

VILLAGE OF PEOTONE, ILLINOIS

Annual Financial Statements

**As of and for the Year Ended
March 31, 2020**

Village of Peotone, Illinois
Annual Financial Statements
As of March 31, 2020

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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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 and Sewer 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 40-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted the Management's Discussion and Analysis 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the Village of Peotone, Illinois's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

SKDO, P.C.

Bourbonnais, Illinois
September 22, 2020

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance
And Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Peotone, Illinois, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 22, 2020. Our opinion on the governmental activities opinion unit was qualified due to the fact that 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. Our opinion on the other opinion units was unmodified.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001 that we considered to be a significant deficiency.

Compliance and Other Matters

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

Village of Peotone, Illinois's Response to Findings

The Village of Peotone, Illinois's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

SKDO, P.C.

Bourbonnais, Illinois
September 22, 2020

Village of Peotone, Illinois
Statement of Net Position
March 31, 2020

Exhibit A

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 167,259	\$ 17,697	\$ 184,956
Investments	13,425,632	-	13,425,632
Receivables, (net, where applicable, of allowance for uncollectibles):			
Taxes, including interest, penalties and liens	1,069,911	-	1,069,911
Accounts	64,547	-	64,547
Prepaid expenses	87,478	-	87,478
Health insurance escrow fund	129,081	-	129,081
Capital assets:			
Non-depreciable capital assets:			
Land	19,100	-	19,100
Depreciable capital assets, net	5,157,570	-	5,157,570
Net pension asset	443,907	-	443,907
Total assets	<u>20,564,485</u>	<u>17,697</u>	<u>20,582,182</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>1,905,005</u>	<u>-</u>	<u>1,905,005</u>
Liabilities			
Accounts payable and accrued expenses	205,026	-	205,026
Customer/escrow deposits	183,760	4,775	188,535
Unearned revenue	73,316	-	73,316
Long-term liabilities:			
Due within one year:			
Capital lease payable	34,048	-	34,048
Due in more than one year:			
Accrued compensation	141,125	-	141,125
Capital lease payable	191,042	-	191,042
Net pension liabilities	5,703,511	-	5,703,511
Total liabilities	<u>6,531,828</u>	<u>4,775</u>	<u>6,536,603</u>
Deferred Inflows of Resources			
Property taxes related to a future period	683,566	-	683,566
Deferred inflows related to pensions	<u>1,590,085</u>	<u>-</u>	<u>1,590,085</u>
Total deferred inflows of resources	<u>2,273,651</u>	<u>-</u>	<u>2,273,651</u>
Net Position			
Net investment in capital assets	4,951,580	-	4,951,580
Restricted for:			
Streets	551,083	-	551,083
Capital improvements	613,063	-	613,063
Other purposes	74,933	-	74,933
Unrestricted	<u>7,473,352</u>	<u>12,922</u>	<u>7,486,274</u>
Total net position	<u>\$ 13,664,011</u>	<u>\$ 12,922</u>	<u>\$ 13,676,933</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, 2020

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
Governmental activities:							
General government	\$ 396,765	\$ 316,454	\$ -	\$ 8,642	\$ (71,669)	\$ -	\$ (71,669)
Economic development	209,476	-	-	-	(209,476)	-	(209,476)
Public safety	1,992,080	87,940	-	-	(1,904,140)	-	(1,904,140)
Public works	1,673,470	86,389	99,177	-	(1,487,904)	-	(1,487,904)
Sanitation	88,467	69,106	-	-	(19,361)	-	(19,361)
Interest and fiscal charges	15,609	-	-	-	(15,609)	-	(15,609)
Total governmental activities	<u>4,375,867</u>	<u>559,889</u>	<u>99,177</u>	<u>8,642</u>	<u>(3,708,159)</u>	<u>-</u>	<u>(3,708,159)</u>
Business-type activities:							
Water	64,891	-	-	-	-	(64,891)	(64,891)
Sewer	64,892	-	-	-	-	(64,892)	(64,892)
Total business-type activities	<u>129,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,783)</u>	<u>(129,783)</u>
Total	<u>\$ 4,505,650</u>	<u>\$ 559,889</u>	<u>\$ 99,177</u>	<u>\$ -</u>	<u>(3,708,159)</u>	<u>(129,783)</u>	<u>(3,837,942)</u>
General revenues:							
Property taxes					586,987	-	586,987
Sales tax					1,187,960	-	1,187,960
State income tax					448,929	-	448,929
Motor fuel and other taxes					465,349	-	465,349
Interest					202,576	345	202,921
Miscellaneous					24,469	-	24,469
Transfers, net					719,430	(719,430)	-
Total general revenues and transfers					<u>3,635,700</u>	<u>(719,085)</u>	<u>2,916,615</u>
Change in net position					(72,459)	(848,868)	(921,327)
Net position - beginning					13,736,470	861,790	14,598,260
Net position - ending					<u>\$ 13,664,011</u>	<u>\$ 12,922</u>	<u>\$ 13,676,933</u>

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

Village of Peotone, Illinois
Balance Sheet - Governmental Funds
March 31, 2020

Exhibit C

	General Fund	Capital Improvement Fund	Motor Fuel Tax Fund	Non-Major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 167,259	\$ -	\$ -	\$ -	\$ 167,259
Investments	12,310,113	571,915	537,165	6,439	13,425,632
Accounts receivable, net	54,010	-	10,537	-	64,547
Prepaid expenses	87,478	-	-	-	87,478
Due from other funds	7,882	-	-	-	7,882
Health insurance escrow fund	129,081	-	-	-	129,081
Taxes receivable	924,336	-	13,194	132,381	1,069,911
	<u>\$ 13,680,159</u>	<u>\$ 571,915</u>	<u>\$ 560,896</u>	<u>\$ 138,820</u>	<u>\$ 14,951,790</u>
Liabilities					
Accounts payable and accrued expenses	\$ 178,874	\$ -	\$ 1,931	\$ -	\$ 180,805
Escrow deposits	183,760	-	-	-	183,760
Accrued compensation	22,392	-	-	-	22,392
Unearned revenue	73,316	-	-	-	73,316
Due to other funds	-	-	7,882	-	7,882
Total liabilities	<u>458,342</u>	<u>-</u>	<u>9,813</u>	<u>-</u>	<u>468,155</u>
Deferred Inflows of Resources					
Property taxes related to a future period	603,121	-	-	80,445	683,566
Unavailable revenue	82,529	-	-	17,227	99,756
Total deferred inflows of resources	<u>685,650</u>	<u>-</u>	<u>-</u>	<u>97,672</u>	<u>783,322</u>
Fund Balance					
Nonspendable:					
Prepaid expenses	87,478	-	-	-	87,478
Restricted for:					
Capital projects	-	571,915	-	41,148	613,063
Street improvements	-	-	551,083	-	551,083
Other purposes	74,933	-	-	-	74,933
Assigned:					
Capital outlay	75,539	-	-	-	75,539
Unassigned	12,298,217	-	-	-	12,298,217
Total fund balance	<u>12,536,167</u>	<u>571,915</u>	<u>551,083</u>	<u>41,148</u>	<u>13,700,313</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,680,159</u>	<u>\$ 571,915</u>	<u>\$ 560,896</u>	<u>\$ 138,820</u>	<u>\$ 14,951,790</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, 2020

