

City of East Peoria, Illinois

Financial Report
April 30, 2013

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Independent Auditor's Report

Honorable Mayor and Commissioners
City of East Peoria, Illinois
East Peoria, Illinois

Report on the Financial Statements

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 (the City), as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of East Peoria Firefighter's Pension Fund or the City of East Peoria Police Pension Fund, which represents 82 percent, 93 percent and 36 percent, respectively, of the assets, net position and revenues and additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of East Peoria Firefighter's Pension Fund and the City of East Peoria Police Pension Fund is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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 as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17, the City restated beginning net position of the governmental activities and fund balance of the Capital Projects Fund to correct an error in the City's accounts payable balance as of April 30, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on pages 76 through 80 and schedules of funding progress on pages 72 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The accompanying miscellaneous information and insurance coverage schedules, as listed in the table of contents as other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Davenport, Iowa
November 27, 2013

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2013

The following is a discussion and analysis of the City of East Peoria for the fiscal year ended April 30, 2013. 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 and deferred outflows of resources of the City of East Peoria, Illinois exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$76,462,282 (net position). Of this amount, \$(453,914) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position decreased by \$19,347,532 during the year ended 2013.

As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,105,286, an increase of \$2,852,869 in comparison with the prior year. Approximately (75 percent) of the General Fund fund balance total amount of \$6,484,414, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,484,414 or 29 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 position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position 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, 2013

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

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison schedule has been provided as required supplementary information for the General Fund, Riverboat Gaming Tax Fund and Special Tax Allocation Fund to demonstrate compliance with this budget on pages 76 through 80.

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, 2013

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 position of the fiduciary funds were \$41,486,081.

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 position may serve over time as a useful indicator of a government's financial position. The City's total net position have increased from a year ago. Table 1 reflects total net position of \$76,462,282, which represents a \$19,347,532 decrease from a restated beginning net position of \$95,809,814.

Of the City's net position, 97 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.

City of East Peoria, Illinois

**Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2013**

Table 1 - City of East Peoria's Net Position

	Governmental Activities April 2013	Governmental Activities April 2012	Business-Type Activities April 2013	Business-Type Activities April 2012	Total April 2013	Total April 2012
Current and other assets	\$ 47,597,906	\$ 48,797,059	\$ 2,734,237	\$ 1,975,381	\$ 50,332,143	\$ 50,772,440
Capital assets	135,668,457	133,453,378	38,682,752	40,502,534	174,351,209	173,955,912
Total assets	183,266,363	182,250,437	41,416,989	42,477,915	224,683,352	224,728,352
Deferred outflows of resources, deferred charge on refunding	461,835	357,317	-	29,120	461,835	386,437
Noncurrent liabilities	116,117,884	93,204,768	8,213,916	8,862,031	124,331,800	102,066,799
Other liabilities	11,507,112	18,324,869	1,569,110	1,718,764	13,076,222	20,043,633
Total liabilities	127,624,996	111,529,637	9,783,026	10,580,795	137,408,022	122,110,432
Deferred inflows of resources, unavailable revenue	11,274,883	10,180,945	-	-	11,274,883	10,180,945
Net position:						
Net investment in capital assets	43,903,506	44,731,906	30,332,326	31,404,698	74,235,832	76,136,604
Restricted	2,680,364	15,189,999	-	-	2,680,364	15,189,999
Unrestricted	(1,755,551)	975,267	1,301,637	521,542	(453,914)	1,496,809
Total net position	\$ 44,828,319	\$ 60,897,172	\$ 31,633,963	\$ 31,926,240	\$ 76,462,282	\$ 92,823,412

A restricted portion of the City's net position (4 percent as of April 30, 2013) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(453,914), may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$19,347,532 during the year ended April 30, 2013. The governmental-type activities' net position decreased by \$19,055,155. The total business-type activities' net position decreased by \$292,277. The decrease in the governmental-type activities was attributable to the Illinois Jobs Now Grant, which revenues of \$4,402,701 were \$6,475,330 lower than the prior year. Also, the City contributed about \$13.2 million in capital assets included in general government expenses to third parties related to projects in the TIF district. 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, 2013. These two main components are subtracted to yield the change in net position. 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.

