Net Position	1,013,827	794,070	101,346	463,063
Plan Fiduciary Net Position - Beginning	8,117,219	7,323,149	7,221,803	6,758,740
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,131,046</u>	<u>8,117,219</u>	<u>7,323,149</u>	<u>7,221,803</u>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	<u><b>\$ 13,018,427</b></u>	<u><b>12,012,823</b></u>	<u><b>11,976,832</b></u>	<u><b>10,614,450</b></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	41.22%	40.32%	37.94%	40.49%
Covered Valuation Payroll	\$ 1,638,971	1,671,550	1,633,280	1,545,527
Net Pension Liability as a Percentage of Covered Valuation Payroll	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
2023	\$ 982,424	1,769,732	(787,308)	1,892,856	93.50%
2022	1,049,704	1,732,462	(682,758)	1,918,305	90.31%
2021	1,117,430	1,700,895	(583,465)	1,761,776	96.54%
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, 2022

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 2023 contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
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	6.50%
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 30 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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	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,				
	2023	2022	2021	2020	2019
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 126,261	120,142	117,497	113,075	105,892
Interest	213,894	210,522	206,180	201,740	190,188
Changes of benefit terms	-	-	-	7,453	-
Difference between expected and actual experience	(169,286)	(102,849)	(110,279)	(108,638)	(87,249)
Changes of assumptions	(656,205)	-	-	-	143,006
Benefit payments, including refunds of employee contributions	(203,416)	(129,589)	(128,815)	(129,689)	(126,265)
Net Change in Total Pension Liability	(688,752)	98,226	84,583	83,941	225,572
Total Pension Liability - Beginning	4,253,322	4,155,096	4,070,513	3,986,572	3,761,000
Total Pension Liability - Ending (a)	<u>\$ 3,564,570</u>	<u>4,253,322</u>	<u>4,155,096</u>	<u>4,070,513</u>	<u>3,986,572</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - employer	\$ 236,896	232,698	229,336	211,446	202,102
Contributions - employee	24,127	24,912	24,319	24,636	23,155
Net investment income	23,300	(236,394)	333,086	54,368	98,864
Benefit payments, including refunds of employee contributions	(203,416)	(129,589)	(128,815)	(129,689)	(126,265)
Administrative expense	-	(540)	(608)	(469)	(1,208)
Net Change in Plan Fiduciary Net Position	80,907	(108,913)	457,318	160,292	196,648
Plan Fiduciary Net Position - Beginning	3,046,698	3,155,611	2,698,293	2,538,001	2,341,353
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,127,605</u>	<u>3,046,698</u>	<u>3,155,611</u>	<u>2,698,293</u>	<u>2,538,001</u>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	<b>\$ 436,965</b>	<b>1,206,624</b>	<b>999,485</b>	<b>1,372,220</b>	<b>1,448,571</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.74%	71.63%	75.95%	66.29%	63.66%
Covered Valuation Payroll	\$ 255,177	263,480	257,208	260,561	244,897
Net Pension Liability as a Percentage of Covered Valuation Payroll	171.24%	457.96%	388.59%	526.64%	591.50%

\*Schedule to be built prospectively from 2015

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

	Year Ended April 30,			
	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 115,145	104,199	104,199	94,645
Interest	191,682	181,129	175,915	168,809
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(185,623)	-	(168,668)	-
Changes of assumptions	(15,481)	-	159,828	-
Benefit payments, including refunds of employee contributions	(126,447)	(126,184)	(125,574)	(136,226)
Net Change in Total Pension Liability	(20,724)	159,144	145,700	127,228
Total Pension Liability - Beginning	3,781,724	3,622,580	3,476,880	3,349,652
Total Pension Liability - Ending (a)	<u>\$ 3,761,000</u>	<u>3,781,724</u>	<u>3,622,580</u>	<u>3,476,880</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 183,694	150,671	130,312	124,483
Contributions - employee	22,484	22,102	21,538	21,023
Net investment income	34,975	58,102	51,158	50,576
Benefit payments, including refunds of employee contributions	(126,447)	(126,184)	(125,574)	(136,226)
Administrative expense	(425)	(300)	(100)	(11,056)
Net Change in Plan Fiduciary Net Position	114,281	104,391	77,334	48,800
Plan Fiduciary Net Position - Beginning	2,227,072	2,122,681	2,045,347	1,996,547
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,341,353</u>	<u>2,227,072</u>	<u>2,122,681</u>	<u>2,045,347</u>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)</b>	<u><b>\$ 1,419,647</b></u>	<u><b>1,554,652</b></u>	<u><b>1,499,899</b></u>	<u><b>1,431,533</b></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.25%	58.89%	58.60%	58.83%
Covered Valuation Payroll	\$ 237,800	233,755	227,795	217,826
Net Pension Liability as a Percentage of Covered Valuation Payroll	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
2023	\$ 45,058	236,896	(191,838)	255,177	92.84%
2022	66,007	232,698	(166,691)	263,480	88.32%
2021	80,469	229,336	(148,867)	257,208	89.16%
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, 2022