Exhibit D

Total fund balances for governmental funds (Exhibit C)	\$ 13,700,313
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.	99,756
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,176,670
The net pension asset is not an available resource and, therefore, is not reported in the funds	443,907
The deferred outflows related to pensions are not an available resource and, therefore, are not reported in the funds.	1,905,005
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(5,703,511)
The deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	(1,590,085)
Long-term liabilities are not due and payable in the current period and therefore, are not reported as a fund liability in governmental funds.	(225,090)
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>(142,954)</u>
Total net position of governmental activities (Exhibit A)	<u><u>\$ 13,664,011</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, 2020

Exhibit E

	General Fund	Capital Improvement Fund	Motor Fuel Tax Fund	Nonmajor Funds	Totals Governmental Funds
Revenues					
Taxes - property	\$ 537,422	\$ -	\$ -	\$ 3,857	\$ 541,279
Intergovernmental:					
State replacement taxes	34,435	-	-	-	34,435
State income taxes	448,929	-	-	-	448,929
State sales tax	1,153,251	-	-	34,709	1,187,960
Video gaming tax	55,858	-	-	-	55,858
Motor fuel tax	-	-	149,730	-	149,730
Grants	8,642	-	99,177	-	107,819
Road and bridge tax	45,708	-	-	-	45,708
Charitable games tax	139	-	-	-	139
Utility tax	232,431	-	-	-	232,431
Licenses and permits	208,400	18,864	-	-	227,264
Police collections	5,283	-	-	-	5,283
Sanitation collections	67,079	-	-	-	67,079
Franchise agreements	70,039	-	-	-	70,039
Fines	50,138	-	-	-	50,138
Reimbursements	132,936	-	-	-	132,936
Interest	186,027	9,480	6,987	82	202,576
Other	31,619	-	-	-	31,619
Total revenues	<u>3,268,336</u>	<u>28,344</u>	<u>255,894</u>	<u>38,648</u>	<u>3,591,222</u>
Expenditures					
Current:					
General government	671,231	-	-	-	671,231
Public safety	1,449,732	-	-	-	1,449,732
Public works/transportation	971,273	-	87,160	-	1,058,433
Communications	127,957	-	-	-	127,957
Sanitation	88,467	-	-	-	88,467
Economic development	209,476	-	-	-	209,476
Building	81,606	-	-	-	81,606
Capital outlay	345,816	13,428	-	-	359,244
Debt service:					
Principal	467,755	-	-	-	467,755
Interest	15,609	-	-	-	15,609
Total expenditures	<u>4,428,922</u>	<u>13,428</u>	<u>87,160</u>	<u>-</u>	<u>4,529,510</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,160,586)</u>	<u>14,916</u>	<u>168,734</u>	<u>38,648</u>	<u>(938,288)</u>
Other financing sources (uses):					
Proceeds from long-term debt	266,997	-	-	-	266,997
Transfers in	608,650	-	-	2,500	611,150
Transfers out	(2,500)	-	-	-	(2,500)
Total other financing sources (uses)	<u>873,147</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>875,647</u>
Net change in fund balance	(287,439)	14,916	168,734	41,148	(62,641)
Fund balance, beginning of year	12,823,606	556,999	382,349	-	13,762,954
Fund balance, end of year	<u>\$ 12,536,167</u>	<u>\$ 571,915</u>	<u>\$ 551,083</u>	<u>\$ 41,148</u>	<u>\$ 13,700,313</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, 2020

Exhibit F

Net change in fund balances - total governmental funds (Exhibit E)	\$ (62,641)
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.	27,827
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.	(18,952)
Transfer income resulting from the transfer of capital assets from proprietary funds to governmental activities is reported on the statement of activities, but not on the governmental funds because capital assets are not reported at the fund level.	110,780
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.	467,755
The change in pension obligations is not reported on the fund level statements, and therefore is not reported in governmental funds.	(313,482)
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.	(9,505)
The proceeds from long-term debt are reflected as a revenue on the fund level statements, but are reported as an increase of liabilities on the entity-wide statements.	(266,997)
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. Amount represents decrease (increase) in unavailable revenues from the prior year.	<u>(7,244)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ (72,459)</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 and Sewer Fund
March 31, 2020

Exhibit G

Assets

Current assets:

Cash \$ 17,697

Total assets 17,697

Liabilities

Payable from current assets:

Utility deposits 4,775

Total liabilities 4,775

Net Position

Unrestricted 12,922

Total net position \$ 12,922

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 and Sewer Fund
For the year ended March 31, 2020

Exhibit H

Operating expenses	<u>\$ 10,264</u>
Operating income (loss)	<u>(10,264)</u>
Nonoperating revenue (expense):	
Interest income	345
Loss on disposal of assets	<u>(119,519)</u>
Net nonoperating revenue (expense)	<u>(119,174)</u>
Income (loss) before transfers	(129,438)
Transfers out	<u>(719,430)</u>
Change in net position	(848,868)
Net position, beginning of year	<u>861,790</u>
Net position, end of year	<u><u>\$ 12,922</u></u>

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

Village of Peotone, Illinois
Statement of Cash Flows
Proprietary Fund
Water and Sewer Fund
For the year ended March 31, 2020

Exhibit I

Cash flows from operating activities:	
Payments to customers	\$ (1,200)
Net cash provided (used) by operating activities	<u>(1,200)</u>
Cash flows from noncapital financing activities:	
Transfers out	(539,354)
Net cash provided (used) by noncapital financing activities	<u>(539,354)</u>
Cash flows from investing activities:	
Interest payments received	345
Net cash provided (used) by investing activities	<u>345</u>
Net increase (decrease) in cash and cash equivalents	(540,209)
Cash and cash equivalents, beginning of year	557,906
Cash and cash equivalents, end of year	<u>\$ 17,697</u>
Cash per Statement of Fund Net Position-Proprietary Fund	<u>\$ 17,697</u>
Total cash and cash equivalents, end of year	<u>\$ 17,697</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (10,264)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Bad debt expense	10,264
Changes in assets and liabilities:	
Increase (decrease) in customer deposits	(1,200)
Net cash provided (used) by operating activities	<u>\$ (1,200)</u>
Non-cash transactions:	
Accounts receivable transferred to the general fund	\$ 70,416
Capital assets transferred to the department of public works, net of \$184,541 of accumulated depreciation	\$ 110,780
Loss on disposal of capital assets	\$ 119,519
Other liabilities transferred to the general fund	\$ 1,120

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

Village of Peotone, Illinois
Statement of Fiduciary Net Position
Fiduciary Fund
March 31, 2020