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2013

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

	Governmental Activities April 2013	Governmental Activities April 2012	Business-Type Activities April 2013	Business-Type Activities April 2012	Total April 2013	Total April 2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,576,185	\$ 1,302,138	\$ 8,318,929	\$ 7,935,286	\$ 9,895,114	\$ 9,237,424
Operating grants and contributions	4,677,699	884,456	-	-	4,677,699	884,456
Capital grants and contributions	4,656,882	11,214,867	-	-	4,656,882	11,214,867
General revenues:						
Property taxes	7,648,555	7,666,800	-	-	7,648,555	7,666,800
Sales taxes	10,998,961	11,353,039	464	1,996	10,999,425	11,355,035
Income taxes	2,218,751	1,896,871	-	-	2,218,751	1,896,871
Other taxes	11,691,717	11,032,286	-	-	11,691,717	11,032,286
Investment earnings	729,931	986,785	5,530	5,463	735,461	992,248
Miscellaneous	4,012,497	4,175,364	86,587	121,631	4,099,084	4,296,995
Total revenues	48,211,178	50,512,606	8,411,510	8,064,376	56,622,688	58,576,982
Expenses:						
Police	7,217,180	6,639,133	-	-	7,217,180	6,639,133
Fire	5,459,965	5,194,931	-	-	5,459,965	5,194,931
Sanitation	1,019,804	1,006,633	-	-	1,019,804	1,006,633
Health and welfare	1,207,831	1,278,563	-	-	1,207,831	1,278,563
Public works	4,940,486	5,847,973	-	-	4,940,486	5,847,973
General government	39,581,012	13,351,908	-	-	39,581,012	13,351,908
Community development	452,204	426,140	-	-	452,204	426,140
Other	842,493	779,085	-	-	842,493	779,085
Interest on long-term debt	6,017,966	4,713,377	-	-	6,017,966	4,713,377
Water and sewer	-	-	6,854,407	6,629,009	6,854,407	6,629,009
Eastport Marina	-	-	1,006,508	1,002,050	1,006,508	1,002,050
Eastside Centre	-	-	1,370,364	1,474,513	1,370,364	1,474,513
Total expenses	66,738,941	39,237,743	9,231,279	9,105,572	75,970,220	48,343,315
Excess (deficiency) before transfers	(18,527,763)	11,274,863	(819,769)	(1,041,196)	(19,347,532)	10,233,667
Transfers	(527,492)	(821,093)	527,492	821,093	-	-
Increase (decrease) in net position	(19,055,255)	10,453,770	(292,277)	(220,103)	(19,347,532)	10,233,667
Net position, beginning, as restated	63,883,574	50,443,402	31,926,240	32,146,343	95,809,814	82,589,745
Net position, ending	\$ 44,828,319	\$ 60,897,172	\$ 31,633,963	\$ 31,926,240	\$ 76,462,282	\$ 92,823,412

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2013

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 Services April 2013	Total Cost of Services April 2012	Net (Cost) of Services April 2013	Net (Cost) of Services April 2012
Police	\$ 7,217,180	\$ 6,639,133	\$ (6,969,937)	\$ (6,343,925)
Fire	5,459,965	5,194,931	(5,407,953)	(5,095,179)
Sanitation	1,019,804	1,006,633	(998,690)	(985,132)
Health and welfare	1,207,831	1,278,563	(248,164)	(399,066)
Public works	4,940,486	5,847,973	398,560	5,942,904
General government	39,581,012	13,351,908	(35,289,328)	(13,037,282)
Community development	452,204	426,140	(452,204)	(426,140)
Other	842,493	779,085	(842,493)	(779,085)
Interest on long-term debt	6,017,966	4,713,377	(6,017,966)	(4,713,377)
Water and sewer	6,854,407	6,629,009	55,865	(249,964)
Eastport Marina	1,006,508	1,002,050	(320,804)	(66,243)
Eastside Centre	1,370,364	1,474,513	(647,411)	(854,079)
Total	\$ 75,970,220	\$ 48,343,315	\$ (56,740,525)	\$ (27,006,568)

Net cost of services is 75 and 56 percent of total cost of services for the years ended April 30, 2013 and 2012, 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, unassigned 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 \$20,105,286, an increase of \$2,852,869. Approximately (13 percent) of this total amount \$(2,536,060), constitutes a deficit unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned.

The General Fund is the chief operating fund of the City of East Peoria. At the end of the current fiscal year, the unassigned General Fund balance was \$6,484,414. The City's total General Fund balance increased \$882,734 during 2013. This increase is due to an increase in income taxes from the state of Illinois and property taxes.

