

**VILLAGE OF PEOTONE, ILLINOIS**

**Annual Financial Statements**

**As of and for the Year Ended  
March 31, 2019**

Village of Peotone, Illinois  
Annual Financial Statements  
As of March 31, 2019

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## Independent Auditor's Report

To the Board of Trustees  
Village of Peotone  
208 East Main  
Peotone, Illinois 60468

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 Village of Peotone, Illinois, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Improvement Fund	Unmodified
Motor Fuel Tax Fund	Unmodified
Water, Sewer, and Refuse Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

## Basis for Qualified Opinion on Governmental Activities

Management has not adopted GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Funds* and, accordingly, has not recorded the related deferred outflows, deferred inflows, net OPEB liability and the OPEB expense. Accounting principles generally accepted in the United States of America require that these amounts be reported in the Governmental Activities Statement of Net Position and Statement of Activities. The amount by which this departure would affect the deferred outflows, deferred inflows, liabilities, net position, and expenses of the Governmental Activities has not been determined.

## Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the Village of Peotone, Illinois, as of March 31, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Peotone, Illinois, as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents on pages 35-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Peotone, Illinois' basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Smith, Kelling, Dykstra and Ohm, P.C.*

Bourbonnais, Illinois  
October 11, 2019

**Village of Peotone, Illinois**  
**Statement of Net Position**  
**March 31, 2019**

**Exhibit A**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 134,130	\$ 395,160	\$ 529,290
Investments	13,549,226	162,746	13,711,972
Receivables, (net, where applicable, of allowance for uncollectibles):			
Taxes, including interest, penalties and liens	927,400	-	927,400
Accounts	169,677	80,680	250,357
Internal balances	1,120	(1,120)	-
Prepaid expenses	82,118	-	82,118
Health insurance escrow fund	145,405	-	145,405
Capital assets:			
Non-depreciable capital assets:			
Land	19,100	113,351	132,451
Idle assets	389,100	-	389,100
Depreciable capital assets, net	4,648,815	116,948	4,765,763
Total assets	<u>20,066,091</u>	<u>867,765</u>	<u>20,933,856</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	<u>1,867,316</u>	<u>-</u>	<u>1,867,316</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	332,391	-	332,391
Customer/escrow deposits	181,889	5,975	187,864
Unearned revenue	50,964	-	50,964
Long-term liabilities:			
Due within one year:			
Notes payable	30,318	-	30,318
Debt certificates	105,000	-	105,000
Due in more than one year:			
Accrued compensation	121,207	-	121,207
Notes payable	290,530	-	290,530
Net pension liabilities	5,359,906	-	5,359,906
Total liabilities	<u>6,472,205</u>	<u>5,975</u>	<u>6,478,180</u>
<b>Deferred Inflows of Resources</b>			
Property taxes related to a future period	586,120	-	586,120
Deferred inflows related to pensions	1,138,612	-	1,138,612
Total deferred inflows of resources	<u>1,724,732</u>	<u>-</u>	<u>1,724,732</u>
<b>Net Position</b>			
Net investment in capital assets	4,631,167	230,299	4,861,466
Restricted for:			
Streets	382,349	-	382,349
Capital improvements	556,999	-	556,999
Other purposes	66,649	-	66,649
Unrestricted	8,099,306	631,491	8,730,797
Total net position	<u>\$ 13,736,470</u>	<u>\$ 861,790</u>	<u>\$ 14,598,260</u>

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

Village of Peotone, Illinois  
Statement of Activities  
For the year ended March 31, 2019

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 459,787	\$ 243,815	\$ -	\$ 8,803	\$ (207,169)	\$ -	\$ (207,169)
Economic development	80,755	-	-	-	(80,755)	-	(80,755)
Public safety	1,917,046	42,750	-	-	(1,874,296)	-	(1,874,296)
Public works	1,230,303	34,081	1,507,652	-	311,430	-	311,430
Interest and fiscal charges	19,795	-	-	-	(19,795)	-	(19,795)
Total governmental activities	<u>3,707,686</u>	<u>320,646</u>	<u>1,507,652</u>	<u>8,803</u>	<u>(1,870,585)</u>	<u>-</u>	<u>(1,870,585)</u>
<b>Business-type activities:</b>							
Water	227,098	245,758	-	-	-	18,660	18,660
Sewer	226,677	234,003	-	-	-	7,326	7,326
Refuse	245,533	266,971	-	-	-	21,438	21,438
Total business-type activities	<u>699,308</u>	<u>746,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,424</u>	<u>47,424</u>
Total	<u>\$ 4,406,994</u>	<u>\$ 1,067,378</u>	<u>\$ 1,507,652</u>	<u>\$ -</u>	<u>(1,870,585)</u>	<u>47,424</u>	<u>(1,823,161)</u>
<b>General revenues:</b>							
Property taxes					575,964	-	575,964
Sales tax					1,037,767	-	1,037,767
State income tax					402,142	-	402,142
Replacement and other taxes					549,346	-	549,346
Interest					126,446	6,357	132,803
Miscellaneous					52,241	43,820	96,061
Gain of sale of assets					-	7,115,160	7,115,160
Transfers, net					12,658,208	(12,658,208)	-
Total general revenue					<u>15,402,114</u>	<u>(5,492,871)</u>	<u>9,909,243</u>
Change in net position					13,531,529	(5,445,447)	8,086,082
Net position - beginning					204,941	6,307,237	6,512,178
Net position - ending					<u>\$ 13,736,470</u>	<u>\$ 861,790</u>	<u>\$ 14,598,260</u>

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

**Village of Peotone, Illinois**  
**Balance Sheet - Governmental Funds**  
**March 31, 2019**

**Exhibit C**

	General Fund	Capital Improvement Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 134,130	\$ -	\$ -	\$ 134,130
Investments	12,637,182	568,373	343,671	13,549,226
Accounts receivable, net	30,142	-	139,535	169,677
Prepaid expenses	82,118	-	-	82,118
Due from other funds	9,002	-	-	9,002
Health insurance escrow fund	145,405	-	-	145,405
Taxes receivable	919,584	-	7,816	927,400
	<u>\$ 13,957,563</u>	<u>\$ 568,373</u>	<u>\$ 491,022</u>	<u>\$ 15,016,958</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 184,217	\$ 11,374	\$ 100,791	\$ 296,382
Escrow deposits	181,889	-	-	181,889
Accrued compensation	23,767	-	-	23,767
Unearned revenue	107,000	-	-	107,000
Due to other funds	-	-	7,882	7,882
Total liabilities	<u>496,873</u>	<u>11,374</u>	<u>108,673</u>	<u>616,920</u>
<b>Deferred Inflows of Resources</b>				
Property taxes related to a future period	586,120	-	-	586,120
Unavailable revenue	50,964	-	-	50,964
Total deferred inflows of resources	<u>637,084</u>	<u>-</u>	<u>-</u>	<u>637,084</u>
<b>Fund Balance</b>				
Nonspendable:				
Prepaid expenses	82,118	-	-	82,118
Restricted for:				
Capital projects	-	556,999	-	556,999
Street improvements	-	-	382,349	382,349
Other purposes	66,649	-	-	66,649
Assigned:				
Capital outlay	18,149	-	-	18,149
Unassigned	12,656,690	-	-	12,656,690
Total fund balance	<u>12,823,606</u>	<u>556,999</u>	<u>382,349</u>	<u>13,762,954</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,957,563</u>	<u>\$ 568,373</u>	<u>\$ 491,022</u>	<u>\$ 13,957,563</u>

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



**Village of Peotone, Illinois**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**March 31, 2019**

**Exhibit D**

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Total fund balances for governmental funds (Exhibit C)	\$ 13,762,954
Total net position reported for governmental activities in the statement of net position is different because:	
Certain revenues will not be collected until after the availability period of 60 days after year end; they are considered unavailable revenues and are deferred inflows of resources on the governmental funds, but are reported as revenue on the statement of net position.	107,000
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,057,015
The deferred outflows related to pensions are not an available resource and, therefore, are not reported in the funds	1,867,316
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds	(5,359,906)
The deferred inflows related to pensions is not due and payable in the current period and, therefore, is not reported in the funds	(1,138,612)
Long-term liabilities are not due and payable in the current period and therefore, are not reported as a fund liability in governmental funds	(425,848)
Payables resulting from the long-term economic focus of the statement of net position are not reported in the funds, which focus on current financial resources	<u>(133,449)</u>
Total net position of governmental activities (Exhibit A)	<u><u>\$ 13,736,470</u></u>