Exhibit J

	<u>Police Pension Fund</u>
Assets	
Cash and certificates of deposit	\$ 1,372,942
Mutual funds	<u>184,354</u>
Total assets	<u>1,557,296</u>
Net Position	
Held in trust for pension benefits	<u><u>\$ 1,557,296</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, 2020

Exhibit K

	<u>Police Pension Fund</u>
Additions:	
Contributions:	
Employer	\$ 210,855
Plan members	55,370
Total contributions	<u>266,225</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	(24,299)
Interest	31,339
Dividends	11,870
Total investment earnings	<u>18,910</u>
Total additions	<u>285,135</u>
Deductions:	
Benefits	215,391
Accounting services	2,000
Legal services	1,000
Administrative expenses	4,794
Total deductions	<u>223,185</u>
Change in net position	61,950
Net position, beginning of year	<u>1,495,346</u>
Net position, end of year	<u>\$ 1,557,296</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, 2020

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 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, 2020

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 and Sewer Fund – The fund is used to account for utility deposits of 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 operations of the Proprietary Fund have ceased with the sale of the water and sewer plant in fiscal year 2019. The remaining assets and liabilities of the fund have been transferred to the general fund, except for cash and utility deposits payable.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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 The 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, 2020

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
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>Non-Major Funds</u>
Taxes receivable:			
State use	\$ 35,242	\$ -	\$ -
Income	42,652	-	-
Sales	203,503	-	51,936
Telecom	12,491	-	-
Replacement	6,399	-	-
Utility	16,227	-	-
Property	603,121	-	80,445
Video gaming	4,701	-	-
Motor fuel tax	-	<u>13,194</u>	-
	<u>\$924,336</u>	<u>\$ 13,194</u>	<u>\$ 132,381</u>
Accounts receivable:			
Franchise tax	\$ 16,759	\$ -	\$ -
Circuit court fines	10,454	-	-
Reimbursements	26,797	-	-
Reimbursements from State	-	<u>10,537</u>	-
	<u>\$ 54,010</u>	<u>\$ 10,537</u>	<u>\$ -</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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 but 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, 2020

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, 2020

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 2018 and collected in 2019 are recorded as revenues for the fiscal year ended March 31, 2020.

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

At year-end, the Village's cash and cash equivalents were comprised of the following:

	<u>Carrying Value</u>	
	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Bank deposits	\$ 123,682	\$ 1,372,942
The Illinois Funds	<u>61,274</u>	<u>-</u>
	<u>\$ 184,956</u>	<u>\$ 1,372,942</u>

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.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 2 – Deposits and Investments (Continued)

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

Primary Government:

	<u>Rating</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Investments:						
Illinois Trust PFM Asset Management:						
Illinois Portfolio, IIIT Class	S&P AAAM	None	Variable	\$ 2,379,890	\$ 2,379,890	17.72%
Illinois Trust Term	Fitch AA Af	5-8 Mos.	1.53-1.61%	<u>2,000,000</u>	<u>2,000,000</u>	14.90%
				<u>4,379,890</u>	<u>4,379,890</u>	
NT Inst. Gov. Select Fund	Moody’s Aaa-mf	2-4 Mos.	1.48-1.56%	<u>2,262,781</u>	<u>2,262,781</u>	16.85%
Certificates of Deposit	Unrated	8-54 Mos.	1.72-1.85%	<u>5,514,818</u>	<u>5,514,818</u>	41.08%
Other deposits reported as investments:	N/A	8-54 Mos.	1.72-1.85%	<u>1,268,143</u>	<u>1,268,143</u>	<u>9.45%</u>
				<u>\$13,425,632</u>	<u>\$13,425,632</u>	<u>100.00%</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	\$ 92,186	\$ 88,925	48%	\$(3,261)	Level 1
Growth Fund of America – Class A-unrated	<u>73,009</u>	<u>95,429</u>	<u>52%</u>	<u>22,420</u>	Level 1
Total investment in mutual funds	<u>\$165,195</u>	<u>\$184,354</u>	<u>100%</u>	<u>\$19,159</u>	

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 Trust is a diversified, open-end, actively managed investment trust designed to address the short-term investment needs of Illinois local governments. The Illinois Trust investments are carried at the net asset value (NAV) per share. The NAV per share is calculated using the amortized cost method which approximates fair value. Among the various types of investments, the Illinois Trust includes IIIT Portfolio, IIIT Term, and Illinois Trust CD Program. The Illinois Trust does not place any limitations or restrictions on withdrawals on the IIIT Portfolio. The IIIT Term and Illinois Trust CD Program have restrictions on withdrawals prior to maturity. The IIIT Portfolio 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. The IIIT Term has a credit rating of AA Af from Fitch. All investments in the IIIT Trust are authorized by the Public Funds Investment Act (30 ILCS 235/2).

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 2 – Deposits and Investments (Continued)

The Northern Trust Institutional Government Select Funds invest primarily in securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities. The Northern Trust Institutional Government Select Funds are carried at the net asset value (NAV) per share. The NAV per share is calculated using the amortized cost method which approximates fair value. The Northern Trust Institutional Government Select Funds do not place any limitations or restrictions on withdrawals. The Northern Trust Institutional Government Select Funds have a credit rating of Aaa-mf from Moody's. All investments in The Northern Trust Institutional Government Select Funds are authorized by the Public Funds Investment Act (30 ILCS 235/2).

The Illinois Funds are an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. The Illinois Funds use 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. The Illinois Funds do not place any limitations or restrictions on withdrawals. The Illinois Funds have 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. The Illinois Funds invests in those investments authorized by the Deposit of State Moneys Act (15 ILCS 520/22.5) and the Public Funds Investment Act (30 ILCS 235/2). Audited financial statements for The Illinois Funds are available at 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, 2020, 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, 2020

Note 3 – Capital Assets

Capital asset activity for the year ended March 31, 2020 was as follows:

