

City of East Peoria, Illinois

Financial Report
April 30, 2011

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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, 2011, 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 opinions 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 77 percent, 95 percent and 31 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 who 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 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 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 10, budgetary comparison information on pages 74 through 79 and schedules of funding progress on pages 70 through 73 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 and the other auditors 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, 2011, 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
October 31, 2011

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2011

The following is a discussion and analysis of the City of East Peoria for the fiscal year ended April 30, 2011. 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 \$82,589,745 (net assets). Of this amount, \$11,793,537 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$8,022,113 during the year ended 2011.

As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,226,547, an increase of \$26,708,774 in comparison with the prior year. Approximately (100) percent of the General Fund balance total amount (\$6,393,683), 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 \$6,393,683 or 88 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, 2011

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, Police Protection 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, Special Tax Allocation Fund and Police Protection Fund to demonstrate compliance with this budget on pages 74 through 78.

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, 2011**

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 \$37,043,490.

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 37 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 increased from a year ago. Table 1 reflects total net assets of \$82,589,745, which represents an \$8,022,113 increase from \$74,567,632 in April 2010.

Of the City's net assets, 67 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 2011	Governmental Activities April 2010	Business-Type Activities April 2011	Business-Type Activities April 2010	Total April 2011	Total April 2010
Current and other assets	\$ 91,507,485	\$ 44,712,700	\$ 1,633,150	\$ 1,445,899	\$ 93,140,635	\$ 46,158,599
Capital assets	94,754,315	68,706,806	42,026,561	43,744,507	136,780,876	112,451,313
Total assets	186,261,800	113,419,506	43,659,711	45,190,406	229,921,511	158,609,912
Noncurrent liabilities	96,113,406	53,504,904	9,554,542	10,407,304	105,667,948	63,912,208
Other liabilities	39,704,992	18,202,654	1,958,826	1,927,418	41,663,818	20,130,072
Total liabilities	135,818,398	71,707,558	11,513,368	12,334,722	147,331,766	84,042,280
Net assets:						
Invested in capital assets, net of related debt	23,643,198	19,713,588	31,957,940	32,698,120	55,601,138	52,411,708
Restricted	15,275,070	17,212,928	-	-	15,275,070	17,212,928
Unrestricted	11,525,134	4,785,432	188,403	157,564	11,713,537	4,942,996
Total net assets	\$ 50,443,402	\$ 41,711,948	\$ 32,146,343	\$ 32,855,684	\$ 82,589,745	\$ 74,567,632

City of East Peoria, Illinois

**Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2011**

A restricted portion of the City's net assets (18 percent as of April 30, 2011) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$11,713,537, 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 increased by \$8,022,113 during the year ended April 30, 2011. The governmental-type activities' net assets increased by \$8,731,454. The total business-type activities' net assets decreased by \$709,341. The increase in the governmental-type activities was attributable to the Illinois Jobs Now Grant, which was new in the current year, of \$8,710,964. The decrease in the business-type activities is mainly due to the charges for services being less than total expenses.

Table 2 highlights the City's revenues and expenses for the year ended April 30, 2011. 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 2011	Governmental Activities April 2010	Business-Type Activities April 2011	Business-Type Activities April 2010	Total April 2011	Total April 2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,254,481	\$ 1,262,695	\$ 7,565,740	\$ 7,386,193	\$ 8,820,221	\$ 8,648,888
Operating grants and contributions	1,012,728	966,986	-	-	1,012,728	966,986
Capital grants and contributions	8,773,436	11,567	-	-	8,773,436	11,567
General revenues:						
Property taxes	7,555,918	7,295,437	-	-	7,555,918	7,295,437
Sales taxes	12,189,950	9,444,798	2,098	3,083	12,192,048	9,447,881
Income taxes	1,977,763	1,711,662	-	-	1,977,763	1,711,662
Other taxes	10,643,968	10,409,851	-	-	10,643,968	10,409,851
Investment earnings	1,059,280	1,162,349	8,288	9,051	1,067,568	1,171,400
Miscellaneous	3,468,419	3,224,822	248,110	89,583	3,716,529	3,314,405
Total revenues	47,935,943	35,490,167	7,824,236	7,487,910	55,760,179	42,978,077

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2011

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

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	April	April	April	April		
	2011	2010	2011	2010		
Expenses:						
Police	6,274,703	5,958,076	-	-	6,274,703	5,958,076
Fire	5,073,587	4,672,281	-	-	5,073,587	4,672,281
Sanitation	1,004,706	1,002,861	-	-	1,004,706	1,002,861
Health and welfare	1,334,830	1,178,913	-	-	1,334,830	1,178,913
Public works	7,888,173	6,578,467	-	-	7,888,173	6,578,467
General government	11,684,125	10,251,427	-	-	11,684,125	10,251,427
Community development	389,079	383,011	-	-	389,079	383,011
Other	799,359	2,836,528	-	-	799,359	2,836,528
Interest on long-term debt	4,159,580	3,005,826	-	-	4,159,580	3,005,826
Water and sewer	-	-	6,679,620	6,518,262	6,679,620	6,518,262
Eastport Marina	-	-	964,829	935,208	964,829	935,208
Eastside Centre	-	-	1,485,475	1,443,699	1,485,475	1,443,699
Total expenses	38,608,142	35,867,390	9,129,924	8,897,169	47,738,066	44,764,559
Excess (deficiency)						
before transfers	9,327,801	(377,223)	(1,305,688)	(1,409,259)	8,022,113	(1,786,482)
Transfers	(596,347)	(763,514)	596,347	763,514	-	-
Increase (decrease)						
in net assets	8,731,454	(1,140,737)	(709,341)	(645,745)	8,022,113	(1,786,482)
Net assets, beginning	41,711,948	42,852,685	32,855,684	33,501,429	74,567,632	76,354,114
Net assets, ending	\$ 50,443,402	\$ 41,711,948	\$ 32,146,343	\$ 32,855,684	\$ 82,589,745	\$ 74,567,632

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 and Business-Type Activities

Programs	Total Cost of	Total Cost of	Net (Cost) of	Net (Cost) of
	Services	Services	Services	Services
	April 2011	April 2010	April 2011	April 2010
Police	\$ 6,274,703	\$ 5,958,076	\$ (5,946,484)	\$ (5,573,441)
Fire	5,073,587	4,672,281	(4,975,549)	(4,562,317)
Sanitation	1,004,706	1,002,861	(1,002,326)	(1,002,861)
Health and welfare	1,334,830	1,178,913	(503,492)	(333,274)
Public works	7,888,173	6,578,467	1,581,876	(5,993,723)
General government	11,684,125	10,251,427	(11,373,504)	(9,935,161)
Community development	389,079	383,011	(389,079)	(383,011)
Other	799,359	2,836,528	(799,359)	(2,836,528)
Interest on long-term debt	4,159,580	3,005,826	(4,159,580)	(3,005,826)
Water and sewer	6,679,620	6,518,262	(499,643)	(529,535)
Eastport Marina	964,829	935,208	(239,691)	(202,596)
Eastside Centre	1,485,475	1,443,699	(824,850)	(778,845)
Total	\$ 47,738,066	\$ 44,764,559	\$ (29,131,681)	\$ (35,137,118)

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2011

Net cost of services is 61 and 78 percent of total cost of services for the years ended April 30, 2011 and 2010, 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 \$43,226,547, an increase of \$26,708,774. The Fund balance that 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 \$6,393,683. The City's total General Fund balance increased \$1,628,111 during 2011. This increase is due to an increase in income taxes and sales taxes from the state of Illinois.

General Fund revenues exceed budgeted amounts by \$5,084,985 for the year. This was mainly due to the aforementioned collection of income taxes and sales taxes within the fiscal year that was not expected.

During the year, there was a \$1,010,084 unfavorable actual expenditure result compared to budgeted amounts. This resulted mainly from principal and interest on debt not being budgeted for in the current year and the payments related to revenue sharing for the public buildings being significantly over budget.

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 \$11,883,158 for the current year, an increase of \$543,269 over the prior year fund balance. The increase is due to less capital outlay expenditures in the current year due to fewer capital projects being paid with gaming tax revenues.

The Special Tax Allocation Fund has a total fund balance of \$(6,203,470) for the current year, a decrease of \$99,681 over the prior year fund balance. The decrease is due to a reduction of transfers to cover debt service payments during the fiscal year.

The Police Protection Fund has a total fund balance of \$93,881 for the current year, an increase of \$65,282 over the prior year fund balance. The increase is due to fewer capital outlay expenditures in the current year due to fewer police protection projects.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2011

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, 2011, amounts to \$136 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, 2011 was 11.5 percent.

Major capital asset events during the year included Bass Pro building, water mains, street improvements and Tech Blvd downtown project.

Capital Assets Net of Depreciation Primary Government		
	2011	2010
Land	\$ 12	\$ 12
Land improvements	9	9
Buildings	31	31
Machinery, equipment and vehicles	26	26
Infrastructure	114	111
Construction-in-progress	37	12
Accumulated depreciation	(93)	(88)
Total	\$ 136	\$ 113

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 \$92 million (bond principal portion only) at April 30, 2011. Standard and Poor's has currently assigned an "A" rating for the City's general obligation bonds.

	2011	2010
General obligation bonds	\$ 85	\$ 42
Project bonds	5	6
Revenue bonds	1	1
Special assessment bonds	1	1
Total	\$ 92	\$ 50

Additional information on the City of East Peoria's long-term liabilities can be found in Note 7 of this report.

Economic Factors

- The City constructed a building and improvements and subsequently leased the building to Bass Pro Outdoor World, L.L.C. The new retailer opened for business in the fall of 2011 and is expected to bring economic development to the City through additional sales tax dollars. Additionally, the lease agreement will provide for the debt service of the new building.
- An additional 1 percent sales tax will be applied to the Bass Pro business district beginning January 1, 2012. More retail sales are anticipated in the surrounding area as additional buildings are constructed in the out lots.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2011

- The East Peoria Downtown area, on the old Caterpillar manufacturing site, represents 85 acres that is being redeveloped into four quadrants divided by roadways being constructed with Illinois Jobs Now grant money. The four quadrants are 1) new Holiday Inn and Suites with a restaurant, 2) Civic Plaza including a new Library and City Hall, 3) Morton Community Bank with office suites and 4) a retail quadrant with offices and other retail. This continues to attract interest of other retailers.

These factors were considered in preparing the City's budget for April 30, 2012 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.

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City of East Peoria, Illinois

Statement of Net Assets

April 30, 2011

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total Primary Government	Unit East Peoria Mass Transit District
Assets				
Current assets:				
Cash and investments	\$ 8,269,205	\$ 253,447	\$ 8,522,652	\$ 43,704
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	10,263,395	-	10,263,395	403,401
Sales tax	2,500,060	-	2,500,060	-
State income tax	849,246	-	849,246	-
Personal property replacement tax	180,547	-	180,547	6,850
Motor fuel tax allotments	94,612	-	94,612	-
Gaming tax	634,085	-	634,085	-
Water and sewer revenue receivables:				
Billed	-	236,815	236,815	-
Unbilled charges	-	1,134,080	1,134,080	-
Customer charges	191,036	82,839	273,875	-
Assessments	133,357	2,000	135,357	-
Hotel/motel taxes	105,382	-	105,382	-
Grants	147,740	-	147,740	-
Notes	615,515	-	615,515	-
Fines	44,117	-	44,117	-
Capital lease	279,775	5,096	284,871	-
Accrued interest	17,180	-	17,180	-
Other	168,931	32,723	201,654	-
Inventory of supplies, at cost	-	25,227	25,227	-
Internal balances	180,994	(180,994)	-	-
Assets held for resale	1,430,000	-	1,430,000	-
Total current assets	26,105,177	1,591,233	27,696,410	453,955
Noncurrent assets:				
Restricted assets, cash and investments	53,289,322	-	53,289,322	-
Receivables (net where applicable, of allowances for estimated uncollectible amounts):				
Assessments	544,495	278	544,773	-
Developer	250,000	-	250,000	-
Capital lease	10,290,132	-	10,290,132	-
Unamortized bond issue costs	1,028,359	41,639	1,069,998	-
Capital assets:				
Not depreciable:				
Land	8,210,068	3,647,682	11,857,750	-
Construction-in-progress	36,849,091	-	36,849,091	-
Depreciable:				
Land improvements	2,086,187	7,104,124	9,190,311	-
Buildings	6,586,686	24,388,993	30,975,679	-
Machinery, equipment and vehicles	12,758,613	13,535,856	26,294,469	-
Infrastructure	74,353,802	40,123,525	114,477,327	-
Accumulated depreciation	(46,090,132)	(46,773,619)	(92,863,751)	-
Total noncurrent assets	160,156,623	42,068,478	202,225,101	-
Total assets	\$ 186,261,800	\$ 43,659,711	\$ 229,921,511	\$ 453,955