General Fund revenues exceed budgeted amounts by \$4,146,641 for the year. This was mainly due to the receipt of intergovernmental revenues within the fiscal year that was in excess of expectations.

During the year, expenditures in the General Fund were over budget by \$3,152,222. This was mainly due to the expenditures related to the unexpected intergovernmental revenues noted above.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2013

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 \$10,989,577 for the current year, a decrease of \$136,229 over the prior year fund balance. The decrease is due to more capital outlay expenditures in the current year due to larger capital projects being paid with gaming tax revenues.

The Special Tax Allocation Fund has a total fund deficit of \$(6,203,789) for the current year, a decrease of \$21 over the prior year fund balance.

The Capital Projects Fund has a total fund balance of \$736,569 for the current year, an increase of \$1,769,503 over the prior year fund balance. The increase is due to the issuance of long-term debt offset by capital outlay expenditures in the current year.

The Bond and Interest Fund has a total fund balance of \$2,936,944 for the current year, an increase of \$52,091 over the prior year fund balance. The increase is due to transfers into this fund from other funds for the debt payments.

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, 2012, amounts to \$174 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, 2013 was 0.6 percent.

Major capital asset events during the year included street improvements, Tech Blvd downtown project and the East Peoria Downtown area improvement.

Capital Assets Net of Depreciation Primary Government

	2013	2012
Land	\$ 9	\$ 12
Land improvements	12	9
Buildings	75	75
Machinery, equipment and vehicles	29	28
Infrastructure	114	114
Construction-in-progress	41	34
Accumulated depreciation	(106)	(99)
Total	\$ 174	\$ 173

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

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2013

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

The City of East Peoria owed total bonded debt of \$108 million (bond principal portion only) at April 30, 2013. Standard and Poor's has currently assigned an "A+" rating for the City's general obligation bonds.

	2013	2012
General obligation bonds	\$ 104	\$ 83
Project bonds	3	4
Revenue bonds	0.3	0.5
Special assessment bonds	0.3	0.5
Total	\$ 108	\$ 88

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

Economic Factors

- 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.
- 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 will generate additional tax revenue and the development continues to attract interest of other retailers.

These factors were considered in preparing the City's budget for April 30, 2014 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 Position
April 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
Assets				
Current assets:				
Cash and investments	\$ 9,847,080	\$ 1,231,675	\$ 11,078,755	\$ 40,214
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	11,274,883	-	11,274,883	436,760
Sales tax	2,949,675	-	2,949,675	-
State income tax	825,916	-	825,916	-
Personal property replacement tax	252,630	-	252,630	10,094
Motor fuel tax allotments	99,754	-	99,754	-
Gaming tax	551,459	-	551,459	-
Water and sewer revenue receivables:				
Billed	-	201,304	201,304	-
Unbilled charges	-	1,210,066	1,210,066	-
Customer charges	255,051	47,415	302,466	-
Assessments	90,047	-	90,047	-
Hotel/motel taxes	145,905	-	145,905	-
Intergovernmental	1,101,609	-	1,101,609	-
Notes	316,660	-	316,660	-
Fines	44,116	-	44,116	-
Capital lease	359,100	5,096	364,196	-
Other	239,950	7,076	247,026	-
Inventory of supplies, at cost	-	25,227	25,227	-
Internal balances	(6,101)	6,101	-	-
Assets held for resale	1,430,000	-	1,430,000	-
Total current assets	29,777,734	2,733,960	32,511,694	487,068
Noncurrent assets:				
Restricted assets, cash and investments	7,794,313	-	7,794,313	-
Receivables (net where applicable, of allowances for estimated uncollectible amounts):				
Assessments	219,712	277	219,989	-
Developer	193,469	-	193,469	-
Capital lease	9,612,678	-	9,612,678	-
Capital assets:				
Not depreciable:				
Land	5,385,512	3,647,682	9,033,194	-
Construction-in-progress	40,896,164	14,053	40,910,217	-
Depreciable:				
Land improvements	4,878,131	7,104,124	11,982,255	-
Buildings	51,029,307	24,397,205	75,426,512	-
Machinery, equipment and vehicles	14,643,373	14,005,802	28,649,175	-
Infrastructure	74,353,802	40,123,525	114,477,327	-
Accumulated depreciation	(55,517,832)	(50,609,639)	(106,127,471)	-
Total noncurrent assets	153,488,629	38,683,029	192,171,658	-
Total assets	183,266,363	41,416,989	224,683,352	487,068
Deferred Outflows of Resources				
Deferred charge on refunding	461,835	-	461,835	-