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 2023 rates:

Actuarial cost method	Entry Age Normal Cost Method
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	6.500%
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 12.78% to 4.25% at 8 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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	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,				
	2023	2022	2021	2020	2019
<b>TOTAL OPEB LIABILITY</b>					
Service Cost	\$ 12,644	23,961	17,433	16,086	14,430
Interest	31,198	19,249	24,082	24,685	26,422
Changes of benefit terms	-	-	42,226	-	-
Difference between expected and actual experience	(5,832)	-	-	-	-
Changes of assumptions	(98,498)	(233,315)	206,649	34,163	37,882
Benefit payments	(70,860)	(51,172)	(44,308)	(40,758)	(37,739)
Net Change in Total OPEB Liability	(131,348)	(241,277)	246,082	34,176	40,995
Total OPEB Liability - Beginning	812,133	1,053,410	807,328	773,152	732,157
Total OPEB Liability - Ending (a)	\$ 680,785	812,133	1,053,410	807,328	773,152
Covered Valuation Payroll	\$ 6,363,337	6,439,704	6,282,638	6,127,786	5,492,235
Net OPEB Liability as a Percentage of Covered Valuation Payroll	10.70%	12.61%	16.77%	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, 2023	4.14%
Fiscal year ending April 30, 2022	3.98%
Fiscal year ending April 30, 2021	1.83%
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, 2021. 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, 2023

**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, 2023, was adopted on April 18, 2022, and was amended on April 24, 2023.

For the year ended April 30, 2023, expenditures exceeded the amended budget in the following fund:

	<u>Actual Expenditures</u>	<u>Amended Budget</u>	<u>Variance</u>
General Fund	\$ 21,255,084	19,746,359	1,508,725

**NOTE 2: PENSIONS**

**Police Pension**

*Changes of Assumptions*

For measurement date April 30, 2023, amounts reported as changes of assumptions resulted from the following changes:

- The discount rate was updated from 6.25% to 6.50%
- Based on the results of the 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund, the mortality, retirement, disability and termination rate tables were updated.
- As a result of the same study, the salary increase rates were also updated.

For measurement date April 30, 2022, there were no changes.

For measurement date April 30, 2021, there were no changes.

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.

Notes to Required Supplementary Information  
For the Year Ended April 30, 2023

---

**NOTE 2: PENSIONS – (Continued)**

**Police Pension – (Continued)**

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

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

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

**Firemen's Pension**

*Changes of Assumptions*

For measurement date April 30, 2023, amounts reported as changes of assumptions resulted from the following changes:

- The discount rate was updated from 5.00% to 6.50%.
- Based on the results of the 2021 experience study performed for the Illinois Firefighters' Pension Investment Fund, the mortality, retirement, and termination rate tables were updated.
- As a result of the same study, the salary increase rates were also updated.

For measurement date April 30, 2022, there were no changes.

For measurement date April 30, 2021, there were no changes.

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.