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

**Village of Peotone, Illinois**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended March 31, 2019**

**Exhibit E**

	General Fund	Capital Improvement Fund	Motor Fuel Tax Fund	Totals Governmental Funds
<b>Revenues</b>				
Taxes - property	\$ 530,766	\$ -	\$ -	\$ 530,766
Intergovernmental:				
State replacement taxes	26,022	-	-	26,022
State income taxes	402,142	-	-	402,142
State sales tax	1,037,767	-	-	1,037,767
Video gaming tax	51,207	-	-	51,207
Motor fuel tax	-	-	105,457	105,457
Grants	8,803	-	204,452	213,255
Road and bridge tax	45,198	-	-	45,198
Charitable games tax	1,190	-	-	1,190
Utility tax	258,470	-	-	258,470
Licenses and permits	130,662	-	-	130,662
Police collections	5,758	-	-	5,758
Franchise agreements	69,247	-	-	69,247
Fines	72,076	-	-	72,076
Reimbursements	35,453	-	-	35,453
Interest	120,268	3,053	3,125	126,446
Other	59,691	-	-	59,691
Total revenues	<u>2,854,720</u>	<u>3,053</u>	<u>313,034</u>	<u>3,170,807</u>
<b>Expenditures</b>				
Current:				
General government	486,501	-	-	486,501
Public safety	1,451,918	-	-	1,451,918
Public works/transportation	927,550	-	547,884	1,475,434
Communications	98,346	-	-	98,346
Economic development	80,755	-	-	80,755
Building	24,274	-	-	24,274
Capital outlay	69,338	16,374	-	85,712
Debt service:				
Principal	132,152	-	-	132,152
Interest	19,795	-	-	19,795
Total expenditures	<u>3,290,629</u>	<u>16,374</u>	<u>547,884</u>	<u>3,854,887</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(435,909)</u>	<u>(13,321)</u>	<u>(234,850)</u>	<u>(684,080)</u>
Other financing sources (uses):				
Transfers in	12,688,768	-	-	12,688,768
Transfers out	(30,560)	-	-	(30,560)
Total other financing sources (uses)	<u>12,658,208</u>	<u>-</u>	<u>-</u>	<u>12,658,208</u>
Net change in fund balance	12,222,299	(13,321)	(234,850)	11,974,128
Fund balance, beginning of year	601,307	570,320	617,199	1,788,826
Fund balance, end of year	<u>\$ 12,823,606</u>	<u>\$ 556,999</u>	<u>\$ 382,349</u>	<u>\$ 13,762,954</u>

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

**Village of Peotone, Illinois**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended March 31, 2019**

**Exhibit F**

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Net change in fund balances - total governmental funds (Exhibit E)	\$ 11,974,128
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded (was less than) depreciation expense in the current period.	171,230
In the statement of activities, a gain or loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds received from disposition of capital assets increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of disposed capital assets.	(617)
The payment of principal on long-term debt is reflected as an expense on the fund level statements, but is reported as a reduction of liabilities on the entity-wide statements.	132,152
The change in pension obligations is not reported on the fund level statements, and therefore is not reported as expenditures in governmental funds.	(135,885)
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 governmental funds.	(19,679)
Certain revenues will not be collected until after the availability period of 60 days after year end; they are considered unavailable revenues and are deferred inflows of resources on the governmental funds.	107,000
Revenue related to capital grants are not recorded at the fund level statements since they do not provide current financial resources.	<u>1,303,200</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 13,531,529</u></u>

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

**Village of Peotone, Illinois**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**Water, Sewer and Refuse Fund**  
**March 31, 2019**

**Exhibit G**

**Assets**

Current assets:

Cash	\$ 395,160
Investments	162,746
Accounts receivable	80,680
Total current assets	<u>638,586</u>

Property and equipment:

Land	<u>113,351</u>
Buildings and equipment	683,782
Less accumulated depreciation	<u>(566,834)</u>
Building and equipment, net	<u>116,948</u>

Total assets	<u>868,885</u>
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**Liabilities**

Payable from current assets:

Utility deposits	5,975
Due to other funds	1,120
Total current liabilities	<u>7,095</u>

Total liabilities	<u>7,095</u>
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**Net Position**

Net investment in capital assets	230,299
Unrestricted	<u>631,491</u>
Total net position	<u>\$ 861,790</u>

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

**Village of Peotone, Illinois**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position**  
**Proprietary Fund**  
**Water, Sewer and Refuse Fund**  
**For the year ended March 31, 2019**

**Exhibit H**

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Operating revenues:	
Water, sewer, and garbage fees	\$ 733,922
Meter sales and tap-on fees	<u>12,810</u>
Total operating revenue	746,732
Operating expenses	<u>565,408</u>
Operating income (loss) before depreciation	181,324
Depreciation	<u>(133,900)</u>
Operating income (loss)	<u>47,424</u>
Nonoperating revenue (expense):	
Interest income	6,357
Other income	43,820
Gain on sale of assets	<u>7,115,160</u>
Net nonoperating revenue (expense)	<u>7,165,337</u>
Income (loss) before transfers	7,212,761
Transfers out	<u>(12,658,208)</u>
Change in net position	(5,445,447)
Net position, beginning of year	<u>6,307,237</u>
Net position, end of year	<u><u>\$ 861,790</u></u>

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

**Village of Peotone, Illinois**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Water, Sewer and Refuse Fund**  
**For the year ended March 31, 2019**

**Exhibit I**

Cash flows from operating activities:	
Customer receipts	\$ 916,444
Payments to suppliers	(477,284)
Payments to employees	(133,597)
Net cash provided (used) by operating activities	<u>305,563</u>
Cash flows from noncapital financing activities:	
Miscellaneous income	43,820
Transfers out	(12,658,208)
Net cash provided (used) by noncapital financing activities	<u>(12,614,388)</u>
Cash flows from capital and related financing activities:	
Proceeds from the sale of capital assets	12,300,000
Net cash provided (used) by capital and related financing activities	<u>12,300,000</u>
Cash flows from investing activities:	
Increase in health insurance escrow	31,618
Interest payments received	6,357
Net cash provided (used) by investing activities	<u>37,975</u>
Net increase (decrease) in cash and cash equivalents	29,150
Cash and cash equivalents, beginning of year	528,756
Cash and cash equivalents, end of year	<u>\$ 557,906</u>
Cash per Statement of Fund Net Position-Proprietary Fund	\$ 395,160
Investments per Statement of Fund Net Position-Proprietary Fund	162,746
Total cash and cash equivalents, end of year	<u>\$ 557,906</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 47,424
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	133,900
Changes in assets, deferred outflows/inflows of resources and liabilities:	
(Increase) decrease in accounts receivable	184,399
(Increase) decrease in prepaid expenses	21,010
(Increase) decrease in net pension asset	84,313
(Increase) decrease in deferred outflows of resources related to pensions	129,656
Increase (decrease) in accounts payable and accrued expenses	(44,342)
Increase (decrease) in customer deposits	(14,687)
Increase (decrease) in deferred inflows of resources related to pensions	(236,110)
Net cash provided (used) by operating activities	<u>\$ 305,563</u>

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

**Village of Peotone, Illinois**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**March 31, 2019**

**Exhibit J**

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	<u>Police Pension Fund</u>
<b>Assets</b>	
Cash and certificates of deposit	\$ 1,298,563
Mutual funds	<u>196,783</u>
 Total assets	 <u>1,495,346</u>
 <b>Net Position</b>	
Held in trust for pension benefits	 <u><u>\$ 1,495,346</u></u>

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

**Village of Peotone, Illinois**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the year ended March 31, 2019**

**Exhibit K**

	<u>Police Pension Fund</u>
Additions:	
Contributions:	
Employer	\$ 207,025
Plan members	49,630
Total contributions	<u>256,655</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	(2,557)
Interest	21,215
Dividends	12,701
Total investment earnings	<u>31,359</u>
Total additions	<u>288,014</u>
Deductions:	
Benefits	177,547
Accounting services	1,880
Legal services	1,000
Administrative expenses	6,144
Total deductions	<u>186,571</u>
Change in net position	101,443
Net position, beginning of year	<u>1,393,903</u>
Net position, end of year	<u>\$ 1,495,346</u>

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



**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies**

**General**

The Village of Peotone is a municipal corporation governed by an elected board. The Village operates under a Trustee-Village form of government and provides the following services: public safety, public works/transportation, administration, and water, sewer and garbage.