See Notes to Basic Financial Statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,443,717	\$ 220,086	\$ 1,663,803	\$ -
Retainage payable	573,248	57,279	630,527	-
Wages payable	64,701	18,592	83,293	-
Liquor license bond held	18,000	-	18,000	-
Interest payable	1,505,220	10,625	1,515,845	-
Pension contribution payable	190,950	-	190,950	-
Unearned revenue	126,706	237,384	364,090	-
Due to other governmental entities	595,495	-	595,495	41,796
Deposits - customers	-	51,393	51,393	-
Compensated absences	487,240	160,260	647,500	-
Accrued health claims	952,000	-	952,000	-
Current portion of long-term debt	5,549,835	813,491	6,363,326	-
Long-term liabilities:				
Compensated absences	2,031,177	257,149	2,288,326	-
Accrued health claims	20,246	-	20,246	-
Other postemployment benefits obligation	8,309,667	345,335	8,655,002	-
IMRF pension obligation	146,978	74,497	221,475	-
General obligation bonds, net bond discounts and premiums, noncurrent	98,861,696	2,154,842	101,016,538	-
Project bonds, net of bond discounts, noncurrent	1,513,966	-	1,513,966	-
Revenue bonds, net bond discounts, noncurrent	-	248,868	248,868	-
Special assessments payable, noncurrent	315,000	-	315,000	-
Notes payable, noncurrent	4,919,154	5,133,225	10,052,379	-
Total liabilities	127,624,996	9,783,026	137,408,022	41,796
Deferred Inflows of Resources				
Unavailable revenue - property taxes	11,274,883	-	11,274,883	150,358
Net Position				
Net investment in capital assets	43,903,506	30,332,326	74,235,832	-
Restricted for:				
Employee Benefits	35,215	-	35,215	-
Audit	5,185	-	5,185	17,825
School Crossing Guard	9,373	-	9,373	-
Sewer	31,335	-	31,335	-
Streets	52,052	-	52,052	-
Emergency Services	80,557	-	80,557	-
Tourism	1,503,511	-	1,503,511	-
Revolving Loan	402,263	-	402,263	-
IHDA	16,936	-	16,936	-
Capital improvements and equipment	543,937	-	543,937	-
Liability insurance	-	-	-	301,548
Unrestricted (deficit)	(1,755,551)	1,301,637	(453,914)	(24,459)
Total net position	\$ 44,828,319	\$ 31,633,963	\$ 76,462,282	\$ 294,914

City of East Peoria

**Statement of Activities
Year Ended April 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Police	\$ (7,217,180)	\$ 61,285	\$ 185,958	\$ -
Fire	(5,459,965)	43,964	8,048	-
Sanitation	(1,019,804)	-	21,114	-
Health and welfare	(1,207,831)	959,667	-	-
Public works	(4,940,486)	1,600	680,564	4,656,882
General government	(39,581,012)	509,669	3,782,015	-
Community development	(452,204)	-	-	-
Other	(842,493)	-	-	-
Interest on and amortization of long-term debt	(6,017,966)	-	-	-
Total governmental activities	(66,738,941)	1,576,185	4,677,699	4,656,882
Business-type activities:				
Water and sewer	(6,854,407)	6,910,272	-	-
Eastport Marina	(1,006,508)	685,704	-	-
Eastside Centre	(1,370,364)	722,953	-	-
Total business-type activities	(9,231,279)	8,318,929	-	-
Total primary government	\$ (75,970,220)	\$ 9,895,114	\$ 4,677,699	\$ 4,656,882
Component unit, City of East Peoria Mass Transit District	\$ (1,829,437)	\$ -	\$ 1,531,770	\$ -