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities	Primary Government	East Peoria Mass Transit District
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 4,784,573	\$ 451,795	\$ 5,236,368	\$ -
Retainage payable	1,189,981	-	1,189,981	-
Wages payable	70,316	18,592	88,908	136
Liquor license bond held	16,000	-	16,000	-
Interest payable	1,394,665	10,625	1,405,290	-
Pension contribution payable	159,493	-	159,493	-
Unearned revenue	25,544,126	293,536	25,837,662	138,876
Due to other governmental entities	605,724	-	605,724	44,599
Deposits - customers	-	58,962	58,962	-
Compensated absences	454,251	128,024	582,275	-
Accrued health claims	465,218	-	465,218	-
Current portion of long-term debt	5,020,645	997,292	6,017,937	-
Long-term liabilities:				
Compensated absences	1,764,898	250,203	2,015,101	-
Accrued health claims	532,028	-	532,028	-
Other post employment benefits obligation	4,578,350	190,191	4,768,541	-
IMRF pension obligation	84,494	42,819	127,313	-
General obligation bonds, net of unamortized discount and deferred loss, noncurrent	80,055,324	2,720,616	82,775,940	-
Project bonds, net of unamortized discount, noncurrent	4,028,450	-	4,028,450	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	-	378,561	378,561	-
Special assessments payable, noncurrent	655,000	-	655,000	-
Notes payable, noncurrent	4,414,862	5,972,152	10,387,014	-
Total liabilities	135,818,398	11,513,368	147,331,766	183,611
Net Assets				
Invested in capital assets, net of related debt	23,643,198	31,957,940	55,601,138	-
Restricted for:				
Motor fuel tax	283,864	-	283,864	-
Riverboat gaming tax	11,883,158	-	11,883,158	-
Debt payments	2,776,734	-	2,776,734	-
Audit	7,566	-	7,566	14,599
Social security	138,896	-	138,896	-
Sewer chlorination	49,206	-	49,206	-
Street lighting	30,178	-	30,178	-
Emergency service and disaster assistance	96,472	-	96,472	-
Unemployment insurance	8,996	-	8,996	-
Liability insurance	-	-	-	305,959
Unrestricted	11,525,134	188,403	11,713,537	(50,214)
Total net assets	50,443,402	32,146,343	82,589,745	270,344
Total liabilities and net assets	\$ 186,261,800	\$ 43,659,711	\$ 229,921,511	\$ 453,955

City of East Peoria

**Statement of Activities
Year Ended April 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Police	\$ (6,274,703)	\$ 59,500	\$ 268,719	\$ -
Fire	(5,073,587)	52,558	45,480	-
Sanitation	(1,004,706)	-	2,380	-
Health and welfare	(1,334,830)	831,338	-	-
Public works	(7,888,173)	464	696,149	8,773,436
General government	(11,684,125)	310,621	-	-
Community development	(389,079)	-	-	-
Other	(799,359)	-	-	-
Interest on and amortization of long-term debt	(4,159,580)	-	-	-
Total governmental activities	(38,608,142)	1,254,481	1,012,728	8,773,436
Business-type activities:				
Water and sewer	(6,679,620)	6,179,977	-	-
Eastport Marina	(964,829)	725,138	-	-
Eastside Centre	(1,485,475)	660,625	-	-
Total business-type activities	(9,129,924)	7,565,740	-	-
Total primary government	\$ (47,738,066)	\$ 8,820,221	\$ 1,012,728	\$ 8,773,436
Component unit, City of East Peoria Mass Transit District	\$ (1,614,548)	\$ -	\$ 1,334,130	\$ -

General Revenues

- Property taxes and special assessments
- Sales taxes
- State income taxes
- Personal property replacement 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

Governmental Activities	Primary Government		Component Unit East Peoria Mass Transit District
	Business-Type Activities	Total Primary Government	
\$ (5,946,484)	\$ -	\$ (5,946,484)	\$ -
(4,975,549)	-	(4,975,549)	-
(1,002,326)	-	(1,002,326)	-
(503,492)	-	(503,492)	-
1,581,876	-	1,581,876	-
(11,373,504)	-	(11,373,504)	-
(389,079)	-	(389,079)	-
(799,359)	-	(799,359)	-
(4,159,580)	-	(4,159,580)	-
(27,567,497)	-	(27,567,497)	-
-	(499,643)	(499,643)	-
-	(239,691)	(239,691)	-
-	(824,850)	(824,850)	-
-	(1,564,184)	(1,564,184)	-
(27,567,497)	(1,564,184)	(29,131,681)	-
			(280,418)
7,555,918	-	7,555,918	265,503
12,189,950	2,098	12,192,048	-
1,977,763	-	1,977,763	-
1,372,573	-	1,372,573	55,647
7,083,519	-	7,083,519	-
2,187,876	-	2,187,876	-
1,059,280	8,288	1,067,568	791
3,468,419	248,110	3,716,529	-
(596,347)	596,347	-	-
36,298,951	854,843	37,153,794	321,941
8,731,454	(709,341)	8,022,113	41,523
41,711,948	32,855,684	74,567,632	228,821
\$ 50,443,402	\$ 32,146,343	\$ 82,589,745	\$ 270,344

City of East Peoria

**Balance Sheet
Governmental Funds
April 30, 2011**

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Police Protection Fund
Assets				
Cash and investments	\$ 3,505,283	\$ 1,089,283	\$ 100,328	\$ 83,299
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	-	-	1,032,117	929,350
Sales tax	2,478,568	-	-	-
State income tax	849,246	-	-	-
Personal property replacement tax	105,147	-	-	-
Motor fuel tax allotments	-	-	-	-
Gaming tax	-	634,085	-	-
Customer charges	-	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	-
Grants	-	124,203	-	23,537
Notes	-	-	-	-
Fines	23,681	-	-	20,436
Capital lease	-	-	-	-
Accrued interest	-	-	-	-
Other	33,542	-	-	-
Due from other funds	1,858,737	10,888,988	1,984,822	-
Assets held for resale	-	-	-	-
Restricted assets, cash and investments	-	-	-	-
Total assets	\$ 8,854,204	\$ 12,736,559	\$ 3,117,267	\$ 1,056,622

(Continued)

	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$	-	\$ 625,602	\$ 1,541,686	\$ 6,945,481
	1,734,241	-	6,567,687	10,263,395
	21,492	-	-	2,500,060
	-	-	-	849,246
	-	-	75,400	180,547
	-	-	94,612	94,612
	-	-	-	634,085
	-	-	191,036	191,036
	-	-	133,357	133,357
	38,305	-	67,077	105,382
	-	-	-	147,740
	-	-	615,515	615,515
	-	-	-	44,117
	10,569,907	-	-	10,569,907
	17,180	-	-	17,180
	-	-	135,389	168,931
	-	269,400	143,754	15,145,701
	1,430,000	-	-	1,430,000
	51,407,590	1,881,732	-	53,289,322
\$	65,218,715	\$ 2,776,734	\$ 9,565,513	\$ 103,325,614

City of East Peoria

Balance Sheet (Continued)

Governmental Funds

April 30, 2011

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Police Protection Fund
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 84,555	\$ 528,288	\$ -	\$ 6,479
Retainage payable	-	-	-	-
Wages payable	2,248	-	-	-
Liquor license bonds held	16,000	-	-	-
Compensated absences	11,879	-	-	12,037
Pension obligation payable	-	-	-	-
Deferred revenue	1,473,783	107,723	1,032,117	944,225
Due to other governmental entities	605,724	-	-	-
Due to other funds	266,332	217,390	8,288,620	-
Total liabilities	2,460,521	853,401	9,320,737	962,741
Fund balances (deficits):				
Reserved for assets held for resale	-	-	-	-
Reserved for capital projects	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, undesignated, reported in:				
General Fund	6,393,683	-	-	-
Special revenue funds	-	11,883,158	(6,203,470)	93,881
Capital Projects Fund	-	-	-	-
Total fund balances (deficits)	6,393,683	11,883,158	(6,203,470)	93,881
Total liabilities and fund balances (deficits)	\$ 8,854,204	\$ 12,736,559	\$ 3,117,267	\$ 1,056,622

See Notes to Basic Financial Statements.

	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$	4,066,125	\$ -	\$ 99,126	\$ 4,784,573
	1,189,981	-	-	1,189,981
	-	-	68,068	70,316
	-	-	-	16,000
	-	-	29,728	53,644
	-	-	159,493	159,493
	27,616,473	-	7,203,125	38,377,446
	-	-	-	605,724
	5,485,387	-	584,161	14,841,890
	38,357,966	-	8,143,701	60,099,067
	1,430,000	-	-	1,430,000
	36,126,858	-	-	36,126,858
	-	2,776,734	-	2,776,734
	-	-	-	6,393,683
	-	-	1,421,812	7,195,381
	(10,696,109)	-	-	(10,696,109)
	26,860,749	2,776,734	1,421,812	43,226,547
\$	65,218,715	\$ 2,776,734	\$ 9,565,513	\$ 103,325,614

City of East Peoria

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
April 30, 2011**

Total governmental fund balances		\$ 43,226,547
<p>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:</p>		
Land	\$ 8,210,068	
Construction-in-progress	36,849,091	
Land improvements	2,086,187	
Buildings and improvements	6,586,686	
Major movable equipment	12,758,613	
Infrastructure	74,353,802	
Accumulated depreciation	<u>(46,090,132)</u>	94,754,315
Special assessments receivable	544,495	
Developer receivable	<u>250,000</u>	794,495
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred revenues</p>		
		12,833,320
<p>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:</p>		
Other current assets	1,323,724	
Other current liabilities	(465,218)	
Other noncurrent liabilities	<u>(532,028)</u>	326,478
<p>Internal service funds allocated to business-type activities</p>		
		(122,817)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated absences, current	(400,607)	
Compensated absences, noncurrent	(1,764,898)	
Other post employment benefits obligation	(4,578,350)	
IMRF pension obligation	(84,494)	
Accrued interest payable	(1,394,665)	
General obligation bonds payable, current	(1,485,000)	
General obligation bonds payable, noncurrent	(80,570,000)	
Project bonds payable, current	(1,190,000)	
Project bonds payable, noncurrent	(4,135,000)	
Special assessment bonds, current	(215,000)	
Special assessment bonds, noncurrent	(655,000)	
Notes payable, current	(2,130,645)	
Notes payable, noncurrent	(4,414,862)	
Bond issuance costs	1,028,359	
Bond discounts	229,563	
Bond deferred amount on refunding	395,587	
Bond premiums	<u>(3,924)</u>	<u>(101,368,936)</u>
Net assets of governmental activities		\$ 50,443,402

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, 2011**

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Police Protection Fund
Revenues:				
Property taxes	\$ 15,506	\$ -	\$ 759,098	\$ 474,268
Other taxes and special assessments	14,443,835	7,083,519	-	-
Charges for services	-	-	-	59,500
Intergovernmental	522,679	62,472	-	299,329
Investment earnings	65,176	4,486	541	412
Licenses and permits	195,100	-	-	-
Miscellaneous	2,201,527	22,026	-	270,531
Total revenues	17,443,823	7,172,503	759,639	1,104,040
Expenditures:				
Current:				
General government	6,290,906	-	128,188	-
Police	-	-	-	4,328,730
Fire	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Community development	376,114	-	-	-
Other	-	-	2,500	-
Capital outlay	12,975	5,019,239	-	79,183
Debt Service:				
Principal payments	326,831	759,431	1,030,000	-
Interest and fiscal charges	280,967	160,209	213,632	-
Bond issuance costs	-	-	-	-
Total expenditures	7,287,793	5,938,879	1,374,320	4,407,913
Excess (deficiency) of revenues over expenditures	10,156,030	1,233,624	(614,681)	(3,303,873)
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	54,370	-	515,000	3,369,155
Transfers out	(8,582,289)	(690,355)	-	-
Total other financing sources (uses)	(8,527,919)	(690,355)	515,000	3,369,155
Net change in fund balances	1,628,111	543,269	(99,681)	65,282
Fund balances (deficits), beginning of year	4,765,572	11,339,889	(6,103,789)	28,599
Fund balances (deficits), end of year	\$ 6,393,683	\$ 11,883,158	\$ (6,203,470)	\$ 93,881

See Notes to Basic Financial Statements.