	Balances March 31, 2019	Additions/ Transfers	Dispositions/ Transfers	Balances March 31, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,100	\$ -	\$ -	\$ 19,100
Idle assets	<u>389,100</u>	<u>-</u>	<u>389,100</u>	<u>-</u>
	<u>\$ 408,200</u>	<u>\$ -</u>	<u>\$ 389,100</u>	<u>\$ 19,100</u>
Capital assets being depreciated:				
Transportation network	\$ 7,507,193	\$ -	\$ -	\$7,507,193
Buildings and improvements	43,002	461,880	-	504,882
Equipment	545,100	137,815	121,410	561,505
Vehicles	<u>549,944</u>	<u>430,048</u>	<u>-</u>	<u>979,992</u>
Total capital assets being depreciated	<u>8,645,239</u>	<u>1,029,743</u>	<u>121,410</u>	<u>9,553,572</u>
Less accumulated depreciation for:				
Transportation network	(3,197,961)	(216,849)	-	(3,414,810)
Buildings and improvements	(11,384)	(51,346)	-	(62,730)
Equipment	(459,207)	(102,600)	(102,458)	(459,349)
Vehicles	<u>(327,872)</u>	<u>(131,241)</u>	<u>-</u>	<u>(459,113)</u>
Total accumulated depreciation	<u>(3,996,424)</u>	<u>(502,036)</u>	<u>(102,458)</u>	<u>(4,396,002)</u>
Capital assets, net of accumulated depreciation	<u>\$ 4,648,815</u>	<u>\$ 527,707</u>	<u>\$ 18,952</u>	<u>\$5,157,570</u>
Business-type activities:				
Capital assets not being depreciated – land	<u>\$ 113,351</u>	<u>\$ -</u>	<u>\$ 113,351</u>	<u>\$ -</u>
Capital assets being depreciated:				
Plant and equipment	\$ 683,782	\$ -	\$ 683,782	\$ -
Less: accumulated depreciation	<u>(566,834)</u>	<u>-</u>	<u>(566,834)</u>	<u>-</u>
Capital assets, net of accumulated depreciation	<u>\$ 116,948</u>	<u>\$ -</u>	<u>\$ 116,948</u>	<u>\$ -</u>

Depreciation for the year ended March 31, 2020, was charged as follows to the following functions:

Administration	\$ 3,807
Public Safety	20,184
Public Works	<u>293,505</u>
Total	<u>\$317,496</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 4 – Long-Term Liabilities

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

	Balances <u>3/31/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balances <u>3/31/2020</u>	Due Within <u>One Year</u>
Governmental activities:					
Debt certificates	\$ 105,000	\$ -	\$(105,000)	\$ -	\$ -
Notes payable	320,848	-	(320,848)	-	-
Capital lease	-	266,997	(41,907)	225,090	34,048
Net pension liability (Note 7)	5,359,906	343,605	-	5,703,511	-
Compensated absences	<u>121,207</u>	<u>19,918</u>	-	<u>141,125</u>	-
Total governmental activities	<u>\$5,906,961</u>	<u>\$630,520</u>	<u>\$(467,755)</u>	<u>\$6,069,726</u>	<u>\$ 34,048</u>

Long-term debt is comprised of the following:

Capital Lease:

Governmental Activities

\$266,997 capital lease dated November 25, 2019 due in annual installments on December 25 in amounts ranging from \$34,049 to \$41,161 through 2026 plus interest at 3.80% for a street sweeper. Amount recorded as equipment at March 31, 2020, was \$266,997 with accumulated depreciation of \$4,450. Interest expense of \$846 has been recorded as an expense on the Statement of Activities -

\$225,090

The amortization of assets held under capital leases is included with depreciation expense.

The following is a schedule by years of future minimum payments:

2021	\$ 42,753
2022	42,753
2023	42,753
2024	42,753
2025	42,753
2026	<u>42,753</u>
Total minimum lease payments	256,518
Less amount representing interest	<u>(31,428)</u>
Present value of minimum lease payments	<u>\$225,090</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, 2020

Note 5 – Tax Abatements

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 2020 totaled \$72,895 for an accumulated rebate of \$406,713.

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 2020 totaled \$52,442 for an accumulated rebate of \$289,602.

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 2020 totaled \$20,772 for an accumulated rebate of \$157,260.

The Village also abates property taxes in various Tax Increment Financing (TIF) districts that were created under the Illinois Tax Increment Allocation Redevelopment Act (TIF Act) (65 ILCS 5/11-74.4).

The property taxes for the additional assessed valuation on new commercial property or improved existing commercial properties in these districts is paid to a TIF district. These funds are available for eligible costs as defined in the TIF Act, including development or redevelopment projects within the TIF district.

The total TIF abatements from the Village during the year ended March 31, 2020 were approximately \$300.

Note 6 – Restricted Fund Balance and Net Position

On March 31, 2020, restricted fund balance and net position consists of the following:

Restricted for:	<u>Fund Balance</u>	<u>Net Position</u>
Capital improvements – Business Development District and TIF taxes	\$ 41,148	\$ 41,148
Capital improvements - developer fees	<u>571,915</u>	<u>571,915</u>
Subtotal restricted for capital improvements	613,063	613,063
Street improvements – Motor Fuel taxes	551,083	551,083
Law enforcement – drug seizure funds	<u>74,933</u>	<u>74,933</u>
	<u>\$1,239,079</u>	<u>\$1,239,079</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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.

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. RP Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. RP 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 RP 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 RP 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 RP 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, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	27
Inactive, non-retired members	9
Active plan members	<u>10</u>
Total	<u>46</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 7 – Pension Plans (Continued)

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 2020 and 2019 were 9.06% and 6.87%, respectively. For the fiscal year ended March 31, 2020, the Village contributed \$40,717 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.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2019. 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, 2019:

The Actuarial Cost Method	Entry Age Normal
The Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.35% 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.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 7 – Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	5.75%
International equity	18%	6.50%
Fixed income	28%	3.25%
Real estate	9%	5.20%
Alternative investments	7%	3.60%-7.60%
Cash equivalents	<u>1%</u>	1.85%
Total	100%	

Other Information:

Notes There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2019 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 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 2.75%, and the resulting single discount rate is 7.25%.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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>
Balances at December 31, 2018	<u>\$5,249,388</u>	<u>\$5,064,705</u>	<u>\$ 184,683</u>
Changes for the year:			
Service cost	43,481	-	43,481
Interest on the total pension liability	369,791	-	369,791
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	50,838	-	50,838
Changes of assumptions	-	-	-
Contributions – employer	-	37,202	(37,202)
Contributions – employees	-	25,135	(25,135)
Net investment income	-	1,035,613	(1,035,613)
Benefit payments, including refunds of employee contributions	(341,127)	(341,127)	-
Other (net transfer)	-	-	-
Admin expense (beginning difference in fiduciary net position)	-	(5,250)	5,250
Net changes	<u>122,983</u>	<u>751,573</u>	<u>(628,590)</u>
Balances at December 31, 2019	<u>\$5,372,371</u>	<u>\$5,816,278</u>	<u>\$ (443,907)</u>

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% 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	\$199,150	\$(443,907)	\$(974,949)

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

Note 7 – Pension Plans (Continued)

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

For the year ended March 31, 2020, the Village recognized a pension benefit of \$31,445. At March 31, 2020, 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>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 32,206	\$ 94,174	\$ (61,968)
Changes of assumptions	28,557	-	28,557
Net difference between projected and actual earnings on pension plan investments	<u>608,028</u>	<u>778,330</u>	<u>(170,301)</u>
Total deferred amounts to be recognized in pension expense in future periods	668,791	872,504	(203,712)
Pension contributions made subsequent to the measurement date	<u>13,558</u>	<u>-</u>	<u>13,558</u>
Total deferred amounts related to pensions	<u>\$682,349</u>	<u>\$872,504</u>	<u>\$(190,154)</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>
2020	\$ (90,162)
2021	(35,826)
2022	61,688
2023	(139,412)
2024	-
Thereafter	<u>-</u>
Total	<u>\$(203,712)</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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 final average salary is based on the average of the highest consecutive 48 of the last 60 months of salary. Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or CPI beginning the later of the anniversary date and age 60.

