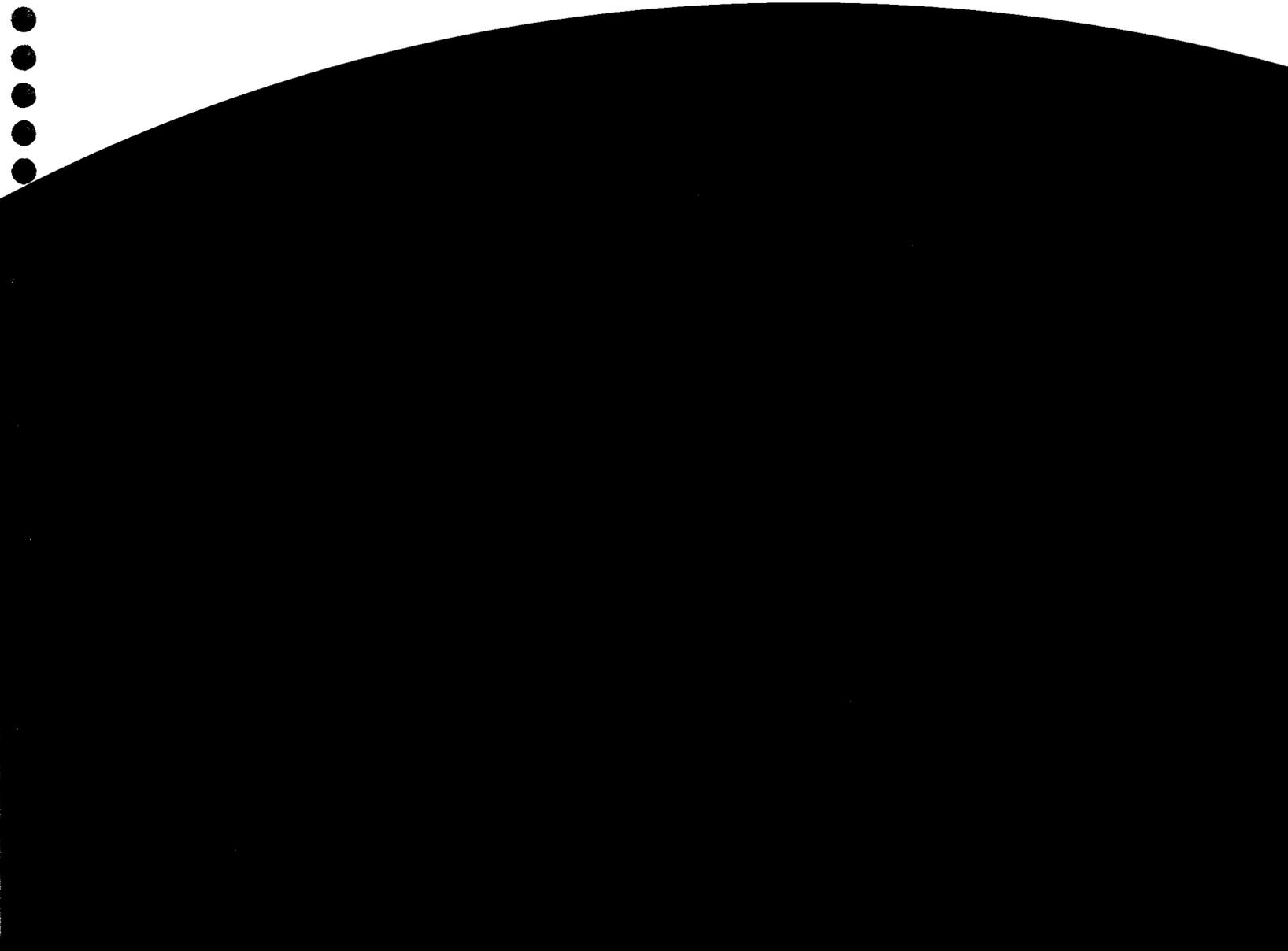




City of East Peoria, Illinois

Financial Report
April 30, 2009





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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and Commissioners
City of East Peoria, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of East Peoria, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the City of East Peoria Firefighter's Pension Fund or the City of East Peoria Police Pension Fund, which represents 76 percent, 97 percent and 4 percent, respectively, of the assets, net assets and revenues and additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to amounts included for the City of East Peoria Firefighter's Pension Fund and the City of East Peoria Police Pension Fund is based on the reports of the other auditors.

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 of material misstatement. The financial statements of the City of East Peoria Mass Transit District, City of East Peoria Firefighter's Pension Fund and the City of East Peoria Police Pension Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois as of April 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 12 to the basic financial statements, the City changed its method of accounting for other post employment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the City of East Peoria, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9, budgetary comparison information on pages 67-71 and schedules of funding progress on pages 63-66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Peoria, Illinois' basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information for the year ended April 30, 2009, except that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Davenport, Iowa
December 21, 2009

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2009

The following is a discussion and analysis of the City of East Peoria for the fiscal year ended April 30, 2009. The intent of the Management's Discussion and Analysis (MDA) is to look at the City's financial performance as a whole.

Financial Highlights

The assets of the City of East Peoria, Illinois exceeded its liabilities at the close of the most recent fiscal year by \$76,354,114 (net assets). Of this amount, \$5,336,014 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$61,878 during the year ended 2009.

As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,064,642, an increase of \$2,748,049 in comparison with the prior year. Approximately 41 percent of this total amount \$8,929,036, is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,747,586 or (104) percent of total General Fund expenditures.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the City of East Peoria's basic financial statements, which are comprised of these components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to financial statements
4. Required supplemental information

Please note that this report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of East Peoria is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. All changes in net assets are reported on the accrual basis of accounting.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, police, fire, sanitation, health and welfare, public works, community development and other. The business-type activities of the City include Water and Sewer operations, Eastside Centre and Eastport Marina.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2009

East Peoria Mass Transit District, a component unit, although a legally separate entity is considered part of the City's operations and is combined with data of the primary government for government-wide statements presentation.

Separate financial statements for the East Peoria Mass Transit District can be obtained from the East Peoria Mass Transit District, Theresa L. Gualandi, Treasurer, 100 S. Main Street, East Peoria, Illinois, 61611.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of East Peoria like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Riverboat Gaming Tax Fund, Special Tax Allocation Fund, Capital Projects Fund, and Bond and Interest Fund. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison schedule has been provided as required supplementary information for the General Fund, Riverboat Gaming Tax Fund and Special Tax Allocation Fund to demonstrate compliance with this budget on pages 67-71.

Proprietary Funds. The City of East Peoria, Illinois maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of East Peoria, Illinois maintains three enterprise funds. Internal service funds are used to report the same functions presented as governmental-type activities in the government-wide financial statements. The City maintains one internal service fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Eastport Marina Fund and Eastside Centre Fund.

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2009

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to accounting for proprietary funds. The fiduciary funds of the City are Police/Fire pension trust funds and three agency funds. The total net assets of the fiduciary funds were \$30,447,731.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements start on page 34 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees

The combining and individual fund statements referred to earlier provide information for nonmajor governmental funds and fiduciary funds and are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's total net assets have decreased from a year ago. Table 1 reflects total net assets of \$76,354,114, which represents a \$61,878 decrease from \$76,415,992 in April 2008.

Of the City's net assets, 68 percent reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding and unspent bond proceeds. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - City of East Peoria's Net Assets

	Governmental Activities April 2009	Governmental Activities April 2008	Business-Type Activities April 2009	Business-Type Activities April 2008	Total April 2009	Total April 2008
Current and other assets	\$ 49,002,968	\$ 41,685,888	\$ 1,432,866	\$ 2,101,346	\$ 50,435,834	\$ 43,787,234
Capital assets	67,231,334	61,926,627	45,061,427	45,710,514	112,292,761	107,637,141
Total assets	116,234,302	103,612,515	46,494,293	47,811,860	162,728,595	151,424,375
Noncurrent liabilities	54,550,518	50,481,944	11,315,740	11,023,751	65,866,258	61,505,695
Other liabilities	18,831,099	10,469,864	1,677,124	3,032,824	20,508,223	13,502,688
Total liabilities	73,381,617	60,951,808	12,992,864	14,056,575	86,374,481	75,008,383
Net assets:						
Invested in capital assets, net of related debt	19,175,914	11,619,374	33,028,877	33,587,908	52,204,791	45,207,282
Restricted	18,813,309	10,113,953	-	44,212	18,813,309	10,158,165
Unrestricted	4,863,462	20,927,380	472,552	123,165	5,336,014	21,050,545
Total net assets	\$ 42,852,685	\$ 42,660,707	\$ 33,501,429	\$ 33,755,285	\$ 76,354,114	\$ 76,415,992

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2009

A restricted portion of the City's net assets (25 percent as of April 30, 2009) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$5,336,014, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The City's total net assets decreased by \$61,878 during the year ended April 30, 2009. The governmental-type activities' net assets increased by \$191,978. The total business-type activities' net assets decreased by \$253,856. This increase in the governmental-type activities was attributable to an increase in grants received. The decrease in the business-type activities is mainly due to the charges for services being less than the total expenses.

Table 2 highlights the City's revenues and expenses for the year ended April 30, 2009. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

Table 2 - City of East Peoria, Illinois' Changes in Net Assets

	Governmental Activities April 2009	Governmental Activities April 2008	Business-Type Activities April 2009	Business-Type Activities April 2008	Total April 2009	Total April 2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,146,230	\$ 2,575,535	\$ 7,927,296	\$ 7,795,315	\$ 9,073,526	\$ 10,370,850
Operating grants and contributions	296,618	77,815	-	-	296,618	77,815
Capital grants and contributions	707,924	331,028	-	-	707,924	331,028
General revenues:						
Property taxes	6,013,518	5,741,031	-	-	6,013,518	5,741,031
Sales taxes	10,514,414	10,393,486	2,846	12,305	10,517,260	10,405,791
Income taxes	1,849,461	2,499,849	-	-	1,849,461	2,499,849
Other taxes	11,250,990	11,441,577	-	-	11,250,990	11,441,577
Investment earnings	1,350,203	693,808	23,273	46,233	1,373,476	740,041
Miscellaneous	2,916,762	2,168,879	124,918	245,693	3,041,680	2,414,572
Gain on sale of capital assets	-	9,983	-	-	-	9,983
Total revenues	36,046,120	35,932,991	8,078,333	8,099,546	44,124,453	44,032,537

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2009

Table 2 - City of East Peoria, Illinois' Changes in Net Assets (Continued)

	Governmental Activities April 2009	Governmental Activities April 2008	Business-Type Activities April 2009	Business-Type Activities April 2008	Total April 2009	Total April 2008
Expenses:						
Police	5,545,215	5,659,296	-	-	5,545,215	5,659,296
Fire	4,223,035	4,205,570	-	-	4,223,035	4,205,570
Sanitation	968,399	1,006,606	-	-	968,399	1,006,606
Health and welfare	1,145,490	1,329,926	-	-	1,145,490	1,329,926
Public works	5,475,907	5,187,695	-	-	5,475,907	5,187,695
General government	8,939,768	8,394,999	-	-	8,939,768	8,394,999
Community development	371,079	256,580	-	-	371,079	256,580
Other	5,308,981	4,203,516	-	-	5,308,981	4,203,516
Interest on long-term debt	2,804,965	2,527,133	-	-	2,804,965	2,527,133
Water and sewer	-	-	6,586,293	6,839,632	6,586,293	6,839,632
Eastport Marina	-	-	1,271,551	1,011,022	1,271,551	1,011,022
Eastside Centre	-	-	1,545,648	1,531,891	1,545,648	1,531,891
Total expenses	34,782,839	32,771,321	9,403,492	9,382,545	44,186,331	42,153,866
Excess (deficiency) before transfers	1,263,281	3,161,670	(1,325,159)	(1,282,999)	(61,878)	1,878,671
Transfers	(1,071,303)	(732,600)	1,071,303	732,600	-	-
Increase (decrease) in net assets	191,978	2,429,070	(253,856)	(550,399)	(61,878)	1,878,671
Net assets, beginning	42,660,707	40,231,637	33,755,285	34,305,684	76,415,992	74,537,321
Net assets, ending	\$ 42,852,685	\$ 42,660,707	\$ 33,501,429	\$ 33,755,285	\$ 76,354,114	\$ 76,415,992

Table 3 below discloses cost of services for governmental and business-type activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Governmental Activities

Programs	Total Cost of Services April 2009	Total Cost of Services April 2008	Net (Expense) of Services April 2009	Net (Expense) of Services April 2008
Police	\$ 8,310,409	\$ 5,659,296	\$ (8,095,538)	\$ (5,572,443)
Fire	1,457,841	4,205,570	(1,285,285)	(4,176,500)
Sanitation	968,399	1,006,606	(968,399)	(966,606)
Health and welfare	1,145,490	1,329,926	(395,072)	(621,517)
Public works	5,475,907	5,187,695	(4,762,509)	(4,854,418)
General government	8,939,768	8,394,999	(8,640,239)	(6,608,230)
Community development	371,079	256,580	(371,079)	(256,580)
Other	5,308,981	4,203,516	(5,308,981)	(4,203,516)
Interest on long-term debt	2,804,965	2,527,133	(2,804,965)	(2,527,133)
Water and sewer	6,586,293	6,839,632	(312,523)	(817,141)
Eastport Marina	1,271,551	1,011,022	(315,815)	(93,595)
Eastside Centre	1,545,648	1,531,891	(847,858)	(676,494)
Total	\$ 44,186,331	\$ 42,153,866	\$ (34,108,263)	\$ (31,374,173)

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2009

Net cost of services is 77 and 74 percent of total cost of services for the year ended April 30, 2009 and 2008, respectively.

Financial Analysis of the Government's Funds

As noted earlier, the City of East Peoria uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of East Peoria's governmental funds is to provide information on near-term inflows, outflows and balance of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of East Peoria's governmental funds reported combined ending fund balances of \$22.06 million, an increase of \$2.75 million. Approximately \$8.93 million constitutes undesignated fund balance available for discretionary spending. The remainder of fund balance is reserved or designated and consequently unavailable for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of prior period, 2) pay debt, 3) provide for general liability and health insurance, 4) provide for other restricted purposes.

The General Fund is the chief operating fund of the City of East Peoria. At the end of the current fiscal year, the undesignated General Fund balance was \$7.75 million. The City's total General Fund balance increase \$0.33 million during 2009.

General Fund revenues exceeded budgeted amounts by \$318,316 for the year. This was mainly due to taxes and intergovernmental revenues (i.e., sales tax, income tax, and personal property replacement tax, etc.) exceeding expectations.

During the year, there was a \$945,595 unfavorable actual expenditure result compares to budgeted amounts. This resulted mainly from the revenue sharing with the school districts not being budgeted for in the current year.

The City continues to abate property tax levies due to reliance upon alternative funding sources, primarily utility taxes and gaming revenues, for annual debt service payments.

The Riverboat Gaming Tax Fund has a total fund balance of \$12,641,020 for the current year, a decrease of \$425,340 over the prior year fund balance. The decrease is due to fewer tax and intergovernmental revenues compared to the prior year.

The Special Tax Allocation Fund has a total fund balance of \$(6,203,484) for the current year, a decrease of \$744 over the prior year fund balance. The decrease is due to fewer tax increment revenues collected in the current year.

Capital Asset and Debt Administration

Capital assets: The City of East Peoria's investment in capital assets for its governmental and business-type activities as of April 30, 2009, amounts to \$113 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction-in-progress, buildings, machinery, equipment and vehicles and infrastructure. The total increase in capital assets for the year ended April 30, 2009 was 5.6 percent.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2009

Major capital asset events during the year included the Riverfront Promenade, new ambulance, centennial well and plant, sludge pump station, backwash tank and an excavator.