	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$	1,271,164	\$ -	\$ 5,035,882	\$ 7,555,918
	569,516	-	1,407,880	23,504,750
	-	-	884,360	943,860
	8,710,964	-	1,441,180	11,036,624
	505,128	(180,131)	48,982	444,594
	-	-	-	195,100
	1,011,260	-	778,007	4,283,351
	12,068,032	(180,131)	9,596,291	47,964,197
	-	-	3,339,971	9,759,065
	-	-	1,060,981	5,389,711
	-	-	3,956,877	3,956,877
	-	-	945,647	945,647
	-	-	1,299,908	1,299,908
	-	-	2,232,281	2,232,281
	-	-	-	376,114
	594,859	-	202,000	799,359
	28,069,831	-	105,376	33,286,604
	1,147,125	75,000	322,394	3,660,781
	2,595,434	67,504	73,731	3,391,477
	565,567	-	-	565,567
	32,972,816	142,504	13,539,166	65,663,391
	(20,904,784)	(322,635)	(3,942,875)	(17,699,194)
	45,000,000	-	-	45,000,000
	4,315	-	-	4,315
	679,888	250,000	3,923,208	8,791,621
	(115,324)	-	-	(9,387,968)
	45,568,879	250,000	3,923,208	44,407,968
	24,664,095	(72,635)	(19,667)	26,708,774
	2,196,654	2,849,369	1,441,479	16,517,773
\$	26,860,749	\$ 2,776,734	\$ 1,421,812	\$ 43,226,547

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, 2011**

Net change in fund balances - governmental funds \$ 26,708,774

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay	\$ 29,145,801	
Depreciation expense	(3,098,292)	26,047,509

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grant revenues		162,063
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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:

Net change in long-term special assessment receivable	(71,764)	
Net change in capital lease receivable	(243,225)	(314,989)

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 The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

Issuance of general obligation bonds payable	(45,000,000)	
Repayment of bond principal	2,655,000	
Repayment of notes payable principal	1,005,781	
Interest	(615,095)	
Bond issuance costs	565,567	
Bond premium	(4,315)	
Amortization of discounts and loss on refunding (accretion of premiums) on refunding	(69,452)	
Amortization of bond issuance costs	(83,556)	(41,546,070)

(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, 2011**

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 compensated absences	(161,479)	
Change in other postemployment benefit obligation	(1,992,974)	
Change in IMRF pension obligation	<u>(84,494)</u>	(2,238,947)

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

(16,821)

Change in internal service fund allocation to business-type activities

(70,065)

Change in net assets of governmental activities \$ 8,731,454

See Notes to Basic Financial Statements.

City of East Peoria

Statement of Net Assets
 Proprietary Funds
 April 30, 2011

Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current assets:			
Cash	\$ 146,644	\$ 92,005	\$ 14,798
Water and sewer revenue receivables (net where applicable of allowance for uncollectible amounts):			
Billed	236,815	-	-
Unbilled charges	1,134,080	-	-
Customer charges	-	82,839	-
Assessments receivable	2,000	-	-
Lease receivable	-	-	5,096
Other receivable	-	32,723	-
Due from other funds	-	100,000	-
Inventory of supplies, at cost	25,227	-	-
Total current assets	1,544,766	307,567	19,894
Noncurrent assets:			
Assessments receivable	278	-	-
Bond issue costs, net of amortization	41,639	-	-
	41,917	-	-
Capital assets:			
Undepreciable:			
Land	456,274	2,850,000	341,408
Depreciable:			
Land improvements	1,617,396	3,119,800	2,366,928
Buildings	16,210,547	2,318,599	5,859,847
Machinery, equipment and vehicles	12,166,909	486,625	882,322
Infrastructure	40,123,525	-	-
Less accumulated depreciation	(39,183,868)	(3,486,637)	(4,103,114)
Net capital assets	31,390,783	5,288,387	5,347,391
Total assets	\$ 32,977,466	\$ 5,595,954	\$ 5,367,285

(Continued)

Total	Governmental Activities Internal Service Fund
\$ 253,447	\$ 1,323,724
236,815	-
1,134,080	-
82,839	-
2,000	-
5,096	-
32,723	-
100,000	-
25,227	-
<u>1,872,227</u>	<u>1,323,724</u>
278	-
41,639	-
<u>41,917</u>	<u>-</u>
3,647,682	-
7,104,124	-
24,388,993	-
13,535,856	-
40,123,525	-
(46,773,619)	-
<u>42,026,561</u>	<u>-</u>
<u>\$ 43,940,705</u>	<u>\$ 1,323,724</u>

City of East Peoria

Statement of Net Assets (Continued)
 Proprietary Funds
 April 30, 2011

Liabilities and Net Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current liabilities:			
Accounts payable	\$ 386,340	\$ 38,177	\$ 27,278
Due to other funds	259,517	144,294	-
Wages payable	18,592	-	-
Interest payable	10,576	-	49
Deposits, customers	58,962	-	-
Compensated absences	96,124	-	31,900
Unearned revenue	-	293,536	-
Accrued health claims	-	-	-
Current portion of long-term debt	987,698	-	9,594
Total current liabilities	1,817,809	476,007	68,821
Long-term debt:			
Compensated absences, noncurrent	171,033	-	79,170
Accrued health claims, noncurrent	-	-	-
Other post employment benefits obligation	-	-	190,191
IMRF pension obligation	42,819	-	-
General obligation bonds, net of deferred loss, noncurrent	2,720,616	-	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	378,561	-	-
Notes payable, noncurrent	5,809,819	-	162,333
Total long-term debt	9,122,848	-	431,694
Total liabilities	10,940,657	476,007	500,515
Net assets:			
Invested in capital assets, net of related debt	21,494,089	5,288,387	5,175,464
Unrestricted	542,720	(168,440)	(308,694)
Total net assets	22,036,809	5,119,947	4,866,770
Total liabilities and net assets	\$ 32,977,466	\$ 5,595,954	\$ 5,367,285

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.

		Governmental Activities	
		Internal Service Fund	
Total		Fund	
\$	451,795	\$	-
	403,811		-
	18,592		-
	10,625		-
	58,962		-
	128,024		-
	293,536		-
	-		465,218
	997,292		-
	<u>2,362,637</u>		<u>465,218</u>
	250,203		-
	-		532,028
	190,191		-
	42,819		-
	2,720,616		-
	378,561		-
	5,972,152		-
	<u>9,554,542</u>		<u>532,028</u>
	11,917,179		997,246
	31,957,940		-
	65,586		326,478
	<u>32,023,526</u>		<u>326,478</u>
\$	<u>43,940,705</u>	\$	<u>1,323,724</u>
\$	32,023,526		
	122,817		
\$	<u>32,146,343</u>		

City of East Peoria, Illinois

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 Year Ended April 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Operating revenues:			
Water sales	\$ 2,779,374	\$ -	\$ -
Sewer service charges	3,136,708	-	-
Fuel sales	-	163,587	-
Storage and rentals	-	558,010	27,517
Fees for services	-	-	568,142
Tap-in charges	43,424	-	-
Water assessments	3,200	-	-
Sewer assessments	2,200	-	-
Penalties	112,920	-	-
Individual sewer permits	1,636	-	-
Contractors' sewer permits	946	-	-
Sewer inspection fees	886	-	-
Sewer connection fees	24,166	-	-
Concession sales	-	-	22,002
Charges for coverage	-	-	-
Miscellaneous	74,517	3,541	42,964
Total operating revenues	6,179,977	725,138	660,625
Operating expenses:			
Salaries and benefits	2,238,702	160,959	709,877
Contractual services	202,880	89,057	69,752
Utilities	672,175	45,510	36,590
Repair and maintenance	462,172	116,393	189,664
Insurance	482,240	-	30,106
Other supplies and expenses	685,417	333,867	163,822
Depreciation	1,469,472	215,112	284,880
Insurance claims	-	-	-
Total operating expenses	6,213,058	960,898	1,484,691
Operating (loss)	(33,081)	(235,760)	(824,066)
Nonoperating revenues (expenses):			
Interest	8,066	222	-
Reimbursements	248,110	-	-
Municipal sales tax	-	-	2,098
Interest and fiscal charges	(520,190)	(6,610)	(2,294)
Amortization of bond issue costs	(12,248)	-	-
Total nonoperating revenues (expenses)	(276,262)	(6,388)	(196)
(Loss) before operating transfers	(309,343)	(242,148)	(824,262)
Transfers in	13	100,000	496,334
Change in net assets	(309,330)	(142,148)	(327,928)
Total net assets, beginning of year	22,346,139	5,262,095	5,194,698
Total net assets, end of year	\$ 22,036,809	\$ 5,119,947	\$ 4,866,770

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 2,779,374	\$	-	
3,136,708		-	
163,587		-	
585,527		-	
568,142		-	
43,424		-	
3,200		-	
2,200		-	
112,920		-	
1,636		-	
946		-	
886		-	
24,166		-	
22,002		-	
-		3,518,472	
121,022		-	
<u>7,565,740</u>		<u>3,518,472</u>	
3,109,538		-	
361,689		-	
754,275		-	
768,229		-	
512,346		-	
1,183,106		-	
1,969,464		-	
-		3,544,444	
<u>8,658,647</u>		<u>3,544,444</u>	
<u>(1,092,907)</u>		<u>(25,972)</u>	
8,288		9,151	
248,110		-	
2,098		-	
(529,094)		-	
(12,248)		-	
<u>(282,846)</u>		<u>9,151</u>	
<u>(1,375,753)</u>		<u>(16,821)</u>	
596,347		-	
<u>(779,406)</u>		<u>(16,821)</u>	
32,802,932		343,299	
<u>\$ 32,023,526</u>	<u>\$</u>	<u>326,478</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, 2011**

Net changes in net assets in enterprise funds	\$ (779,406)
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.	<u>70,065</u>
Changes in net assets of business-type activities	<u>\$ (709,341)</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, 2011

	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	\$ 6,114,149	\$ 703,126	\$ 667,515
Payments to suppliers and employees	(4,614,513)	(707,609)	(1,133,708)
Net cash provided by (used in) operating activities	1,499,636	(4,483)	(466,193)
Cash flows from noncapital financing activities:			
Reimbursements	248,110	-	-
Municipal sales tax	-	-	2,098
Payments to interfund accounts	-	(100,000)	-
Transfer from other funds	13	100,000	496,334
Net cash provided by noncapital financing activities	248,123	-	498,432
Cash flows from capital and related financing activities:			
Principal payments on notes payable	(388,267)	-	(46,060)
Interest and fiscal charges paid on revenue bonds and notes payable	(493,630)	(6,610)	(9,679)
Purchase of capital assets	(242,319)	-	(9,199)
Principal payment on bonds	(570,000)	-	-
Net cash (used in) capital and related financing activities	(1,694,216)	(6,610)	(64,938)
Cash flows from investing activities, interest on investments	8,066	222	-
Increase (decrease) in cash and cash equivalents	61,609	(10,871)	(32,699)
Cash and cash equivalents, beginning of year	85,035	102,876	47,497
Cash and cash equivalents, end of year	\$ 146,644	\$ 92,005	\$ 14,798

(Continued)

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 7,484,790		\$ 3,518,472	
(6,455,830)		(3,640,048)	
1,028,960		(121,576)	
248,110		-	
2,098		-	
(100,000)		-	
596,347		-	
746,555		-	
(434,327)		-	
(509,919)		-	
(251,518)		-	
(570,000)		-	
(1,765,764)		-	
8,288		9,151	
18,039		(112,425)	
235,408		1,436,149	
\$ 253,447		\$ 1,323,724	