**Financial Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Peotone and any component units. The criteria used to determine if a legally separate organization's financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board and approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent. A description of the blended component unit is as follows:

Police Pension Fund – The Fund is a single-employer pension plan that is funded by the Village and the participants of the plan. The Fund is governed by a five member board which includes two members appointed by the Village. The activity is reported as a fiduciary fund.

**Basis of Presentation**

Government-wide Financial Statements – The government-wide statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. 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.

The statement of activities displays the direct expenses of a given function or segment and the associated 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) operating or capital 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.

Fund Financial Statements – The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary, and fiduciary activities.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

General Fund – This is the primary operating fund of the Village. It accounts for and reports all financial resources not accounted for and reported in another fund.

Capital Improvement Fund – This fund is used to account for developer fees intended to fund major capital improvements and for certain other monies received that are related to capital asset purchases.

Motor Fuel Tax Fund – This fund receives and accounts for the Village’s share of motor fuel taxes from the State of Illinois.

Proprietary funds are used to account for those Village activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The Village has presented the following major proprietary fund:

Water, Sewer, and Refuse Fund – The fund is used to account for water, sewer and garbage services to residents of the Village and other commercial users.

The Fiduciary Fund is used to account for the activities of the police pension fund which accumulates resources for pension benefit payments on a defined benefit basis.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund 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. Non-exchange transactions, in which the Village receives value without directly giving equal value in exchange, include property tax revenues, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Revenue from grants and other contributions is recognized in the fiscal year in which all eligibility, matching and expenditure requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

The Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Village enterprise fund are charges to customers for water, sewer, and garbage services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

Fiduciary Fund Financial Statements (Police Pension Fund) – The Fiduciary Fund’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Fund Financial Statements – 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year for the year they are intended to finance.

Replacement taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Issuance of long-term debt is reported as an other financing source.

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Village considers all highly liquid assets (including restricted assets) with original maturities of three months or less to be cash equivalents.

**Investments**

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Money market mutual funds and Illinois Funds are carried at the net asset value (NAV) per share provided by the Fund. The NAV per share is calculated using the amortized cost method which approximates fair value.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the Village as assets with an initial, individual cost of more than its capitalization threshold and an estimated useful life in excess of one year. Categories of capital assets and associated capitalization thresholds are as follows: land – \$5,000; buildings and improvements - \$2,000; infrastructure assets (streets and bridges) - \$100,000; equipment - \$2,000. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The Village depreciates assets on a straight-line basis using the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Equipment, vehicles, furniture and fixtures	5 to 15 years
Buildings, structures and improvements	30 to 50 years
Improvements other than buildings	30 to 50 years
Water and sewer plant	20 to 50 years
Infrastructure assets	10 to 40 years

**Accounts Receivable**

Receivables as of year-end for the government's individual major funds and fiduciary funds, including applicable allowances for uncollectible accounts, of which there were none, are as follows:

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Water and Sewer Fund</u>
Taxes receivable:			
State use	\$ 30,059	\$ -	\$ -
Income	40,646	-	-
Sales	218,270	-	-
Telecom	14,788	-	-
Replacement	6,142	-	-
Utility	18,779	-	-
Property	586,120	-	-
Video gaming	4,780	-	-
Motor fuel tax	-	7,816	-
	<u>\$919,584</u>	<u>\$ 7,816</u>	<u>\$ -</u>
Accounts receivable:			
Franchise tax	\$ 16,544	\$ -	\$ -
Circuit court fines	4,271	-	-
Reimbursements	9,327	-	-
Customers	-	-	80,680
Reimbursements from State	-	139,535	-
	<u>\$ 30,142</u>	<u>\$139,535</u>	<u>\$ 80,680</u>

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business-type activities, as applicable). Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as expenses in the period incurred.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Interfund Transactions**

During the normal course of operations, the Village has transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenses if they involved organizations external to the Village are treated similarly when involving other funds of the Village.

Activity between funds that is referred to as “due to/from other funds” represents transactions when one fund incurs expenses for the benefit of another fund and expects repayment from it. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government entity-wide financial statements as “internal balances”.

**Compensated Absences**

Accumulated unpaid vacation, sick-time, compensatory time and other employee benefit amounts are accrued in the year in which the related liability is incurred on the entity-wide financial statements.

**Deferred Inflows and Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. Deferred outflows of resources relate to pensions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as revenue until then. Certain revenues are measurable; they are not available. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the funds were not available. Deferred inflows of resources relate to pensions, property taxes levied for a future period, and receivables that are not available.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Net Position**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Net investment in capital assets* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of the portion of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources when they are needed.

*Unrestricted* – This consists of the portion of net position that does not meet the definition of "restricted" or "net investment in capital assets".

**Fund Equity**

Fund balances of the governmental funds are classified as follows:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* — amounts that can be used only for specific purposes determined by a formal action of the Village Board. The Village Board is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Village Board.

*Assigned* — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Assignments may be established by the Village Board.

*Unassigned* — all other spendable amounts. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted or committed to those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned and unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**Property Tax Revenues**

Property taxes are levied on the basis of a calendar year with a January 1 lien date. The certificate of tax levy is filed annually on or before the last Tuesday in December based on the assessed valuation as of April 1 of the same year. Taxes are due in the following year in two equal installments, one in June and the other in September, with distribution to the Village coming shortly thereafter and continuing through January of the ensuing year. Property taxes levied in 2017 and collected in 2018 are recorded as revenues for the fiscal year ended March 31, 2019.

**Use of Estimates**

The Village prepares its financial statements in accordance with generally accepted accounting principles which require the use of estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Note 2 – Deposits and Investments**

The Village is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS235/2 and 6). The institutions in which investments are made must be approved by the Village Board.

At year-end, the Village's investments were comprised of the following:

	<u>% of Portfolio</u>	<u>Carrying Value</u>
Money Market Mutual Funds	97.5%	\$13,371,255
Illinois Funds Money Market	2.5%	<u>340,717</u>
		<u>\$13,711,972</u>

**Police Pension Fund – Fiduciary Funds:**

	<u>Cost</u>	<u>Market Value</u>	<u>Percentage</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value Measurement</u>
Mutual funds – American Funds:					
Capital Income Builder Fund Class A-unrated	\$ 87,815	\$ 96,971	49%	\$ 9,156	Level 1
Growth Fund of America – Class A-unrated	<u>65,510</u>	<u>99,812</u>	<u>51%</u>	<u>34,302</u>	Level 1
Total investment in mutual funds	<u>\$153,325</u>	<u>\$196,783</u>	<u>100%</u>	<u>\$43,458</u>	

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 2 – Deposits and Investments (Continued)**

The following describes the hierarchy of inputs used to measure fair value and the primary value methodologies used for financial instruments measured at fair value on a recurring basis. Level 1 includes investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. Level 2 includes investments with inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The Illinois Funds Money Market Fund is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds Money Market Fund uses amortized cost, which is the share price, to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Illinois Funds Money Market Fund does not place any limitations or restrictions on withdrawals. Illinois Funds Money Market Fund has a credit rating of AAAm from Standard & Poor's (S&P). Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. Illinois Funds Money Market Fund invests in a high quality portfolio of debt securities, money market funds and commercial paper rated in one of the two highest rating categories by S&P with a maximum of final maturity of 270 days. These investments are legally permissible for local governments in the state. Audited financial statements for the Illinois Funds are available at [www.illinoistreasurer.gov](http://www.illinoistreasurer.gov).

*Interest Rate Risk* – The Village's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – State law requires public funds to be invested within the guidelines set forth in Public Funds Investment Act (30 ILCS/235). The Village's investment policy does not further limit its investment choices.

*Concentration of Credit Risk* – The Village's investment policy limits time deposits to no more than 10% of any single financial institution's total deposits. It also limits any investment category to no more than 40% of the Village's portfolio with the exception of cash equivalents and treasury securities.

*Custodial Credit Risk* – Custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateral pledged by the applicable financial institution to the extent of 110% of the value of the deposit in excess of the FDIC insured amount. As of March 31, 2019, the Village's deposits were insured or collateralized with collateral held by the Village's agent in the Village's name.