**CITY OF PERU, ILLINOIS**

**Notes to Required Supplementary Information  
For the Year Ended April 30, 2023**

---

**NOTE 2: PENSIONS – (Continued)**

**Firemen’s Pension – (Continued)**

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, 2023

(With Comparative Figures for April 30, 2022)

	Totals		Special Revenue Funds			
			Drug Enforcement Impound and Equipment Fund	Garbage Fund	Motor Fuel Tax Fund	TIF District No. 2 (Industrial Park) Fund
	2023	2022				
<u>Assets</u>						
Cash and cash equivalents	\$ 1,287,884	1,671,140	243,944	-	319,459	688,783
Receivables:						
Property taxes	946,052	645,764	-	-	-	364,331
Motor fuel taxes	35,159	34,546	-	-	35,159	-
Accounts	122,851	115,059	-	122,851	-	-
Other	-	-	-	-	-	-
Due from other funds	194,855	-	-	-	-	-
Total assets	<u>\$ 2,586,801</u>	<u>2,466,509</u>	<u>243,944</u>	<u>122,851</u>	<u>354,618</u>	<u>1,053,114</u>
<u>Liabilities</u>						
Overdraft payable	\$ 73,598	39,781	-	1,250	-	-
Accounts payable	6,456	27,905	-	-	-	-
Due to other funds	195,697	92,423	-	-	-	-
Total liabilities	<u>275,751</u>	<u>160,109</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	946,052	645,764	-	-	-	364,331
Total deferred inflows of resources	<u>946,052</u>	<u>645,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,331</u>
<u>Fund Balances</u>						
Restricted for:						
Public safety services	243,944	203,692	243,944	-	-	-
Streets and public improvements	354,618	756,966	-	-	354,618	-
Urban renewal purposes	688,783	583,272	-	-	-	688,783
Economic development	35,698	105,315	-	-	-	-
Other purposes	112,428	84,790	-	121,601	-	-
Unassigned	(70,473)	(73,399)	-	-	-	-
Total fund balance (deficit)	<u>1,364,998</u>	<u>1,660,636</u>	<u>243,944</u>	<u>121,601</u>	<u>354,618</u>	<u>688,783</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,586,801</u>	<u>2,466,509</u>	<u>243,944</u>	<u>122,851</u>	<u>354,618</u>	<u>1,053,114</u>



CITY OF PERU, ILLINOIS  
NONMAJOR FUNDS

SCHEDULE C-1  
(CONTINUED)

Combining Balance Sheet

April 30, 2023

(With Comparative Figures for April 30, 2022)

	TIF District No. 3 Fund	TIF District No. 4 (Downtown) Fund	TIF District No. 5 (Peru Mall) Fund	MVP TIF Fund	Community Development Assistance Prog. Fund
<u>Assets</u>					
Cash and cash equivalents	\$ -	35,698	-	-	-
Receivables:					
Property taxes	125,864	283,424	170,962	1,471	-
Motor fuel taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	194,855	-
Total assets	<u>\$ 125,864</u>	<u>319,122</u>	<u>170,962</u>	<u>196,326</u>	<u>-</u>
<u>Liabilities</u>					
Overdraft payable	\$ 51,654	-	18,819	1,875	-
Accounts payable	-	-	-	6,456	-
Due to other funds	-	-	-	195,697	-
Total liabilities	<u>51,654</u>	<u>-</u>	<u>18,819</u>	<u>204,028</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>					
Property taxes levied for subsequent years	125,864	283,424	170,962	1,471	-
Total deferred inflows of resources	<u>125,864</u>	<u>283,424</u>	<u>170,962</u>	<u>1,471</u>	<u>-</u>
<u>Fund Balances</u>					
Restricted for:					
Public safety services	-	-	-	-	-
Streets and public improvements	-	-	-	-	-
Urban renewal purposes	-	-	-	-	-
Economic development	-	35,698	-	-	-
Other purposes	-	-	-	(9,173)	-
Unassigned	(51,654)	-	(18,819)	-	-
Total fund balance (deficit)	<u>(51,654)</u>	<u>35,698</u>	<u>(18,819)</u>	<u>(9,173)</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 125,864</u>	<u>319,122</u>	<u>170,962</u>	<u>196,326</u>	<u>-</u>