City of East Peoria, Illinois

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended April 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (33,081)	\$ (235,760)	\$ (824,066)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities, depreciation	1,469,472	215,112	284,880
Change in assets and liabilities:			
Customer charges and receivables	(72,478)	51,310	-
Assessments receivable	2,883	-	-
Lease receivable	-	-	6,890
Accounts payable, retainage and wages payable	75,802	38,177	(21,215)
Deposits	3,767	-	-
Deferred revenue	-	(73,322)	-
Compensated absences	10,452	-	13,907
Other post employment benefits obligation	-	-	73,411
IMRF pension obligation	42,819	-	-
Net cash provided by (used in) operating activities	\$ 1,499,636	\$ (4,483)	\$ (466,193)
Noncash capital and related financing activities:			
Amortization of issuance costs, discounts and deferred amount on refunding	\$ 38,809	\$ -	\$ -

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total		Fund	
\$	(1,092,907)	\$	(25,972)
	1,969,464		-
	(21,168)		-
	2,883		-
	6,890		-
	92,764		(95,604)
	3,767		-
	(73,322)		-
	24,359		-
	73,411		-
	42,819		-
<u>\$</u>	<u>1,028,960</u>	<u>\$</u>	<u>(121,576)</u>

\$ 38,809 \$ -

City of East Peoria, Illinois

**Statement of Fiduciary Net Assets
April 30, 2011**

	Pension Trusts	Agency
Assets:		
Cash and cash equivalents	\$ 457,724	\$ 22,131
Receivables:		
Employer contributions	2,431,107	-
Plan members' contributions	46,818	-
Accrued interest and dividends	189,672	-
Return of benefits	3,255	-
Total receivables	2,670,852	-
Investments, at fair value:		
Money market funds	1,961,059	-
Municipal bonds	692,631	-
Corporate bonds	629,635	-
U.S. Government notes and bonds	10,679,297	-
U.S. Government agency obligations	4,494,354	-
Mutual funds	7,409,739	-
Common stocks	8,069,820	-
Total investments	33,936,535	-
Total assets	37,065,111	22,131
Liabilities:		
Accounts payable and accrued payroll taxes	21,621	-
Amounts held for others	-	22,131
Total liabilities	21,621	22,131
Net assets held in trust for pension benefit obligation	\$ 37,043,490	\$ -

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, 2011

Additions:

Contributions:

Plan members' contributions	\$ 543,433
Employer contributions	2,526,507
Total contributions	<u>3,069,940</u>

Net investment income:

Net appreciation in fair value of investments	1,899,974
Dividends and interest	995,316
Total investment income	<u>2,895,290</u>
Less investment expenses	181,368
Net investment income	<u>2,713,922</u>

Total additions	<u>5,783,862</u>
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Deductions:

Benefits paid	2,871,301
Refunds of contributions	2,087
Administrative expenses	90,370
Total deductions	<u>2,963,758</u>

Change in net assets	2,820,104
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Net assets held in trust for benefits:

Beginning of year	34,223,386
End of year	<u>\$ 37,043,490</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. The 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 fiscal 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 fiscal 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 and fiduciary fund financial statements. The agency funds do not have a measurement focus as they are custodial in nature. 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. 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, claims and judgments 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 has elected to report the Police Protection and Debt Service Fund as major funds for public purpose. 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.

Police protection fund (a special revenue fund): This fund is used to account for the activities of the police department.

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 applies 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 chosen not to follow FASB guidance issued subsequent to November 30, 1989.

The City has chosen to report Eastport Marina and Eastside Centre as major funds for public purposes. 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, workers' compensation and general liability 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.

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 of prior levy year taxes 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 2011 represent the 2009 tax levy which was received by the City during the months of July 2010 through November 2010. The entire 2010 tax levy and the first four months of the 2011 levy recorded as property taxes receivable, was reflected as deferred revenue.

Cash and cash equivalents: The City considers all liquid investments with a maturity date of three months or less when purchased to be cash equivalents. At April 30, 2011, 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 is representative of lending/borrowing arrangements at the end of the fiscal year is 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."

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)

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: 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. There was no interest capitalized for the year ended April 30, 2011.

Depreciation of capital assets is computed on the straight-line method over the following estimated useful lives:

Land improvements	20 - 50 years
Buildings	10 - 50 years
Machinery, equipment and vehicles	5 - 20 years
Infrastructure	20 - 100 years

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, 2011, but which were levied to finance fiscal year 2012 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.

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)

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 sources 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 \$21,336,764. 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 \$283,864 for motor fuel tax, \$11,883,158 for riverboat gaming tax, \$5,366 for audit, \$12,328 for social security, \$13,736 for sewer chlorination, \$12,678 for street lighting, \$33,467 for emergency service and disaster assistance and \$8,970 for unemployment insurance.

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

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. The restricted assets also include the amount of bond proceeds not spent on the project as of year-end.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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, 2011, \$12,539 of the City's bank balance of \$60,122,012 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, 2011, 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, 2011, the City had the following investments and maturities:

	Fair Value	Investment Maturities (In Years) Less than 1
Illinois funds	\$ 2,671,061	\$ 2,671,061
Agencies obligations:		
FHLMC	92,983	92,983
FNMA	1,779,179	1,727,470
	<u>\$ 4,543,223</u>	<u>\$ 4,491,514</u>

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, 2011, more than 5 percent of the City's investments are in a FNMA security. This security represents 39 percent of the City's total investments.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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, 2011, the City's investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's
Illinois funds	Not Rated	AAAm
FHLMC	Aaa	AAA
FNMA	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, 2011, 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, 2011, 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	\$ 6,373,324	N/A	7.82	32%
U.S. Government agencies	3,010,177	Aaa	6.20	15
Money market	869,226	N/A	N/A	5
Municipal bonds	692,631	Aa1 to Aa3	12.14	3
Corporate bonds	629,635	Aaa to Aa1	4.38	3
Common stocks	6,727,279	N/A	N/A	34
Mutual funds, equities	1,583,230	N/A	N/A	8
Total investments	<u><u>\$ 19,885,502</u></u>			

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

As of April 30, 2011, 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	\$ 4,305,973	N/A	3.94	31%
U.S. Government agencies	1,484,177	AAA	3.31	10
Money market funds	1,091,833	N/A	0.05	8
Mutual funds, equities	5,826,509	N/A	N/A	41
Common stocks	1,342,541	N/A	N/A	10
Total investments	<u>\$ 14,051,033</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 113.10 of the Illinois Compiled Statutes.

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, 2011, none of the District's bank balance of \$43,839 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, 2011 is as follows:

Total special assessments receivable	\$ 677,852
Less amounts not receivable within one year	544,495
Current special assessments receivable	\$ 133,357

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, 2011, components of the lease receivable were as follows:

Total lease receivable payments	\$ 16,697,290
Amount representing interest	(6,127,383)
	\$ 10,569,907

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, 2011, future minimum lease revenue expected to be received is as follows:

<u>Fiscal Year Ending April 30:</u>	
2012	\$ 871,690
2013	894,600
2014	917,520
2015	940,440
2016	963,360
2017-2021	5,160,600
2022-2026	5,733,600
2027	1,215,480
Total lease receivable payments	16,697,290
Less amount representing interest	(6,127,383)
Lease receivable	\$ 10,569,907

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, 2011 was as follows:

	Balance April 30, 2010	Additions	Deductions	Balance April 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,210,068	\$ -	\$ -	\$ 8,210,068
Construction-in-progress	11,571,487	28,679,538	3,401,934	36,849,091
Total capital assets not being depreciated	19,781,555	28,679,538	3,401,934	45,059,159
Capital assets, being depreciated:				
Land improvements	2,086,187	-	-	2,086,187
Buildings	6,564,961	21,725	-	6,586,686
Machinery, equipment and vehicles	12,350,201	484,414	76,002	12,758,613
Infrastructure assets	70,991,744	3,362,058	-	74,353,802
Total capital assets being depreciated	91,993,093	3,868,197	76,002	95,785,288
Less accumulated depreciation for:				
Land improvements	1,093,530	91,724	-	1,185,254
Buildings	2,754,768	139,034	-	2,893,802
Machinery, equipment and vehicles	7,367,568	847,301	76,002	8,138,867
Infrastructure assets	31,851,976	2,020,233	-	33,872,209
Total accumulated depreciation	43,067,842	3,098,292	76,002	46,090,132
Total capital assets being depreciated, net	48,925,251	769,905	-	49,695,156
Governmental activities capital assets, net	\$ 68,706,806	\$ 29,449,443	\$ 3,401,934	\$ 94,754,315

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

	Balance April 30, 2010	Additions	Deductions	Balance April 30, 2011
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction-in-progress	330,845	161,352	492,197	-
Total capital assets not being depreciated	3,978,527	161,352	492,197	3,647,682
Capital assets being depreciated:				
Land improvements	7,104,124	-	-	7,104,124
Buildings	24,388,993	-	-	24,388,993
Machinery, equipment and vehicles	13,520,690	90,166	75,000	13,535,856
Infrastructure assets	39,631,328	492,197	-	40,123,525
Total capital assets being depreciated	84,645,135	582,363	75,000	85,152,498
Less accumulated depreciation for:				
Land improvements	4,831,329	292,007	-	5,123,336
Buildings	8,567,435	496,569	-	9,064,004
Machinery, equipment and vehicles	10,369,537	474,197	75,000	10,768,734
Infrastructure assets	21,110,854	706,691	-	21,817,545
Total accumulated depreciation	44,879,155	1,969,464	75,000	46,773,619
Total capital assets being depreciated, net	39,765,980	(1,387,101)	-	38,378,879
Business-type activities capital assets, net	\$ 43,744,507	\$ (1,225,749)	\$ 492,197	\$ 42,026,561

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	\$ 100,008
Fire	266,212
Sanitation	44,985
Public works	2,027,181
General government	659,906
Total depreciation expense, governmental activities	\$ 3,098,292
Business-type activities:	
Water and sewer fund	\$ 1,469,472
Eastport Marina fund	215,112
Eastside Centre fund	284,880
Total depreciation expense, business-type activities	\$ 1,969,464

Construction commitments: The City has active construction projects as of April 30, 2011. At year-end, the City's commitments with contractors are estimated to be approximately \$52,561,000 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, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 38,390,000	\$ 45,000,000	\$ 1,335,000	\$ 82,055,000	\$ 1,485,000
Project bonds	6,460,000	-	1,135,000	5,325,000	1,190,000
Special assessment bonds	1,055,000	-	185,000	870,000	215,000
Issuance premiums (discounts)	(260,382)	4,315	30,428	(225,639)	-
Loss on refunding	(434,611)	-	39,024	(395,587)	-
Total bonds payable	45,210,007	45,004,315	2,585,548	87,628,774	2,890,000
Note payable	7,551,288	-	1,005,781	6,545,507	2,130,645
Compensated absences	2,077,296	2,219,149	2,077,296	2,219,149	454,251
Governmental activity, long-term liabilities	\$ 54,838,591	\$ 47,223,464	\$ 5,668,625	\$ 96,393,430	\$ 5,474,896

The City issued the following general obligation bonds during the year ended April 30, 2011:

Series 2010A in the amount of \$25,270,000, due in annual installments of \$855,000 to \$1,740,000 on January 1, 2013 through January 1, 2033 with interest ranging from 2.0 percent to 4.5 percent. These bonds were issued to finance the costs associated with the construction of the Bass Pro Shop and pay the costs of the issuance of the bonds.

Series 2010B in the amount of \$19,730,000, due in annual installments of \$590,000 to \$1,545,000 on January 1, 2013 through January 1, 2033 with interest rates ranging from 2.34 percent to 6.56 percent. These bonds were issued to finance the costs associated with the construction of the Bass Pro Shop and pay the costs of the issuance of the bonds.

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.