Capital Assets Net of Depreciation Primary Government				
	2009		2008	
Land	\$	12	\$	12
Land improvements		9		9
Buildings		31		26
Machinery, equipment and vehicles		26		24
Infrastructure		108		107
Construction-in-progress		10		8
Accumulated depreciation		(83)		(79)
Total	\$	113	\$	107

Additional information on the City of East Peoria's capital assets can be found in Note 6 of this report.

City of East Peoria's Long-term Debt Primary Government

The City of East Peoria owed total bonded debt of \$53 million (bond principal portion only) at April 30, 2009. Standard and Poor's has currently assigned an "A" rating for the City's general obligation bonds.

	2009		2008	
General obligation bonds	\$	43	\$	35
Project bonds		8		9
Revenue bonds		1		1
Special assessment bonds		1		2
Total	\$	53	\$	47

Additional information on the City of East Peoria's capital assets can be found in Note 6 of this report.

Economic Factors

- Real property assessed values have increased with tax year 2008 at \$414,023,511, an increase of \$22,246,047 from 2007.
- TIF property valuations have continued to rise with tax year 2008 at \$25,141,662, an increase of \$13,050,244 from 2007.

These factors were considered in preparing the City's budget for April 30, 2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of East Peoria finances for our taxpayers. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of East Peoria, Theresa L. Gualandi, Treasurer, 100 S. Main Street, East Peoria, Illinois, 61611.

City of East Peoria, Illinois

Statement of Net Assets

April 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	City of East Peoria Mass Transit District
Assets				
Current assets:				
Cash and investments	\$ 8,347,284	\$ 255,048	\$ 8,602,332	\$ 16,535
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	9,735,677	-	9,735,677	352,856
Sales tax	2,383,111	-	2,383,111	-
State income tax	799,058	-	799,058	-
Personal property replacement tax	251,605	-	251,605	8,278
Motor fuel tax allotments	109,320	-	109,320	-
Gaming tax	615,690	-	615,690	-
Water and sewer revenue receivables:				
Billed	-	182,773	182,773	-
Unbilled charges	-	1,157,679	1,157,679	-
Customer charges	171,844	101,480	273,324	-
Assessments	133,462	4,241	137,703	-
Hotel/motel taxes	87,579	-	87,579	-
Grants	276,738	-	276,738	-
Notes	50,010	-	50,010	-
Fines	27,965	-	27,965	-
Capital lease	208,622	18,702	227,324	-
Other	286,147	-	286,147	-
Inventory of supplies, at cost	-	25,227	25,227	-
Internal balances	382,878	(382,878)	-	-
Total current assets	23,866,990	1,362,272	25,229,262	377,669
Noncurrent assets:				
Restricted assets, cash and investments	12,425,806	-	12,425,806	-
Receivables (net where applicable, of allowances for estimated uncollectible amounts):				
Notes	275,827	-	275,827	-
Assessments	748,626	5,413	754,039	-
Developer	250,000	-	250,000	-
Capital lease	10,813,131	-	10,813,131	-
Unamortized bond issue costs	622,588	65,181	687,769	-
Capital assets:				
Not depreciable:				
Land	8,210,068	3,647,682	11,857,750	-
Construction-in-progress	9,711,171	87,108	9,798,279	-
Depreciable:				
Land improvements	2,086,187	7,104,124	9,190,311	-
Buildings	6,545,192	24,377,045	30,922,237	-
Machinery, equipment and vehicles	12,318,339	13,287,090	25,605,429	-
Infrastructure	68,885,976	39,436,757	108,322,733	-
Accumulated depreciation	(40,525,599)	(42,878,379)	(83,403,978)	-
Total noncurrent assets	92,367,312	45,132,021	137,499,333	-
Total assets	\$ 116,234,302	\$ 46,494,293	\$ 162,728,595	\$ 377,669

Liabilities and Net Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	City of East Peoria Mass Transit District
Current liabilities:				
Accounts payable	\$ 1,386,039	\$ 209,151	\$ 1,595,190	\$ -
Retainage payable	-	5,000	5,000	-
Wages payable	45,391	18,591	63,982	-
Liquor license bond held	13,000	-	13,000	-
Interest payable	779,570	18,011	797,581	-
Pension contribution payable	194,745	-	194,745	-
Unearned revenue	10,852,853	239,400	11,092,253	121,791
Due to other governmental entities	581,191	-	581,191	23,000
Deposits - customers	-	51,335	51,335	-
Compensated absences	396,884	113,835	510,719	-
Accrued health claims	1,059,662	-	1,059,662	-
Current portion of long-term debt	3,521,764	1,021,801	4,543,565	-
Long-term liabilities:				
Compensated absences	1,557,360	252,358	1,809,718	-
Other post employment benefits obligation	1,249,502	52,633	1,302,135	-
General obligation bonds, net of unamortized discount and deferred loss, noncurrent	37,766,424	3,395,837	41,162,261	-
Project bonds, net of unamortized discount, noncurrent	6,317,933	-	6,317,933	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	-	808,769	808,769	-
Special assessments payable, noncurrent	1,330,000	-	1,330,000	-
Notes payable, noncurrent	6,329,299	6,806,143	13,135,442	-
Total liabilities	73,381,617	12,992,864	86,374,481	144,791
Net Assets				
Invested in capital assets, net of related debt	19,175,914	33,028,877	52,204,791	-
Restricted for:				
Motor fuel tax	296,693	-	296,693	-
Riverboat gaming tax	12,641,020	-	12,641,020	-
Debt payments	2,759,273	-	2,759,273	-
Capital projects	3,116,323	-	3,116,323	-
Unrestricted	4,863,462	472,552	5,336,014	232,878
Total net assets	42,852,685	33,501,429	76,354,114	232,878
Total liabilities and net assets	\$ 116,234,302	\$ 46,494,293	\$ 162,728,595	\$ 377,669

See Notes to Basic Financial Statements.

City of East Peoria

Statement of Activities
Year Ended April 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Police	\$ (5,545,215)	\$ 55,240	\$ 159,631	\$ -
Fire	(4,223,035)	40,273	132,283	-
Sanitation	(968,399)	-	-	-
Health and welfare	(1,145,490)	750,418	-	-
Public works	(5,475,907)	770	4,704	707,924
General government	(8,939,768)	299,529	-	-
Community development	(371,079)	-	-	-
Other	(5,308,981)	-	-	-
Interest on and amortization of long-term debt	(2,804,965)	-	-	-
Total governmental activities	(34,782,839)	1,146,230	296,618	707,924
Business-type activities:				
Water and sewer	(6,586,293)	6,273,770	-	-
Eastport Marina	(1,271,551)	955,736	-	-
Eastside Centre	(1,545,648)	697,790	-	-
Total business-type activities	(9,403,492)	7,927,296	-	-
Total primary government	\$ (44,186,331)	\$ 9,073,526	\$ 296,618	\$ 707,924
Component unit, City of East Peoria Mass Transit District	\$ (1,277,680)	\$ -	\$ 989,307	\$ -

General Revenues

- Property taxes and special assessments
- Sales taxes
- State income taxes
- Personal property replacement taxes
- Motor fuel taxes
- Illinois gaming taxes
- Other taxes
- Interest/investment income
- Other

Transfers

Total general revenues and transfers

- Changes in net assets
- Net assets, beginning of year
- Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total Primary Government	City of East Peoria Mass Transit District
\$ (5,330,344)	\$ -	\$ (5,330,344)	\$ -
(4,050,479)	-	(4,050,479)	-
(968,399)	-	(968,399)	-
(395,072)	-	(395,072)	-
(4,762,509)	-	(4,762,509)	-
(8,640,239)	-	(8,640,239)	-
(371,079)	-	(371,079)	-
(5,308,981)	-	(5,308,981)	-
(2,804,965)	-	(2,804,965)	-
(32,632,067)	-	(32,632,067)	-
-	(312,523)	(312,523)	-
-	(315,815)	(315,815)	-
-	(847,858)	(847,858)	-
-	(1,476,196)	(1,476,196)	-
(32,632,067)	(1,476,196)	(34,108,263)	-
			(288,373)
6,013,518	-	6,013,518	232,137
10,514,414	2,846	10,517,260	-
1,849,461	-	1,849,461	-
1,340,437	-	1,340,437	53,041
678,710	-	678,710	-
7,126,795	-	7,126,795	-
2,105,048	-	2,105,048	-
1,350,203	23,273	1,373,476	1,848
2,916,762	124,918	3,041,680	-
(1,071,303)	1,071,303	-	-
32,824,045	1,222,340	34,046,385	287,026
191,978	(253,856)	(61,878)	(1,347)
42,660,707	33,755,285	76,415,992	234,225
\$ 42,852,685	\$ 33,501,429	\$ 76,354,114	\$ 232,878

City of East Peoria

Balance Sheet
Governmental Funds
April 30, 2009

Assets	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Cash and investments	\$ 4,941,180	\$ 584,687	\$ 313	\$ -
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	331,771	-	996,295	1,700,077
Sales tax	2,362,057	-	-	21,054
State income tax	799,058	-	-	-
Personal property replacement tax	176,205	-	-	-
Motor fuel tax allotments	-	-	-	-
Gaming tax	-	615,690	-	-
Customer charges	-	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	36,318
Grants	-	276,738	-	-
Notes	-	-	-	-
Fines	27,965	-	-	-
Capital lease	-	-	-	11,021,753
Other	133,224	-	-	-
Due from other funds	1,858,737	11,932,249	1,984,822	759,833
Restricted assets, cash and investments	-	-	-	10,326,323
Total assets	\$ 10,630,197	\$ 13,409,364	\$ 2,981,430	\$ 23,865,358
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 155,792	\$ 543,803	\$ -	\$ 443,426
Wages payable	2,248	-	-	-
Liquor license bonds held	13,000	-	-	-
Compensated absences	-	-	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	1,354,215	7,152	996,295	12,752,294
Due to other governmental entities	581,191	-	-	-
Due to other funds	776,165	217,389	8,188,619	6,808,023
Total liabilities	2,882,611	768,344	9,184,914	20,003,743
Fund balances (deficits):				
Reserved for notes receivable	-	-	-	-
Reserved for capital projects	-	-	-	10,326,323
Reserved for debt service	-	-	-	-
Unreserved, undesignated, reported in:				
General Fund	7,747,586	-	-	-
Special revenue funds	-	12,641,020	(6,203,484)	-
Capital Projects Fund	-	-	-	(6,464,708)
Total fund balances (deficits)	7,747,586	12,641,020	(6,203,484)	3,861,615
Total liabilities and fund balances	\$ 10,630,197	\$ 13,409,364	\$ 2,981,430	\$ 23,865,358

See Notes to Basic Financial Statements.

	Bond and Interest Fund	Other Governmental Funds	Total
\$	640,390	\$ 1,388,119	\$ 7,554,689
	-	6,707,534	9,735,677
	-	-	2,383,111
	-	-	799,058
	-	75,400	251,605
	-	109,320	109,320
	-	-	615,690
	-	171,844	171,844
	-	133,462	133,462
	-	51,261	87,579
	-	-	276,738
	-	50,010	50,010
	-	-	27,965
	-	-	11,021,753
	-	152,923	286,147
	19,400	23,752	16,578,793
	2,099,483	-	12,425,806
<u>\$</u>	<u>2,759,273</u>	<u>\$ 8,863,625</u>	<u>\$ 62,509,247</u>

\$	-	\$ 243,018	\$ 1,386,039
	-	43,143	45,391
	-	-	13,000
	-	54,651	54,651
	-	194,745	194,745
	-	6,764,650	21,874,606
	-	-	581,191
	-	304,786	16,294,982
	-	7,604,993	40,444,605

	-	50,010	50,010
	-	-	10,326,323
	2,759,273	-	2,759,273
	-	-	7,747,586
	-	1,208,622	7,646,158
	-	-	(6,464,708)
	2,759,273	1,258,632	22,064,642

<u>\$</u>	<u>2,759,273</u>	<u>\$ 8,863,625</u>	<u>\$ 62,509,247</u>
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City of East Peoria

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
April 30, 2009

Total governmental fund balances		\$ 22,064,642
Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$ 8,210,068	
Construction-in-progress	9,711,171	
Land improvements	2,086,187	
Buildings and improvements	6,545,192	
Major movable equipment	12,318,339	
Infrastructure	68,885,976	
Accumulated depreciation	<u>(40,525,599)</u>	67,231,334
Special assessments receivable	748,626	
Notes receivable	275,827	
Developer receivable	<u>250,000</u>	1,274,453
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred revenues		11,021,753
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:		
Other current assets	792,595	
Other current liabilities	<u>(1,059,662)</u>	(267,067)
Internal service funds allocated to business-type activities		99,067
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences, current	(342,233)	
Compensated absences, noncurrent	(1,557,360)	
Other post employment benefits obligation	(1,249,502)	
Accrued interest payable	(779,570)	
General obligation bonds payable, current	(1,190,000)	
General obligation bonds payable, noncurrent	(38,390,000)	
Project bonds payable, current	(1,195,000)	
Project bonds payable, noncurrent	(6,460,000)	
Special assessment bonds, noncurrent	(1,330,000)	
Notes payable, current	(1,136,764)	
Notes payable, noncurrent	(6,329,299)	
Bond issuance costs	622,588	
Bond discounts	291,373	
Bond deferred amount on refunding	474,270	<u>(58,571,497)</u>
Net assets of governmental activities		<u><u>\$ 42,852,685</u></u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Statement of Revenues, Expenditures and Changes In Fund Balances
 Governmental Funds
 Year Ended April 30, 2009

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Revenues:				
Property taxes	\$ 271,707	\$ -	\$ 701,754	\$ 253,353
Other taxes and special assessments	12,503,834	7,126,795	-	596,965
Charges for services	-	210	-	-
Intergovernmental	804,379	707,924	-	-
Investment earnings	211,786	22,544	1,530	95,067
Licenses and permits	195,949	-	-	-
Miscellaneous	2,149,926	-	-	539,196
Total revenues	16,137,581	7,857,473	703,284	1,484,581
Expenditures:				
Current:				
General government	6,522,135	-	118,778	-
Police	-	-	-	-
Fire	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Community development	352,328	-	-	-
Other	-	-	7,500	697,764
Capital outlay	14,879	5,775,544	-	4,631,398
Debt Service:				
Principal payments	201,846	787,660	1,135,000	619,105
Interest and fiscal charges	360,662	219,743	304,690	1,602,152
Total expenditures	7,451,850	6,782,947	1,565,968	7,550,419
Excess (deficiency) of revenues over expenditures	8,685,731	1,074,526	(862,684)	(6,065,838)
Other financing sources (uses):				
Issuance of debt	-	155,682	-	8,000,000
Lease income	-	-	-	802,920
Proceeds from sale of capital assets	8,520	-	-	-
Transfers in	-	400,000	862,990	573,259
Transfers out	(8,363,158)	(2,055,548)	(1,050)	-
Total other financing sources (uses)	(8,354,638)	(1,499,866)	861,940	9,376,179
Net change in fund balances	331,093	(425,340)	(744)	3,310,341
Fund balances (deficits), beginning of year	7,416,493	13,066,360	(6,202,740)	551,274
Fund balances (deficits), end of year	\$ 7,747,586	\$ 12,641,020	\$ (6,203,484)	\$ 3,861,615

See Notes to Basic Financial Statements.