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 position
- Net position, beginning of year, as restated
- Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
\$ (6,969,937)	\$ -	\$ (6,969,937)	\$ -
(5,407,953)	-	(5,407,953)	-
(998,690)	-	(998,690)	-
(248,164)	-	(248,164)	-
398,560	-	398,560	-
(35,289,328)	-	(35,289,328)	-
(452,204)	-	(452,204)	-
(842,493)	-	(842,493)	-
(6,017,966)	-	(6,017,966)	-
(55,828,175)	-	(55,828,175)	-
-	55,865	55,865	-
-	(320,804)	(320,804)	-
-	(647,411)	(647,411)	-
-	(912,350)	(912,350)	-
(55,828,175)	(912,350)	(56,740,525)	-
			(297,667)
7,648,555	-	7,648,555	268,512
10,998,961	464	10,999,425	-
2,218,751	-	2,218,751	-
1,279,460	-	1,279,460	52,304
6,866,216	-	6,866,216	-
3,546,041	-	3,546,041	-
729,931	5,530	735,461	190
4,012,497	86,587	4,099,084	169
(527,492)	527,492	-	-
36,772,920	620,073	37,392,993	321,175
(19,055,255)	(292,277)	(19,347,532)	23,508
63,883,574	31,926,240	95,809,814	271,406
\$ 44,828,319	\$ 31,633,963	\$ 76,462,282	\$ 294,914

City of East Peoria

**Balance Sheet
Governmental Funds
April 30, 2013**

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Assets				
Cash and investments	\$ 4,415,962	\$ 532,517	\$ 9	\$ 70,250
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	3,356,349	-	1,059,398	2,901,908
Sales tax	2,652,917	-	-	296,758
State income tax	825,916	-	-	-
Personal property replacement tax	177,230	-	-	-
Motor fuel tax allotments	-	-	-	-
Gaming tax	-	551,459	-	-
Customer charges	255,051	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	44,542
Intergovernmental	971,758	129,851	-	-
Notes	-	-	-	-
Fines	44,116	-	-	-
Capital lease	-	-	-	9,971,778
Other	23,370	-	-	39,776
Advanced to other funds	1,866,158	10,598,758	1,984,822	-
Assets held for resale	-	-	-	1,430,000
Restricted assets, cash and investments	-	-	-	5,912,506
Total assets	\$ 14,588,827	\$ 11,812,585	\$ 3,044,229	\$ 20,667,518

(Continued)

	Bond and Interest Fund	Other Governmental Funds	Total
\$	1,035,737	\$ 2,660,446	\$ 8,714,921
	-	3,957,228	11,274,883
	-	-	2,949,675
	-	-	825,916
	-	75,400	252,630
	-	99,754	99,754
	-	-	551,459
	-	-	255,051
	-	309,759	309,759
	-	101,363	145,905
	-	-	1,101,609
	-	316,660	316,660
	-	-	44,116
	-	-	9,971,778
	-	176,804	239,950
	269,400	136,331	14,855,469
	-	-	1,430,000
	1,881,807	-	7,794,313
\$	3,186,944	\$ 7,833,745	\$ 61,133,848

City of East Peoria

Balance Sheet (Continued)
Governmental Funds
April 30, 2013

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 264,152	\$ 281,445	\$ -	\$ 889,092
Retainage payable	-	-	-	573,248
Wages payable	64,701	-	-	-
Liquor license bonds held	18,000	-	-	-
Compensated absences	35,341	-	-	-
Pension obligation payable	-	-	-	-
Unearned revenue	-	126,706	-	-
Due to other governmental entities	595,495	-	-	-
Advance from other funds	179,753	217,389	8,188,620	5,474,531
Total liabilities	1,157,442	625,540	8,188,620	6,936,871
Deferred inflows of resources:				
Unavailable revenue - property taxes	3,356,349	-	1,059,398	2,901,908
Unavailable revenue - other taxes	1,366,241	91,197	-	95,392
Unavailable revenue - intergovernmental	-	106,271	-	-
Unavailable revenue - capital lease receivable	-	-	-	9,971,778
Unavailable revenue - notes receivable and other	-	-	-	25,000
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	4,722,590	197,468	1,059,398	12,994,078
Fund balances (deficits):				
Nonspendable	1,866,158	10,598,758	1,984,822	1,430,000
Restricted	-	390,819	-	-
Assigned	358,223	-	-	-
Unassigned	6,484,414	-	(8,188,611)	(693,431)
Total fund balances (deficits)	8,708,795	10,989,577	(6,203,789)	736,569
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 14,588,827	\$ 11,812,585	\$ 3,044,229	\$ 20,667,518

See Notes to Basic Financial Statements.