CITY OF PERU, ILLINOIS  
NONMAJOR FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	Totals		Special Revenue Funds			
	2023	2022	Drug Enforcement	Garbage	Motor	TIF District No. 2
			Impound and Equipment Fund	Fund	Fuel Tax Fund	(Industrial Park) Fund
Revenues:						
Taxes	\$ 642,310	513,343	-	-	-	367,952
Intergovernmental	522,424	648,873	-	-	522,424	-
Fines and penalties	26,109	55,314	26,109	-	-	-
Charges for services	920,065	898,454	-	920,065	-	-
Income from investments	7,040	3,764	194	16	3,709	2,551
Other	45,483	23,259	45,483	-	-	-
Total revenues	2,163,431	2,143,007	71,786	920,081	526,133	370,503
Expenditures:						
General government	299,282	53,751	-	-	-	23,138
Public safety	31,534	130,690	31,534	-	-	-
Health and welfare	883,270	851,162	-	883,270	-	-
Debt service	209,109	-	-	-	-	-
Capital outlay	5,603,806	1,600,000	-	-	928,481	-
Payments under intergovernmental agreements	458,215	362,838	-	-	-	241,854
Total expenditures	7,485,216	2,998,441	31,534	883,270	928,481	264,992
Excess (deficiency) of revenues over (under) expenditures	(5,321,785)	(855,434)	40,252	36,811	(402,348)	105,511
Other financing sources (uses):						
Bond proceeds	4,815,000	-	-	-	-	-
Bond premium	293,130	-	-	-	-	-
Transfers to other funds	(81,983)	-	-	-	-	-
Total other financing sources (uses)	5,026,147	-	-	-	-	-
Net change in fund balance	(295,638)	(855,434)	40,252	36,811	(402,348)	105,511
Fund balance (deficit), beginning of year	1,660,636	2,516,070	203,692	84,790	756,966	583,272
Fund balance (deficit), end of year	\$ 1,364,998	1,660,636	243,944	121,601	354,618	688,783

CITY OF PERU, ILLINOIS  
NONMAJOR FUNDS

SCHEDULE C-2  
(CONTINUED)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	TIF District No. 3 Fund	TIF District No. 4 (Downtown) Fund	TIF District No. 5 (Peru Mall) Fund	MVP TIF Fund	Community Development Assistance Prog. Fund
Revenues:					
Taxes	\$ 96,046	178,312	-	-	-
Intergovernmental	-	-	-	-	-
Fines and penalties	-	-	-	-	-
Charges for services	-	-	-	-	-
Income from investments	148	302	-	-	120
Other	-	-	-	-	-
Total revenues	96,194	178,614	-	-	120
Expenditures:					
General government	12,535	24,618	6,122	232,869	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Debt service	-	-	-	209,109	-
Capital Outlay	-	-	-	4,675,325	-
Payments under intergovernmental agreements	74,611	141,750	-	-	-
Total expenditures	87,146	166,368	6,122	5,117,303	-
Excess (deficiency) of revenues over (under) expenditures	9,048	12,246	(6,122)	(5,117,303)	120
Other financing sources (uses):					
Bond proceeds	-	-	-	4,815,000	-
Bond premium	-	-	-	293,130	-
Transfers to other funds	-	-	-	-	(81,983)
Total other financing sources (uses)	-	-	-	5,108,130	(81,983)
Net change in fund balance	9,048	12,246	(6,122)	(9,173)	(81,863)
Fund balance (deficit), beginning of year	(60,702)	23,452	(12,697)	-	81,863
Fund balance (deficit), end of year	\$ (51,654)	35,698	(18,819)	(9,173)	-

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, 2023  
 (With Comparative Figures for the Year Ended April 30, 2022)