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, 2020, the Police Pension Plan membership consisted of:

Active	9
Retirees and beneficiaries	4
Inactive, non-retired members	<u>3</u>
Total	<u>16</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, 2020, 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, 2020. 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, 2020

Note 7 – Pension Plans (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at March 31, 2020:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level dollar method over a period ending in 2040
Asset Valuation Method	Five year smoothed market, no corridor
Salary Increases	Graded rates from 3.50% to 11.00% plus 2.50% inflation allowance
Investment Rate of Return	Assumed to be 4.5%
Projected Retirement Age	50-69
Mortality rate	Active Lives – PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. 10% of active deaths are assumed to be in the line of duty. Inactive Lives – PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019. Beneficiaries – PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019. Disabled Lives – PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Other Information – Benefit changes in fiscal year 2020 reflect updates to Tier 2 benefits as a result of Public Act 101-0610.

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 2.94%, 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, 2020

Note 7 – Pension Plans (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at March 31, 2019	<u>\$6,670,569</u>	<u>\$1,495,346</u>	<u>\$5,175,223</u>
Changes for the year:			
Service cost	200,252	-	200,252
Interest on the total pension liability	304,341	-	304,341
Changes of benefit terms	11,940	-	11,940
Differences between expected and actual experience of the total pension liability	(378,911)	-	(378,911)
Changes of assumptions	668,009	-	668,009
Contributions – employer	-	210,855	(210,855)
Contributions – employees	-	55,370	(55,370)
Net investment income	-	18,912	(18,912)
Benefit payments, including refunds of employee contributions	(215,391)	(215,391)	-
Other (net transfer)	-	(7,794)	7,794
Net changes	<u>590,240</u>	<u>61,952</u>	<u>528,288</u>
Balances at March 31, 2020	<u>\$7,260,809</u>	<u>\$1,557,298</u>	<u>\$5,703,511</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 (3.5%)	Current Discount (4.5%)	1% Higher (5.5%)
Net Pension Liability	<u>\$6,929,926</u>	<u>\$5,703,511</u>	<u>\$4,717,708</u>

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

For the year ended March 31, 2020, the Village recognized pension expense of \$596,497. At March 31, 2020, 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>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 221,578	\$(632,003)	\$(410,425)
Changes of assumptions	926,318	(85,578)	840,740
Net difference between projected and actual earnings on pension plan investments	<u>74,760</u>	<u>-</u>	<u>74,760</u>
Total deferred amounts to be recognized in pension expense in future periods	1,222,656	(717,581)	505,075
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$1,222,656</u>	<u>\$(717,581)</u>	<u>\$505,075</u>

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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>
2021	\$136,578
2022	79,925
2023	125,105
2024	106,343
2025	35,777
Thereafter	<u>21,347</u>
Total	<u>\$505,075</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	\$5,816,278	\$1,557,298	\$ 7,373,576
Deferred outflows of resources	682,349	1,222,656	1,905,005
Deferred inflows of resources	872,504	717,581	1,590,085
Employer total pension liability	5,372,371	7,260,809	12,633,180
Employer net pension liability (asset)	(443,907)	5,703,511	5,259,604
Pension expense (benefit)	(31,445)	596,497	565,052

Note 8 – Other Post-Employment Benefits

IMRF

Plan Description

Under Public Act 06-1444, the Village, as 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 plan does not have a trust fund and therefore does not issue a separate publicly available report.

Funding Policy

The Village requires retirees to contribute 100% of the premium for their desired coverage. The premiums established for the group contain an implied rate subsidy through the blended premium covering all current employees and retirees. No actuarial valuation was performed to determine the amount of such subsidy.

Contributions

Because the retiree premium is paid entirely by the retiree contributions, there is no net cash outflow by the Village in regard to the plan benefits for retirees. The amounts related to this other-post employment plan that should be reported and disclosed under GASB Statement No. 75 have not been determined.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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	\$ <u>7,882</u>	
Motor Fuel Tax Fund:		
Due to General Fund		\$ <u>7,882</u>

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

The purpose of the interfund transfer of \$2,500 from the General Fund to the TIF #1 Fund was to deposit starting cash when the new fund was opened. The purpose of the interfund transfer of \$110,780 from the Water and Sewer Fund was to transfer capital assets to the department of public works, recorded in the Governmental Activities in the government-wide financial statements. The purpose of the interfund transfer of \$608,650 from the Water and Sewer Fund to the General Fund was to transfer cash, investments, accounts receivable, and other liabilities upon closure of the 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.

In August 2018, the Village joined the Southwest Agency for Health Management (SWAHM) which participates 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 SWAHM Board of Directors is represented by a delegate from each of the members.

SWAHM 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 SWAHM. 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

As of March 31, 2020, the Village's account balance in the cooperative is \$129,081 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.

Village of Peotone, Illinois
Notes to Financial Statements
As of and for the year ended March 31, 2020

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 \$127,957 to Laraway Communications during the year.

Note 12 –Subsequent Event

The Village received notice that they will receive \$272,974 of Rebuild Illinois Bond Funds over 3 years as bi-annual allotments. The first and second allotment of \$45,496 each (total of \$90,992) were received in May and July of 2020. These funds can be used on any capital projects for which the Village could issue a bond.

Note 13 –Contingencies

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure. As a result, the Governor of Illinois issued Executive Orders mandating non-essential businesses, school districts, and others to close or operate with significant restrictions and residents were initially mandated to shelter in place. The Governor of Illinois has since issued a 5-phase plan to reopen Illinois. As of the date of this report, Illinois is in Phase 4 of that plan, with various restrictions still in place.

The Village’s operations are heavily dependent on state funding, sales tax, property tax, income tax, and various other tax revenues. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. In addition, the availability of state funding in the future may be limited, as resources are redirected to aide in the fight against the pandemic. Although the Village cannot estimate the length or effect of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Village’s results of future operations and financial position in fiscal year 2021.