**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 3 – Capital Assets**

Capital asset activity for the year ended March 31, 2019 was as follows:

	Balances March 31, 2018	Additions	Dispositions	Balances March 31, 2019
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 19,100	\$ -	\$ -	\$ 19,100
Idle assets	<u>389,100</u>	<u>-</u>	<u>-</u>	<u>389,100</u>
	<u>\$ 408,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,200</u>
Capital assets being depreciated:				
Transportation network	\$ 5,878,193	\$1,629,000	\$ -	\$ 7,507,193
Buildings and improvements	38,002	5,000	-	43,002
Equipment	569,809	12,291	37,000	545,100
Vehicles	<u>492,590</u>	<u>57,354</u>	<u>-</u>	<u>549,944</u>
Total capital assets being depreciated	<u>6,978,594</u>	<u>1,703,645</u>	<u>37,000</u>	<u>8,645,239</u>
Less accumulated depreciation for:				
Transportation network	(3,026,362)	(171,599)	-	(3,197,961)
Buildings and improvements	(9,951)	(1,433)	-	(11,384)
Equipment	(469,645)	(25,945)	(36,383)	(459,207)
Vehicles	<u>(297,634)</u>	<u>(30,238)</u>	<u>-</u>	<u>(327,872)</u>
Total accumulated depreciation	<u>(3,803,592)</u>	<u>(229,215)</u>	<u>(36,383)</u>	<u>(3,996,424)</u>
Capital assets, net of accumulated depreciation	<u>\$ 3,175,002</u>	<u>\$1,474,430</u>	<u>\$ 617</u>	<u>\$ 4,648,815</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated – land	<u>\$ 133,351</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 113,351</u>
Capital assets being depreciated:				
Plant and equipment	\$10,945,276	\$ -	\$10,261,494	\$ 683,782
Less: accumulated depreciation	<u>(5,529,588)</u>	<u>(133,900)</u>	<u>(5,096,654)</u>	<u>(566,834)</u>
Capital assets, net of accumulated depreciation	<u>\$ 5,415,688</u>	<u>\$ (133,900)</u>	<u>\$ 5,164,840</u>	<u>\$ 116,948</u>

Depreciation for the year ended March 31, 2019, was charged as follows to the following functions:

Utilities	\$133,900
Administration	3,807
Public Safety	19,202
Public Works	<u>206,206</u>
Total	<u>\$363,115</u>

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 4 – Long-Term Liabilities**

A summary of the changes in long-term liabilities is as follows:

	Balances 3/31/2018	Additions	Reductions	Balances 3/31/2019	Due Within One Year
<b>Governmental activities:</b>					
Debt certificates	\$ 208,000	\$ -	\$(103,000)	\$ 105,000	\$105,000
Notes payable	350,000	-	(29,152)	320,848	30,318
Net pension liability	4,857,471	502,435	-	5,359,906	-
Compensated absences	<u>99,588</u>	<u>21,619</u>	<u>-</u>	<u>121,207</u>	<u>-</u>
Total governmental activities	<u>\$5,515,059</u>	<u>\$524,054</u>	<u>\$(132,152)</u>	<u>\$5,906,961</u>	<u>\$135,318</u>

Long-term debt is comprised of the following:

Debt Certificates

*Governmental Activities*

\$600,000 Series 2013 Debt Certificates dated August 5, 2013 due in annual installments on December 1 from \$96,000 to \$105,000 through 2019, plus interest paid on June 1 and December 1 at rates from 2.1% to 2.89% for street improvements - \$105,000

Notes Payable:

*Governmental Activities*

\$350,000 note payable dated May 15, 2017 due in annual installments on May 15 in amounts ranging from \$29,152 to \$41,492 through 2027 plus interest at 4.00% for a public works building, collateralized by a mortgage on the property - \$320,848

The annual requirements to amortize the outstanding long-term debt are as follows:

Year Ending March 31,	Notes Payable			Debt Certificates			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 30,318	\$12,834	\$ 43,152	\$105,000	\$ 3,034	\$108,034	\$135,318	\$15,868	\$151,186
2021	31,531	11,621	43,152	-	-	-	31,531	11,621	43,152
2022	32,792	10,360	43,152	-	-	-	32,792	10,360	43,152
2023	34,103	9,049	43,152	-	-	-	34,103	9,049	43,152
2024	35,468	7,684	43,152	-	-	-	35,468	7,684	43,152
2025-2028	<u>156,636</u>	<u>15,972</u>	<u>172,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,636</u>	<u>15,972</u>	<u>172,608</u>
	<u>\$320,848</u>	<u>\$67,520</u>	<u>\$388,368</u>	<u>\$105,000</u>	<u>\$ 3,034</u>	<u>\$108,034</u>	<u>\$425,848</u>	<u>\$70,554</u>	<u>\$496,402</u>

Compensated absences are recorded in governmental activities and liquidated by the General Fund.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 5 – Sales Tax Rebate Agreements**

The Village is authorized by the State of Illinois under 65 ILCS 5/8-11-20 to enter into economic incentive agreements in order to encourage the development or redevelopment of land within their corporate limits. The Village has entered into sales tax rebate agreements with Bult Motors, Inc., Dralle Chevrolet, and Terry's Lincoln Ford Mercury of Peotone.

The agreement with James A. and Pearl F. Bult (the developer) was entered into March 12, 2007, and runs for a period of 20 years. Under the agreement, the Village rebates a percentage of the sales tax generated by Bult Motors, Inc. d/b/a Pearl Chrysler, Dodge and Jeep. The percentage rebated ranges from 90% in the first year of the agreement to 50% in years five to twenty. The total rebate amount is not to exceed the lesser of \$2,000,000 or the actual cost of the project. Sales tax rebate expense for 2019 totaled \$43,316 for an accumulated rebate of \$333,818.

The agreement with Dralle Chevrolet was entered into on September 10, 2012, and runs for a period of 10 years. Under the agreement, the Village rebates 50% of the sales tax generated over an incentive base of \$100,000 for the first year of the agreement. The incentive base increases by the consumer price index each year. The total rebate is not to exceed the lesser of \$1,200,000 or the actual cost of the project. Sales tax rebate expense for 2019 totaled \$49,266 for an accumulated rebate of \$237,160.

The agreement with Terry's Lincoln Ford Mercury of Peotone (Terry's) was entered into on February 24, 2014, and runs for a period of 10 years. Under the agreement, the Village rebates a percentage of the sales tax generated by Terry's over an incentive base of \$167,200 for the first year of the agreement. The percentage rebated ranges from 90% in the first year of the agreement to 50% in years' five to ten. The total rebate is not to exceed the lesser of \$750,000 or the actual cost of the project. Sales tax rebate expense for 2019 totaled \$26,614 for an accumulated rebate of \$136,488.

**Note 6 – Restricted Fund Balance and Net Position**

On March 31, 2018, restricted fund balance and net position consists of the following:

Restricted for:	<u>Fund Balance</u>	<u>Net Position</u>
Street improvements - Motor Fuel taxes	\$ 382,349	\$ 382,349
Capital improvements - developer fees	556,999	556,999
Law enforcement – drug seizure funds	<u>66,649</u>	<u>66,649</u>
	<u>\$1,005,997</u>	<u>\$1,005,997</u>

**Note 7 – Pension Plans**

**IMRF Plan Description**

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-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).

Village of Peotone, Illinois  
Notes to Financial Statements  
As of and for the year ended March 31, 2019

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**Note 7 – Pension Plans (Continued)**

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount

**Employees Covered by Benefit Terms**

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	26
Inactive, non-retired members	10
Active plan members	<u>10</u>
Total	<u>46</u>

**Contributions**

As set by statute, the Village's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rates for calendar years 2018 and 2017 were 6.87% and 9.63%, respectively. For the fiscal year ended March 31, 2019, the Village contributed \$43,425 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 7 – Pension Plans (Continued)**

**Net Pension Liability**

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

**Actuarial Assumptions-Total Pension Liability**

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

The Actuarial Cost Method	Entry Age Normal
The Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality	For non-disabled retirees, the IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37%	7.15%
International equity	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternative investments	7%	3.20%-8.50%
Cash equivalents	1%	2.50%
Total	100%	

**Other Information:**

Notes There were no benefit changes during the year.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 7 – Pension Plans (Continued)**

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement Fund annual actuarial valuation report.

**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 plan's projected fiduciary net position is not sufficient to pay benefits).