	2023				2022
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Drug enforcement	\$ 16,500	16,500	9,890	(6,610)	39,267
Impound fees	19,000	19,000	16,219	(2,781)	16,047
Other revenue	22,250	22,250	45,483	23,233	23,259
Income from investments	400	400	194	(206)	191
Total revenues	<u>58,150</u>	<u>58,150</u>	<u>71,786</u>	<u>13,636</u>	<u>78,764</u>
Expenditures:					
Drug enforcement	23,500	23,500	7,486	(16,014)	115,837
Impound	750	750	-	(750)	-
Other expenditures	12,500	12,500	24,048	11,548	14,853
Total expenditures	<u>36,750</u>	<u>36,750</u>	<u>31,534</u>	<u>(5,216)</u>	<u>130,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,400</u>	<u>21,400</u>	40,252	<u>18,852</u>	(51,926)
Fund balance, beginning of year			<u>203,692</u>		<u>255,618</u>
Fund balance, end of year			<u>\$ 243,944</u>		<u>203,692</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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Monthly garbage charges	\$ 856,800	856,800	920,065	63,265	867,866
Income from investments	100	100	16	(84)	62
Total revenues	<u>856,900</u>	<u>856,900</u>	<u>920,081</u>	<u>63,181</u>	<u>867,928</u>
Expenditures:					
Scavenger contract	831,600	831,600	881,107	49,507	850,580
Forgiveness of debt	-	-	2,163	2,163	582
Total expenditures	<u>831,600</u>	<u>831,600</u>	<u>883,270</u>	<u>51,670</u>	<u>851,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,300</u>	<u>25,300</u>	36,811	<u>11,511</u>	16,766
Fund balance, beginning of year			84,790		37,436
Prior Period Adjustment			-		30,588
Fund balance, beginning of year, restated			<u>84,790</u>		<u>68,024</u>
Fund balance, end of year			<u>\$ 121,601</u>		<u>84,790</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, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Motor fuel tax allotments	\$ 395,000	395,000	409,344	14,344	422,713
Rebuild Illinois grant	226,160	113,080	113,080	-	226,160
Income from investments	5,500	5,500	3,709	(1,791)	3,171
Total revenues	<u>626,660</u>	<u>513,580</u>	<u>526,133</u>	<u>12,553</u>	<u>652,044</u>
Expenditures:					
Annual street maintenance projects	<u>925,000</u>	<u>925,000</u>	<u>928,481</u>	<u>3,481</u>	<u>1,600,000</u>
Total expenditures	<u>925,000</u>	<u>925,000</u>	<u>928,481</u>	<u>3,481</u>	<u>1,600,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (298,340)</u>	<u>(411,420)</u>	<u>(402,348)</u>	<u>9,072</u>	<u>(947,956)</u>
Fund balance, beginning of year			<u>756,966</u>		<u>1,704,922</u>
Fund balance, end of year			<u>\$ 354,618</u>		<u>756,966</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 367,500	367,500	367,952	452	363,778
Income from investments	250	250	2,551	2,301	252
Total revenues	<u>367,750</u>	<u>367,750</u>	<u>370,503</u>	<u>2,753</u>	<u>364,030</u>
Expenditures:					
Administration fees	15,000	15,000	23,138	8,138	22,019
Developer payments	48,500	48,500	33,444	(15,056)	48,514
Intergovernmental agreements	150,000	150,000	208,410	58,410	145,601
Total expenditures	<u>213,500</u>	<u>213,500</u>	<u>264,992</u>	<u>51,492</u>	<u>216,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 154,250</u>	<u>154,250</u>	105,511	<u>(48,739)</u>	147,896
Fund balance, beginning of year			<u>583,272</u>		<u>435,376</u>
Fund balance, end of year			<u>\$ 688,783</u>		<u>583,272</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 95,000	95,000	96,046	1,046	93,516
Income from investments	20	20	148	128	29
Total revenues	<u>95,020</u>	<u>95,020</u>	<u>96,194</u>	<u>1,174</u>	<u>93,545</u>
Expenditures:					
Administration fees	12,500	12,500	12,535	35	11,926
Developer reimbursement	28,500	28,500	27,884	(616)	27,828
Intergovernmental agreements	47,500	47,500	46,727	(773)	46,483
Total expenditures	<u>88,500</u>	<u>88,500</u>	<u>87,146</u>	<u>(1,354)</u>	<u>86,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,520</u>	<u>6,520</u>	9,048	<u>2,528</u>	7,308
Fund balance (deficit), beginning of year			<u>(60,702)</u>		<u>(68,010)</u>
Fund balance (deficit), end of year			<u>\$ (51,654)</u>		<u>(60,702)</u>