Bond and Interest Fund	Other Governmental Funds	Total
\$ -	\$ 4,786,704	\$ 6,013,518
-	1,368,124	21,595,718
-	846,491	846,701
-	1,507,386	3,019,689
267,977	133,201	732,105
-	-	195,949
-	801,729	3,490,851
<u>267,977</u>	<u>9,443,635</u>	<u>35,894,531</u>
-	2,854,471	9,495,384
-	4,808,081	4,808,081
-	3,867,957	3,867,957
-	887,517	887,517
-	1,151,478	1,151,478
-	2,904,106	2,904,106
-	-	352,328
-	2,319	707,583
-	313,167	10,734,988
70,000	855,267	3,668,878
72,404	134,250	2,693,901
<u>142,404</u>	<u>17,778,613</u>	<u>41,272,201</u>
<u>125,573</u>	<u>(8,334,978)</u>	<u>(5,377,670)</u>
-	400,000	8,555,682
-	-	802,920
-	-	8,520
250,000	7,092,104	9,178,353
-	-	(10,419,756)
<u>250,000</u>	<u>7,492,104</u>	<u>8,125,719</u>
375,573	(842,874)	2,748,049
2,383,700	2,101,506	19,316,593
<u>\$ 2,759,273</u>	<u>\$ 1,258,632</u>	<u>\$ 22,064,642</u>

City of East Peoria, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended April 30, 2009

Net change in fund balances - governmental funds	\$	2,748,049
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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. The following is the amount by which capital outlays exceeded depreciation in the current year:</p>		
Capital outlay	\$ 8,505,201	
Depreciation expense	<u>(3,187,367)</u>	5,317,834
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets:</p>		
Loss on the sale of capital assets	(4,607)	
Proceeds from sale of capital assets	<u>(8,520)</u>	(13,127)
<p>Loans made are considered expenditures in the governmental funds. Portions of receivables are not considered current financial resources and therefore portions of payments are recognized as revenues for the governmental funds. The net effect of these transactions is as follows:</p>		
Net change in long-term special assessment receivable	(574,089)	
Net change in capital lease receivable	<u>(198,277)</u>	(772,366)
<p>The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts</p> <p>The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of general obligation bonds payable	(8,000,000)	
Issuance of notes payable	(555,682)	
Repayment of bond principal	2,760,000	
Repayment of notes payable principal	908,878	
Amortization of discounts and loss on refunding (accretion of premiums) on refunding	(71,363)	
Amortization of bond issuance costs	(78,259)	
Bond issuance costs	<u>30,000</u>	(5,006,426)

(Continued)

City of East Peoria, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities (Continued)
 Year Ended April 30, 2009

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:

Change in accrued interest payable	38,558	
Change in compensated absences	(168,162)	
Change in other postemployment benefit obligation	<u>(1,249,502)</u>	(1,379,106)
Operating grant revenue		4,000
Assistance to firefighters grant expenditures		(4,000)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities		(801,947)
Change in internal service fund allocation to business-type activities		<u>99,067</u>
Change in net assets of governmental activities		<u><u>\$ 191,978</u></u>

See Notes to Basic Financial Statements.

City of East Peoria

Statement of Net Assets
 Proprietary Funds
 April 30, 2009

Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current assets:			
Cash	\$ 43,030	\$ 197,228	\$ 14,790
Water and sewer revenue receivables (net where applicable of allowance for uncollectible amounts):			
Billed	182,773	-	-
Unbilled charges	1,157,679	-	-
Customer charges	-	101,480	-
Assessments receivable	4,241	-	-
Lease receivable	-	6,716	11,986
Inventory of supplies, at cost	25,227	-	-
Total current assets	1,412,950	305,424	26,776
Noncurrent assets:			
Assessments receivable	5,413	-	-
Bond issue costs, net of amortization	65,181	-	-
	70,594	-	-
Capital assets:			
Undepreciable:			
Land	456,274	2,850,000	341,408
Construction-in-progress	87,108	-	-
Depreciable:			
Land improvements	1,617,396	3,119,800	2,366,928
Buildings	16,210,547	2,306,651	5,859,847
Machinery, equipment and vehicles	12,005,132	426,353	855,605
Infrastructure	39,436,757	-	-
Less accumulated depreciation	(36,289,318)	(3,054,422)	(3,534,639)
Net capital assets	33,523,896	5,648,382	5,889,149
Total assets	\$ 35,007,440	\$ 5,953,806	\$ 5,915,925

(Continued)

Total	Governmental Activities	
	Internal Service Fund	
\$ 255,048	\$	792,595
182,773		-
1,157,679		-
101,480		-
4,241		-
18,702		-
25,227		-
<u>1,745,150</u>		<u>792,595</u>
5,413		-
65,181		-
<u>70,594</u>		-
3,647,682		-
87,108		-
7,104,124		-
24,377,045		-
13,287,090		-
39,436,757		-
(42,878,379)		-
<u>45,061,427</u>		-
<u>\$ 46,877,171</u>	<u>\$</u>	<u>792,595</u>

City of East Peoria

Statement of Net Assets (Continued)
 Proprietary Funds
 April 30, 2009

Liabilities and Net Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current liabilities:			
Accounts payable	\$ 177,794	\$ -	\$ 31,357
Retainage payable	5,000	-	-
Due to other funds	139,517	144,294	-
Wages payable	18,591	-	-
Interest payable	10,577	-	7,434
Deposits, customers	51,335	-	-
Compensated absences	75,978	-	37,857
Deferred revenue	-	239,400	-
Accrued health claims	-	-	-
Current portion of long-term debt	973,334	-	48,467
Total current liabilities	1,452,126	383,694	125,115
Long-term debt:			
Compensated absences, noncurrent	168,935	-	83,423
Other post employment benefits obligation	-	-	52,633
General obligation bonds, net of deferred loss, noncurrent	3,395,837	-	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	808,769	-	-
Notes payable, noncurrent	6,593,539	-	212,604
Total long-term debt	10,967,080	-	348,660
Total liabilities	12,419,206	383,694	473,775
Net assets (deficit):			
Invested in capital assets, net of related debt	21,752,417	5,648,382	5,628,078
Net assets (deficit), unrestricted	835,817	(78,270)	(185,928)
Total net assets (deficit)	22,588,234	5,570,112	5,442,150
Total liabilities and net assets (deficit)	\$ 35,007,440	\$ 5,953,806	\$ 5,915,925

Total enterprise funds net assets:

Amounts reported for enterprise activities in the statement of net assets are different because:

An internal service fund is used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.

Net assets of business-type activities

See Notes to Basic Financial Statements.

Total	Governmental Activities	
	Internal Service Fund	
\$ 209,151	\$	-
5,000		-
283,811		-
18,591		-
18,011		-
51,335		-
113,835		-
239,400		-
-		1,059,662
1,021,801		-
<u>1,960,935</u>		<u>1,059,662</u>
252,358		-
52,633		-
3,395,837		-
808,769		-
6,806,143		-
<u>11,315,740</u>		<u>-</u>
<u>13,276,675</u>		<u>1,059,662</u>
33,028,877		-
571,619		(267,067)
<u>33,600,496</u>		<u>(267,067)</u>
<u>\$ 46,877,171</u>	<u>\$</u>	<u>792,595</u>
\$ 33,600,496		
(99,067)		
<u>\$ 33,501,429</u>		

City of East Peoria, Illinois

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 Year Ended April 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Operating revenues:			
Water sales	\$ 2,819,359	\$ -	\$ -
Sewer service charges	3,201,781	-	-
Fuel sales	-	227,578	-
Storage and rentals	-	719,547	15,000
Fees for services	-	-	614,493
Tap-in charges	56,750	-	-
Water assessments	21,260	-	-
Sewer assessments	9,200	-	-
Penalties	108,622	-	-
Individual sewer permits	990	-	-
Contractors' sewer permits	1,800	-	-
Sewer inspection fees	1,175	-	-
Sewer connection fees	26,750	-	-
Concession sales	-	-	24,337
Charges for coverage	-	-	-
Miscellaneous	26,083	8,611	43,960
Total operating revenues	6,273,770	955,736	697,790
Operating expenses:			
Water department	2,314,112	-	-
Sewer department	2,084,789	-	-
Sewer maintenance department	172,231	-	-
Eastport Marina	-	1,015,969	-
Eastside Centre	-	-	1,229,286
Depreciation	1,565,133	213,927	290,209
Insurance claims	-	-	-
Total operating expenses	6,136,265	1,229,896	1,519,495
Operating income (loss)	137,505	(274,160)	(821,705)
Nonoperating revenues (expenses):			
Interest	21,376	1,897	-
Reimbursements	124,153	-	765
Loss on sale (disposal) of capital assets	(5,867)	-	(741)
Municipal sales tax	-	-	2,846
Interest and fiscal charges	(383,030)	(9,775)	(7,434)
Amortization of bond issue costs	(11,922)	-	-
Total nonoperating revenues (expenses)	(255,290)	(7,878)	(4,564)
(Loss) before operating transfers	(117,785)	(282,038)	(826,269)
Transfers in	592,119	-	479,184
Change in net assets	474,334	(282,038)	(347,085)
Total net assets, beginning of year	22,113,900	5,852,150	5,789,235
Total net assets (deficit), end of year	\$ 22,588,234	\$ 5,570,112	\$ 5,442,150

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total		Fund	
\$	2,819,359	\$	-
	3,201,781		-
	227,578		-
	734,547		-
	614,493		-
	56,750		-
	21,260		-
	9,200		-
	108,622		-
	990		-
	1,800		-
	1,175		-
	26,750		-
	24,337		-
	-		3,300,235
	78,654		74,364
	<u>7,927,296</u>		<u>3,374,599</u>
	2,314,112		-
	2,084,789		-
	172,231		-
	1,015,969		-
	1,229,286		-
	2,069,269		-
	-		4,360,101
	<u>8,885,656</u>		<u>4,360,101</u>
	<u>(958,360)</u>		<u>(985,502)</u>
	23,273		13,455
	124,918		-
	(6,608)		-
	2,846		-
	(400,239)		-
	(11,922)		-
	<u>(267,732)</u>		<u>13,455</u>
	(1,226,092)		(972,047)
	1,071,303		170,100
	<u>(154,789)</u>		<u>(801,947)</u>
	33,755,285		534,880
\$	<u>33,600,496</u>	\$	<u>(267,067)</u>

City of East Peoria, Illinois

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities
Year Ended April 30, 2009

Net changes in net assets in enterprise funds	\$	(154,789)
Amounts reported for proprietary activities in the statement of activities are different because:		
An internal service fund is used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of the internal service fund is reported with business-type activities.		(99,067)
Changes in net assets of business-type activities	\$	<u>(253,856)</u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Statement of Cash Flows
 Proprietary Funds
 Year Ended April 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,875,191	\$ 790,645	\$ 697,790
Payments to suppliers and employees	(5,520,043)	(1,015,969)	(1,164,245)
Net cash provided by (used in) operating activities	355,148	(225,324)	(466,455)
Cash flows from noncapital financing activities:			
Disbursements for refunds of customer deposits	(1,825)	-	-
Reimbursements	124,153	-	765
Municipal sales tax	-	-	2,846
Transfer from other funds	592,119	-	479,184
Net cash provided by noncapital financing activities	714,447	-	482,795
Cash flows from capital and related financing activities:			
Proceeds from issuance of notes payable	941,532	-	-
Principal payments on notes payable	(412,681)	-	(45,024)
Interest and fiscal charges paid on revenue bonds and notes payable	(353,639)	(9,775)	-
Purchase of capital assets	(1,363,585)	(1,986)	(14,668)
Principal payment on bonds	(525,000)	-	-
Net cash (used in) capital and related financing activities	(1,713,373)	(11,761)	(59,692)
Cash flows from investing activities:			
Interest on investments	21,376	1,897	-
Collections on lease receivable	-	23,256	6,893
Net cash provided by investing activities	21,376	25,153	6,893
(Decrease) in cash and cash equivalents	(622,402)	(211,932)	(36,459)
Cash and cash equivalents, beginning of year	665,432	409,160	51,249
Cash and cash equivalents, end of year	\$ 43,030	\$ 197,228	\$ 14,790

(Continued)

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 7,363,626	\$ 3,374,599		
(7,700,257)	(3,567,786)		
(336,631)	(193,187)		
(1,825)	-		
124,918	-		
2,846	-		
1,071,303	170,100		
1,197,242	170,100		
941,532	-		
(457,705)	-		
(363,414)	-		
(1,380,239)	-		
(525,000)	-		
(1,784,826)	-		
23,273	13,455		
30,149	-		
53,422	13,455		
(870,793)	(9,632)		
1,125,841	802,227		
\$ 255,048	\$ 792,595		

City of East Peoria, Illinois

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended April 30, 2009

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 137,505	\$ (274,160)	\$ (821,705)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities, depreciation	1,565,133	213,927	290,209
Change in assets and liabilities:			
Customer charges and receivables	(404,126)	55,128	-
Assessments receivable	5,547	-	-
Accounts payable, retainage and wages payable	(859,052)	-	10,696
Deferred revenue	-	(220,219)	-
Compensated absences	(89,859)	-	1,712
Other post employment benefits obligation	-	-	52,633
Net cash provided by (used in) operating activities	\$ 355,148	\$ (225,324)	\$ (466,455)
Noncash capital and related financing activities:			
Amortization of issuance discounts and deferred amount on refunding	\$ 41,313	\$ -	\$ -
Capital assets purchased through accounts and retainage payable	46,551	-	-

See Notes to Basic Financial Statements.

		Governmental Activities	
Total		Internal Service Fund	
\$	(958,360)	\$	(985,502)
	2,069,269		-
	(348,998)		-
	5,547		-
	(848,356)		792,315
	(220,219)		-
	(88,147)		-
	52,633		-
<u>\$</u>	<u>(336,631)</u>	<u>\$</u>	<u>(193,187)</u>

\$	41,313	\$	-
	46,551		-

City of East Peoria, Illinois

Statement of Fiduciary Net Assets
 April 30, 2009

	Pension Trusts	Agency
Assets:		
Cash and cash equivalents	\$ 736,646	\$ 16,612
Receivables:		
Employer	2,024,884	-
Plan members' contributions	46,067	-
Accrued interest and dividends	230,311	-
Total receivables	2,301,262	-
Investments, at fair value:		
Money market funds	1,683,214	-
U.S. Government notes and bonds	11,493,100	-
U.S. Government agency obligations	4,907,550	-
Mutual funds	3,691,374	-
Common stocks	5,640,174	-
Total investments	27,415,412	-
Total assets	30,453,320	16,612
Liabilities:		
Accounts payable and accrued payroll taxes	5,589	-
Amounts held for others	-	16,612
Total liabilities	5,589	16,612
Net assets held in trust for pension benefit obligation	\$ 30,447,731	\$ -

See Notes to Basic Financial Statements.

City of East Peoria, Illinois

Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended April 30, 2009

Additions:	
Contributions:	
Employer	\$ 516,130
Plan member deposits	2,055,158
Transfer of creditable service	64,870
Total contributions	<u>2,636,158</u>
Net investment income:	
Net (depreciation) in fair value of investments	(2,994,619)
Dividends and interest	1,043,642
Total investment income	<u>(1,950,977)</u>
Less investment expenses	166,078
Net investment income	<u>(2,117,055)</u>
Total additions	<u>519,103</u>
Deductions:	
Benefits	2,426,705
Refunds of contributions	5,488
Administrative expenses	67,965
Total deductions	<u>2,500,158</u>
Change in net assets	(1,981,055)
Net assets held in trust for benefits:	
Beginning of year	32,428,786
End of year	<u>\$ 30,447,731</u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations:

The City of East Peoria, Illinois (City) is a municipality located in Central Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, gaming, purchase and hotel), charges for services performed and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of grant entitlements. Taxable industry within the area is primarily manufacturing and retail. The surrounding area has a substantial agricultural base. Additionally, there are large nonprofit employers such as hospitals and other local governments within the area.

The City provides many functions and services to citizens, including police, fire, sanitation, health and welfare, public works, community development and general administrative services.