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

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability (Asset) <u>(A)-(B)</u>
<b>Balances at December 31, 2017</b>	<b><u>\$5,443,528</u></b>	<b><u>\$5,663,170</u></b>	<b><u>\$(219,642)</u></b>
<b>Changes for the year:</b>			
Service cost	49,566	-	49,566
Interest on the total pension liability	397,882	-	397,882
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(452,316)	-	(452,316)
Changes of assumptions	137,159	-	137,159
Contributions – employer	-	47,728	(47,728)
Contributions – employees	-	22,303	(22,303)
Net investment income	-	(596,368)	596,368
Benefit payments, including refunds of employee contributions	(326,431)	(326,431)	-
Other (net transfer)	-	(9,215)	9,215
Admin expense (beg difference in fiduciary net position)	-	<u>263,518</u>	<u>(263,518)</u>
Net changes	<u>(194,140)</u>	<u>(598,465)</u>	<u>404,325</u>
<b>Balances at December 31, 2018</b>	<b><u>\$5,249,388</u></b>	<b><u>\$5,064,705</u></b>	<b><u>\$184,683</u></b>

Village of Peotone, Illinois  
Notes to Financial Statements  
As of and for the year ended March 31, 2019

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**Note 7 – Pension Plans (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

	1% Lower <u>(6.25%)</u>	Current Discount <u>(7.25%)</u>	1% Higher <u>(8.25%)</u>
Net Pension Liability	\$804,573	\$184,683	\$(328,216)

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

For the year ended March 31, 2019, the Village recognized pension benefit of \$215,807. At March 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflow (Inflow)</u>
<b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>			
Differences between expected and actual experience	\$ 20,782	\$273,245	\$(252,463)
Changes of assumptions	82,858	24,399	58,459
Net difference between projected and actual earnings on pension plan investments	<u>883,500</u>	<u>333,264</u>	<u>550,237</u>
Total deferred amounts to be recognized in pension expense in future periods	987,140	630,908	356,233
<b>Pension contributions made subsequent to the measurement date</b>	<u>10,043</u>	-	<u>10,043</u>
<b>Total deferred amounts related to pensions</b>	<u>\$997,183</u>	<u>\$630,908</u>	<u>\$366,276</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 December 31</u>	<u>Net Deferred Outflows (Inflows of Resources)</u>
2019	\$ 35,998
2020	30,120
2021	89,514
2022	200,601
2023	-
Thereafter	-
Total	<u>\$356,233</u>

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 7 – Pension Plans (Continued)**

**Police Pension Fund**

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years of service though 30 years of service, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1997 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

For employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

**Employees Covered by Benefit Terms**

Sworn police personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. This component unit of the Village is reported in the fund financial statements as a pension trust fund. At March 31, 2019, the Police Pension Plan membership consisted of:

Active	9
Retirees and beneficiaries	4
Inactive, non-retired members	<u>2</u>
Total	<u>15</u>

**Contributions**

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. For the year ended March 31, 2019, the Village's actual contribution was 38.98% of covered payroll.

**Net Pension Liability**

The Village's net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.



**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 7 – Pension Plans (Continued)**

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at March 31, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was level percentage of pay.
- The Remaining Amortization Period used was 22 years.
- The Asset Valuation Method used was five year smoothed market, no corridor.
- Salary Increases of graded rates from 4.86% at age 25 to 1.12% at age 55 plus 2.00% inflation allowance.
- The Investment Rate of Return was assumed to be 4.5%.
- Projected Retirement Age was from 50-69.
- The Mortality rates for active lives were based on the RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by scale BB to 2015. The Mortality rates for Disabled Lives were based on the RP2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50.

Other Information – There were no benefit changes during the year.

**Single Discount Rate**

A Single Discount Rate of 4.5% 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 Village 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 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 the most recent valuation the expected rate of return on plan assets is 4.5%, the municipal bond rate is 3.79%, and the resulting single discount rate is 4.5%.

Village of Peotone, Illinois  
Notes to Financial Statements  
As of and for the year ended March 31, 2019

Note 7 – Pension Plans (Continued)

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability (Asset) <u>(A)-(B)</u>
<b>Balances at March 31, 2018</b>	<u>\$6,386,704</u>	<u>\$1,393,904</u>	<u>\$4,992,800</u>
<b>Changes for the year:</b>			
Service cost	236,285	-	236,285
Interest on the total pension liability	283,740	-	283,740
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(183,234)	-	(183,234)
Changes of assumptions	124,621	-	124,621
Contributions – employer	-	207,025	(207,025)
Contributions – employees	-	49,630	(49,630)
Net investment income	-	31,359	(31,359)
Benefit payments, including refunds of employee contributions	(177,547)	(177,547)	-
Other (net transfer)	-	(9,025)	9,025
Net changes	<u>283,865</u>	<u>101,442</u>	<u>182,423</u>
<b>Balances at March 31, 2019</b>	<u>\$6,670,569</u>	<u>\$1,495,346</u>	<u>\$5,175,223</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 4.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

	1% Lower <u>(3.5%)</u>	Current Discount <u>(4.5%)</u>	1% Higher <u>(5.5%)</u>
Net Pension Liability	\$6,244,691	\$5,175,223	\$4,306,691

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

For the year ended March 31, 2019, the Village recognized pension expense of \$561,395. At March 31, 2019, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflow (Inflow)</u>
<b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>			
Differences between expected and actual experience	\$286,198	\$(387,896)	\$(101,698)
Changes of assumptions	520,823	(119,808)	401,015
Net difference between projected and actual earnings on pension plan investments	<u>63,112</u>	<u>-</u>	<u>63,112</u>
Total deferred amounts to be recognized in pension expense in future periods	870,133	(507,704)	362,429
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$870,133</u>	<u>\$(507,704)</u>	<u>\$362,429</u>

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 7 – Pension Plans (Continued)**

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</u> <u>March 31</u>	<u>Net Deferred Outflows</u> <u>(Inflows) of Resources</u>
2020	\$144,630
2021	85,409
2022	28,756
2023	73,936
2024	55,174
Thereafter	<u>(25,476)</u>
Total	<u>\$362,429</u>

Pension-related amounts for all pension plans are shown below in the aggregate.

	<u>IMRF</u> <u>Regular Plan</u>	<u>Police</u> <u>Pension Plan</u>	<u>Total</u>
Employer fiduciary net position	\$5,064,705	\$1,495,346	\$ 6,560,051
Deferred outflows of resources	997,183	870,133	1,867,316
Deferred inflows of resources	630,908	507,704	1,138,612
Employer total pension liability	5,249,388	6,670,569	11,919,957
Employer net pension liability (asset)	184,683	5,175,223	5,359,906
Pension expense (benefit)	(215,807)	561,395	345,588

**Note 8 – Other Post-Employment Benefits**

Under Public Act 06-1444, the Village, an IMRF employer, is required to offer the same health insurance to disabled members, retirees, and surviving spouses eligible for IMRF benefits at the same premium rate as active employees. The Village does not subsidize retirees' premiums. The amounts related to the disclosures required under GASB Statement No. 75 have not been determined.

**Note 9 – Interfund Balances and Transfers**

Interfund balances are as follows:

<i>Governmental funds:</i>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Due from Motor Fuel Tax Fund	\$7,882	
Due from Water, Sewer and Refuse Fund	<u>1,120</u>	
	<u>\$9,002</u>	
Motor Fuel Tax Fund:		
Due to General Fund		<u>\$ 7,882</u>
Water, Sewer and Refuse Fund:		
Due to General Fund		<u>\$ 1,120</u>

The interfund balances arose from receipts deposited in incorrect funds and from expenses paid by one fund on behalf of another.

**Village of Peotone, Illinois**  
**Notes to Financial Statements**  
**As of and for the year ended March 31, 2019**

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**Note 9 – Interfund Balances and Transfers (Continued)**

The interfund transfer of \$12,658,208 from the Water, Sewer and Refuse Fund was to move \$12,300,000 from the sale of the water and sewer system plus another \$358,208 of cash and escrow funds to the General Fund.

**Note 10 – Risk Management**

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance for these risks.

Through August 2018, The Village, as a member of an organization of municipalities forming the Eastern Will Benefits Council (EWBC), participated in the Intergovernmental Personnel Benefits Cooperative (IPBC), a cooperative formed for the purpose of administering personnel health benefit programs for its member units’ employees. The EWBC Board of Directors is represented by a delegate from each of the members.