CITY OF PERU, ILLINOIS  
TIF DISTRICT NO. 4 (DOWNTOWN) FUND

SCHEDULE C-8

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ 75,000	75,000	178,312	103,312	56,049
Income from investments	15	15	302	287	43
Total revenues	<u>75,015</u>	<u>75,015</u>	<u>178,614</u>	<u>103,599</u>	<u>56,092</u>
Expenditures:					
Administration fees	5,500	5,500	22,658	17,158	12,062
Developer reimbursement	2,200	2,200	1,960	(240)	2,031
Intergovernmental agreements	47,500	47,500	141,750	94,250	94,412
Total expenditures	<u>55,200</u>	<u>55,200</u>	<u>166,368</u>	<u>111,168</u>	<u>108,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 19,815</u>	<u>19,815</u>	12,246	<u>(7,569)</u>	(52,413)
Fund balance, beginning of year			<u>23,452</u>		<u>75,865</u>
Fund balance, end of year			<u>\$ 35,698</u>		<u>23,452</u>

CITY OF PERU, ILLINOIS  
TIF DISTRICT NO. 5 (PERU MALL) FUND

SCHEDULE C-9

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023				2022
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Property taxes	\$ -	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Legal and professional fees	-	-	6,122	6,122	5,713
Total expenditures	-	-	6,122	6,122	5,713
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	(6,122)	(6,122)	(5,713)
Fund balance (deficit), beginning of year			(12,697)		(6,984)
Fund balance (deficit), end of year			\$ (18,819)		(12,697)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Developer fees	\$ -	-	-	-	-
Expenditures:					
Engineering	-	-	25,844	25,844	-
Legal and professional fees	-	-	207,025	207,025	-
Debt service	-	-	209,109	209,109	-
Capital outlay	-	-	4,675,325	4,675,325	-
Total expenditures	-	-	5,117,303	5,117,303	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,117,303)	(5,117,303)	-
Other financing sources (uses):					
Bond proceeds	-	-	4,815,000	4,815,000	-
Bond premium	-	-	293,130	293,130	-
Total other financing sources (uses)	-	-	5,108,130	5,108,130	-
Net change in fund balance	\$ -	-	(9,173)	(9,173)	-
Fund balance, beginning of year			-		-
Fund balance, end of year			\$ (9,173)		-

CITY OF PERU, ILLINOIS  
COMMUNITY DEVELOPMENT ASSISTANCE PROGRAM FUND

SCHEDULE C-11

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Actual
Revenues:					
Income from investments	\$ -	-	120	120	16
Total revenues	-	-	120	120	16
Expenditures:					
Miscellaneous expenditures	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	120	120	16
Other financing sources (uses):					
Transfers to other funds	-	-	(81,983)	(81,983)	-
Net change in fund balance	\$ -	-	(81,863)	(81,863)	16
Fund balance, beginning of year			81,863		81,847
Fund balance, end of year			\$ -		81,863

CITY OF PERU, ILLINOIS  
PENSION TRUST FUNDS

SCHEDULE D-1

Combining Statement of Fiduciary Net Position  
April 30, 2023  
(With Comparative Figures for April 30, 2022)

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2023	2022
<u>Assets</u>				
Cash and cash equivalents	\$ 2,831,143	418,741	3,249,884	4,165,923
Investments	11,664,754	2,708,864	14,373,618	12,614,110
Accrued interest	1,471	-	1,471	5,673
Total assets	<u>\$ 14,497,368</u>	<u>3,127,605</u>	<u>17,624,973</u>	<u>16,785,706</u>
<u>Net position</u>				
Held in trust for pension benefits	<u>\$ 14,497,368</u>	<u>3,127,605</u>	<u>17,624,973</u>	<u>16,785,706</u>
Total net position	<u>\$ 14,497,368</u>	<u>3,127,605</u>	<u>17,624,973</u>	<u>16,785,706</u>

CITY OF PERU, ILLINOIS  
PENSION TRUST FUNDS

SCHEDULE D-2

Combining Statement of Changes in Fiduciary Net Position  
Year Ended April 30, 2023  
(With Comparative Figures for the Year Ended April 30, 2022)