Long-term debt payable as of April 30, 2011 is comprised of the following individual issues:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 3,460,000	\$ -	\$ 345,000	\$ 3,115,000	\$ 355,000
Revenue bonds	855,000	-	225,000	630,000	235,000
Less deferred amounts:					
For issuance discounts	(2,935)	-	(678)	(2,257)	-
Loss on refunding	(79,449)	-	(25,883)	(53,566)	-
Total bonds payable	4,232,616	-	543,439	3,689,177	590,000
Notes payable	6,813,771	-	434,327	6,379,444	407,292
Compensated absences	353,868	378,227	353,868	378,227	128,024
Business-type activity, long-term liabilities	\$ 11,400,255	\$ 378,227	\$ 1,331,634	\$ 10,446,848	\$ 1,125,316

Governmental Activities

General obligation bonds:

\$4,500,000, General Obligation Bonds, Series 2002C, due in annual installments of \$210,000 to \$335,000 through January 2022; interest at rates of 3.25% to 4.65%	\$ 2,985,000
\$1,935,000, General Obligation Bonds, Series 2004B, due in annual installments of \$105,000 to \$330,000, beginning January 2010 through January 2018; interest at rates of 5.25% to 5.9%	1,760,000
\$3,405,000, General Obligation Bonds, Series 2004C, due in annual installments of \$45,000 to \$95,000, beginning January 2008 through January 2024; interest at rates of 4.75% to 5.375%	885,000
\$595,000, General Obligation Bonds, Series 2005C, due in annual installments of \$30,000 to \$50,000, beginning January 2008 through January 2024; interest at rates of 3.0% to 4.35%	490,000
\$2,090,000, General Obligation Bonds, Series 2005D, due in annual installments of \$250,000 to \$285,000, through November 2013; interest at rates of 4.15% to 4.6%	815,000
\$23,695,000, General Obligation Refunding Bonds, Series 2007, due in annual installments of \$370,000 to \$2,915,000, through January 2027; interest at rates of 4.85% to 5.5%	22,755,000
\$8,000,000, General Obligation Bonds, Series 2008, due in annual installments of \$325,000 to \$670,000, through January 2026; interest at a rate of 4.875% APR	7,365,000
\$25,270,000, General Obligation Bonds, Series 2010A, due in annual installments of \$855,000 to \$1,740,000, through January 2033; interest at a rates of 2.00% to 4.50%	25,270,000
\$19,730,000, General Obligation Bonds, Series 2010B, due in annual installments of \$590,000 to \$1,545,000, through January 2033; interest at a rates of 2.34% to 6.56%	19,730,000
Total general obligation bonds, governmental activities	\$ 82,055,000

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 \$2,836, including interest at 3.56%, through September 2013 (Ambulance)	\$ 75,830
Note payable to bank, due in annual installments of \$22,994, including interest at 4.125%, through October 2011 (Martin and Bailey Property)	22,606
Note payable to bank, due in semiannual installments of \$38,875, including interest at 5.25% as of April 30, 2008 through May 2021 (Kohl's Property)	3,641,474
Note payable to bank, due in annual installments of \$60,551, including interest at a variable rate (5.4% as of April 30, 2011), through November 2011 (Mid America Property)	68,611
Note payable to bank, due in monthly installments of \$4,486, including interest at 4.2%, through June 2011 (Police Vehicles)	8,398
Note payable to bank, due in monthly installments of \$2,048, including interest at 5.125%, through April 2015 (Eastlight Theatre)	200,558
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, 2010), through October 2012 (Gateway Plaza Land Improvements)	119,913
Note payable to bank with principal and interest, due in semiannual installments of \$45,112 through August 2023 (Steak-N-Shake Property)	709,119
Note payable to bank, due in monthly installments of \$12,159, including interest at 4.2%, through September 2011 (Fire Truck)	59,712
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)	223,009
Note payable to bank, interest only payments are due monthly at a rate of 3.75% with a balloon payment of \$1,430,000 due on December 15, 2011 (Camp Street Property)	1,416,277
Total notes payable, governmental activities	\$ 6,545,507

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 \$1,135,000 through April 2017; interest rates of 4.1% to 4.85%	\$ <u>5,325,000</u>
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Special assessment bonds:

99-B, highpoint land paving improvement, due 2012, interest at 7.0%	\$ 215,000
02-A, waugh road improvement, due 2013, interest at 7.5%	20,000
04-B, main on main improvement, due 2016, interest at 6.5%	360,000
04-C, camp street crossing improvement, due 2016, interest at 6.5%	135,000
04-D, dieter's funeral home improvement, due 2016, interest at 6.5%	<u>140,000</u>
Total special assessment bonds, governmental activities	\$ <u>870,000</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 \$230,000 to \$295,000 through May 2017; interest rate at 3.625% to 4.6%	\$ 1,580,000
\$2,435,000, General Obligation Refunding Bonds, Series 2002-B, due in annual installments of \$115,000 to \$165,000 through May 2022; interest rate at 3.0% to 4.65%	1,535,000
Total general obligation bonds, business-type activities	\$ <u>3,115,000</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	\$ 56,815
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%	695,053
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%	502,924
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%	702,989
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%	3,352,542
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%	<u>897,194</u>
Subtotal forward	6,207,517

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Subtotal forwarded	6,207,517
Eastside Centre long-term debt:	
Note payable to bank, due in annual installments of \$6,893, including interest at 5.25%, through April 2024 with the remaining principal balance due at maturity (Baseball Batting Cages)	46,335
Note payable to bank, due in annual installments of \$12,371, including interest at 5.25%, through April 2024 with the remaining principal balance due at maturity (Softball Batting Cages)	125,592
Total other long-term debt, business-type activities	<u><u>\$ 6,379,444</u></u>
Revenue bonds:	
\$5,060,000, General Obligation Refunding Bonds, Series 1992-C, due in annual installments of \$60,000 to \$90,000 through April 2017; interest rate at 7.00%	\$ 460,000
\$1,935,000, Refunding Revenue Bonds, Series 1998-A, due in annual installments of \$165,000 to \$170,000 through May 1, 2012; interest rates of 4.20% to 4.50%	170,000
Total revenue bonds, business-type activities	<u><u>\$ 630,000</u></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
2012	\$ 1,485,000	\$ 3,939,334	\$ 355,000	\$ 135,335
2013	3,050,000	3,869,681	370,000	121,080
2014	3,210,000	3,762,002	380,000	105,790
2015	3,090,000	3,643,050	400,000	89,763
2016	3,265,000	3,522,990	415,000	72,488
2017-2021	19,555,000	15,306,596	1,030,000	154,495
2022-2026	25,670,000	10,035,276	165,000	7,673
2027-2031	16,330,000	4,069,820	-	-
2032-2033	6,400,000	527,899	-	-
	<u><u>\$ 82,055,000</u></u>	<u><u>\$ 48,676,648</u></u>	<u><u>\$ 3,115,000</u></u>	<u><u>\$ 686,624</u></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 project bonds are as follows:

<u>Year Ending April 30:</u>	Governmental Activities	
	Principal	Interest
2012	\$ 1,190,000	\$ 252,203
2013	1,245,000	198,058
2014	1,305,000	140,165
2015	545,000	76,873
2016	570,000	50,440
2017	470,000	22,795
	<u>\$ 5,325,000</u>	<u>\$ 740,534</u>

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

<u>Year Ending April 30:</u>	Governmental Activities	
	Principal	Interest
2012	\$ 215,000	\$ 55,317
2013	20,000	42,650
2014	-	41,275
2015	-	41,275
2016	635,000	34,396
	<u>\$ 870,000</u>	<u>\$ 214,913</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 revenue bonds are as follows:

<u>Year Ending April 30:</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 235,000	\$ 39,850
2013	70,000	27,650
2014	75,000	22,750
2015	75,000	17,500
2016	85,000	12,250
2017	90,000	6,300
	<u>\$ 630,000</u>	<u>\$ 126,300</u>

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

<u>Year Ending April 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,130,645	\$ 297,148	\$ 407,292	\$ 165,058
2013	532,552	229,831	417,797	153,567
2014	379,835	205,371	428,566	142,813
2015	523,938	185,009	432,069	131,765
2016	392,133	157,107	435,858	120,432
2017-2021	2,309,431	436,767	2,097,590	425,334
2022-2026	276,973	332	1,593,269	183,102
2027-2028	-	-	567,003	18,944
	<u>\$ 6,545,507</u>	<u>\$ 1,511,565</u>	<u>\$ 6,379,444</u>	<u>\$ 1,341,015</u>

As of April 30, 2011, the legal debt limit of the City was \$36,963,432 and the debt margin was \$23,168,370.

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 April 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 \$6,065,534. Principal and interest paid for the current year and total sales tax revenues were \$1,437,710 and \$12,189,950, respectively.

The City has pledged a portion of future sales tax and lease revenue revenues relating to Bass Pro to repay \$45,000,000 in General Obligation bonds, Series 2010A and 2010B issued August 2010. Proceeds from the bonds were used to acquire and construct Bass Pro Shop and to pay the costs of the issuance of the bonds. The bonds are payable solely from a portion of sales tax and lease income revenues and are payable through January 2033. The total principal and interest remaining to be paid on the bonds is \$74,774,822. Interest paid for the current year and total sales tax and lease income revenues were \$678,439 and none, respectively. Proceeds from the bond issuance provided financing for the interest paid.

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, 2011, \$1,881,732 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, 2011 was \$17,945,000.

Note 8. Interfund Receivables and Payable, Primary Government

The individual fund interfund receivable and payable balances as of April 30, 2011 were:

	Interfund Receivable	Interfund Payable
Governmental activities:		
Major funds:		
General Fund	\$ 1,858,737	\$ 266,332
Riverboat Gaming Tax Fund	10,888,988	217,390
Special Tax Allocation Fund	1,984,822	8,288,620
Capital Projects Fund	-	5,485,387
Bond and Interest Fund	269,400	-
Nonmajor funds	143,754	584,161
Business-type activities:		
Water and Sewer Fund	-	259,517
Eastport Marina Fund	100,000	144,294
Total	\$ 15,245,701	\$ 15,245,701

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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. The interfund receivables and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not.

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	\$ 54,370	\$ 8,582,289
Riverboat Gaming Tax Fund	-	690,355
Special Tax Allocation Fund	515,000	-
Police Protection Fund	3,369,155	-
Capital Projects Fund	679,888	115,324
Bond and Interest Fund	250,000	-
Nonmajor funds	3,923,208	-
Business-type activities:		
Water and Sewer Fund	13	-
Eastport Marina Fund	100,000	-
Eastside Centre Fund	496,334	-
	<u>\$ 9,387,968</u>	<u>\$ 9,387,968</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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure 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, 2011
Major governmental funds, special tax allocation fund	<u>\$ 6,203,470</u>
Nonmajor governmental funds:	
Fire protection	\$ 121,092
Garbage collection and disposal	75,238
Workmen's compensation	8,524
Street and bridge	83,125
Firemen's pension levy	6,593
Police pension levy	6,642

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 and incremental property tax receipts.

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 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 and aggregate claims up to \$4,925,000 on an annual basis. The City maintains a stop-loss insurance contract which covers up to \$1,000,000 on an annual basis.

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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Risk Management/Self-Insurance (Continued)

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 \$997,246, 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 2011 and 2010 were:

Balance, April 30, 2009	\$	300,000
Current year claims and changes in estimates		2,599,403
Claims paid		<u>(2,399,403)</u>
Balance, April 30, 2010		500,000
Current year claims and changes in estimates		2,734,854
Claims paid		<u>(2,834,854)</u>
Balance, April 30, 2011	\$	<u><u>400,000</u></u>

Changes in the workers compensation and general liability in fiscal years 2011 and 2010 were:

Balance, April 30, 2009	\$	759,662
Current year claims and changes in estimates		494,265
Claims paid		<u>(661,077)</u>
Balance, April 30, 2010		592,850
Current year claims and changes in estimates		808,734
Claims paid		<u>(804,338)</u>
Balance, April 30, 2011	\$	<u><u>597,246</u></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.

IMRF benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. 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

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 rates for disability and death benefits are set 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)

The City's annual pension cost for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement Fund		City of East Peoria Police Pension Fund	City of East Peoria Firefighter's Pension Fund
	SLEP	Regular		
Contribution rates:				
City	13.65%	8.91%	(1)	(2)
Plan members	7.50	4.50	9.91	9.455
Annual pension cost (3):				
Annual required contribution	\$ 13,190	\$ 614,159	\$ 1,056,009	\$ 1,113,550
Adjustment to ARC	-	-	(6,122)	(13,673)
Total annual pension cost	13,190	614,159	1,049,887	1,099,877
Contributions made (3)	13,190	486,846	1,049,887	1,099,877
Increase in net pension obligation (3)	-	127,313	-	-
Net pension obligation (asset) (3), beginning of period	-	-	-	-
End of year	\$ -	\$ 127,313	\$ -	\$ -
Actuarial valuation date	12/31/2008	12/31/2008	04/30/2009	04/30/2009
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level % open	Level % open	Level % closed	Level % closed
Remaining amortization period	27 years	23 years	24 years, 2 months	24 years, 2 months
Asset valuation method	5-year spread market	5-year spread market	4-year smoothed market	4-year smoothed market
	Illinois Municipal Retirement Fund		City of East Peoria Police Pension Fund	City of East Peoria Firefighter's Pension Fund
	SLEP	Regular		
Actuarial assumptions:				
Investment rate of return*	7.50%	7.50%	6.75%	7.00%
Projected salary increases*	4.00% (4)	4.00% (4)	4.75%	4.75%
* Includes inflation at	4.00%	4.00%	3.00%	3.00%
Postretirement benefit increases	3.00%	3.00%	N/A	N/A

- (1) The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The annually required contribution includes an amount necessary to amortize the unfunded actuarial accrued liability over a 30 year closed period with a target funding of 90 percent by 2040.
- (2) By the year 2040, the City's contributions must have accumulated to the point where the past service cost for the Firefighter's Pension Plan is 90 percent funded. The City's contributions are funded by property taxes levied for such purposes and an allocated share of replacement and telecommunication taxes collected by the City.