EWBC members’ costs of the IPBC Administrative Fund and Benefit Pool, as calculated by IPBC, are shared by each member in the same proportion as its participating employees bear to the total participating employees of EWBC. Responsibility for the Benefit Pool Costs are calculated as follows:

	<u>PPO</u>	<u>HMO</u>
Member responsible	Claims under \$30,000	Claims under \$75,000
Shared among members of IPBC	Claims between \$30,000 and \$125,000	
Reinsured	Claims over \$125,000	Claims over \$75,000

In August 2018, the Village joined the Southwest Agency for Health Management (SWAHM) which participates in the Intergovernmental Personnel Benefits Cooperative (IPBC). The terms of membership in SWAHM are the same as were the EWBC terms.

As of March 31, 2019, the Village’s account balance in the cooperative is \$145,405 which is available to pay future claims. This amount has been recorded as the health insurance escrow in the general fund.

The Village’s payments are recorded in the financial statements as expenditures/expenses in the appropriate funds and reflect its share of premium payments and any deficits of SWAHM. Dividends declared by IPBC allocable to SWAHM are available to reduce future premium payments.

Most police personnel are covered by health insurance coverage under a separate health and welfare policy with the Teamsters Local 727. These personnel moved to the Village’s health insurance as of April 1, 2019.

**Note 11 –Intergovernment Public Safety Agreement**

The Village entered into an agreement in February 2017 with various governmental entities within Will County for maintenance and operations of a centralized public safety communications system for a minimum duration of twenty years. The Village paid \$98,346 to Laraway Communications during the year.

**Village of Peotone, Illinois**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-**  
**Budget to Actual**  
**General Fund**  
**For the year ended March 31, 2019**

**Schedule 1**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues:</b>				
General property taxes	\$ 411,500	\$ 411,500	\$ 530,766	\$ 119,266
State replacement taxes	28,000	28,000	26,022	(1,978)
State income taxes	393,490	393,490	402,142	8,652
State sales tax	901,550	901,550	1,037,767	136,217
Video gaming tax	36,000	36,000	51,207	15,207
Road and bridge tax	35,000	35,000	45,198	10,198
Auto rental tax	50	50	-	(50)
Charitable games tax	-	-	1,190	1,190
Utility tax	250,000	250,000	258,470	8,470
Licenses and permits	93,000	93,000	130,662	37,662
Police collections	6,000	6,000	5,758	(242)
Franchise agreements	70,000	70,000	69,247	(753)
Fines	60,000	60,000	72,076	12,076
Peg/U-Verse Landscape	15,000	15,000	-	(15,000)
Interest income	530	530	120,268	119,738
Grant income	33,200	33,200	8,803	(24,397)
Reimbursements	-	-	35,453	35,453
Miscellaneous income	12,000	12,000	59,691	47,691
Total revenues	<u>2,345,320</u>	<u>2,345,320</u>	<u>2,854,720</u>	<u>509,400</u>
<b>Expenditures:</b>				
Administration department (Schedule 2A)	626,160	626,160	487,001	(139,159)
Police and ESDA departments (Schedule 2B)	1,477,383	1,477,383	1,493,508	16,125
Street and alley department (Schedule 2C)	1,453,156	1,453,156	1,106,745	(346,411)
Communications department (Schedule 2D)	106,500	106,500	98,346	(8,154)
Economic development department (Schedule 2D)	128,600	128,600	80,755	(47,845)
Building department (Schedule 2E)	67,000	67,000	24,274	(42,726)
Total expenditures	<u>3,858,799</u>	<u>3,858,799</u>	<u>3,290,629</u>	<u>(568,170)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,513,479)</u>	<u>(1,513,479)</u>	<u>(435,909)</u>	<u>1,077,570</u>
<b>Other financing sources (uses):</b>				
Transfers in	12,439,682	12,439,682	12,688,768	249,086
Transfers out	(10,000)	(10,000)	(30,560)	(20,560)
Total other financing sources (uses)	<u>12,429,682</u>	<u>12,429,682</u>	<u>12,658,208</u>	<u>228,526</u>
Net change in fund balance	<u>\$ 10,916,203</u>	<u>\$ 10,916,203</u>	12,222,299	<u>\$ 1,306,096</u>
Fund balance, beginning of the year			<u>601,307</u>	
Fund balance, end of year			<u>\$ 12,823,606</u>	

**Village of Peotone, Illinois**  
**Notes to Budgetary Schedule**  
**March 31, 2019**

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

The Village Board receives a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of the annual appropriation ordinance. Responsibility for control of and amendments to the budget rests with the Village Board. The Village Budget was adopted on May 29, 2018.

The Village is not required to adopt an operating budget as part of the appropriation ordinance for the Motor Fuel Tax Fund.

The budget has been adopted on the modified accrual basis of accounting.

**Village of Peotone, Illinois**  
**Required Supplementary Information**  
**As of and for the year ended March 31, 2019**

**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Most Recent Calendar Years - IMRF**

Calendar Year Ended December 31	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 49,566	\$ 55,401	\$ 59,336	\$ 57,086
Interest on the total pension liability	397,882	391,649	378,750	363,687
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience of the total pension liability	(452,316)	154,736	69,125	77,144
Changes of assumptions	137,159	(181,655)	(6,126)	6,048
Benefit payments, including refunds of employee contributions	<u>(326,431)</u>	<u>(341,775)</u>	<u>(325,968)</u>	<u>(269,056)</u>
<b>Net change in Total Pension Liability</b>	<u>(194,140)</u>	<u>78,356</u>	<u>175,117</u>	<u>234,909</u>
<b>Total Pension Liability – Beginning</b>	<u>5,443,528</u>	<u>5,365,172</u>	<u>5,190,055</u>	<u>4,955,146</u>
<b>Total Pension Liability – Ending (A)</b>	<u>\$5,249,388</u>	<u>\$5,443,528</u>	<u>\$5,365,172</u>	<u>\$5,190,055</u>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	\$ 47,728	\$ 51,260	\$ 55,350	\$ 47,269
Contributions – employees	22,303	25,764	26,564	26,549
Net investment income	(596,368)	923,940	329,255	24,394
Benefit payments, including refunds of employee contributions	(326,431)	(341,775)	(325,968)	(269,056)
Other (net transfer)	(9,215)	(83,495)	150,714	46,005
Admin expense (beginning difference in fiduciary net position)	<u>263,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in Plan Fiduciary Net Position</b>	<u>(598,465)</u>	<u>575,694</u>	<u>235,915</u>	<u>(124,839)</u>
<b>Plan Fiduciary Net Position – Beginning</b>	<u>5,663,170</u>	<u>5,087,476</u>	<u>4,851,561</u>	<u>4,976,400</u>
<b>Plan Fiduciary Net Position – Ending (B)</b>	<u>\$5,064,705</u>	<u>\$5,663,170</u>	<u>\$5,087,476</u>	<u>\$4,851,561</u>
<b>Net Pension Liability – Ending (A) – (B)</b>	<u>\$ 184,683</u>	<u>\$ (219,642)</u>	<u>\$ 227,696</u>	<u>\$ 338,494</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	96.48%	104.03%	94.82%	93.48%
<b>Covered Payroll</b>	\$ 495,611	\$510,052	\$541,588	\$532,300
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	37.20%	(43.06)%	42.04%	63.59%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Village of Peotone, Illinois**  
**Required Supplementary Information**  
**As of and for the year ended March 31, 2019**

**Schedule of Employer Contributions**  
**Most Recent Fiscal Years – IMRF**

<u>Fiscal Year Ended March 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2016	\$48,228	\$48,228	\$ -	\$523,629	9.21%
2017	\$56,357	\$56,357	\$ -	\$553,792	10.18%
2018	\$51,411	\$51,411	\$ -	\$517,774	9.93%
2019	\$43,425	\$43,425	\$ -	\$492,832	8.81%

**Notes to Schedule:**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2018 Contribution Rates:**

*Actuarial Cost Method:* Aggregate entry age normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* Non-Taxing bodies: 10-year rolling period.  
Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period  
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI  
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 30 years).  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.50%  
*Price Inflation:* 2.75% - approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.75% to 14.50%, including inflation  
*Investment Rate of Return:* 7.50%  
*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.  
*Mortality:* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes: There were no benefit changes during the year.