	Police Pension Fund	Firemen's Pension Fund	Totals	
			2023	2022
Additions:				
Contributions:				
Employer contributions	\$ 1,769,732	236,896	2,006,628	1,965,160
Plan member contributions	187,582	24,127	211,709	215,016
Total contributions	1,957,314	261,023	2,218,337	2,180,176
Net investment income:				
Net change in fair value of investments	(520,756)	(6,390)	(527,146)	(2,040,618)
Investment income	591,478	36,959	628,437	728,902
Total investment income	70,722	30,569	101,291	(1,311,716)
Less: investment expense	34,902	7,269	42,171	45,468
Net investment expense	35,820	23,300	59,120	(1,357,184)
Total additions	1,993,134	284,323	2,277,457	822,992
Deductions:				
Administrative	6,592	-	6,592	8,205
Benefit payments, including member refunds	1,228,182	203,416	1,431,598	1,127,632
Total deductions	1,234,774	203,416	1,438,190	1,135,837
Changes in net position	758,360	80,907	839,267	(312,845)
Net position, beginning of year	13,739,008	3,046,698	16,785,706	17,098,551
Net position, end of year	\$ 14,497,368	3,127,605	17,624,973	16,785,706

***SUPPLEMENTAL INFORMATION***

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

	Tax Year					
	2017	2018	2019	2020	2021	2022
Assessed valuations	\$ 288,584,987	289,436,622	268,684,066	271,818,004	276,192,319	288,470,374
Tax rates:						
Garbage	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Library	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Recreation	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Police Pension	0.2565	0.2694	0.2672	0.2772	0.2867	0.2920
Firemen's Pension	0.0290	0.0304	0.0302	0.0313	0.0324	0.0330
Library Building Construction	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Liability Insurance	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Totals	0.2855	0.2998	0.2974	0.3085	0.3190	0.3249
Tax extensions:						
Police Pension	\$ 639,260	668,563	695,888	729,715	764,944	808,945
Firemen's Pension	72,150	75,459	78,545	82,387	86,349	91,304
Total	711,410	744,022	774,433	812,102	851,293	900,249
Plus: Road & Bridge*	172,163	170,061	171,718	170,676	169,955	172,000
Total Extensions	883,573	917,022	945,433	982,102	1,023,293	1,064,686
Tax Collections	\$ 882,101	916,430	951,949	985,835	1,026,583	-

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

	Tax Year			
	2019	2020	2021	2022
Assessed Valuations:				
TIF II	\$ 6,313,638	6,486,651	6,534,702	6,572,231
TIF III	3,550,709	3,390,207	3,476,055	3,947,143
TIF IV	25,830,051	26,028,581	26,574,052	27,776,369
TIF V	2,533,300	2,499,970	2,499,970	3,465,705
Tax Extensions:				
TIF II	357,244	363,754	367,828	364,331
TIF III	95,101	93,510	96,014	125,864
TIF IV	108,738	131,356	186,616	283,424
TIF V	-	-	-	170,962
Total	\$ 561,083	588,620	650,459	944,581
Collections**	\$ 561,218	513,343	642,310	-



***OTHER REQUIRED REPORTING***



116 E. Washington Street  
Suite One  
Morris, Illinois 60450

Phone: (815) 942-3306  
Fax: (815) 942-9430  
www.mackcpas.com

TAWNIA R. MACK, CPA  
LAURI POPE, CPA

CATE MOULTON, CPA  
KYLE SHEPPARD, CPA  
MADISON SCHEEL, CPA  
CHRIS CHRISTENSEN  
JESSIKA MCGARVEY

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, 2023, 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 November 20, 2023.

### Report on 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) as a basis for designing 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.

## Report on 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 financial statements. 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 November 20, 2023.

### 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  
November 20, 2023



116 E. Washington Street  
Suite One  
Morris, Illinois 60450

Phone: (815) 942-3306  
Fax: (815) 942-9430  
www.mackcpas.com

TAWNYA R. MACK, CPA  
LAURI POPE, CPA

CATE MOULTON, CPA  
KYLE SHEPPARD, CPA  
MADISON SCHEEL, CPA  
CHRIS CHRISTENSEN  
JESSIKA MCGARVEY

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, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2023.

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).

### 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, 2023.

### Basis of Opinion

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.

### Responsibility of Management

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.

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  
November 20, 2023