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, 2010 for the Illinois Municipal Retirement Fund and as of April 30, 2009 for the Police Pension Fund and the Firefighter's Pension Fund.
- (4) Additional salary increases ranging from .4 to 10 percent per year depending on age and service, attributable to seniority/merit.

Trend Information – Pension Plans

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund:				
Regular	2010	\$ 614,159	79.0%	\$ 127,313
	2009	442,114	100.0	-
	2008	432,733	100.0	-
SLEP	2010	13,190	100.0	-
	2009	11,883	100.0	-
	2008	11,509	100.0	-
City of East Peoria Police Pension Fund	2010	1,049,887	100.0	-
	2009	1,015,801	100.0	-
	2008	899,056	100.0	-
City of East Peoria Firefighter's Pension Fund	2010	1,099,877	100.0	-
	2009	1,039,357	100.0	-
	2008	1,083,760	100.0	-

Funded Status and Funding Progress

As of December 31, 2010, December 31, 2009, April 30, 2009 and April 30, 2008, 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 76.5, 94.0, 63.4 and 54.7 percent funded, respectively. The actuarial accrued liability for benefits was \$16,821,378, \$202,191, \$31,709,073 and \$26,023,011, and the actuarial value of assets was \$12,874,899, \$190,079, \$20,088,534 and \$14,235,057, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,946,479, \$12,112, \$11,620,539 and \$11,787,954, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$5,464,044, \$96,627, \$2,608,531 and \$2,387,396, and the ratio of the UAAL to the covered payroll was 72.2, 12.5, 445.5 and 493.8 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 2011, the City contributed \$839,053. 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 \$258.37 for Single and \$599.98 for Family, d) Monthly active employee contributions of \$185.83 for Single and \$434.55 for Family, and e) Group Health Plan monthly premium of \$629.98 for Single and \$1,469.02 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	\$	2,899,016
Interest on net OPEB obligation		121,597
Adjustment to annual required contribution		(115,175)
Annual OPEB cost		<u>2,905,438</u>
Contributions and payments made		<u>839,053</u>
Increase in net OPEB obligation		2,066,385
Net OPEB obligation, beginning of year		<u>2,702,156</u>
Net OPEB obligation, end of year	\$	<u><u>4,768,541</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 2011 and the two preceding years is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2009	\$ 2,211,342	41.1%	\$ 1,302,135
April 30, 2010	2,423,072	42.2	2,702,156
April 30, 2011	2,905,438	28.9	4,768,541

Funded status and funding progress: As of April 30, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$43,213,926 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$43,213,926. The covered payroll (annual payroll of active employees covered by the plan) was \$10,629,591 and the ratio of the UAAL to the covered payroll was 406.54 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 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.

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, 2011 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 to 2010 using Scale AA and health care cost trend rates beginning at 9 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 of prior year levy to all taxing bodies, including District funds, is also made prior to December 31.

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, 2011:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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. This Statement had no effect on the City.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement improves 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. This Statement had no effect on the City.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. This Statement had no effect on the City.

Notes to Basic Financial Statements

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

As of April 30, 2011, 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. 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.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement Nos. 43 and 45, issued January 2010, will be effective for the City beginning with its year ending April 30, 2013. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the City beginning with its year ending April 30, 2012. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the City beginning with its year ending April 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.

Notes to Basic Financial Statements

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

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending April 30, 2014. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending April 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending April 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

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. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending April 30, 2013. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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]
2011	12/31/2010	\$ 12,874,899	\$ 16,821,378	\$ 3,946,479	76.54%	\$ 5,464,044	72.23%
2010	12/31/2009	14,274,009	17,673,116	3,399,107	80.77	5,458,193	62.28
2009	12/31/2008	13,409,058	16,230,015	2,820,957	82.62	5,402,413	52.22

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]
2011	12/31/2010	\$ 190,079	\$ 202,191	\$ 12,112	94.01%	\$ 96,627	12.53%
2010	12/31/2009	163,560	175,717	12,157	93.08	92,475	13.15
2009	12/31/2008	145,027	152,656	7,629	95.00	88,059	8.66

On a market value basis, the actuarial value of assets as of December 31, 2010 for the IMRF Regular plan and IMRF SLEP plan was \$13,907,540 and \$197,921, respectively. On a market basis, the funded ratio would be 82.68% and 97.89%, respectively.

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 2010 was determined as part of the December 31, 2008 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 10 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 an open 30 year basis.

City of East Peoria, Illinois

Required Supplementary Information
 Firefighter's 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]
04/30/2011	04/30/2009	\$ 14,235,057	\$ 26,023,011	\$ 11,787,954	54.70%	\$ 2,387,396	493.76%
04/30/2010	05/01/2008	13,761,239	23,609,260	9,848,021	58.29	2,389,575	412.12
04/30/2009	05/01/2007	12,807,310	21,893,489	9,086,179	58.50	2,228,829	407.67

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2009
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	24 years, 2 months
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00% per year
Projected salary increases	4.75% per year
Cost of living adjustments	3.00% 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]
04/30/2011	04/30/2009	\$ 20,088,534	\$ 31,709,073	\$ 11,620,539	63.35%	\$ 2,608,531	445.48%
04/30/2010	04/30/2008	19,642,059	30,043,871	10,401,812	65.38	2,434,980	427.18
04/30/2009	04/30/2007	18,920,151	28,310,579	9,390,428	66.83	2,490,240	377.09

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2009
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	24 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	3.00% 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]
2011	04/30/2011	\$ -	\$ 43,213,926	\$ 43,213,926	0.00%	\$ 10,629,591	406.54%
2010	04/30/2010	-	35,313,288	35,313,288	-	10,276,572	343.63
2009	04/30/2009	-	33,006,641	33,006,641	-	9,977,254	330.82

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of April 30, 2011. 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 to 2010 using Scale AA and 4) health care cost trend rates beginning at 9 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, 2011

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis	Final Budget
Revenues:					
Taxes	\$ 12,154,703	\$ 16,007,293	\$ (1,547,952)	\$ 14,459,341	\$ 3,852,590
Intergovernmental	318,600	548,555	(25,876)	522,679	229,955
Investment earnings	100,000	65,176	-	65,176	(34,824)
Licenses and permits	201,000	195,100	-	195,100	(5,900)
Miscellaneous	1,148,000	2,191,164	10,363	2,201,527	1,043,164
Total revenues	13,922,303	19,007,288	(1,563,465)	17,443,823	5,084,985
Expenditures:					
Current					
General government	5,380,996	6,309,492	(18,586)	6,290,906	(928,496)
Community development	392,029	376,114	-	376,114	15,915
Capital outlay	486,098	12,975	-	12,975	473,123
Debt service:					
Principal payments	-	326,831	-	326,831	(326,831)
Interest and fiscal charges	-	280,967	-	280,967	(280,967)
Total expenditures	6,259,123	7,306,379	(18,586)	7,287,793	(1,047,256)
Excess (deficiency) of revenues over expenditures	7,663,180	11,700,909	(1,544,879)	10,156,030	4,037,729
Other financing sources (uses):					
Proceeds from sale of capital assets	5,000	-	-	-	(5,000)
Transfers in	126,832	54,370	-	54,370	(72,462)
Transfers out	(250,000)	(8,582,289)	-	(8,582,289)	(8,332,289)
Total other financing (uses)	(118,168)	(8,527,919)	-	(8,527,919)	(8,409,751)
Net change in fund balance	\$ 7,545,012	\$ 3,172,990	\$ (1,544,879)	1,628,111	\$ (4,372,022)
Fund balance, beginning of year				4,765,572	
Fund balance, end of year				<u>\$ 6,393,683</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, 2011

	Original/Final Budget	Actual	Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance With Final Budget
Revenues:					
Taxes	\$ 7,100,000	\$ 7,127,070	\$ (43,551)	\$ 7,083,519	\$ 27,070
Intergovernmental	-	30,172	32,300	62,472	30,172
Investment earnings	7,500	4,486	-	4,486	(3,014)
Miscellaneous	-	22,026	-	22,026	22,026
Total revenues	7,107,500	7,183,754	(11,251)	7,172,503	76,254
Expenditures:					
Capital outlay	6,240,234	5,370,175	(350,936)	5,019,239	870,059
Debt service:					
Principal payments	1,137,178	759,431	-	759,431	377,747
Interest and fiscal charges	-	160,209	-	160,209	(160,209)
Total expenditures	7,377,412	6,289,815	(350,936)	5,938,879	1,087,597
Excess (deficiency) of revenues over expenditures	(269,912)	893,939	339,685	1,233,624	1,163,851
Other financing (uses), transfers out	(126,832)	(690,355)	-	(690,355)	(563,523)
Net change in fund balance	\$ (396,744)	\$ 203,584	\$ 339,685	543,269	\$ 600,328
Fund balance, beginning of year				11,339,889	
Fund balance, end of year				<u>\$ 11,883,158</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)
Special Tax Allocation Fund
Year Ended April 30, 2011

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis	Final Budget
Revenues:					
Taxes	\$ 730,000	\$ 759,098	\$ -	\$ 759,098	\$ 29,098
Investment earnings	300	541	-	541	241
Total revenues	730,300	759,639	-	759,639	29,339
Expenditures:					
Current					
General government	130,000	128,188	-	128,188	1,812
Other	2,500	2,500	-	2,500	-
Debt service:					
Principal payments	1,035,000	1,030,000	-	1,030,000	5,000
Interest and fiscal charges	208,623	213,632	-	213,632	(5,009)
Total expenditures	1,376,123	1,374,320	-	1,374,320	1,803
Excess (deficiency) of revenues over expenditures	(645,823)	(614,681)	-	(614,681)	31,142
Other financing sources, transfers in	645,823	515,000	-	515,000	(130,823)
Net change in fund balance	\$ -	\$ (99,681)	\$ -	(99,681)	\$ (99,681)
Fund balance (deficit), beginning of year				(6,103,789)	
Fund balance (deficit), end of year				<u>\$ (6,203,470)</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)
Police Protection Fund
Year Ended April 30, 2011

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis	Final Budget
Revenues:					
Taxes	\$ 475,000	\$ 474,268	\$ -	\$ 474,268	\$ (732)
Charges for services	57,000	59,500	-	59,500	2,500
Intergovernmental	192,250	307,991	(8,662)	299,329	115,741
Investment earnings	500	412	-	412	(88)
Miscellaneous	179,400	290,967	(20,436)	270,531	111,567
Total revenues	904,150	1,133,138	(29,098)	1,104,040	228,988
Expenditures:					
Current, police	4,496,389	4,483,844	(155,114)	4,328,730	12,545
Capital outlay	-	79,183	-	79,183	(79,183)
Total expenditures	4,496,389	4,563,027	(155,114)	4,407,913	(66,638)
Excess (deficiency) of revenues over expenditures	(3,592,239)	(3,429,889)	126,016	(3,303,873)	162,350
Other financing sources, transfers in	-	3,369,155	-	3,369,155	3,369,155
Net change in fund balance	\$ (3,592,239)	\$ (60,734)	\$ 126,016	65,282	\$ 3,531,505
Fund balance, beginning of year				28,599	
Fund balance, end of year				<u>\$ 93,881</u>	

See Notes to Required Supplementary Information.