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



**Village of Peotone, Illinois**  
**Required Supplementary Information**  
**As of and for the year ended March 31, 2019**

**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Most Recent Fiscal Years – Police Pension**

Fiscal Year Ended March 31	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total Pension Liability</b>				
Service cost	\$ 236,285	\$ 169,918	\$ 194,947	\$ 169,872
Interest on the total pension liability	283,740	237,441	280,291	240,898
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience of the total pension liability	(183,234)	410,077	(412,151)	8,423
Changes of assumptions	124,621	379,020	(222,498)	533,675
Benefit payments, including refunds of employee contributions	<u>(177,547)</u>	<u>(172,436)</u>	<u>(167,446)</u>	<u>(162,576)</u>
<b>Net change in Total Pension Liability</b>	283,865	1,024,020	(326,857)	790,292
<b>Total Pension Liability – Beginning</b>	<u>6,386,704</u>	<u>5,362,684</u>	<u>5,689,541</u>	<u>4,899,249</u>
<b>Total Pension Liability – Ending (A)</b>	<u>\$6,670,569</u>	<u>\$6,386,704</u>	<u>\$5,362,684</u>	<u>\$5,689,541</u>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	\$ 207,025	\$ 163,970	\$ 186,247	\$ 171,034
Contributions – employees	49,630	47,724	46,794	43,775
Net investment income	31,359	48,312	26,093	10,089
Benefit payments, including refunds of employee contributions	(177,547)	(172,436)	(167,446)	(162,576)
Other (net transfer)	<u>(9,025)</u>	<u>(8,113)</u>	<u>(6,335)</u>	<u>(6,013)</u>
<b>Net change in Plan Fiduciary Net Position</b>	101,442	79,457	85,353	56,309
<b>Plan Fiduciary Net Position – Beginning</b>	<u>1,393,904</u>	<u>1,314,447</u>	<u>1,229,094</u>	<u>1,172,785</u>
<b>Plan Fiduciary Net Position – Ending (B)</b>	<u>\$1,495,346</u>	<u>\$1,393,904</u>	<u>\$1,314,447</u>	<u>\$1,229,094</u>
<b>Net Pension Liability – Ending (A) – (B)</b>	<u>\$5,175,223</u>	<u>\$4,992,800</u>	<u>\$4,048,237</u>	<u>\$4,460,447</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	22.42%	21.83%	24.51%	21.60%
<b>Covered Payroll</b>	\$ 531,055	\$ 464,014	\$ 445,706	\$ 462,998
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	974.52%	1,076.00%	908.28%	963.38%

**Notes to Schedule:**

This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Village of Peotone, Illinois**  
**Required Supplementary Information**  
**As of and for the year ended March 31, 2019**

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**Schedule of Employer Contributions**  
**Most Recent Fiscal Years – Police Pension**

<u>Fiscal Year Ended March 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2019	\$573,823	\$207,025	\$366,798	\$531,055	38.98%
2018	\$311,138	\$163,970	\$147,168	\$464,014	35.34%
2017	\$256,039	\$186,247	\$ 69,792	\$445,706	41.79%
2016	\$159,091	\$171,034	\$(11,943)	\$462,998	36.94%

**Notes to Schedule:**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate*

**Methods and Assumptions Used to Determine 2019 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Entry age normal
<i>Amortization Method:</i>	Level dollar
<i>Remaining Amortization Period:</i>	22 years
<i>Asset Valuation Method:</i>	5 year smoothed market, no corridor
<i>Price Inflation:</i>	2.0%
<i>Salary Increases:</i>	1.12%-4.86% plus 2% inflation allowance
<i>Investment Rate of Return:</i>	4.5%
<i>Retirement Age:</i>	50-69
<i>Mortality:</i>	The mortality rates for active lives were based on the RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015. The Mortality rates for Disabled Lives were based on the RP2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 105% load for participants under age 50.

***Other Information:***

There were no benefit changes during the year.

This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Village of Peotone, Illinois**  
**Schedule of Expenditures-Budget and Actual**  
**General Fund - Administration Department**  
**For the year ended March 31, 2019**

**Schedule 2A**

	Original Budget	Final Budget	Actual
Administration Department			
Salaries	\$ 160,630	\$ 160,630	\$ 128,060
Social Security and Medicare	12,300	12,300	9,633
Illinois Municipal Retirement fund	11,830	11,830	7,504
Unemployment tax	500	500	296
Employee's health insurance	63,000	63,000	48,396
Maintenance - buildings	10,000	10,000	1,827
Maintenance - equipment	7,500	7,500	2,771
General insurance	14,200	14,200	13,021
Telephone/fax	6,700	6,700	5,541
Utilities	1,500	1,500	1,336
Rental	900	900	-
Travel	9,000	9,000	1,578
Postage	4,000	4,000	3,206
Printing/publishing	13,000	13,000	6,490
Legal fees	45,000	45,000	42,264
Auditing services	8,000	8,000	7,600
Public educational and governmental services	3,500	3,500	938
Engineering	18,000	18,000	14,117
Other professional services	35,400	35,400	43,102
Training	6,000	6,000	175
Dues/subscriptions	12,200	12,200	11,876
Office supplies	5,000	5,000	4,073
Other supplies	4,000	4,000	5,043
Sundry expense	3,000	3,000	206
Sales tax rebate	150,000	150,000	119,196
Gas and oil	1,000	1,000	-
Capital outlay	7,000	7,000	500
Community relations	3,000	3,000	-
Christmas in the Village	10,000	10,000	8,252
	<u>626,160</u>	<u>626,160</u>	<u>487,001</u>
Total Administration Department	<u>\$ 626,160</u>	<u>\$ 626,160</u>	<u>\$ 487,001</u>

**Village of Peotone, Illinois**  
**Schedule of Expenditures-Budget and Actual**  
**General Fund - Police and ESDA Departments**  
**For the year ended March 31, 2019**

**Schedule 2B**

	Original Budget	Final Budget	Actual
<b>Police Department</b>			
Salaries	\$ 764,450	\$ 764,450	\$ 779,620
Social Security and Medicare	58,480	58,480	59,422
Illinois Municipal Retirement fund	4,100	4,100	3,146
Pension expense	83,803	83,803	210,128
Unemployment tax	1,000	1,000	899
Employee's health insurance	201,200	201,200	191,144
Maintenance - buildings	3,500	3,500	3,040
Maintenance - equipment	31,000	31,000	36,429
General insurance	45,550	45,550	39,563
Telephone/fax	8,300	8,300	5,133
Utilities	600	600	524
Rental	1,700	1,700	750
Travel	1,000	1,000	199
Postage	1,500	1,500	1,451
Printing/publishing	2,200	2,200	772
Legal fees	40,000	40,000	24,271
Other professional services	33,000	33,000	17,018
Animal control	500	500	-
Training	10,000	10,000	13,734
Dues/subscriptions	4,950	4,950	5,319
Office supplies	5,000	5,000	3,488
Other supplies	10,000	10,000	12,348
Uniforms and maintenance	20,000	20,000	16,854
Food/prisoners	50	50	-
Gas and oil	20,000	20,000	23,885
Sundry expense	2,000	2,000	1,086
Capital outlay	120,000	120,000	41,590
<b>Total Police Department</b>	<b>1,473,883</b>	<b>1,473,883</b>	<b>1,491,813</b>
<b>ESDA Department</b>			
Maintenance - buildings	500	500	-
Maintenance - equipment	2,500	2,500	1,695
Sundry expense	500	500	-
<b>Total ESDA Department</b>	<b>3,500</b>	<b>3,500</b>	<b>1,695</b>
<b>Total Public Safety</b>	<b>\$ 1,477,383</b>	<b>\$ 1,477,383</b>	<b>\$ 1,493,508</b>

**Village of Peotone, Illinois**  
**Schedule of Expenditures-Budget and Actual**  
**General Fund - Street and Alley Department**  
**For the year ended March 31, 2019**