Reporting entity:

For financial reporting purposes, in accordance with Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards*, the City of East Peoria, Illinois, is a primary government in that it is a city with a separately elected governing body – one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

With this criteria, the City has determined whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City of East Peoria are financially accountable. The City of East Peoria would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on the City of East Peoria (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization). If an organization is fiscally dependent on the City of East Peoria, the City is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these *units* are combined with data of the primary government. Each discretely presented component unit is reported in a separate column/row in the government-wide statements to emphasize that it is legally separate from the government.

City of East Peoria is not a component unit of any other entity. However, entities which meet criteria as a component unit of the City are as follows:

Blended component unit – City of East Peoria Police and Firefighter's Pension Funds: The Police and Firefighter's Pension Funds were established to provide retirement, death and disability payments to the police and firemen of the City or their beneficiaries. Each is a single-employer defined benefit pension plan. Contribution levels are mandated by Illinois Statutes and may be amended only by the Illinois legislature.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The year-end for both the Police and Firefighter's Pension Funds is April 30 and both funds have been reflected as fiduciary funds in the financial statements.

Complete financial statements for each of these individual component units may be obtained at the following addresses:

City of East Peoria Police Fund
Theresa L. Gualandi, Treasurer
100 S. Main Street
East Peoria, Illinois 61611

City of East Peoria Firefighter's Pension Fund
Theresa L. Gualandi, Treasurer
100 S. Main Street
East Peoria, Illinois 61611

Discretely presented component unit - East Peoria Mass Transit District: The East Peoria Mass Transit District was organized to provide bus transportation to the City of East Peoria, Illinois through a contractual agreement with the Greater Peoria Mass Transit District.

The year-end for the East Peoria Mass Transit District is June 30.

Complete financial statements for the District may be obtained at the following address:

East Peoria Mass Transit District
100 S. Main Street
East Peoria, Illinois 61611

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets, including discretely presented component units, and the statement of activities) report information on all of the nonfiduciary 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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Fiduciary Funds also report using accrual basis of accounting but they do not have a measurement focus. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for budgetary purposes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, licenses, fines 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net assets, revenues and expenditures/expenses.

Governmental fund type: Governmental Funds are those through which governmental functions of the City are financed. The acquisition, use and balances of the City's expendable resources and the related liabilities are accounted for through governmental funds. The City reports the following major governmental funds:

General fund: The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This fund pays the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

Riverboat gaming tax fund (a special revenue fund): This fund is used to collect and disburse riverboat gaming taxes.

Special tax allocation fund (a special revenue fund): This fund is used to account for the activities of the various tax increment financing districts in the City.

Capital projects fund: This fund is used to account for development projects being carried out by the City. Such projects are financed by proceeds from general obligation bonds, loan proceeds and tax increment financing activities.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Bond and interest fund (a debt service fund): This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The City has elected to report the Bond and Interest fund as a major fund for public interest purposes.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector.

Enterprise funds: To account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncement, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance issued subsequent to November 30, 1989.

The City reports the following major proprietary funds:

Water and sewer fund: The Water and Sewer Fund is used to account for the water and sewer services offered to the residents of the City.

Eastport Marina fund: The marina accounts for the boating services offered to the public.

Eastside Centre fund: The Eastside Centre accounts for the athletic events and health club memberships that are offered to the public.

Additionally, the City reports the following fund types:

Internal service fund: The Internal Service Fund is used by the City to account for employee health benefits provided to other funds on a cost reimbursement basis.

Pension trust funds: The Pension Trust Funds account for the activities of the City of East Peoria Police and Firefighter's Pension Funds, which accumulate resources for retirement, death and disability benefits to the police and firemen of the City or their beneficiaries.

Agency funds: The Agency Funds are utilized to account for monies and properties received and held by the City in a trustee or custodial capacity for other entities, such as employees, other governments or nonpublic organizations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish 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 on-going operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted as they are needed.

Summary of significant accounting policies:

Property taxes: Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the City on January 1. Taxes are due and payable in two installments in June and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30. Distribution to all taxing bodies, including City funds, is also made prior to November 30.

Property taxes reflected as revenues in the governmental fund financial statements for fiscal year 2009 represent the 2007 tax levy which was received by the City during the months of July 2008 through November 2008. The entire 2008 tax levy and the first four months of the 2009 levy recorded as receivable was reflected as deferred revenue.

Budgetary data – primary government: The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- At the regular or special call meeting of the City Council in November, the proposed budget for the fiscal year commencing on the following May 1 is submitted. The budget includes proposed expenditures and the means of financing them.
- Prior to May 1, the final budget is legally enacted through passage of an appropriation ordinance.
- Transfers of budgeted amounts among object classifications, or any budget increases by means of an emergency or supplemental appropriation, require approval by a majority of the City Council member. Adjustments made during the year are reflected in the budget information included in the financial statements.

The City prepares its budget on a basis of accounting (cash basis) that differs from generally accepted accounting principles (GAAP).

The major differences between the budgetary basis of accounting and GAAP are that:

- Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP); and
- Expenditures are recorded when payments are made (budget) as opposed to when the liability is incurred (GAAP).

An amended budget was not prepared for the City; therefore, the original budget is the final budget.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: The City considers all liquid investments with a maturity date of three months or less when purchases to be cash equivalents. At April 30, 2009, no investments qualified as cash equivalents.

Investments: Investments are stated at fair value, which is based on quoted market prices, except money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost.

Interfund transactions: Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Inventory and prepaid items: Inventories are stated at the lower of cost or market with cost determined on a first-in, first-out (FIFO) basis.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the City's government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500, except for assets for the Water and Sewer Fund, which uses a threshold of \$5,000 on an initial useful life of one year or greater. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of investment income on project specific debt service expenditures, activities is included as part of the capitalized value of the assets constructed in the enterprise funds. Interest of \$32,635 was capitalized for the year ended April 30, 2009.

Depreciation of capital assets is computed on the straight-line method on lives ranging from 5 to 50 years.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Deferred/unearned revenue: Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of April 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred/unearned revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Compensated absences – primary government: City employees earn vacation throughout the year based upon their anniversary date, and must use the days earned in the same anniversary year within one month after their anniversary date, unless prior approval from a department head is received. Any unused vacation time is payable to employees upon termination. Employees can accumulate ten days of sick leave per year and sick leave is carried over to the following year. Accumulated sick pay is paid out upon retirement to a maximum of 60 days.

All compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term liabilities: In the government-wide financial statements and proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity: Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

Net assets: Represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the Capital Projects Fund was \$7,210,000. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted by enabling legislation includes \$296,693 for motor fuel tax and \$12,641,020 for riverboat gaming tax.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Restricted Assets, Primary Government

In accordance with the appropriate bond ordinances, restricted assets represent assets the City has set aside to meet all required payments for debt principal and interest.

Note 3. Cash and Investments

Authorized investments: According to the City's investment policy and state statute, the City is authorized to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit covered by federal depository insurance, certificates of deposit collateralized by obligations of the U.S. treasury or agencies, the Illinois funds and municipal securities rated AA or better by Standard & Poor's Corporation or Aa or better by Moody's bond ratings.

Custodial credit risk, deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2009, \$20,582 of the City's bank balance of \$18,672,235 was exposed to custodial credit risk.

Custodial credit risk, investments: Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. As of April 30, 2009, the City's investments were not exposed to custodial credit risk.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of April 30, 2009, the City had the following investments and maturities:

	Fair Value	Investment Maturities (In Years) Less than 1
Illinois funds	\$ 2,368,582	\$ 2,368,582
Agencies obligations:		
FNMA	1,875,305	1,875,305
Federal Home Loan Banks	203,595	203,595
	<u>\$ 4,447,482</u>	<u>\$ 4,447,482</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Concentration of credit risk: It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer or class of securities. As of April 30, 2009, more than 5 percent of the City's investments are in Federal National Mortgage Association (FNMA) recorded in the Bond and Interest Fund.

Credit risk: Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices. As of April 30, 2009, the City's investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's
Illinois funds	AAAm	Not Rated
FNMA	AAA	Aaa
Federal Home Loan Banks	AAA	Aaa

Cash and investments, pension trust funds (the fund): The pension trust funds may invest funds as authorized by the Illinois Pension Code, generally in obligations of the United States, the State of Illinois and its local districts, certain insurance contracts, insured deposits of federal and state saving and loans, banks, and credit unions, and certain common preferred stocks.

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the Fund's deposits may not be returned or the Fund will not be able to recover collateral securities in the possession of an outside party. The Fund's deposit policy provides that all deposits be guaranteed by the U.S. Government, insured by the Federal Deposit Insurance Corporation (FDIC) or fully collateralized with securities held by the Fund or its agent in the Fund's name or by its counterparty's trust department or agent in the Fund's name.

As of April 30, 2009, none of the deposits of the City of East Peoria Police Pension and the City of East Peoria Firefighter's Pension Plans were exposed to custodial credit risk.

Investments: As of April 30, 2009, the Police Pension Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)	Concentration Percentage
U.S. Government notes	\$ 6,636,393	N/A	6.65	40%
U.S. Government agencies	4,129,124	AAA	4.85	25
Money market	611,622	AAA	0.13	4
Common stocks	4,424,744	N/A	N/A	27
Mutual funds, equities	639,928	N/A	N/A	4
Total investments	<u>\$ 16,441,811</u>			

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

As of April 30, 2009, the Firefighter's Pension Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)	Concentration Percentage
U.S. Government notes and bonds:				
Explicitly guaranteed	\$ 3,389,561	N/A	1.88	31%
Implicitly guaranteed	1,467,146	AAA	2.25	13
U.S. Government agencies	778,426	AAA	3.15	7
Money market funds	1,071,592	AAA	0.15	10
Mutual funds, equities	3,051,446	N/A	N/A	28
Common stocks	1,215,430	N/A	N/A	11
Total investments	<u>\$ 10,973,601</u>			

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk.

(2) Interest rate risk is estimated using the weighted average years to maturity method.

Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds may only be invested in permitted investments as authorized in Chapter 40, Article 5/1, paragraph 113.1 through 113.4 of the Illinois Compiled Statutes (Police Pension Fund) and Chapter 40, Article 4, paragraph 128 of the Illinois Compiled Statutes (Firefighter's Pension Fund).

The Fund's policy provides that investments are diversified to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Diversification by asset type, characteristic, number of investments, and investment style is monitored. Investment guidelines have been established for each investment manager to evaluate performance of the Fund's investments compared to industry benchmarks.

Consistent with the Fund's investment policy, all securities are held by a third party custodian serving as the Fund's agent. The securities are held in the Fund's name and are not subject to custodial credit risk.

Cash and investments, discretely presented component units:

City of East Peoria Mass Transit District: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the District's bank balance of \$41,370 was exposed to custodial credit risk.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 4. Special Assessments Fund

The City has levied special assessments against various landowners in conjunction with improvements made which benefit the landowners. These special assessments are being paid to the City over a number of years. The balance of assessments receivable recorded in the governmental funds, represents only the current portion of the total assessments receivable. The noncurrent portion is recorded in the government-wide statement. An analysis of the current and long-term portions of special assessments receivable at April 30, 2009 is as follows:

Total special assessments receivable	\$ 882,088
Less amounts not receivable within one year	<u>748,626</u>
Current special assessments receivable	<u>\$ 133,462</u>

Note 5. Lease Receivable

In June 2003, the City entered into a development agreement under which the developer would construct and operate an Embassy Suites hotel and the City would construct and provide for operation of a conference center which would be adjacent or connected to the hotel. In August 2007, the City entered into a lease agreement under the terms of which the developer will lease the conference center from the City in exchange for regular escalating payments over a 20-year period.

As of April 30, 2009, components of the lease receivable were as follows:

Total lease receivable payments	\$ 18,371,880
Amount representing interest	<u>(7,350,127)</u>
	<u>\$ 11,021,753</u>

The lease requires the developer to make all capital expenditures necessary to maintain the conference center in first class condition.

At the conclusion of the lease, the City will convey the conference center and hotel site to the developer in exchange for \$100 each.

As of April 30, 2009, future minimum lease revenue expected to be received is as follows:

<u>Fiscal Year Ending April 30:</u>	
2010	\$ 825,840
2011	848,760
2012	871,680
2013	894,600
2014	917,520
2015-2019	4,931,400
2020-2024	5,504,400
2025-2027	<u>3,577,680</u>
Total lease receivable payments	18,371,880
Less amount representing interest	<u>(7,350,127)</u>
Lease receivable	<u>\$ 11,021,753</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government

Capital asset activity for the year ended April 30, 2009 was as follows:

	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,210,068	\$ -	\$ -	\$ 8,210,068
Construction-in-progress	2,810,476	7,230,436	329,741	9,711,171
Total capital assets not being depreciated	11,020,544	7,230,436	329,741	17,921,239
Capital assets, being depreciated:				
Land improvements	2,086,187	-	-	2,086,187
Buildings	6,495,350	49,842	-	6,545,192
Machinery, equipment and vehicles	11,324,274	1,245,923	251,858	12,318,339
Infrastructure assets	68,577,235	308,741	-	68,885,976
Total capital assets being depreciated	88,483,046	1,604,506	251,858	89,835,694
Less accumulated depreciation for:				
Land improvements	878,359	120,844	-	999,203
Buildings	2,480,880	135,421	-	2,616,301
Machinery, equipment and vehicles	6,624,059	747,849	238,731	7,133,177
Infrastructure assets	27,593,665	2,183,253	-	29,776,918
Total accumulated depreciation	37,576,963	3,187,367	238,731	40,525,599
Total capital assets being depreciated, net	50,906,083	(1,582,861)	13,127	49,310,095
Governmental activities capital assets, net	\$ 61,926,627	\$ 5,647,575	\$ 342,868	\$ 67,231,334

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction-in-progress	4,738,229	327,434	4,978,555	87,108
Total capital assets not being depreciated	8,385,911	327,434	4,978,555	3,734,790
Capital assets being depreciated:				
Land improvements	7,091,974	12,150	-	7,104,124
Buildings	19,510,517	4,866,528	-	24,377,045
Machinery, equipment and vehicles	12,899,379	545,256	157,545	13,287,090
Infrastructure assets	38,782,780	653,977	-	39,436,757
Total capital assets being depreciated	78,284,650	6,077,911	157,545	84,205,016
Less accumulated depreciation for:				
Land improvements	4,244,483	293,789	-	4,538,272
Buildings	7,624,795	454,816	-	8,079,611
Machinery, equipment and vehicles	9,409,104	607,518	150,937	9,865,685
Infrastructure assets	19,681,665	713,146	-	20,394,811
Total accumulated depreciation	40,960,047	2,069,269	150,937	42,878,379
Total capital assets being depreciated, net	37,324,603	4,008,642	6,608	41,326,637
Business-type activities capital assets, net	\$ 45,710,514	\$ 4,336,076	\$ 4,985,163	\$ 45,061,427

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
Police	\$ 157,605
Fire	204,539
Sanitation	44,985
Public works	2,209,199
General government	571,039
Total depreciation expense, governmental activities	\$ 3,187,367
Business-type activities:	
Water and sewer fund	\$ 1,565,133
Eastport Marina fund	213,927
Eastside Centre fund	290,209
Total depreciation expense, business-type activities	\$ 2,069,269

Construction commitments: The City has active construction projects as of April 30, 2009. At year-end, the City's commitments with contractors are estimated to be approximately \$1,558,837 for these projects.