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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, Special Tax Allocation and Police Protection 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	\$ 6,259,123	\$ 7,306,379	\$ 1,047,256
Police Protection Fund	4,496,389	4,563,027	66,638
Bond and Interest fund	-	142,504	142,504
Nonmajor:			
Fire protection	2,754,741	2,809,956	55,215
Motor fuel tax	717,600	726,030	8,430
Workers compensation	1,100,000	1,240,498	140,498
Hotel/motel tax	592,327	1,154,366	562,039
Firemen's pension levy fund	1,098,769	1,139,369	40,600
Police pension levy fund	1,049,320	1,077,024	27,704

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City of East Peoria, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 April 30, 2011

	Special Revenue		
	Fire Protection	Garbage Collection and Disposal	Illinois Municipal Retirement
Assets			
Cash and cash equivalents	\$ 29,469	\$ 22,975	\$ 102,706
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	633,357	633,357	366,677
Personal property replacement tax	-	-	12,800
Motor fuel tax allotments	-	-	-
Customer charges	-	-	-
Assessments	-	-	-
Hotel/motel taxes	-	-	-
Notes	-	-	-
Other	-	-	38,448
Due from other funds	-	-	-
Total assets	\$ 662,826	\$ 656,332	\$ 520,631
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 11,497	\$ 34,599	\$ -
Wages payable	50,336	4,192	-
Compensated absences	29,728	-	-
Pension obligation payable	-	-	-
Deferred revenue	633,357	633,357	373,318
Due to other funds	59,000	59,422	-
Total liabilities	783,918	731,570	373,318
Fund balances (deficits), unreserved, undesignated	(121,092)	(75,238)	147,313
Total liabilities and fund balances	\$ 662,826	\$ 656,332	\$ 520,631

(Continued)

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Street and Bridge	Audit	School Crossing Guard
\$ 468,625	\$ 18,896	\$ 132,842	\$ -	\$ 7,566	\$ 9,373
-	553,359	1,066,718	614,794	74,685	-
-	-	-	-	-	-
94,612	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	120,000	-	7,422	-	-
<u>\$ 563,237</u>	<u>\$ 692,255</u>	<u>\$ 1,199,560</u>	<u>\$ 622,216</u>	<u>\$ 82,251</u>	<u>\$ 9,373</u>
\$ -	\$ -	\$ -	\$ 37,642	\$ -	\$ -
-	-	-	7,906	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	553,359	1,066,718	614,793	74,685	-
279,373	-	141,366	45,000	-	-
<u>279,373</u>	<u>553,359</u>	<u>1,208,084</u>	<u>705,341</u>	<u>74,685</u>	<u>-</u>
283,864	138,896	(8,524)	(83,125)	7,566	9,373
<u>\$ 563,237</u>	<u>\$ 692,255</u>	<u>\$ 1,199,560</u>	<u>\$ 622,216</u>	<u>\$ 82,251</u>	<u>\$ 9,373</u>

City of East Peoria, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 April 30, 2011

	Special Revenue			
	Sewer Chlorination	Street Lighting	Unemployment Insurance	Emergency Service and Disaster Assistance
Assets				
Cash and cash equivalents	\$ 51,552	\$ 30,178	\$ 8,996	\$ 88,504
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	20,057	100,055	27,828	-
Personal property replacement tax	-	-	-	-
Motor fuel tax allotments	-	-	-	-
Customer charges	-	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	7,968
Total assets	\$ 71,609	\$ 130,233	\$ 36,824	\$ 96,472
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,346	\$ -	\$ -	\$ -
Wages payable	-	-	-	-
Compensated absences	-	-	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	20,057	100,055	27,828	-
Due to other funds	-	-	-	-
Total liabilities	22,403	100,055	27,828	-
Fund balances (deficits), unreserved, undesignated	49,206	30,178	8,996	96,472
Total liabilities and fund balances	\$ 71,609	\$ 130,233	\$ 36,824	\$ 96,472

(Continued)

Special Revenue

Hotel/Motel Tax	Ambulance Service	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund
\$ 309,716	\$ 1,610	\$ 82,026	\$ 157,602	\$ 19,050	\$ -
-	-	-	-	-	1,202,944
-	-	-	-	-	27,000
-	191,036	-	-	-	-
-	-	-	133,357	-	-
67,077	-	-	-	-	-
-	-	615,515	-	-	-
-	-	-	-	-	58,493
-	-	-	8,364	-	-
<u>\$ 376,793</u>	<u>\$ 192,646</u>	<u>\$ 697,541</u>	<u>\$ 299,323</u>	<u>\$ 19,050</u>	<u>\$ 1,288,437</u>
\$ 10,670	\$ 2,372	\$ -	\$ -	\$ -	\$ -
-	5,634	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	85,444
-	-	615,515	-	-	1,209,586
-	-	-	-	-	-
<u>10,670</u>	<u>8,006</u>	<u>615,515</u>	<u>-</u>	<u>-</u>	<u>1,295,030</u>
366,123	184,640	82,026	299,323	19,050	(6,593)
<u>\$ 376,793</u>	<u>\$ 192,646</u>	<u>\$ 697,541</u>	<u>\$ 299,323</u>	<u>\$ 19,050</u>	<u>\$ 1,288,437</u>

City of East Peoria, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 April 30, 2011

	Special Revenue	
	Police Pension Levy Fund	Total Nonmajor Governmental Fund
Assets		
Cash and cash equivalents	\$ -	\$ 1,541,686
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):		
Property taxes	1,273,856	6,567,687
Personal property replacement tax	35,600	75,400
Motor fuel tax allotments	-	94,612
Customer charges	-	191,036
Assessments	-	133,357
Hotel/motel taxes	-	67,077
Notes	-	615,515
Other	38,448	135,389
Due from other funds	-	143,754
Total assets	\$ 1,347,904	\$ 9,565,513
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ 99,126
Wages payable	-	68,068
Compensated absences	-	29,728
Pension obligation payable	74,049	159,493
Deferred revenue	1,280,497	7,203,125
Due to other funds	-	584,161
Total liabilities	1,354,546	8,143,701
Fund balances (deficits), unreserved, undesignated	(6,642)	1,421,812
Total liabilities and fund balances balances	\$ 1,347,904	\$ 9,565,513

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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, 2011

	Special Revenue		
	Fire Protection	Garbage Collection and Disposal	Illinois Municipal Retirement
Revenues:			
Property taxes	\$ 474,268	\$ 474,268	\$ 212,358
Other taxes and special assessments	-	-	198,177
Charges for services	52,558	-	-
Intergovernmental	90,480	52,380	12,800
Investment earnings	386	350	150
Miscellaneous	888	164,456	7,736
Total revenues	618,580	691,454	431,221
Expenditures:			
Current:			
General government	-	-	378,313
Police	-	-	-
Fire	2,813,553	-	-
Sanitation	-	945,647	-
Health and welfare	-	-	-
Public works	-	-	-
Other	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,813,553	945,647	378,313
Excess (deficiency) of revenues over expenditures	(2,194,973)	(254,193)	52,908
Other financing sources, transfers in	2,172,647	258,031	-
Net change in fund balances	(22,326)	3,838	52,908
Fund balances (deficits), beginning of year	(98,766)	(79,076)	94,405
Fund balances (deficits), end of year	\$ (121,092)	\$ (75,238)	\$ 147,313

(Continued)

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Street and Bridge	Audit	School Crossing Guard
\$ -	\$ 413,364	\$ 884,710	\$ 648,858	\$ 53,916	\$ -
-	-	-	-	-	-
-	-	-	464	-	-
583,690	-	488,000	72,046	-	-
402	294	630	298	37	-
127,147	6,274	-	18,860	-	-
711,239	419,932	1,373,340	740,526	53,953	-
26	401,036	1,240,499	-	48,550	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
561,011	-	-	1,625,710	-	-
-	-	-	-	-	-
8,150	-	-	97,226	-	-
137,394	-	-	-	-	-
2,005	-	-	-	-	-
708,586	401,036	1,240,499	1,722,936	48,550	-
2,653	18,896	132,841	(982,410)	5,403	-
-	-	-	981,608	-	-
2,653	18,896	132,841	(802)	5,403	-
281,211	120,000	(141,365)	(82,323)	2,163	9,373
\$ 283,864	\$ 138,896	\$ (8,524)	\$ (83,125)	\$ 7,566	\$ 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, 2011

	Special Revenue			
	Sewer Chlorination	Street Lighting	Unemployment Insurance	Emergency Service and Disaster Assistance
Revenues:				
Property taxes	\$ 29,986	\$ 74,922	\$ 34,178	\$ 34,942
Other taxes and special assessments	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	4,736	-	-
Investment earnings	23	55	26	26
Miscellaneous	-	-	-	-
Total revenues	30,009	79,713	34,204	34,968
Expenditures:				
Current:				
General government	16,250	64,244	25,208	1,475
Police	-	-	-	-
Fire	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	16,250	64,244	25,208	1,475
Excess (deficiency) of revenues over expenditures	13,759	15,469	8,996	33,493
Other financing sources, transfers in	-	-	-	-
Net change in fund balances	13,759	15,469	8,996	33,493
Fund balances (deficits), beginning of year	35,447	14,709	-	62,979
Fund balances (deficits), end of year	\$ 49,206	\$ 30,178	\$ 8,996	\$ 96,472

(Continued)

Special Revenue

Hotel/Motel Tax	Ambulance Service	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund
\$ 21,962	\$ -	\$ -	\$ -	\$ -	\$ 868,700
813,349	-	-	-	-	198,177
-	831,338	-	-	-	-
-	-	-	-	-	70,050
-	-	12,909	32,172	29	620
246,006	56,666	94,411	55,563	-	-
1,081,317	888,004	107,320	87,735	29	1,137,547
1,164,370	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,143,324
-	-	-	-	-	-
-	1,299,908	-	-	-	-
-	-	-	45,560	-	-
-	-	200,000	-	2,000	-
-	-	-	-	-	-
-	-	-	185,000	-	-
-	-	-	71,726	-	-
1,164,370	1,299,908	200,000	302,286	2,000	1,143,324
(83,053)	(411,904)	(92,680)	(214,551)	(1,971)	(5,777)
-	410,922	-	100,000	-	-
(83,053)	(982)	(92,680)	(114,551)	(1,971)	(5,777)
449,176	185,622	174,706	413,874	21,021	(816)
\$ 366,123	\$ 184,640	\$ 82,026	\$ 299,323	\$ 19,050	\$ (6,593)

City of East Peoria, Illinois

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Nonmajor Governmental Funds
Year Ended April 30, 2011**

	Special Revenue	
	Police Pension Levy Fund	Total Nonmajor Governmental Fund
Revenues:		
Property taxes	\$ 809,450	\$ 5,035,882
Other taxes and special assessments	198,177	1,407,880
Charges for services	-	884,360
Intergovernmental	66,998	1,441,180
Investment earnings	575	48,982
Miscellaneous	-	778,007
Total revenues	1,075,200	9,596,291
Expenditures:		
Current:		
General government	-	3,339,971
Police	1,060,981	1,060,981
Fire	-	3,956,877
Sanitation	-	945,647
Health and welfare	-	1,299,908
Public works	-	2,232,281
Other	-	202,000
Capital outlay	-	105,376
Debt Service:		
Principal payments	-	322,394
Interest and fiscal charges	-	73,731
Total expenditures	1,060,981	13,539,166
Excess (deficiency) of revenues over expenditures	14,219	(3,942,875)
Other financing sources, transfers in	-	3,923,208
Net change in fund balances	14,219	(19,667)
Fund balances (deficits), beginning of year	(20,861)	1,441,479
Fund balances (deficits), end of year	\$ (6,642)	\$ 1,421,812

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City of East Peoria, Illinois

Combining Schedule of Fiduciary Net Assets
April 30, 2011

	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	\$ 78,541	\$ 379,183	\$ 457,724
Receivables:			
Employer contributions	1,257,554	1,173,553	2,431,107
Plan members' contributions	21,918	24,900	46,818
Accrued interest and dividends	70,483	119,189	189,672
Return of benefits	3,255	-	3,255
Total receivables	1,353,210	1,317,642	2,670,852
Investments, at fair value:			
Money market funds	1,091,833	869,226	1,961,059
Municipal bonds	-	692,631	692,631
Corporate bonds	-	629,635	629,635
U.S. Government notes and bonds	4,305,973	6,373,324	10,679,297
U.S. Government agency obligations	1,484,177	3,010,177	4,494,354
Mutual funds	5,826,509	1,583,230	7,409,739
Common stocks	1,342,541	6,727,279	8,069,820
Total investments	14,051,033	19,885,502	33,936,535
Total assets	15,482,784	21,582,327	37,065,111
Liabilities			
Accounts payable and accrued payroll taxes	3,558	18,063	21,621
Amounts held for others	-	-	-
Total liabilities	3,558	18,063	21,621
Net assets held in trust for pension benefit obligation	\$ 15,479,226	\$ 21,564,264	\$ 37,043,490