Village of Peotone, Illinois
Schedule of Revenues, Expenditures, and Changes in Fund Balance-
Budget to Actual
General Fund
For the year ended March 31, 2020

Schedule 1

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
General property taxes	\$ 425,225	\$ 425,225	\$ 537,422	\$ 112,197
State replacement taxes	28,000	28,000	34,435	6,435
State income taxes	414,200	414,200	448,929	34,729
State sales tax	1,015,976	1,015,976	1,153,251	137,275
Video gaming tax	48,000	48,000	55,858	7,858
Road and bridge tax	45,000	45,000	45,708	708
Auto rental tax	50	50	-	(50)
Charitable games tax	-	-	139	139
Utility tax	255,000	255,000	232,431	(22,569)
Licenses and permits	157,250	157,250	208,400	51,150
Police collections	6,000	6,000	5,283	(717)
Sanitation collections	280,216	280,216	67,079	(213,137)
Franchise agreements	70,000	70,000	70,039	39
Fines	60,000	60,000	50,138	(9,862)
Interest income	250,350	250,350	186,027	(64,323)
Grant income	5,200	5,200	8,642	3,442
Reimbursements	-	-	132,936	132,936
Miscellaneous income	12,000	12,000	31,619	19,619
Total revenues	<u>3,072,467</u>	<u>3,072,467</u>	<u>3,268,336</u>	<u>195,869</u>
Expenditures:				
Administration department (Schedule 2A)	656,505	656,505	671,231	14,726
Police and ESDA departments (Schedule 2B)	1,398,913	1,398,913	1,449,732	50,819
Street and alley department (Schedule 2C)	1,504,954	1,504,954	1,800,453	295,499
Communications department (Schedule 2D)	127,500	127,500	127,957	457
Economic development department (Schedule 2D)	152,100	152,100	209,476	57,376
Building department (Schedule 2E)	67,242	67,242	81,606	14,364
Sanitation department (Schedule 2E)	282,216	282,216	88,467	(193,749)
Total expenditures	<u>4,189,430</u>	<u>4,189,430</u>	<u>4,428,922</u>	<u>239,492</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,116,963)</u>	<u>(1,116,963)</u>	<u>(1,160,586)</u>	<u>(43,623)</u>
Other financing sources (uses):				
Proceeds from long-term debt	-	-	266,997	266,997
Transfers in	492,500	492,500	608,650	116,150
Transfers out	(10,000)	(10,000)	(2,500)	7,500
Total other financing sources (uses)	<u>482,500</u>	<u>482,500</u>	<u>873,147</u>	<u>390,647</u>
Net change in fund balance	<u>\$ (634,463)</u>	<u>\$ (634,463)</u>	<u>(287,439)</u>	<u>\$ 347,024</u>
Fund balance, beginning of the year			<u>12,823,606</u>	
Fund balance, end of year			<u>\$ 12,536,167</u>	

Village of Peotone, Illinois
Notes to Budgetary Schedule
As of and for the year ended March 31, 2020

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 June 10, 2019.

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 cash basis of accounting.

For the year ended March 31, 2020, expenditures exceeded appropriations in the General Fund.

Village of Peotone, Illinois
Required Supplementary Information
As of and for the year ended March 31, 2020

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

Calendar Year Ended December 31	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service cost	\$ 43,481	\$ 49,566	\$ 55,401	\$ 59,336	\$ 57,086
Interest on the total pension liability	369,791	397,882	391,649	378,750	363,687
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	50,838	(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>(341,127)</u>	<u>(326,431)</u>	<u>(341,775)</u>	<u>(325,968)</u>	<u>(269,056)</u>
Net change in Total Pension Liability	122,983	(194,140)	78,356	175,117	234,909
Total Pension Liability – Beginning	<u>5,249,388</u>	<u>5,443,528</u>	<u>5,365,172</u>	<u>5,190,055</u>	<u>4,955,146</u>
Total Pension Liability – Ending (A)	<u>\$5,372,371</u>	<u>\$5,249,388</u>	<u>\$5,443,528</u>	<u>\$5,365,172</u>	<u>\$5,190,055</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 37,202	\$ 47,728	\$ 51,260	\$ 55,350	\$ 47,269
Contributions – employees	25,135	22,303	25,764	26,564	26,549
Net investment income	1,035,613	(596,368)	923,940	329,255	24,394
Benefit payments, including refunds of employee contributions	(341,127)	(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>(5,250)</u>	<u>263,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Plan Fiduciary Net Position	751,573	(598,465)	575,694	235,915	(124,839)
Plan Fiduciary Net Position – Beginning	<u>5,064,705</u>	<u>5,663,170</u>	<u>5,087,476</u>	<u>4,851,561</u>	<u>4,976,400</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$5,816,278</u>	<u>\$5,064,705</u>	<u>\$5,663,170</u>	<u>\$5,087,476</u>	<u>\$4,851,561</u>
Net Pension Liability – Ending (A) – (B)	<u>\$ (443,907)</u>	<u>\$ 184,683</u>	<u>\$ (219,642)</u>	<u>\$ 227,696</u>	<u>\$ 338,494</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.26%	96.48%	104.03%	94.82%	93.48%
Covered Payroll	\$ 541,510	\$ 495,611	\$510,052	\$541,588	\$532,300
Net Pension Liability as a Percentage of Covered Payroll	(81.98)%	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, 2020

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%
2020	\$40,717	\$40,717	\$ -	\$544,972	7.47%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 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 2019 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): 24-year closed period
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.25%
Price Inflation: 2.50%
Salary Increases: 3.35% to 14.25%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.

Village of Peotone, Illinois
Required Supplementary Information
As of and for the year ended March 31, 2020

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

Fiscal Year Ended March 31	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability					
Service cost	\$ 200,252	\$ 236,285	\$ 169,918	\$ 194,947	\$ 169,872
Interest on the total pension liability	304,341	283,740	237,441	280,291	240,898
Changes of benefit terms	11,940	-	-	-	-
Differences between expected and actual experience of the total pension liability	(378,911)	(183,234)	410,077	(412,151)	8,423
Changes of assumptions	668,009	124,621	379,020	(222,498)	533,675
Benefit payments, including refunds of employee contributions	<u>(215,391)</u>	<u>(177,547)</u>	<u>(172,436)</u>	<u>(167,446)</u>	<u>(162,576)</u>
Net change in Total Pension Liability	590,240	283,865	1,024,020	(326,857)	790,292
Total Pension Liability – Beginning	<u>6,670,569</u>	<u>6,386,704</u>	<u>5,362,684</u>	<u>5,689,541</u>	<u>4,899,249</u>
Total Pension Liability – Ending (A)	<u>\$7,260,809</u>	<u>\$6,670,569</u>	<u>\$6,386,704</u>	<u>\$5,362,684</u>	<u>\$5,689,541</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 210,855	\$ 207,025	\$ 163,970	\$ 186,247	\$ 171,034
Contributions – employees	55,370	49,630	47,724	46,794	43,775
Net investment income	18,912	31,359	48,312	26,093	10,089
Benefit payments, including refunds of employee contributions	(215,391)	(177,547)	(172,436)	(167,446)	(162,576)
Other (net transfer)	<u>(7,794)</u>	<u>(9,025)</u>	<u>(8,113)</u>	<u>(6,335)</u>	<u>(6,013)</u>
Net change in Plan Fiduciary Net Position	61,952	101,442	79,457	85,353	56,309
Plan Fiduciary Net Position – Beginning	<u>1,495,346</u>	<u>1,393,904</u>	<u>1,314,447</u>	<u>1,229,094</u>	<u>1,172,785</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$1,557,298</u>	<u>\$1,495,346</u>	<u>\$1,393,904</u>	<u>\$1,314,447</u>	<u>\$1,229,094</u>
Net Pension Liability – Ending (A) – (B)	<u>\$5,703,511</u>	<u>\$5,175,223</u>	<u>\$4,992,800</u>	<u>\$4,048,237</u>	<u>\$4,460,447</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.45%	22.42%	21.83%	24.51%	21.60%
Covered Payroll	\$ 540,888	\$ 531,055	\$ 464,014	\$ 445,706	\$ 462,998
Net Pension Liability as a Percentage of Covered Payroll	1,054.47%	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, 2020