Note 7. Long-Term Debt, Primary Government

The following is a summary of changes in long-term debt for the year ended April 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 32,350,000	\$ 8,000,000	\$ 770,000	\$ 39,580,000	\$ 1,190,000
Project bonds	8,890,000	-	1,235,000	7,655,000	1,195,000
Special assessment bonds	2,085,000	-	755,000	1,330,000	-
Issuance premiums (discounts)	(322,571)	-	31,198	(291,373)	-
Loss on refunding	(514,435)	-	40,165	(474,270)	-
Total bonds payable	42,487,994	8,000,000	2,688,637	47,799,357	2,385,000
Note payable	7,819,259	555,682	908,878	7,466,063	1,136,764
Compensated absences	2,168,822	1,954,244	2,168,822	1,954,244	396,884
Governmental activity, long-term liabilities	\$ 52,476,075	\$ 10,509,926	\$ 5,766,337	\$ 57,219,664	\$ 3,918,648

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

For governmental activities, compensated absences are generally liquidated by the General Fund or Special Revenue Funds from which the salary of the employee is typically paid.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 4,110,000	\$ -	\$ 320,000	\$ 3,790,000	\$ 330,000
Revenue bonds	1,280,000	-	205,000	1,075,000	220,000
Less deferred amounts:					
For issuance discounts	(4,505)	-	818	(3,687)	-
Loss on refunding	(135,280)	-	28,573	(106,707)	-
Total bonds payable	5,250,215	-	495,609	4,754,606	550,000
Notes payable	6,794,117	941,532	457,705	7,277,944	471,801
Compensated absences	454,340	366,193	454,340	366,193	113,835
Business-type activity, long-term liabilities	\$ 12,498,672	\$ 1,307,725	\$ 1,407,654	\$ 12,398,743	\$ 1,135,636

Long-term debt payable as of April 30, 2009 is comprised of the following individual issues:

Governmental Activities

General obligation bonds:

\$4,500,000, General Obligation Bonds, Series 2002C, due in annual installments of \$195,000 to \$335,000 through January 2022; interest at rates of 3.25% to 4.65%	\$ 3,400,000
\$1,935,000, General Obligation Bonds, Series 2004B, due in annual installments of \$70,000 to \$330,000, beginning January 2010 through January 2018; interest at rates of 5.25% to 5.9%	1,935,000
\$3,405,000, General Obligation Bonds, Series 2004C, due in annual installments of \$130,000 to \$290,000, beginning January 2008 through January 2024; interest at rates of 4.75% to 5.375%	975,000
\$595,000, General Obligation Bonds, Series 2005C, due in annual installments of \$25,000 to \$50,000, beginning January 2008 through January 2024; interest at rates of 3.0% to 4.35%	545,000
\$2,090,000, General Obligation Bonds, Series 2005D, due in annual installments of \$230,000 to \$285,000, through November 2013; interest at rates of 4.15% to 4.6%	1,305,000
\$23,695,000, General Obligation Bonds, Series 2007, due in annual installments of \$275,000 to \$2,915,000, through January 2027; interest at rates of 4.85% to 5.5%	23,420,000
\$8,000,000, General Obligation Bonds, Series 2008, due in annual installments of \$310,000 to \$670,000, through January 2026; interest at a rate of 4.875% APR	8,000,000
Total general obligation bonds, governmental activities	\$ 39,580,000

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

Notes payable:

Note payable to bank, due in monthly installments of \$1,681, including interest at 2.56% through November 2009 (Tandem Plow Truck and Trailer)	\$ 10,625
Note payable to bank, due in monthly installments of \$3,293, plus interest at 5.75%, through September 2009 (Festival Building Expansion)	16,231
Note payable to bank, due in monthly installments of \$2,836, including interest at 3.56%, through September 2013 (Ambulance)	136,139
Note payable to bank, due in annual installments of \$22,994, including interest at 4.125%, through October 2011 (Martin and Bailey Property)	64,116
Note payable to bank, due in monthly installments of \$38,875, including interest at 5.25% as of April 30, 2008 through May 2021 (Kohl's Property)	4,134,731
Note payable to bank, due in annual installments of \$60,551, including interest at a variable rate (4.2% as of April 30, 2008), through November 2011 (Mid America Property)	181,471
Note payable to bank, due in monthly installments of \$3,551, including interest at 4.6%, through April 2011 (Phone System)	81,168
Note payable to bank, due in monthly installments of \$4,486, including interest at 4.2%, through June 2011 (Police Vehicles)	111,194
Note payable to bank, due in monthly installments of \$2,048, including interest at 5.125%, through April 2015 (Eastlight Theatre)	227,201
Note payable to bank, due in annual installments of \$60,000, plus monthly interest payments at a variable rate (7.16% as of April 30, 2008), through October 2012 (Gateway Plaza Land Improvements)	239,913
Note payable to bank with principal and interest, due in semiannual installments of \$45,112 through August 2023 (Steak-N-Shake Property)	795,981
Note payable to bank, due in monthly installments of \$5,269, including interest at 3.023%, through July 2010 (Fire Truck)	79,035
Note payable for professional services, due in monthly installments of \$38,756, no interest, through December 2015 (Technology Boulevard)	271,289
Note payable to bank, due in monthly installments of \$12,159, including interest at 4.2%, through September 2011 (Fire Truck)	334,209
General Obligation Limited Tax Certificates, due in monthly installments of \$11,574, including interest at 4.29%, through December 2012 (Garbage Trucks, Plow and Snow Removal Equipment)	445,619
Note payable to bank, due in monthly installments of \$17,444, including interest at 3.81%, through December 2010 (Annual Street Maintenance Program)	337,141
Total notes payable, governmental activities	<u>\$ 7,466,063</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

Project bonds:

\$18,675,000, Project Bonds, Series 1998-B, due in annual installments of \$470,000 to \$1,305,000 through May 2017; interest rates of 4.1% to 4.85%	<u>\$ 7,655,000</u>
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Special assessment bonds:

99-B, highpoint land paving improvement, interest at 7.0%	\$ 295,000
02-A, waugh road improvement, interest at 7.5%	45,000
04-B, main on main improvement, interest at 6.5%	420,000
04-C, camp street crossing improvement, interest at 6.5%	380,000
04-D, dieter's funeral home improvement, interest at 6.5%	<u>190,000</u>
Total special assessment bonds, governmental activities	<u><u>\$ 1,330,000</u></u>

Water and sewer fund long-term debt:

General obligation bonds:

\$3,385,000, General Obligation Refunding Bonds, Series 2002-A, due in annual installments of \$210,000 to \$295,000 through May 2017; interest rate at 3.625% to 4.6%	\$ 2,030,000
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\$2,435,000, General Obligation Refunding Bonds, Series 2002-B, due in annual installments of \$110,000 to \$165,000 through May 2022; interest rate at 3.0% to 4.65%	<u>1,760,000</u>
Total general obligation bonds, business-type activities	<u><u>\$ 3,790,000</u></u>

Notes payable:

Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$7,559, including interest at 2.815% through December 2014	\$ 82,927
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$48,918 through April 2019, including interest at 2.865%	845,474
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$31,553 through April 2020, including interest at 2.625%	599,540
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$33,056 through June 2023, including interest at 2.57%	796,072
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$122,694 through November 2027, including interest at 2.5%	3,665,429
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$32,554 through February 2028, including interest at 2.5%	979,946
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Note payable to bank in quarterly installments of \$17,505, including interest at 3.1202%, through September 2009 (Trucks and Wheel Loader)	34,604
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Note payable to bank, due in monthly installments of \$858, including interest at 3.02%, through July 2010 (Sewer Inspection Camera)	<u>12,870</u>
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Subtotal forward	<u><u>7,016,862</u></u>
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City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

Subtotal forwarded	7,016,862
Eastside Centre long-term debt:	
Note payable to bank, due in annual installments of \$6,893, including interest at 5.25%, through April 2009 with the remaining principal balance due at maturity (Baseball Batting Cages)	49,145
Note payable to bank, due in annual installments of \$12,371, including interest at 5.25%, through April 2009 with the remaining principal balance due at maturity (Softball Batting Cages)	131,010
Note payable to bank, due in monthly installments of \$3,535, including interest at 4.21%, through April 2011 (Eastside Fitness Equipment)	80,927
Total other long-term debt, business-type activities	<u>\$ 7,277,944</u>
Revenue bonds:	
\$5,060,000, General Obligation Refunding Bonds, Series 1992-C, due in annual installments of \$55,000 to \$90,000 through May 2017; interest rate at 7.00%	\$ 575,000
\$1,935,000, Refunding Revenue Bonds, Series 1998-A, due in annual installments of \$150,000 to \$170,000 through May 1, 2012; interest rates of 4.20% to 4.50%	500,000
Total revenue bonds, business-type activities	<u>\$ 1,075,000</u>

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

Year Ending April 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,190,000	\$ 2,043,109	\$ 330,000	\$ 161,495
2011	1,335,000	1,982,357	345,000	148,790
2012	1,485,000	1,920,840	355,000	135,335
2013	1,605,000	1,851,186	370,000	121,080
2014	1,735,000	1,767,859	380,000	105,790
2015-2019	9,360,000	6,593,120	1,535,000	279,739
2020-2024	13,450,000	4,757,690	475,000	44,723
2025-2027	9,420,000	578,393	-	-
	<u>\$ 39,580,000</u>	<u>\$ 21,494,554</u>	<u>\$ 3,790,000</u>	<u>\$ 996,952</u>

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

Year Ending April 30:	Governmental Activities	
	Principal	Interest
2010	\$ 1,195,000	\$ 354,693
2011	1,135,000	302,710
2012	1,190,000	252,203
2013	1,245,000	198,058
2014	1,305,000	140,165
2015-2018	1,585,000	150,106
	<u>\$ 7,655,000</u>	<u>\$ 1,397,935</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending April 30:	Governmental Activities	
	Principal	Interest
2010	\$ -	\$ 88,375
2011	-	88,375
2012	295,000	84,933
2013	45,000	67,444
2014	-	64,350
2015-2016	990,000	117,975
	<u>\$ 1,330,000</u>	<u>\$ 511,452</u>

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

Year Ending April 30:	Business-Type Activities	
	Principal	Interest
2010	\$ 220,000	\$ 62,255
2011	225,000	51,310
2012	235,000	39,850
2013	70,000	27,650
2014	75,000	22,750
2015-2018	250,000	36,050
	<u>\$ 1,075,000</u>	<u>\$ 239,865</u>

Annual debt service requirements to maturity for other notes payable are as follows:

Year Ending April 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,136,764	\$ 351,026	\$ 471,801	\$ 205,206
2011	1,035,878	302,213	441,139	194,099
2012	753,596	261,696	407,292	185,376
2013	560,248	229,831	417,797	177,059
2014	418,591	205,371	428,566	168,534
2015-2019	2,304,164	679,252	2,246,894	706,251
2020-2024	1,256,822	99,963	1,737,026	499,089
2025-2029	-	-	1,127,429	269,931
	<u>\$ 7,466,063</u>	<u>\$ 2,129,352</u>	<u>\$ 7,277,944</u>	<u>\$ 2,405,545</u>

As of April 30, 2009, the legal debt limit of the City was \$35,709,528 and the debt margin was \$19,635,521.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Debt, Primary Government (Continued)

The City has pledged a portion of future sales tax revenues to repay \$18,675,000 in project bonds, Series 1998B issued December, 1998. Proceeds from the bonds were used to acquire, construct, improve and/or equip the Eastside Centre, Eastport Marina, Eastport Marina administration building and drystack storage facilities projects, and to pay the costs of issuance of the bonds. The bonds are payable solely from a portion of sales tax revenues and are payable through May 2017. Annual principal and interest payments on the bonds are expected to require less than 16 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$9,052,935. Principal and interest paid for the current year and total sales tax revenues were \$1,642,180 and \$10,514,414, respectively.

Debt covenants: The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. As of April 30, 2009, \$2,099,433 has been recorded as restricted assets in the Bond and Interest Fund relating to these covenants.

Conduit debt: The City has issued certain limited obligation revenue refunding bonds to provide financial assistance for student housing at a local community college. The debt is secured by the property financed, revenues from the housing facility, and a guarantee by the College Foundation. The City is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as a liability in the accompanying financial statements. The amount outstanding of the conduit debt obligation as of April 30, 2009 was \$18,000,000.

Note 8. Interfund Receivables and Payable, Primary Government

The individual fund interfund receivable and payable balances as of April 30, 2009 were:

	Interfund Receivable	Interfund Payable
Governmental activities:		
Major funds:		
General Fund	\$ 1,858,737	\$ 776,165
Riverboat Gaming Tax Fund	11,932,249	217,389
Special Tax Allocation Fund	1,984,822	8,188,619
Capital Projects Fund	759,833	6,808,023
Bond and Interest Fund	19,400	-
Nonmajor funds	23,752	304,786
Business-type activities:		
Water and Sewer Fund	-	139,517
Eastport Marina Fund	-	144,294
Total	\$ 16,578,793	\$ 16,578,793

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 8. Interfund Receivables and Payables, Primary Government (Continued)

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	\$ -	\$ 8,363,158
Riverboat Gaming Tax Fund	400,000	2,055,548
Special Tax Allocation Fund	862,990	1,050
Capital Projects Fund	573,259	-
Bond and Interest Fund	250,000	-
Nonmajor funds	7,092,104	-
Business-type activities:		
Water and Sewer Fund	592,119	-
Eastside Centre Fund	479,184	-
Internal Service Fund	170,100	-
	<u>\$ 10,419,756</u>	<u>\$ 10,419,756</u>

Transfers are used to (1) move revenues from the fund collecting them to the fund that statute or budget reflects to expend them, (2) move receipts restricted to debt service from the funds collecting them to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure, as part of the financial statements – overview, of certain information concerning individual funds including:

Deficit fund balances or deficit net assets balances of individual funds. This requirement is met by the following disclosure:

	Deficit Fund Balance or Deficit Net Assets April 30, 2009
Major governmental funds, special tax allocation fund	<u>\$ 6,203,484</u>
Nonmajor governmental funds:	
Police protection	\$ 11,126
Fire protection	124,846
Garbage collection and disposal	98,926
Workmen's compensation	98,132
Street and bridge	114,312
Street lighting	9,411
Firemen's pension levy	19,038
Police pension levy	19,040
Internal service fund	267,067

Deficits in the Special Tax Allocation Fund will be eliminated through future incremental property tax receipts. The remaining deficits will be eliminated with future year transfers from other funds.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Risk Management/Self-Insurance

The City is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in either of the past three fiscal years.

The City uses an Internal Service Fund to account for and finance its uninsured risk of loss associated with medical and dental claims of its employees and their dependents. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated payables for claims and losses for medical and hospital claims include an amount for claims incurred but not reported based upon actuarial estimates and prior experience. The City is responsible for the first \$75,000 of qualifying medical expenses per individual employee on an annual basis. The City maintains an insurance contract which covers up to \$1,000,000 on an annual basis, total aggregate claims exceeding \$4,925,000.

The City uses an Internal Service Fund to account for and finance its uninsured risk of loss associated with workers compensation and general liability. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City is responsible for the first \$100,000 and \$50,000 of qualifying expenses for workers compensation and general liability, respectively.

Annual appropriation is made for the estimated expenditures of each program and claims are accrued as incurred.

The unpaid claims and incurred but not reported claims of approximately \$1,059,662, included in accrued health claims on the financial statements in the Internal Service Fund, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which required that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability in fiscal years 2009 and 2008 were:

Balance, April 30, 2007	\$ 250,000
Current year claims and changes in estimates	2,784,709
Claims paid	(2,767,362)
Balance, April 30, 2008	<u>267,347</u>
Current year claims and changes in estimates	3,172,238
Claims paid	(3,139,585)
Balance, April 30, 2009	<u>\$ 300,000</u>

Changes in the workers compensation and general liability in fiscal years 2009 and 2008 were:

Balance, April 30, 2007:	
Current year claims and changes in estimates	\$ -
Claims paid	-
Balance, April 30, 2008	<u>-</u>
Current year claims and changes in estimates	1,187,844
Claims paid	(428,182)
Balance, April 30, 2009	<u>\$ 759,662</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 11. Pension Plans

The City of East Peoria contributes to one agent multiple-employer defined benefit pension plan, Illinois Municipal Retirement (IMRF), and two single-employer defined pension plans, the City of East Peoria Police Pension Fund and the City of East Peoria Firefighter's Pension Fund. Each of the plans provide retirement, disability, annual cost of living adjustments and death benefits to its respective plan members and beneficiaries.

IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois.

The Illinois Pension Code establishes the benefit provisions of IMRF that can only be amended by the Illinois General Assembly. Additionally, the employer contribution levels of the Police Pension Fund and the Firefighter's Pension Fund are mandated by Illinois State Statute (Chapter 40, Article 3 and Chapter 40, Article 4, respectively) and may also be amended only by the Illinois legislature.

Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing the plan.

Illinois Municipal Retirement Fund 2211 York Road, Suite 500 Oak Brook, Illinois 60523 www.imrf.org	City of East Peoria Police Pension Fund Theresa L. Gualandi, Treasurer 100 S. Main Street East Peoria, Illinois 61611	City of East Peoria Firefighter's Pension Fund Theresa L. Gualandi, Treasurer 100 S. Main Street East Peoria, Illinois 61611
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Funding Policy and Annual Pension Cost, Pension Plans

The member rate for IMRF and the employee and employer levels are statutorily dictated and can only be amended with legislative action. The IMRF employee contribution requirements are established and may be amended by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute. Benefits and refunds of the Police and Firefighter's Pension Funds are recognized when due and payable in accordance with the Plans.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 11. Pension Plans (Continued)

(3) Data is for the latest actuarial information available which is as of December 31, 2008 for the Illinois Municipal Retirement Fund and as of April 30, 2007 for the Police Pension Fund and May 1, 2007 for the Firefighter's Pension Fund.

Trend Information – Pension Plans

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund:				
Regular	2008	\$ 432,733	100.0%	\$ -
	2007	419,971	100.0	-
	2006	419,438	100.0	-
SLEP	2008	11,509	100.0	-
	2007	12,267	100.0	-
	2006	13,086	100.0	-
City of East Peoria Police Pension Fund	2008	899,056	100.0	-
	2007	793,713	106.8	-
	2006	755,101	104.3	-
City of East Peoria Firefighter's Pension Fund	2008	1,083,760	100.0	-
	2007	951,597	107.5	-
	2006	905,373	94.5	-

Funded Status and Funding Progress

As of December 31, 2008, December 31, 2008, April 30, 2007 and May 1, 2007, the most recent actuarial valuation dates for the IMRF Regular plan, IMRF SLEP plan, Police Pension Fund and Firefighter's Pension Fund, respectively, the plan was 82.62, 95.00, 66.8 and 58.5 percent funded, respectively. The actuarial accrued liability for benefits was \$16,230,015, \$152,656, \$28,310,579 and \$21,893,489, and the actuarial value of assets was \$13,409,058, \$145,027, \$18,920,151 and \$12,807,310, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,820,957, \$7,629, \$9,390,428 and \$9,086,179, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$5,402,413, \$88,059, \$2,490,240 and \$2,228,829, and the ratio of the UAAL to the covered payroll was 52.0, 9.0, 377.1 and 407.7 percent, respectively.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 12. Other Postemployment Benefits

Plan description: The City sponsors a single-employer health care plan that provides self-insured medical, dental and vision benefits to all active and retired employees and their eligible dependents. All employees are eligible to receive retiree health care coverage if they are eligible to immediately begin receiving retirement benefits under the IMRF or meet any other requirements created by a bargaining contract or the Employer's Personnel Policy Manual, and they have 20 years of service with the City. General employees are eligible for retiree health care benefits if they have attained age 55 and have 20 years of service with the City. Police officers and firefighters are eligible for retiree health care benefits at the earlier of: 1) Age 50 with 20 years of service; or 2) Age 60 with 20 years of service. The plan does not issue a stand-alone financial report.

Funding Policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the City's union contracts. Retirees pay the full premium. The current funding policy of the City is to pay health claims as they occur.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the City contributed \$909,207. Retiree and active members receiving benefits have required contributions of: a) For employees hired prior to May 1, 1993, they contribute the same amount towards the premium cost as active employees until age 60 when the City pays the entire premium if they also have 20 years of service, b) For employees hired on/after May 1, 1993, they contribute the same amount towards the premium cost as active employees throughout their retirement years if they have 20 years of service, c) Monthly cap on the City's contribution toward insurance premium paid for an active employee of \$258.36 for Single and \$599.98 for Family, d) Monthly active employee contributions of \$146.51 for Single and \$411.37 for Family, and e) Group Health Plan monthly premium of \$551.36 for Single and \$1,422.66 for Family.

Annual OPEB cost and net OPEB obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the City's annual OPEB obligation:

Annual required contribution	\$ 2,211,342
Contributions and payments made	909,207
Increase in net OPEB obligation	<u>1,302,135</u>
Net OPEB obligation - May 1, 2008	-
Net OPEB obligation - April 30, 2009	<u><u>\$ 1,302,135</u></u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 12. Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2009 and the two preceding years follows. Fiscal year 2009, is the transition year of GASB Statement No. 45.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2007	N/A	N/A	N/A
April 30, 2008	N/A	N/A	N/A
April 30, 2009	\$ 2,211,342	41.1%	\$ 1,302,135

Funded status and funding progress: As of April 30, 2009, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$33,006,641 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$33,006,641. The covered payroll (annual payroll of active employees covered by the plan) was \$9,977,254 and the ratio of the UAAL to the covered payroll was 330.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2009 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent unfunded and 8 percent fully funded discount rate, salary increases of 3 percent, mortality rates using the RP-2000 Combined Mortality Table projected 2010 using Scale AA and health care cost trend rates beginning at 10 percent and steadily declining to 4.5 percent. The UAAL is being amortized as a level percentage of pay on an open basis. The amortization of UAAL is done over a period of 30 years.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 13. Other Component Unit Disclosures

East Peoria Mass Transit

Property taxes: Property taxes attach as an enforceable lien on property as of January 1. The District's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the District on the following January 1. Normally, taxes are due and payable in two installments in June and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30 or shortly thereafter by the County Collector's office. Final distribution to all taxing bodies, including District funds, is also made prior to December 31.

Board designated fund balance: The Board has designated funds levied for the following purposes: 1) an audit to provide for payment of the annual audit of the District's financial statements, 2) liability insurance for the District, and 3) provide bus transportation to the citizens of the City of East Peoria, Illinois.

Risk management: The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial in any of the past three fiscal years.

Note 14. Contingent Liabilities

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

Note 15. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statements during the year ended April 30, 2009:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The adoption of this Statement in the current year was to record a liability of \$1,302,135 for the net other post employment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$33,006,641 as of April 30, 2009.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. This Statement had no effect on the City.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 15. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

- GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement modified the disclosures for the City's pension plans.

As of April 30, 2009, the Governmental Accounting Standards Board (GASB) had issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending April 30, 2011. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its year ending April 30, 2010. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending April 30, 2011. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City beginning with its year ending April 30, 2012. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

City of East Peoria, Illinois

Required Supplementary Information
Illinois Municipal Retirement Plan

Regular

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	12/31/2008	\$ 13,409,058	\$ 16,230,015	\$ 2,820,957	82.62%	\$ 5,402,413	52.22%
2008	12/31/2007	15,843,856	15,656,744	(187,112)	101.20	5,223,518	-
2007	12/31/2006	15,560,172	15,285,011	(275,161)	101.80	4,987,367	-

SLEP

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	12/31/2008	\$ 145,027	\$ 152,656	\$ 7,629	95.00%	\$ 88,059	8.66%
2008	12/31/2007	122,680	123,226	546	99.56	82,771	0.66
2007	12/31/2006	98,704	102,152	3,448	96.62	80,632	4.28

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from .4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3 percent per year. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor. IMRF's Regular and SLEP plans unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of December 31, 2008 was 24 and 28 years, respectively.

Digest of changes: The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005 - 2007 experience study.

City of East Peoria, Illinois

Required Supplementary Information
Firefighters' Pension Plan

Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/30/2009	5/1/2007	\$ 12,807,310	\$ 21,893,489	\$ 9,086,179	58.50%	\$ 2,228,829	407.67%
4/30/2008	5/1/2006	11,737,066	20,581,435	8,844,369	57.00	2,219,132	398.60
4/30/2007	5/1/2005	10,977,468	19,387,602	8,410,134	56.60	2,180,441	385.70

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2007
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	26 years, 2 months
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0% per year
Projected salary increases	4.75% per year
Cost of living adjustments	3.0% per year

City of East Peoria, Illinois

Required Supplementary Information
Police Pension Plan

Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/30/2009	4/30/2007	\$ 18,920,151	\$ 28,310,579	\$ 9,390,428	66.83%	\$ 2,490,240	377.09%
4/30/2008	4/30/2006	17,825,524	26,022,340	8,196,816	68.50	2,236,912	366.40
4/30/2007	4/30/2005	17,128,649	24,859,418	7,730,769	68.90	2,221,666	348.00

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2007
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	26 years, 2 months
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	6.75% per year
Projected salary increases	4.75% per year
Cost of living adjustments	3.0% per year

City of East Peoria, Illinois

Required Supplementary Information
Other Postemployment Benefit Plan

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	4/30/09	\$ -	\$ 33,006,641	\$ 33,006,641	0.00%	\$ 9,977,254	330.82%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of April 30, 2009. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) a 4.5 percent unfunded and 8 percent fully funded discount rate, 2) salary increases of 3 percent, 3) mortality rates using the RP-2000 Combined Mortality Table projected 2010 using Scale AA and 4) health care cost trend rates beginning at 10 percent and steadily declining to 4.5 percent.
- d. The amortization method is level percentage of pay on an open basis.

City of East Peoria, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
 General Fund
 Year Ended April 30, 2009

	Original/Final		Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Budget	Actual		
Revenues:				
Taxes	\$ 13,007,561	\$ 12,561,425	\$ 214,116	\$ 12,775,541
Intergovernmental	1,084,600	763,744	40,635	804,379
Investment earnings	175,000	211,786	-	211,786
Licenses and permits	221,500	195,949	-	195,949
Miscellaneous	1,064,000	2,138,073	11,853	2,149,926
Total revenues	15,552,661	15,870,977	266,604	16,137,581
Expenditures:				
Current				
General government	6,106,949	6,998,498	(476,363)	6,522,135
Community development	376,071	352,328	-	352,328
Capital outlay	499,598	14,879	-	14,879
Debt service:				
Principal payments	-	201,846	-	201,846
Interest and fiscal charges	-	360,662	-	360,662
Total expenditures	6,982,618	7,928,213	(476,363)	7,451,850
Excess of revenues over expenditures	8,570,043	7,942,764	742,967	8,685,731
Other financing sources (uses):				
Proceeds from sale of capital assets	5,000	8,520	-	8,520
Transfers out	(250,000)	(8,363,158)	-	(8,363,158)
Total other financing sources (uses)	(245,000)	(8,354,638)	-	(8,354,638)
Net change in fund balance	\$ 8,325,043	\$ (411,874)	\$ 742,967	331,093
Fund balance, beginning of year				7,416,493
Fund balance, end of year				<u>\$ 7,747,586</u>

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
 Riverboat Gaming Tax Fund
 Year Ended April 30, 2009

	Original/Final		Cash Actual to GAAP	Actual
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis
Revenues:				
Taxes	\$ 7,900,000	\$ 7,145,771	\$ (18,976)	\$ 7,126,795
Charges for service	-	210	-	210
Intergovernmental	-	707,924	-	707,924
Investment earnings	50,000	22,544	-	22,544
Miscellaneous	5,000	-	-	-
Total revenues	7,955,000	7,876,449	(18,976)	7,857,473
Expenditures:				
Capital outlay	6,961,948	5,626,926	148,618	5,775,544
Debt service:				
Principal payments	1,919,666	787,660	-	787,660
Interest and fiscal charges	-	219,743	-	219,743
Total expenditures	8,881,614	6,634,329	148,618	6,782,947
Excess (deficiency) of revenues over expenditures	(926,614)	1,242,120	(167,594)	1,074,526
Other financing sources (uses):				
Issuance of debt	-	155,682	-	155,682
Transfers in	-	400,000	-	400,000
Transfers out	-	(2,055,548)	-	(2,055,548)
Total other financing sources (uses)	-	(1,499,866)	-	(1,499,866)
Net change in fund balance	\$ (926,614)	\$ (257,746)	\$ (167,594)	(425,340)
Fund balance, beginning of year				13,066,360
Fund balance, end of year				\$ 12,641,020

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
 Special Tax Allocation Fund
 Year Ended April 30, 2009

	Original/Final		Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Budget	Actual		
Revenues:				
Taxes	\$ 705,000	\$ 701,754	\$ -	\$ 701,754
Investment earnings	2,000	1,530	-	1,530
Total revenues	707,000	703,284	-	703,284
Expenditures:				
Current				
General government	122,000	118,778	-	118,778
Other	2,500	7,500	-	7,500
Debt service:				
Principal payments	1,140,000	1,135,000	-	1,135,000
Interest and fiscal charges	304,688	304,690	-	304,690
Total expenditures	1,569,188	1,565,968	-	1,565,968
(Deficiency) of revenues over expenditures	(862,188)	(862,684)	-	(862,684)
Other financing sources (uses):				
Transfers in	862,188	862,990	-	862,990
Transfers out	-	(1,050)	-	(1,050)
Total other financing sources (uses)	862,188	861,940	-	861,940
Net change in fund balance	\$ -	\$ (744)	\$ -	(744)
Fund balance, beginning of year				(6,202,740)
Fund balance, end of year				<u>\$ (6,203,484)</u>

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Notes to Required Supplementary Information

Note 1. Basis of Accounting

The City of East Peoria, Illinois' budget is prepared on the cash basis for all budgeted funds, including the major funds, General, Riverboat Gaming Tax and Special Tax Allocation, as presented in the required supplementary information.

Note 2. Budgetary Data, Primary Government

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

- At the regular or special call meeting of the City Council in November, the proposed budget for the fiscal year commencing on the following May 1 is submitted. The budget includes proposed expenditures and the means of financing them.
- Prior to May 1, the final budget is legally enacted through passage of an appropriation ordinance.
- Transfers of budgeted amounts among object classifications, or any budget increases by means of an emergency or supplemental appropriation, require approval by a majority of the City Council member. Adjustments made during the year are reflected in the budget information included in the financial statements.

The City prepares its budget on a basis of accounting (cash basis) that differs from generally accepted accounting principles (GAAP).

The major differences between the budgetary basis of accounting and GAAP are that:

- Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP); and
- Expenditures are recorded when payments are made (budget) as opposed to when the liability is incurred (GAAP).

An amended budget was not prepared for the City; therefore, the original budget is the final budget.