Agency Funds				
Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	Total Agency Funds	
\$ 7,730	\$ 1,784	\$ 12,617	\$ 22,131	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
7,730	1,784	12,617	22,131	
-	-	-	-	
7,730	1,784	12,617	22,131	
7,730	1,784	12,617	22,131	
\$ -	\$ -	\$ -	\$ -	

City of East Peoria, Illinois

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended April 30, 2011

	Balance, Beginning	Additions	Deductions	Balance, Ending
Levi King Scholarship Fund				
Assets , cash and cash equivalents	\$ 8,201	\$ 28	\$ 499	\$ 7,730
Liabilities , amounts held for others	\$ 8,201	\$ 28	\$ 499	\$ 7,730
Dependent Care Fund				
Assets , cash and cash equivalents	\$ 1,994	\$ 2,708	\$ 2,918	\$ 1,784
Liabilities , amounts held for others	\$ 1,994	\$ 2,708	\$ 2,918	\$ 1,784
Unreimbursed Medical Fund				
Assets , cash and cash equivalents	\$ 8,105	\$ 71,896	\$ 67,384	\$ 12,617
Liabilities , amounts held for others	\$ 8,105	\$ 71,896	\$ 67,384	\$ 12,617
Total				
Assets , cash and cash equivalents	\$ 18,300	\$ 74,632	\$ 70,801	\$ 22,131
Liabilities , amounts held for others	\$ 18,300	\$ 74,632	\$ 70,801	\$ 22,131

City of East Peoria, Illinois

Combining Schedule of Changes in Fiduciary Net Assets
Year Ended April 30, 2011

	Pension Trust Funds		
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	Total
Additions:			
Contributions:			
Plan members' contributions	\$ 261,301	\$ 282,132	\$ 543,433
Employer contributions	1,305,136	1,221,371	2,526,507
Total contributions	1,566,437	1,503,503	3,069,940
Investment income:			
Net appreciation in fair value of investments	825,915	1,074,059	1,899,974
Dividends and interest	361,671	633,645	995,316
Total investment income	1,187,586	1,707,704	2,895,290
Less investment expenses	71,814	109,554	181,368
Net investment income	1,115,772	1,598,150	2,713,922
Total additions	2,682,209	3,101,653	5,783,862
Deductions:			
Benefits paid	1,194,522	1,676,779	2,871,301
Refunds of contributions	-	2,087	2,087
Administrative expenses	45,197	45,173	90,370
Total deductions	1,239,719	1,724,039	2,963,758
Net increase	1,442,490	1,377,614	2,820,104
Net assets held in trust for pension benefits:			
Beginning of year	14,036,736	20,186,650	34,223,386
End of year	\$ 15,479,226	\$ 21,564,264	\$ 37,043,490

City of East Peoria, Illinois

**Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections
April 30, 2011**

		2010 Tax Levy		
Assessed valuation, excluding Tax Increment				
Financing District Increment		\$ 428,561,535		
Fund	Levy	Rate	Amount Extended by County Clerk	Collected Within 60 Days After April 30, 2011
General	\$ -	-	\$ -	\$ -
Police protection	697,000	0.16264	697,012	-
Fire protection	475,000	0.11084	475,018	-
Garbage collection and disposal	475,000	0.11084	475,018	-
Sewer chlorination	15,000	0.00351	15,043	-
Illinois Municipal Retirement	275,000	0.06417	275,008	-
FICA	415,000	0.09684	415,019	-
Workmen's compensation	800,000	0.18668	800,039	-
Street and bridge	427,500	0.05264	225,595	-
Audit	56,000	0.01307	56,013	-
Street lighting	75,000	0.01751	75,041	-
Unemployment insurance	20,853	0.00487	20,871	-
Emergency service and disaster assistance	-	-	-	-
Firemen's pension	902,168	0.21052	902,208	-
Police pension	955,350	0.22293	955,392	-
School crossing guard	-	-	-	-
	<u>\$ 5,588,871</u>	<u>1.25706</u>	<u>\$ 5,387,277</u>	<u>\$ -</u>

Note: TIF and Township Road and Bridge levies are excluded.

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City of East Peoria, Illinois

Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections (Continued)
 April 30, 2011

		2009 Tax Levy			
Assessed valuation, excluding Tax Increment					
Financing District Increment		\$ 423,364,569			
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Collected	
General	\$ -	-	\$ -	\$ -	-
Police protection	475,000	0.11200	474,084	474,268	
Fire protection	475,000	0.11198	474,084	474,268	
Garbage collection and disposal	475,000	0.11200	474,084	474,268	
Sewer chlorination	30,000	0.00708	29,974	29,986	
Illinois Municipal Retirement	212,700	0.05014	212,275	212,358	
FICA	414,000	0.09760	413,204	413,365	
Workmen's compensation	886,018	0.20889	884,366	884,710	
Street and bridge	413,982	0.09759	413,162	413,322	
Audit	54,000	0.01273	53,894	53,915	
Street lighting	75,000	0.01769	74,893	74,922	
Unemployment insurance	34,257	0.00807	34,166	34,178	
Emergency service and disaster assistance	35,000	0.00825	34,928	34,942	
Firemen's pension	869,769	0.20510	868,363	868,700	
Police pension	810,720	0.19112	809,134	809,450	
	<u>\$ 5,260,446</u>	<u>1.24024</u>	<u>\$ 5,250,611</u>	<u>\$ 5,252,652</u>	

2008 Tax Levy				2007 Tax Levy					
				<u>\$ 414,023,511</u>					<u>\$ 391,777,464</u>
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected		
\$ 248,872	0.06010	\$ 248,828	\$ 247,414	\$ 257,319	0.0654	\$ 256,144	\$ 256,201		
475,000	0.11470	474,968	472,268	465,000	0.1182	462,885	462,988		
475,000	0.11470	474,968	472,268	465,000	0.1182	462,885	462,988		
475,000	0.11470	474,968	472,268	465,000	0.1182	462,885	462,988		
25,000	0.00604	25,007	24,865	25,000	0.0064	24,878	24,883		
110,000	0.02657	110,006	109,381	105,000	0.0267	104,526	104,549		
385,000	0.09298	384,959	382,771	385,000	0.0978	383,236	383,322		
800,000	0.19321	799,935	795,389	700,000	0.1779	696,815	696,970		
625,325	0.09999	413,982	411,629	586,000	0.0996	390,014	390,101		
72,000	0.01739	71,999	71,590	58,000	0.0147	57,709	57,722		
74,500	0.01799	74,483	74,060	70,000	0.0178	69,697	69,713		
-	-	-	-	-	-	-	-		
35,000	0.00845	34,985	34,786	35,000	0.0089	34,829	34,837		
688,862	0.16637	688,811	684,896	705,127	0.1792	701,908	702,065		
776,329	0.18749	776,253	771,841	661,105	0.1680	658,107	658,254		
<u>\$ 5,265,888</u>	<u>1.22068</u>	<u>\$ 5,054,152</u>	<u>\$ 5,025,426</u>	<u>\$ 4,982,551</u>	<u>1.2170</u>	<u>\$ 4,766,518</u>	<u>\$ 4,767,581</u>		

City of East Peoria, Illinois

**Legal Debt Margin
April 30, 2011**

Assessed valuation, 2010 tax year			<u>\$ 428,561,535</u>
Statutory debt limitation (8.625% of assessed valuation)			\$ 36,963,432
Total debt:			
Notes payable to banks	\$	6,717,434	
Notes payable to Illinois Environment Protection Agency		6,207,517	
Special assessment bonds		870,000	
Project bonds		5,325,000	
General obligation bonds (alternate revenue source)		85,170,000	
Revenue bonds		630,000	
Deduct debt exempt from debt limitation computation:			
Project bonds		(5,325,000)	
General obligation bonds (alternate revenue source)		(85,170,000)	
Revenue bonds		(630,000)	13,794,951
Legal debt margin			<u>\$ 23,168,481</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
Special Tax Allocation Fund
Year Ended April 30, 2011

	<u>District III</u>
Receipts:	
Tax increment financing, property taxes	\$ 759,098
Interest income	541
Interfund borrowing	615,000
Total receipts	<u>1,374,639</u>
Disbursements:	
1998-B Refunding Tax Increment Bond interest	166,364
1998-B Refunding Tax Increment Bonds	780,000
2005-D Refunding Tax Increment Bond interest	47,268
2005-D Refunding Tax Increment Bonds	250,000
Distribution to other taxing districts	128,188
Bank collection charges	2,500
Total disbursements	<u>1,374,320</u>
Excess of receipts over disbursements	319
Cash and investments, April 30, 2010	<u>100,009</u>
Cash and investments, April 30, 2011	<u>\$ 100,328</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
Capital Projects Fund
Year Ended April 30, 2011

	Camp Street TIF District	Washington Street TIF District	Total
Receipts:			
Tax increment financing:			
Property taxes	\$ 1,206,398	\$ 66,106	\$ 1,272,504
Hotel/motel taxes	561,392	-	561,392
Lease income	848,760	-	848,760
Grant income	-	23,991,696	23,991,696
Interest income	225,667	262,281	487,948
Reimbursements	112,500	50,000	162,500
Interfund borrowing	575,420	-	575,420
Issuance of debt	45,000,000	-	45,000,000
2010 general obligation bond premium	4,315	-	4,315
Total receipts	48,534,452	24,370,083	72,904,535
Disbursements:			
2002-C Tax Increment Bond interest	136,862	-	136,862
2002-C Tax Increment Bond principal	210,000	-	210,000
2004-B Tax Increment Bond interest	105,910	-	105,910
2004-B Tax Increment Bond principal	105,000	-	105,000
2007 Refunding Tax Increment Bond interest	1,249,488	-	1,249,488
2007 Refunding Tax Increment Bond principal	370,000	-	370,000
2008 General Obligation Bond interest	-	374,888	374,888
2008 General Obligation Bond principal	-	325,000	325,000
2010A General Obligation Bond interest	323,511	-	323,511
2010B General Obligation Bond interest	354,928	-	354,928
2010 General Obligation Bond Issuance costs	565,567	-	565,567
Development and engineering fees	14,752,400	8,314,970	23,067,370
Other operating expenses	266,882	17,228	284,110
Principal paid on notes payable	137,125	-	137,125
Interest paid on notes payable	49,847	-	49,847
Attorney fees	156,534	154,215	310,749
Total disbursements	18,784,054	9,186,301	27,970,355
Excess of receipts over disbursements	29,750,398	15,183,782	44,934,180
Cash, April 30, 2010	1,063,574	5,409,836	6,473,410
Cash, April 30, 2011	\$ 30,813,972	\$ 20,593,618	\$ 51,407,590

City of East Peoria, Illinois

Miscellaneous Information

April 30, 2011

(Unaudited)

Number of accounts served as of April 30, 2011:

Sewer	7,602
Metered water	7,695
Unmetered water	-

Approximate gallons of sewage treated during the year ended April 30, 2011

1,540,000,000

Approximate gallons of water during the year ended April 30, 2011:

Pumped (in millions of gallons)	1,007
Billed (in millions of gallons)	705

A summary of rates in effect as of April 30, 2011 follows:

Water	Sewer
First 3,000 gallons or less - \$5.43 per 1,000 gallons	\$4.37 per 1,000 gallons of water metered
Next 7,000 gallons at \$4.63 per 1,000 gallons	3,000 gallons or less minimum charge - \$13.11
Next 290,000 gallons at \$3.98 per 1,000 gallons	Nonmetered flat rate sewer charge - \$48.01 bimonthly
300,000 gallons and over at \$3.50 per 1,000 gallons	Senior citizens rate - flat rate sewer charge - \$28.38 bimonthly
Nonmetered flat rate - \$56.14 bimonthly	
Senior citizens rate - no charge first 6,000 gallons (regular rates over 6,000 gallons)	

City of East Peoria, Illinois

Insurance Coverage

April 30, 2011

(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, 2011
	Medical payments, each person	5,000	
	Medical payments, each accident	25,000	
	Uninsured/underinsured motorist	100,000	
	Auto physical damage	6,206,975	
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	91,662,806	
	Property, personal property	4,354,500	
	Equipment breakdown	96,017,306	
	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	