Schedule of Employer Contributions
Most Recent Fiscal Years – Police Pension

Fiscal Year Ended <u>March 31</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution as a Percentage of <u>Covered Payroll</u>
2020	\$573,823	\$210,855	\$362,968	\$540,888	38.98%
2019	\$343,130	\$207,025	\$136,105	\$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%

Methods and Assumptions Used to Determine 2020 Contribution Rates:

<i>Actuarial Cost Method:</i>	Entry age normal
<i>Amortization Method:</i>	Level dollar over a period ending in 2041
<i>Asset Valuation Method:</i>	5 year smoothed market, no corridor
<i>Price Inflation:</i>	2.0%
<i>Salary Increases:</i>	3.50%-11.00% plus 2.50% 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 Non-Active Lives were based on the RP2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB and with a 150% load for participants under age 50.

Other Information:

Benefit changes in fiscal year 2020 reflect updates for Tier 2 benefits as a result of Public Act 101-0610.

The actuarially determined contribution was calculated using an April 1, 2019 valuation date.

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, 2020

Schedule 2A

	Original Budget	Final Budget	Actual
Administration Department			
Salaries	\$ 215,309	\$ 215,309	\$ 218,843
Social Security and Medicare	16,475	16,475	16,733
Illinois Municipal Retirement fund	12,566	12,566	13,900
Unemployment tax	500	500	248
Employee's health insurance	77,750	77,750	89,660
Maintenance - buildings	3,000	3,000	6,519
Maintenance - equipment	7,500	7,500	7,457
General insurance	14,200	14,200	15,650
Telephone/fax	7,000	7,000	5,714
Utilities	1,500	1,500	554
Rental	900	900	-
Travel	9,000	9,000	4,684
Postage	4,000	4,000	3,371
Printing/publishing	11,800	11,800	6,689
Legal fees	50,000	50,000	45,300
Auditing services	16,000	16,000	16,400
Engineering	18,000	18,000	29,655
Other professional services	30,000	30,000	16,830
Training	5,350	5,350	1,725
Dues/subscriptions	11,460	11,460	8,977
Office supplies	5,000	5,000	4,884
Other supplies	4,000	4,000	1,052
Sundry expense	3,000	3,000	533
Sales tax rebate	119,195	119,195	146,108
Community relations	3,000	3,000	-
Christmas in the Village	10,000	10,000	9,745
Total Administration Department	\$ 656,505	\$ 656,505	\$ 671,231

Village of Peotone, Illinois
Schedule of Expenditures-Budget and Actual
General Fund - Police and ESDA Departments
For the year ended March 31, 2020

Schedule 2B

	Original Budget	Final Budget	Actual
Police Department			
Salaries	\$ 796,325	\$ 796,325	\$ 832,716
Social Security and Medicare	60,920	60,920	60,790
Illinois Municipal Retirement fund	3,100	3,100	3,027
Pension expense	96,833	96,833	208,027
Unemployment tax	1,000	1,000	857
Employee's health insurance	182,435	182,435	166,397
Maintenance - buildings	3,500	3,500	5,137
Maintenance - equipment	38,000	38,000	27,202
General insurance	45,550	45,550	44,147
Telephone/fax	12,800	12,800	9,010
Utilities	600	600	471
Rental	1,750	1,750	300
Travel	1,000	1,000	-
Postage	1,500	1,500	564
Printing/publishing	2,200	2,200	1,261
Legal fees	22,500	22,500	19,500
Other professional services	26,100	26,100	15,477
Animal control	500	500	200
Training	10,230	10,230	6,895
Dues/subscriptions	8,820	8,820	5,605
Office supplies	5,000	5,000	2,356
Other supplies	12,700	12,700	8,505
Uniforms and maintenance	10,000	10,000	3,776
Food/prisoners	50	50	-
Gas and oil	30,000	30,000	25,748
Sundry expense	2,000	2,000	9
Capital outlay	20,000	20,000	-
Total Police Department	1,395,413	1,395,413	1,447,977
ESDA Department			
Maintenance - buildings	500	500	-
Maintenance - equipment	2,500	2,500	1,755
Sundry expense	500	500	-
Total ESDA Department	3,500	3,500	1,755
Total Public Safety	\$ 1,398,913	\$ 1,398,913	\$ 1,449,732

Village of Peotone, Illinois
Schedule of Expenditures-Budget and Actual
General Fund - Street and Alley Department
For the year ended March 31, 2020

Schedule 2C

	Original Budget	Final Budget	Actual
Street and Alley Department			
Salaries	\$ 232,283	\$ 232,283	\$ 311,886
Social Security and Medicare	17,769	17,769	18,513
Illinois Municipal Retirement fund	15,958	15,958	23,319
Unemployment tax	750	750	395
Employee's health insurance	77,603	77,603	89,107
Maintenance - street lights	8,000	8,000	2,739
Maintenance - building	4,000	4,000	727
Maintenance - equipment	30,000	30,000	31,617
Maintenance - streets	148,997	148,997	165,674
Maintenance - sidewalks	62,530	62,530	56,243
Snow/leaf removal	36,000	36,000	39,771
Ground upkeep	1,000	1,000	113
General insurance	33,300	33,300	37,658
Telephone/fax	7,800	7,800	6,067
Utilities	4,000	4,000	2,530
Street lighting	65,000	65,000	65,180
Rental	6,800	6,800	-
Travel	1,500	1,500	88
Printing/publishing	1,500	1,500	1,031
Legal fees	2,000	2,000	55
Engineering fees	25,000	25,000	35,356
Other professional services	55,500	55,500	49,520
Training	2,500	2,500	-
Dues/Subscriptions	1,900	1,900	1,263
Other supplies	13,000	13,000	6,875
Uniforms	8,500	8,500	6,581
Gas and oil	20,000	20,000	15,135
Sundry expense	1,000	1,000	330
Drainage assessment fees	6,100	6,100	3,500
Debt retirement-principal	425,899	425,899	467,755
Debt retirement-interest	14,765	14,765	15,609
Buildings and permanent improvements	100,000	100,000	72,744
Improvements other than buildings	4,000	4,000	-
Equipment	70,000	70,000	273,072
	<u>70,000</u>	<u>70,000</u>	<u>273,072</u>
 Total Street and Alley Department	 <u>\$ 1,504,954</u>	 <u>\$ 1,504,954</u>	 <u>\$ 1,800,453</u>

Village of Peotone, Illinois
Schedule of Expenditures-Budget and Actual
General Fund - Communications and Economic Development Departments
For the year ended March 31, 2020