**Schedule 2C**

	Original Budget	Final Budget	Actual
Street and Alley Department			
Salaries	\$ 246,000	\$ 246,000	\$ 235,157
Social Security and Medicare	18,900	18,900	16,173
Illinois Municipal Retirement fund	23,750	23,750	18,496
Unemployment tax	500	500	338
Employee's health insurance	88,100	88,100	72,393
Maintenance - street lights	8,000	8,000	4,407
Maintenance - building	4,000	4,000	377
Maintenance - equipment	25,000	25,000	24,628
Maintenance - streets	350,000	350,000	272,204
Maintenance - sidewalks	62,859	62,859	51,403
Snow/leaf removal	33,000	33,000	29,247
Ground upkeep	16,000	16,000	111
General insurance	24,800	24,800	26,094
Telephone/fax	7,800	7,800	5,328
Utilities	4,000	4,000	1,741
Street lighting	65,000	65,000	53,475
Rental	6,700	6,700	750
Travel	1,500	1,500	-
Printing/publishing	1,500	1,500	646
Legal fees	1,000	1,000	3,711
Engineering fees	25,000	25,000	30,055
Other professional services	83,000	83,000	49,715
Training	2,500	2,500	235
Dues/Subscriptions	1,900	1,900	636
Other supplies	13,000	13,000	10,131
Uniforms	5,300	5,300	5,558
Gas and oil	22,000	22,000	10,442
Sundry expense	1,000	1,000	145
Drainage assessment fees	6,100	6,100	3,954
Debt retirement-principal	146,152	146,152	132,152
Debt retirement-interest	19,795	19,795	19,795
Buildings and permanent improvements	100,000	100,000	7,617
Improvements other than buildings	4,000	4,000	-
Equipment	35,000	35,000	19,631
	<u>\$ 1,453,156</u>	<u>\$ 1,453,156</u>	<u>\$ 1,106,745</u>
Total Street and Alley Department	<u>\$ 1,453,156</u>	<u>\$ 1,453,156</u>	<u>\$ 1,106,745</u>

**Village of Peotone, Illinois**  
**Schedule of Expenditures-Budget and Actual**  
**General Fund - Communications and Economic Development Departments**  
**For the year ended March 31, 2019**

**Schedule 2D**

	Original Budget	Final Budget	Actual
<b>Communications Department</b>			
Maintenance - buildings	\$ 500	\$ 500	\$ -
Maintenance - equipment	1,000	1,000	-
Other professional services	105,000	105,000	98,346
	<u>106,500</u>	<u>106,500</u>	<u>98,346</u>
Total Communications Department	<u>\$ 106,500</u>	<u>\$ 106,500</u>	<u>\$ 98,346</u>
<b>Economic Development Department</b>			
Telephone/fax	\$ 400	\$ 400	\$ 146
Travel	4,500	4,500	-
Postage	300	300	-
Printing/publishing	10,000	10,000	5,262
Legal fees	20,000	20,000	16,727
Engineering	5,000	5,000	13,820
Other professional services	23,500	23,500	32,000
Training	2,000	2,000	-
Dues/subscriptions	5,900	5,900	-
Other supplies	37,000	37,000	2,142
TIF services	20,000	20,000	10,658
	<u>128,600</u>	<u>128,600</u>	<u>80,755</u>
Total Economic Development Department	<u>\$ 128,600</u>	<u>\$ 128,600</u>	<u>\$ 80,755</u>

**Village of Peotone, Illinois**  
**Schedule of Expenditures-Budget and Actual**  
**General Fund - Building Department**  
**For the year ended March 31, 2019**

**Schedule 2E**

	Original Budget	Final Budget	Actual
Building Department			
Salaries	\$ 10,250	\$ 10,250	\$ 5,433
Social Security and Medicare	800	800	407
Illinois Municipal Retirement fund	300	300	95
Unemployment tax	100	100	22
Maintenance - equipment	1,500	1,500	118
Maintenance - building	1,000	1,000	-
General insurance	700	700	361
Telephone/fax	400	400	146
Travel	200	200	-
Postage	700	700	-
Printing/publishing	2,500	2,500	80
Legal fees	4,000	4,000	-
Other professional services	41,500	41,500	17,568
Training	1,000	1,000	-
Dues/subscriptions	700	700	-
Office supplies	300	300	-
Other supplies	300	300	-
Gas and oil	750	750	44
	<u>67,000</u>	<u>67,000</u>	<u>24,274</u>
Total Building Department	<u>\$ 67,000</u>	<u>\$ 67,000</u>	<u>\$ 24,274</u>

**Village of Peotone, Illinois**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Capital Improvement Fund**  
**For the year ended March 31, 2019**

**Schedule 3**

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues:</b>			
Building permit development and recapture fees	\$ 60,000	\$ -	\$ (60,000)
Interest	-	3,053	3,053
	<u>60,000</u>	<u>3,053</u>	<u>(56,947)</u>
<b>Total revenues received</b>			
	<u>60,000</u>	<u>3,053</u>	<u>(56,947)</u>
<b>Expenditures:</b>			
Improvements and equipment- administrative	10,000	5,000	(5,000)
Improvements and equipment - police	2,000	11,374	9,374
Improvements and equipment - water	80,000	-	(80,000)
Improvements and equipment - sewer	25,000	-	(25,000)
	<u>117,000</u>	<u>16,374</u>	<u>(100,626)</u>
<b>Total expenditures paid</b>			
	<u>117,000</u>	<u>16,374</u>	<u>(100,626)</u>
Net change in fund balance	<u>\$ (57,000)</u>	(13,321)	<u>\$ 43,679</u>
Fund balance, beginning of year		<u>570,320</u>	
Fund balance, end of year		<u>\$ 556,999</u>	



**Village of Peotone, Illinois**  
**Schedule of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**Proprietary Fund**  
**For the year ended March 31, 2019**

**Schedule 4**

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Totals</u>
Operating revenues:				
Fees for services	\$ 237,548	\$ 229,403	\$ 266,971	\$ 733,922
Meter sales and tap-on fees	8,210	4,600	-	12,810
Total operating revenue	245,758	234,003	266,971	746,732
Operating expenses (Schedule 4A)	172,207	147,668	245,533	565,408
Operating income (loss) before depreciation	73,551	86,335	21,438	181,324
Depreciation	(54,891)	(79,009)	-	(133,900)
Operating income (loss)	18,660	7,326	21,438	47,424
Nonoperating revenue (expense):				
Interest income				6,357
Other income				43,820
Gain on sale of assets				7,115,160
Total nonoperating revenue (expense)				7,165,337
Income (loss) before transfers				7,212,761
Transfers out				(12,658,208)
Change in net position				<u>\$ (5,445,447)</u>

**Village of Peotone, Illinois**  
**Schedule of Operating Expenses**  
**Proprietary Fund**  
**For the year ended March 31, 2019**

**Schedule 4A**

	Water	Sewer	Garbage	Totals
Operating expenses:				
Salaries	\$ 47,687	\$ 47,152	\$ -	\$ 94,839
Social Security and Medicare	10,007	9,679	-	19,686
Pension expense	(11,071)	(11,070)	-	(22,141)
Unemployment tax	75	75	-	150
Employees' health insurance	16,115	16,115	-	32,230
Maintenance - buildings	278	367	-	645
Maintenance - equipment	(1,848)	2,185	-	337
Maintenance - utility system	10,504	14,689	-	25,193
General insurance	6,802	12,106	-	18,908
Telephone/fax	471	471	-	942
Utilities	16,313	33,693	-	50,006
Postage	810	757	-	1,567
Printing/publications	1,487	561	-	2,048
Accounting services	3,800	3,800	-	7,600
Engineering services	1,100	-	-	1,100
Other professional services	41,860	5,381	-	47,241
Dues/subscriptions	478	-	-	478
Other supplies	18,948	4,511	-	23,459
Uniforms	671	643	-	1,314
Gas and oil	1,351	1,350	-	2,701
Drainage district assessment	-	3,975	-	3,975
Equipment/improvements	6,369	1,228	-	7,597
Garbage pickup	-	-	245,533	245,533
	<u>\$ 172,207</u>	<u>\$ 147,668</u>	<u>\$ 245,533</u>	<u>\$ 565,408</u>
Total operating expenses	<u>\$ 172,207</u>	<u>\$ 147,668</u>	<u>\$ 245,533</u>	<u>\$ 565,408</u>

**Village of Peotone, Illinois**  
**Legal Debt Margin**  
**For the year ended March 31, 2019**

**Schedule 5**

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Assessed Valuation - 2018	<u><u>\$ 90,656,971</u></u>
Statutory debt limit - 8.625% of assessed valuation	<u>\$ 7,819,164</u>
Total debt:	
Mortgage	320,848
Debt certificates	<u>105,000</u>
	<u>425,848</u>
Legal debt margin	<u><u>\$ 7,393,316</u></u>

**Village of Peotone, Illinois**  
**Other Supplementary Information**  
**Disclosure of Tort Expenditures under PA-91-0628**  
**March 31, 2019**

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Liability and workmen's compensation insurance	<u>\$100,256</u>
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