City of East Peoria, Illinois

Notes to Required Supplementary Information

Note 2. Budgetary Data, Primary Government (Continued)

Excess of actual expenditures over final budget in individual funds are as follows:

	Final Budget	Actual	Overage
General Fund	\$ 6,982,618	\$ 7,928,213	\$ 945,595
Bond and Interest fund	-	284,808	284,808
Nonmajor:			
Police protection	4,260,026	8,307,577	4,047,551
Fire protection	2,821,433	5,862,066	3,040,633
Garbage collection and disposal	943,081	1,797,917	854,836
Illinois municipal retirement	324,000	616,498	292,498
Motor fuel tax	770,000	2,395,891	1,625,891
Social security	386,775	779,485	392,710
Workers compensation	900,000	1,710,510	810,510
Street and bridge	1,633,800	3,639,890	2,006,090
Audit	58,000	178,270	120,270
Sewer chlorination	29,000	43,877	14,877
Street lighting	72,000	157,780	85,780
Emergency service and disaster assistance	39,500	61,213	21,713
Hotel/motel tax	1,075,000	2,339,054	1,264,054
Ambulance service	1,220,750	2,368,159	1,147,409
Firemen's pension levy fund	1,081,885	2,163,970	1,082,085
Police pension levy fund	899,705	1,799,610	899,905

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City of East Peoria, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 April 30, 2009

	Special Revenue			
	Police Protection	Fire Protection	Garbage Collection and Disposal	Illinois Municipal Retirement
Assets				
Cash and cash equivalents	\$ 17,477	\$ 35,861	\$ -	\$ 28,187
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	633,291	633,291	633,291	146,675
Personal property replacement tax	-	-	-	12,800
Motor fuel tax allotments	-	-	-	-
Customer charges	-	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	20,779
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 650,768	\$ 669,152	\$ 633,291	\$ 208,441
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 28,603	\$ 21,644	\$ 35,313	\$ -
Wages payable	-	25,412	4,192	-
Compensated absences	-	54,651	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	633,291	633,291	633,291	165,714
Due to other funds	-	59,000	59,421	-
Total liabilities	661,894	793,998	732,217	165,714
Fund balances (deficits):				
Reserved for notes receivable	-	-	-	-
Unreserved, undesignated	(11,126)	(124,846)	(98,926)	42,727
Total fund balances (deficits)	(11,126)	(124,846)	(98,926)	42,727
Total liabilities and fund balances	\$ 650,768	\$ 669,152	\$ 633,291	\$ 208,441

(Continued)

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Street and Bridge	Audit	School Crossing Guard
\$ 208,221	\$ -	\$ 43,233	\$ -	\$ -	\$ 9,373
-	513,279	1,066,580	852,410	95,998	-
109,320	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,421	-	-
<u>\$ 317,541</u>	<u>\$ 513,279</u>	<u>\$ 1,109,813</u>	<u>\$ 859,831</u>	<u>\$ 95,998</u>	<u>\$ 9,373</u>
\$ 20,848	\$ -	\$ -	\$ 68,827	\$ -	\$ -
-	-	-	7,906	-	-
-	-	-	-	-	-
-	513,279	1,066,580	852,410	95,998	-
-	-	141,365	45,000	-	-
<u>20,848</u>	<u>513,279</u>	<u>1,207,945</u>	<u>974,143</u>	<u>95,998</u>	<u>-</u>
-	-	-	-	-	-
296,693	-	(98,132)	(114,312)	-	9,373
<u>296,693</u>	<u>-</u>	<u>(98,132)</u>	<u>(114,312)</u>	<u>-</u>	<u>9,373</u>
<u>\$ 317,541</u>	<u>\$ 513,279</u>	<u>\$ 1,109,813</u>	<u>\$ 859,831</u>	<u>\$ 95,998</u>	<u>\$ 9,373</u>

City of East Peoria, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 April 30, 2009

	Special Revenue			
	Sewer Chlorination	Street Lighting	Unemployment Insurance	Emergency Service and Disaster Assistance
Assets				
Cash and cash equivalents	\$ 27,988	\$ -	\$ 23,462	\$ 51,400
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	33,343	99,310	-	46,647
Personal property replacement tax	-	-	-	-
Motor fuel tax allotments	-	-	-	-
Customer charges	-	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	7,967
Total assets	\$ 61,331	\$ 99,310	\$ 23,462	\$ 106,014
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,787	\$ 9,411	\$ 2,862	\$ 150
Wages payable	-	-	-	-
Compensated absences	-	-	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	33,343	99,310	-	46,647
Due to other funds	-	-	-	-
Total liabilities	36,130	108,721	2,862	46,797
Fund balances (deficits):				
Reserved for notes receivable	-	-	-	-
Unreserved, undesignated	25,201	(9,411)	20,600	59,217
Total fund balances (deficits)	25,201	(9,411)	20,600	59,217
Total liabilities and fund balances	\$ 61,331	\$ 99,310	\$ 23,462	\$ 106,014

(Continued)

Special Revenue

HotelMotel Tax	Ambulance Service	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund
\$ 168,469	\$ 1,399	\$ 357,875	\$ 392,185	\$ 22,989	\$ -
-	-	-	-	-	918,415
-	-	-	-	-	27,000
-	171,844	-	-	-	-
-	-	-	133,462	-	-
51,261	-	-	-	-	-
-	-	50,010	-	-	-
-	-	-	-	-	66,072
-	-	-	-	-	-
-	-	-	8,364	-	-
<u>\$ 219,730</u>	<u>\$ 173,243</u>	<u>\$ 407,885</u>	<u>\$ 534,011</u>	<u>\$ 22,989</u>	<u>\$ 1,011,487</u>

\$ 19,140	\$ 33,433	\$ -	\$ -	\$ -	\$ -
-	5,633	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	93,072
-	-	-	-	-	937,453
-	-	-	-	-	-
<u>19,140</u>	<u>39,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,525</u>

-	-	50,010	-	-	-
200,590	134,177	357,875	534,011	22,989	(19,038)
200,590	134,177	407,885	534,011	22,989	(19,038)

<u>\$ 219,730</u>	<u>\$ 173,243</u>	<u>\$ 407,885</u>	<u>\$ 534,011</u>	<u>\$ 22,989</u>	<u>\$ 1,011,487</u>
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City of East Peoria, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 April 30, 2009

	Special Revenue		Total Nonmajor Governmental Fund
	Police Pension Levy Fund		
Assets			
Cash and cash equivalents	\$ -	\$	1,388,119
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	1,035,004		6,707,534
Personal property replacement tax	35,600		75,400
Motor fuel tax allotments	-		109,320
Customer charges	-		171,844
Assessments	-		133,462
Hotel/motel taxes	-		51,261
Notes	-		50,010
Other	66,072		152,923
Due from other funds	-		23,752
Total assets	\$ 1,136,676	\$	8,863,625
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$	243,018
Wages payable	-		43,143
Compensated absences	-		54,651
Pension obligation payable	101,673		194,745
Deferred revenue	1,054,043		6,764,650
Due to other funds	-		304,786
Total liabilities	1,155,716		7,604,993
Fund balances (deficits):			
Reserved for notes receivable	-		50,010
Unreserved, undesignated	(19,040)		1,208,622
Total fund balances (deficits)	(19,040)		1,258,632
Total liabilities and fund balances	\$ 1,136,676	\$	8,863,625

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City of East Peoria, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended April 30, 2009

	Special Revenue			
	Police Protection	Fire Protection	Garbage Collection and Disposal	Illinois Municipal Retirement
Revenues:				
Property taxes	\$ 462,988	\$ 462,988	\$ 462,988	\$ 104,549
Other taxes and special assessments	-	-	-	201,740
Charges for services	55,240	40,273	-	-
Intergovernmental	204,631	173,283	50,000	25,600
Investment earnings	1,043	1,473	4,951	228
Licenses and permits	-	-	-	-
Miscellaneous	169,580	12,358	180,313	5,619
Total revenues	893,482	690,375	698,252	337,736
Expenditures:				
Current:				
General government	-	-	-	308,249
Police	3,887,496	-	-	-
Fire	-	2,765,194	-	-
Sanitation	-	-	887,517	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Capital outlay	13,649	128,876	21,128	-
Debt Service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	3,901,145	2,894,070	908,645	308,249
Excess (deficiency) of revenues over expenditures	(3,007,663)	(2,203,695)	(210,393)	29,487
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	3,246,679	2,247,166	11,507	-
Total other financing sources	3,246,679	2,247,166	11,507	-
Net change in fund balances	239,016	43,471	(198,886)	29,487
Fund balances (deficits), beginning of year	(250,142)	(168,317)	99,960	13,240
Fund balances (deficits), end of year	\$ (11,126)	\$ (124,846)	\$ (98,926)	\$ 42,727

(Continued)

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Street and Bridge	Audit	School Crossing Guard
\$ -	\$ 383,322	\$ 696,970	\$ 615,425	\$ 57,722	\$ -
-	-	-	-	-	-
-	-	-	560	-	-
678,710	422	200,000	71,929	23,035	-
4,733	835	1,518	850	126	-
-	-	-	-	-	-
-	5,346	-	23,355	-	-
683,443	389,925	898,488	712,119	80,883	-
22	389,925	825,442	-	82,185	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,119,863	-	-	1,715,617	-	-
-	-	-	-	-	-
8,219	-	-	121,980	-	-
62,859	-	-	-	-	-
7,122	-	-	-	-	-
1,198,085	389,925	825,442	1,837,597	82,185	-
(514,642)	-	73,046	(1,125,478)	(1,302)	-
400,000	-	-	-	-	-
-	-	-	1,110,119	-	-
400,000	-	-	1,110,119	-	-
(114,642)	-	73,046	(15,359)	(1,302)	-
411,335	-	(171,178)	(98,953)	1,302	9,373
\$ 296,693	\$ -	\$ (98,132)	\$ (114,312)	\$ -	\$ 9,373

City of East Peoria, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended April 30, 2009

	Special Revenue			
	Sewer Chlorination	Street Lighting	Unemployment Insurance	Emergency Service and Disaster Assistance
Revenues:				
Property taxes	\$ 24,883	\$ 69,713	\$ -	\$ 34,837
Other taxes and special assessments	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	9,026	-	-
Investment earnings	55	152	-	76
Licenses and permits	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	24,938	78,891	-	34,913
Expenditures:				
Current:				
General government	22,382	77,980	2,862	11,442
Police	-	-	-	-
Fire	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	19,315
Debt Service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	22,382	77,980	2,862	30,757
Excess (deficiency) of revenues over expenditures	2,556	911	(2,862)	4,156
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	2,556	911	(2,862)	4,156
Fund balances (deficits), beginning of year	22,645	(10,322)	23,462	55,061
Fund balances (deficits), end of year	\$ 25,201	\$ (9,411)	\$ 20,600	\$ 59,217

(Continued)

Special Revenue

Hotel/Motel Tax	Ambulance Service	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund
\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 702,065
615,146	-	-	-	-	349,498
-	750,418	-	-	-	-
-	21	13,351	100,784	42	30,633
-	-	-	-	-	1,529
304,400	27,326	-	73,132	300	-
969,546	777,765	13,351	173,916	342	1,083,725
1,133,982	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,102,763
-	1,151,478	-	-	-	-
-	-	-	68,626	-	-
-	-	-	-	2,319	-
-	-	-	-	-	-
37,408	-	-	755,000	-	-
2,109	-	-	125,019	-	-
1,173,499	1,151,478	-	948,645	2,319	1,102,763
(203,953)	(373,713)	13,351	(774,729)	(1,977)	(19,038)
-	-	-	-	-	-
-	402,337	-	74,296	-	-
-	402,337	-	74,296	-	-
(203,953)	28,624	13,351	(700,433)	(1,977)	(19,038)
404,543	105,553	394,534	1,234,444	24,966	-
\$ 200,590	\$ 134,177	\$ 407,885	\$ 534,011	\$ 22,989	\$ (19,038)

City of East Peoria, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 Year Ended April 30, 2009

	Special Revenue	
	Police Pension Levy Fund	Total Nonmajor Governmental Fund
Revenues:		
Property taxes	\$ 658,254	\$ 4,786,704
Other taxes and special assessments	201,740	1,368,124
Charges for services	-	846,491
Intergovernmental	40,117	1,507,386
Investment earnings	1,434	133,201
Miscellaneous	-	801,729
Total revenues	901,545	9,443,635
Expenditures:		
Current:		
General government	-	2,854,471
Police	920,585	4,808,081
Fire	-	3,867,957
Sanitation	-	887,517
Health and welfare	-	1,151,478
Public works	-	2,904,106
Other	-	2,319
Capital outlay	-	313,167
Debt Service:		
Principal payments	-	855,267
Interest and fiscal charges	-	134,250
Total expenditures	920,585	17,778,613
Excess (deficiency) of revenues over expenditures	(19,040)	(8,334,978)
Other financing sources (uses):		
Issuance of debt	-	400,000
Transfers in	-	7,092,104
Total other financing sources	-	7,492,104
Net change in fund balances	(19,040)	(842,874)
Fund balances (deficits), beginning of year	-	2,101,506
Fund balances (deficits), end of year	\$ (19,040)	\$ 1,258,632

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City of East Peoria, Illinois

Combining Schedule of Fiduciary Net Assets
April 30, 2009

	Pension Trust Funds		
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 176,120	\$ 560,526	\$ 736,646
Receivables:			
Employer	1,030,277	994,607	2,024,884
Plan members' contributions	18,866	27,201	46,067
Accrued interest and dividends	71,810	158,501	230,311
Total receivables	1,120,953	1,180,309	2,301,262
Investments, at fair value:			
Money market funds	1,071,592	611,622	1,683,214
U.S. Government notes and bonds	4,856,707	6,636,393	11,493,100
U.S. Government agency obligations	778,426	4,129,124	4,907,550
Mutual funds	3,051,446	639,928	3,691,374
Common stocks	1,215,430	4,424,744	5,640,174
Total investments	10,973,601	16,441,811	27,415,412
Total assets	12,270,674	18,182,646	30,453,320
Liabilities			
Accounts payable and accrued payroll taxes	3,426	2,163	5,589
Amounts held for others	-	-	-
Total liabilities	3,426	2,163	5,589
Net assets held in trust for pension benefit obligation	\$ 12,267,248	\$ 18,180,483	\$ 30,447,731

Agency Funds				
Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	Total Agency Funds	
\$ 8,496	\$ 1,779	\$ 6,337	\$ 16,612	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
8,496	1,779	6,337	16,612	
-	-	-	-	
8,496	1,779	6,337	16,612	
8,496	1,779	6,337	16,612	
\$ -	\$ -	\$ -	\$ -	

City of East Peoria, Illinois

Statement of Changes in Assets and Liabilities
 Agency Fund
 Year Ended April 30, 2009

	Balance, Beginning	Additions	Deductions	Balance, Ending
Levi King Scholarship Fund				
Assets, cash and cash equivalents	\$ 8,602	\$ 394	\$ 500	\$ 8,496
Liabilities, amounts held for others	\$ 8,602	\$ 394	\$ 500	\$ 8,496
Dependent Care Fund				
Assets, cash and cash equivalents	\$ 2,236	\$ 1,586	\$ 2,043	\$ 1,779
Liabilities, amounts held for others	\$ 2,236	\$ 1,586	\$ 2,043	\$ 1,779
Unreimbursed Medical Fund				
Assets, cash and cash equivalents	\$ 6,829	\$ 53,848	\$ 54,340	\$ 6,337
Liabilities, amounts held for others	\$ 6,829	\$ 53,848	\$ 54,340	\$ 6,337
Total				
Assets, cash and cash equivalents	\$ 17,667	\$ 55,828	\$ 56,883	\$ 16,612
Liabilities, amounts held for others	\$ 17,667	\$ 55,828	\$ 56,883	\$ 16,612

City of East Peoria, Illinois

Combining Schedule of Changes in Fiduciary Net Assets
Year Ended April 30, 2009

	Pension Trust Funds		
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	Total
Additions:			
Contributions:			
Plan members' contributions	\$ 248,150	\$ 267,980	\$ 516,130
Employer contributions	1,039,357	1,015,801	2,055,158
Transfer of creditable service	-	64,870	64,870
Total contributions	1,287,507	1,348,651	2,636,158
Investment income:			
Net (depreciation) in fair value of investments	(1,436,996)	(1,557,623)	(2,994,619)
Dividends and interest	367,155	676,487	1,043,642
Total investment income	(1,069,841)	(881,136)	(1,950,977)
Less investment expenses	73,557	92,521	166,078
Net investment income	(1,143,398)	(973,657)	(2,117,055)
Total additions	144,109	374,994	519,103
Deductions:			
Benefits paid	1,015,166	1,411,539	2,426,705
Refunds of contributions	-	5,488	5,488
Administrative expenses	32,486	35,479	67,965
Total deductions	1,047,652	1,452,506	2,500,158
Net (decrease)	(903,543)	(1,077,512)	(1,981,055)
Net assets held in trust for pension benefits:			
Beginning of year	13,170,791	19,257,995	32,428,786
End of year	\$ 12,267,248	\$ 18,180,483	\$ 30,447,731