Schedule 2D

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Communications Department			
Maintenance - buildings	\$ 500	\$ 500	\$ -
Maintenance - equipment	1,000	1,000	-
Other professional services	<u>126,000</u>	<u>126,000</u>	<u>127,957</u>
 Total Communications Department	 <u>\$ 127,500</u>	 <u>\$ 127,500</u>	 <u>\$ 127,957</u>
 Economic Development Department			
Telephone/fax	\$ 400	\$ 400	\$ 142
Travel	4,500	4,500	-
Postage	300	300	-
Printing/publishing	12,000	12,000	8,505
Legal fees	20,000	20,000	40,736
Engineering	20,000	20,000	108,755
Other professional services	27,000	27,000	(7,550)
Training	2,000	2,000	-
Dues/subscriptions	5,900	5,900	2,325
Other supplies	15,000	15,000	1,759
TIF services	<u>45,000</u>	<u>45,000</u>	<u>54,804</u>
 Total Economic Development Department	 <u>\$ 152,100</u>	 <u>\$ 152,100</u>	 <u>\$ 209,476</u>

Village of Peotone, Illinois
Schedule of Expenditures-Budget and Actual
General Fund - Building and Sanitation Departments
For the year ended March 31, 2020

Schedule 2E

	Original Budget	Final Budget	Actual
Building Department			
Salaries	\$ 10,572	\$ 10,572	\$ 6,104
Social Security and Medicare	810	810	462
Illinois Municipal Retirement fund	210	210	-
Unemployment tax	100	100	39
Maintenance - equipment	1,500	1,500	198
Maintenance - building	1,000	1,000	27
General insurance	700	700	536
Telephone/fax	400	400	142
Travel	200	200	-
Postage	700	700	55
Printing/publishing	2,500	2,500	2,944
Legal fees	4,000	4,000	-
Other professional services	41,500	41,500	71,041
Training	1,000	1,000	58
Dues/subscriptions	700	700	-
Office supplies	300	300	-
Other supplies	300	300	-
Gas and oil	750	750	-
	<u>\$ 67,242</u>	<u>\$ 67,242</u>	<u>\$ 81,606</u>
Total Building Department			
Sanitation Department			
Pickups	\$ 276,216	\$ 276,216	\$ 87,864
Office supplies	6,000	6,000	603
	<u>\$ 282,216</u>	<u>\$ 282,216</u>	<u>\$ 88,467</u>
Total Sanitation Department			

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, 2020

Schedule 3

	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Building permit development and recapture fees	\$ -	\$ 18,864	\$ 18,864
Interest	2,500	9,480	6,980
	<u>2,500</u>	<u>28,344</u>	<u>25,844</u>
Total revenues received			
	<u>2,500</u>	<u>28,344</u>	<u>25,844</u>
Expenditures:			
Improvements and equipment- administrative	60,000	2,409	(57,591)
Improvements and equipment - police	97,000	11,019	(85,981)
	<u>157,000</u>	<u>13,428</u>	<u>(143,572)</u>
Total expenditures paid			
	<u>157,000</u>	<u>13,428</u>	<u>(143,572)</u>
Net change in fund balance	<u>\$ (154,500)</u>	14,916	<u>\$ 169,416</u>
Fund balance, beginning of year		<u>556,999</u>	
Fund balance, end of year		<u>\$ 571,915</u>	

Village of Peotone, Illinois
Schedule of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Fund
For the year ended March 31, 2020

Schedule 4

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating expenses			
Bad debt expense	\$ 5,132	\$ 5,132	\$ 10,264
Operating income (loss)	<u>(5,132)</u>	<u>(5,132)</u>	<u>(10,264)</u>
Nonoperating revenue (expense):			
Interest income			345
Loss on sale of assets			<u>(119,519)</u>
Total nonoperating revenue (expense)			<u>(119,174)</u>
Income (loss) before transfers			(129,438)
Transfers out			<u>(719,430)</u>
Change in net position			<u><u>\$ (848,868)</u></u>

Village of Peotone, Illinois
Schedule of Operating Expenses
Proprietary Fund
For the year ended March 31, 2020

Schedule 4A

	Water	Sewer	Garbage	Totals
Operating expenses:				
Salaries	\$ -	\$ -	\$ -	\$ -
Social Security and Medicare	-	-	-	-
Pension expense	-	-	-	-
Unemployment tax	-	-	-	-
Employees' health insurance	-	-	-	-
Maintenance - buildings	-	-	-	-
Maintenance - equipment	-	-	-	-
Maintenance - utility system	-	-	-	-
General insurance	-	-	-	-
Telephone/fax	-	-	-	-
Utilities	-	-	-	-
Postage	-	-	-	-
Printing/publications	-	-	-	-
Accounting services	-	-	-	-
Engineering services	-	-	-	-
Other professional services	-	-	-	-
Dues/subscriptions	-	-	-	-
Other supplies	-	-	-	-
Uniforms	-	-	-	-
Gas and oil	-	-	-	-
Drainage district assessment	-	-	-	-
Equipment/improvements	-	-	-	-
Garbage pickup	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Village of Peotone, Illinois
Legal Debt Margin
For the year ended March 31, 2020

Schedule 5

Assessed Valuation - 2019	<u>\$ 94,605,770</u>
Statutory debt limit - 8.625% of assessed valuation	\$ 8,159,748
Total debt:	
Capital lease obligations	<u>225,090</u>
Legal debt margin	<u>\$ 7,934,658</u>

Village of Peotone, Illinois
Disclosure of Tort Expenditures under PA 91-0628
As of and for the year ended March 31, 2020

Liability and workmen's compensation insurance	<u>\$97,991</u>
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Village of Peotone, Illinois
Schedule of Findings and Responses
As of and for the year ended March 31, 2020

Finding No. 2020-001

Criteria:

Internal controls should be designed to assure that transactions are properly initiated, authorized, recorded, processed, and reported reliably in accordance with accounting principles generally accepted in the United States of America.

Condition:

There is a lack of segregation of duties in the bookkeeping function, and there were inadequate checks and balances to mitigate the lack of segregation of duties throughout the fiscal year.

Context:

The treasurer has the ability to prepare deposits, prepare checks for signature, record transactions, and prepare monthly bank reconciliations and financial reports and has check signature authority.

Effect:

There is a reasonable possibility that a misstatement of the Village of Peotone, Illinois's financial statements that is more than inconsequential will not be prevented or detected and corrected in a timely manner.

Cause:

Lack of personnel available to perform monitoring functions.

Recommendation:

Consider having management regularly review the bank reconciliations and financial reports and document such review.

Management's Response:

We will have a member of management who is independent of the treasurer function, such as the Village Administrator, review the bank reconciliations and financial reports prepared by the Treasurer on a periodic basis (monthly or quarterly) for accuracy and proper reporting. We will document this review with management's signature or initials on the reviewed documents. We will implement these changes immediately.