City of East Peoria, Illinois

Combining Schedule of Operating Expenses Other Than Depreciation
Enterprise Funds

Year Ended April 30, 2009 (With Comparative Actual Figures For Year Ended April 30, 2008)

	Water Department	Sewer Department	Sewer Maintenance Department	Total Water and Sewer Fund
Operating expenses:				
Regular salaries	\$ 669,627	\$ 580,898	\$ 106,086	\$ 1,356,611
Clerical salaries	118,385	51,655	-	170,040
Overtime	59,962	48,018	19,073	127,053
IMRF	141,342	-	-	141,342
Social security	63,000	45,624	8,000	116,624
Employee benefits	-	-	-	-
Other post employment benefits	-	-	-	-
Engineering fees	24,273	245,429	-	269,702
Audit fees	700	-	-	700
Attorneys fees	130,000	-	-	130,000
Management fee	-	-	-	-
Contractual services	19,747	-	-	19,747
Advertising	-	-	-	-
Printing	17,173	-	-	17,173
Postage	30,539	-	-	30,539
Dues and subscriptions	-	287	-	287
Travel and meeting expense	2,671	2,980	-	5,651
Insurance and bonding	267,807	203,516	42,132	513,455
Utilities:				
Buildings	7,737	3,045	-	10,782
Pumping	295,286	384,243	-	679,529
Information technology	5,391	-	-	5,391
Maintenance and repairs:				
Buildings	11,673	100	-	11,773
Equipment	83,930	-	-	83,930
Vehicles	5,631	9,261	17,790	32,682
Sewer lines	-	111,512	-	111,512
Plant No. 1	-	137,216	-	137,216
Plant No. 2	-	3,481	-	3,481
Plant No. 3	-	2,790	-	2,790
Life stations	-	88,261	-	88,261
Equipment rental	2,193	-	-	2,193
Other operating expenses	8,920	28,121	7,770	44,811
Office supplies	19,005	-	-	19,005
Concession supplies	-	-	-	-
Clothing supplies	10,922	16,802	369	28,093
Claims and judgments	2,912	-	-	2,912
Motor fuel and lubricants	31,169	13,581	61,137	105,887
Sludge processing and handling	-	42,579	-	42,579
Laboratory supplies	-	25,259	-	25,259
Vehicle supplies and accessories	497	-	-	497
Building maintenance supplies	686	-	-	686
Water main repair supplies	37,456	-	-	37,456
Water treatment supplies	105,167	-	-	105,167
Meters	56,242	-	-	56,242
Meter parts and repairs	-	-	-	-
Pipe and fittings	58,353	-	-	58,353
Fire hydrant purchases and supplies	20,187	-	-	20,187
Operating supplies	1,209	32,252	1,020	34,481
Sewer construction expense	-	2,599	(91,146)	(88,547)
Repairs and maintenance	-	-	-	-
Bad debt	4,320	5,280	-	9,600
Total operating expenses	\$ 2,314,112	\$ 2,084,789	\$ 172,231	\$ 4,571,132

Eastport Marina		Eastside Centre		Totals	
Fund	Fund	2009	2008		
\$ 150,948	\$ 611,711	\$ 2,119,270	\$ 2,139,851		
-	-	170,040	166,528		
-	883	127,936	130,726		
-	-	141,342	130,367		
18,451	-	135,075	126,636		
32,034	-	32,034	20,585		
-	52,633	52,633	-		
-	-	269,702	337,071		
-	-	700	7,300		
-	-	130,000	125,000		
75,000	-	75,000	70,000		
8,662	77,538	105,947	176,598		
2,824	33,874	36,698	36,438		
-	3,278	20,451	17,825		
-	1,275	31,814	26,610		
815	-	1,102	1,713		
-	13,044	18,695	19,383		
-	33,393	546,848	569,328		
53,090	130,767	194,639	183,999		
-	-	679,529	666,322		
-	-	5,391	1,875		
9,913	87,358	109,044	107,738		
-	19,348	103,278	71,360		
-	7,178	39,860	33,989		
-	-	111,512	291,417		
-	-	137,216	80,543		
-	-	3,481	6,577		
-	-	2,790	24,771		
-	-	88,261	83,070		
-	15,086	17,279	68,079		
144,171	51,262	240,244	205,261		
5,986	28,204	53,195	48,880		
-	16,479	16,479	83,597		
-	5,559	33,652	30,399		
-	-	2,912	-		
-	-	105,887	121,630		
-	-	42,579	72,399		
-	-	25,259	7,274		
-	-	497	1,863		
-	-	686	142		
-	-	37,456	71,439		
-	-	105,167	83,150		
-	-	56,242	5,443		
-	-	-	-		
-	-	58,353	54,347		
-	-	20,187	21,780		
256,576	40,416	331,473	323,035		
-	-	(88,547)	16,384		
257,499	-	257,499	27,301		
-	-	9,600	15,375		
<u>\$ 1,015,969</u>	<u>\$ 1,229,286</u>	<u>\$ 6,816,387</u>	<u>\$ 6,911,398</u>		

City of East Peoria, Illinois

Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections
 April 30, 2009

Fund	2008 Tax Levy				Collected Within 60 Days After April 30, 2009
	Levy	Rate	Amount Extended by County Clerk		
Assessed valuation, excluding Tax Increment Financing District Increment					\$ 414,023,511
General	\$ 248,872	0.0601	\$ 248,828	\$	-
Police protection	475,000	0.1147	474,968		-
Fire protection	475,000	0.1147	474,968		-
Garbage collection and disposal	475,000	0.1147	474,968		-
Sewer chlorination	25,000	0.0060	25,007		-
Illinois Municipal Retirement	110,000	0.0266	110,006		-
Social security	385,000	0.0930	384,959		-
Workmen's compensation	800,000	0.1932	799,935		-
Street and bridge	625,325	0.1000	413,982		-
Audit	72,000	0.0174	71,999		-
Street lighting	74,500	0.0180	74,483		-
Emergency service and disaster assistance	35,000	0.0085	34,985		-
Firemen's pension	688,862	0.1664	688,811		-
Police pension	776,329	0.1875	776,253		-
	<u>\$ 5,265,888</u>	<u>1.2207</u>	<u>\$ 5,054,152</u>	<u>\$</u>	<u>-</u>

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City of East Peoria, Illinois

Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections (Continued)
 April 30, 2009

Fund	2007 Tax Levy			
	Levy	Rate	Amount Extended by County Clerk	Amount Collected
Assessed valuation, excluding Tax Increment Financing District Increment				<u>\$ 391,777,464</u>
General	\$ 257,319	0.0654	\$ 256,144	\$ 256,201
Police protection	465,000	0.1182	462,885	462,988
Fire protection	465,000	0.1182	462,885	462,988
Garbage collection and disposal	465,000	0.1182	462,885	462,988
Sewer chlorination	25,000	0.0064	24,878	24,883
Illinois Municipal Retirement	105,000	0.0267	104,526	104,549
FICA	385,000	0.0978	383,236	383,322
Workmen's compensation	700,000	0.1779	696,815	696,970
Street and bridge	586,000	0.0996	390,014	390,101
Audit	58,000	0.0147	57,709	57,722
Street lighting	70,000	0.0178	69,697	69,713
Unemployment insurance	-	-	-	-
Emergency service and disaster assistance	35,000	0.0089	34,829	34,837
Firemen's pension	705,127	0.1792	701,908	702,065
Police pension	661,105	0.1680	658,107	658,254
School crossing guard	-	-	-	-
	<u>\$ 4,982,551</u>	<u>1.2170</u>	<u>\$ 4,766,518</u>	<u>\$ 4,767,581</u>

Road and bridge tax

2006 Tax Levy				2005 Tax Levy			
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
			<u>\$ 369,496,445</u>				<u>\$ 349,331,797</u>
\$ 263,452	0.0705	\$ 260,495	\$ 260,356	\$ 266,543	0.0756	\$ 264,095	\$ 264,125
460,000	0.1229	454,111	453,869	460,000	0.1307	456,577	456,629
460,000	0.1229	454,111	453,869	460,000	0.1307	456,577	456,629
460,000	0.1229	454,111	453,869	460,000	0.1307	456,577	456,629
25,000	0.0067	24,756	24,743	25,000	0.0071	24,803	24,805
50,000	0.0133	49,143	49,117	50,000	0.0142	49,605	49,611
340,000	0.0908	335,503	335,324	245,000	0.0695	242,786	242,813
650,000	0.1736	641,447	641,104	700,000	0.1988	694,472	694,551
553,591	0.0987	364,693	364,499	350,000	0.0992	346,537	346,577
45,000	0.1200	44,340	44,316	60,000	0.0171	59,736	59,743
27,000	0.0072	26,604	26,590	60,000	0.0171	59,736	59,743
-	-	-	-	-	-	-	-
35,000	0.0094	34,733	34,714	35,000	0.0099	34,584	34,588
810,735	0.2165	799,960	799,533	628,604	0.1785	623,557	623,628
622,880	0.1664	614,842	614,514	561,236	0.1594	556,835	556,898
1,000	0.0003	1,109	1,108	2,000	0.0006	2,096	2,096
<u>\$ 4,803,658</u>	<u>1.3421</u>	<u>\$ 4,559,958</u>	<u>\$ 4,557,525</u>	<u>\$ 4,363,383</u>	<u>1.2391</u>	<u>\$ 4,328,573</u>	<u>4,329,065</u>
							203,591
							<u>\$ 4,532,656</u>

City of East Peoria, Illinois

Legal Debt Margin
April 30, 2009

Assessed valuation, 2008 tax year		\$	<u>414,023,511</u>
Statutory debt limitation (8.625% of assessed valuation)		\$	35,709,528
Total debt:			
Notes payable to banks	\$	7,503,330	
Note payable to others		271,289	
Notes payable to Illinois Environment Protection Agency		6,969,388	
Special assessment bonds		1,330,000	
Project bonds		7,655,000	
General obligation bonds (alternate revenue source)		43,370,000	
Revenue bonds		1,075,000	
Deduct debt exempt from debt limitation computation:			
Project bonds		(7,655,000)	
General obligation bonds (alternate revenue source)		(43,370,000)	
Revenue bonds		(1,075,000)	16,074,007
Legal debt margin			<u>\$ 19,635,521</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
 Special Tax Allocation Fund
 Year Ended April 30, 2009

	District II	District III	Total
Receipts:			
Tax increment financing, property taxes	\$ -	\$ 701,754	\$ 701,754
Interest income	2	1,528	1,530
Interfund borrowing	-	862,990	862,990
Total receipts	2	1,566,272	1,566,274
Disbursements:			
1998-B Refunding Tax Increment Bond interest	-	242,012	242,012
1998-B Refunding Tax Increment Bonds	-	905,000	905,000
2005-D Refunding Tax Increment Bond interest	-	62,678	62,678
2005-D Refunding Tax Increment Bonds	-	230,000	230,000
Distribution to other taxing districts	-	118,778	118,778
Bank collection charges	-	7,500	7,500
Interfund transfers	1,050	-	1,050
Total disbursements	1,050	1,565,968	1,567,018
Deficiency of receipts over disbursements	(1,048)	304	(744)
Cash and investments, April 30, 2008	(14,752)	15,809	1,057
Cash and investments, April 30, 2009	\$ (15,800)	\$ 16,113	\$ 313

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
 Capital Projects Fund
 Year Ended April 30, 2009

	Camp Street TIF District	Washington Street TIF District	Total
Receipts:			
Tax increment financing:			
Property taxes	\$ 191,088	\$ 67,729	\$ 258,817
Hotel/motel taxes	539,593	-	539,593
Lease income	802,920	-	802,920
Interest income	53,958	41,109	95,067
Reimbursements	539,196	-	539,196
Interfund borrowing	390,836	182,423	573,259
Proceeds from the issuance of 2008 general obligation bonds	-	8,000,000	8,000,000
Total receipts	2,517,591	8,291,261	10,808,852
Disbursements:			
2002-C tax increment bond interest	150,478	-	150,478
2002-C tax increment bond principal	195,000	-	195,000
2004-B tax increment bond interest	109,585	-	109,585
2007 refunding tax increment bond interest	1,277,280	-	1,277,280
2007 refunding tax increment bond principal	275,000	-	275,000
Development and engineering fees	3,430,942	1,102,985	4,533,927
Other operating expenses	15,306	369,263	384,569
Principal paid on notes payable	110,349	38,756	149,105
Interest paid on notes payable	64,810	-	64,810
Attorney fees	75,324	237,871	313,195
Interfund borrowing	-	759,833	759,833
Total disbursements	5,704,074	2,508,708	8,212,782
Excess (deficiency) of receipts over disbursements	(3,186,483)	5,782,553	2,596,070
Cash, April 30, 2008	4,359,147	3,371,106	7,730,253
Cash, April 30, 2009	\$ 1,172,664	\$ 9,153,659	\$ 10,326,323

City of East Peoria, Illinois

**Miscellaneous Information
April 30, 2009
(Unaudited)**

Number of accounts served as of April 30, 2009:	
Sewer	7,602
Metered water	7,684
Unmetered water	-
Approximate gallons of sewage treated during the year ended April 30, 2009	1,221,000,000
Approximate gallons of water during the year ended April 30, 2009:	
Pumped (in millions of gallons)	1,063
Billed (in millions of gallons)	732

A summary of rates in effect as of April 30, 2009 follows:

Water	Sewer
First 3,000 gallons or less - \$5.07 per 1,000 gallons	\$4.08 per 1,000 gallons of water metered
Next 7,000 gallons at \$4.32 per 1,000 gallons	3,000 gallons or less minimum charge - \$12.24
Next 299,000 gallons at \$3.67 per 1,000 gallons	Nonmetered flat rate sewer charge - \$44.82 bimonthly
300,000 gallons and over at \$3.19 per 1,000 gallons	Senior citizens rate - flat rate sewer charge - \$26.49 bimonthly
Nonmetered flat rate - \$52.41 monthly	
Senior citizens rate - no charge first 6,000 gallons (regular rates over 6,000 gallons)	

City of East Peoria, Illinois

Insurance Coverage
 April 30, 2009
 (Unaudited)

Name of Insurer	Risk Covered	Amount	Expiration Date
	Automobile		
Illinois Counties Risk Management Trust	Bodily injury and property damage	\$ 1,000,000	December 1, 2010
	Medical payments, each person	5,000	
	Medical payments, each accident	25,000	
	Uninsured/underinsured motorist	100,000	
	Auto physical damage	6,351,502	
	Commercial Package		
	General liability and law enforcement, each occurrence bodily injury and property damage	1,000,000	
	Aggregate bodily injury and property damage	3,000,000	
	Premises medical payments	1,000	
	Premises medical payments each occurrence	50,000	
	Public officials liability	1,000,000	
	Law enforcement activities annual aggregate	3,000,000	
	Physical and sexual abuse	100,000	
	Money and securities, inside and outside	500,000	
	Money orders and counterfeit currency	500,000	
	Depositors forgery	500,000	
	Property, building	72,057,440	
	Property, personal property	13,530,420	
	Boiler and machinery	85,587,860	
	Equipment floater	3,198,809	
	Valuable papers coverage	500,000	
	EDP equipment	650,000	
	Employee dishonesty bond	500,000	
	Excess liability:		
	General liability and law:		
	Enforcement	6,000,000	
	Auto liability	6,000,000	
	Public officials	6,000,000	