	Bond and Interest Fund	Other Governmental Funds	Total
\$	-	\$ 9,028	\$ 1,443,717
	-	-	573,248
	-	-	64,701
	-	-	18,000
	-	-	35,341
	-	190,950	190,950
	-	-	126,706
	-	-	595,495
	250,000	141,365	14,451,658
	250,000	341,343	17,499,816
	-	3,957,228	11,274,883
	-	61,612	1,614,442
	-	-	106,271
	-	-	9,971,778
	-	316,660	341,660
	-	219,712	219,712
	-	4,555,212	23,528,746
	269,400	136,331	16,285,469
	2,667,544	2,939,291	5,997,654
	-	-	358,223
	-	(138,432)	(2,536,060)
	2,936,944	2,937,190	20,105,286
\$	3,186,944	\$ 7,833,745	\$ 61,133,848

City of East Peoria

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
April 30, 2013**

Total governmental fund balances		\$ 20,105,286
Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$ 5,385,512	
Construction-in-progress	40,896,164	
Land improvements	4,878,131	
Buildings and improvements	51,029,307	
Major movable equipment	14,643,373	
Infrastructure	74,353,802	
Accumulated depreciation	<u>(55,517,832)</u>	135,668,457
Developer receivable		193,469
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred inflows of resources		
		12,253,863
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 position:		
Other current assets	1,132,159	
Other current liabilities	(952,000)	
Other noncurrent liabilities	<u>(20,246)</u>	159,913
Internal service funds allocated to business-type activities		(409,912)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences, current	(451,899)	
Compensated absences, noncurrent	(2,031,177)	
Other postemployment benefits obligation	(8,309,667)	
IMRF pension obligation	(146,978)	
Accrued interest payable	(1,505,220)	
General obligation bonds payable, current	(3,865,000)	
General obligation bonds payable, noncurrent	(98,190,000)	
Project bonds payable, current	(1,305,000)	
Project bonds payable, noncurrent	(1,585,000)	
Special assessment bonds, noncurrent	(315,000)	
Notes payable, current	(379,835)	
Notes payable, noncurrent	(4,919,154)	
Bond discounts	167,376	
Bond deferred charge on refunding	461,835	
Bond premiums	<u>(768,038)</u>	(123,142,757)
Net position of governmental activities		<u><u>\$ 44,828,319</u></u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

**Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit)
Governmental Funds
Year Ended April 30, 2013**

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Revenues:				
Property taxes	\$ 2,339,659	\$ -	\$ 773,590	\$ 1,280,074
Other taxes and special assessments	13,261,917	6,866,216	-	1,793,236
Charges for services	1,066,516	-	-	-
Intergovernmental	4,371,841	254,181	-	4,402,701
Investment earnings	33,647	658	326	76,915
Licenses and permits	332,753	-	-	-
Miscellaneous	2,214,404	215,688	-	1,898,704
Total revenues	23,620,737	7,336,743	773,916	9,451,630
Expenditures:				
Current:				
General government	8,775,373	-	138,142	-
Police	5,121,258	-	-	-
Fire	3,184,556	-	-	-
Sanitation	974,285	-	-	-
Health and welfare	1,223,912	-	-	-
Public works	1,833,811	-	-	-
Community development	431,866	-	-	-
Other	-	-	2,500	827,054
Capital outlay	170,068	5,201,033	-	26,602,640
Debt Service:				
Principal payments	358,087	514,103	1,125,000	11,945,550
Interest and fiscal charges	241,720	105,683	121,248	4,165,055
Bond issuance costs	-	-	-	137,055
Total expenditures	22,314,936	5,820,819	1,386,890	43,677,354
Excess (deficiency) of revenues over expenditures	1,305,801	1,515,924	(612,974)	(34,225,724)
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	25,000,000
Issuance of refunding bonds	-	-	-	9,905,000
Premiums on long-term debt	-	-	-	744,188
Payments to refunded bond escrow agent	-	-	-	(1,313,209)
Proceeds from sale of capital assets	-	-	-	853,191
Transfers in	53,750	350,000	612,953	1,389,200
Transfers out	(476,817)	(2,002,153)	-	(583,143)
Total other financing sources (uses)	(423,067)	(1,652,153)	612,953	35,995,227
Net change in fund balances	882,734	(136,229)	(21)	1,769,503
Fund balances (deficits), beginning of year, as restated	7,826,061	11,125,806	(6,203,768)	(1,032,934)
Fund balances (deficits), end of year	\$ 8,708,795	\$ 10,989,577	\$ (6,203,789)	\$ 736,569

See Notes to Basic Financial Statements.

	Bond and Interest Fund	Other Governmental Funds	Total
\$	-	\$ 3,255,232	\$ 7,648,555
	-	1,784,277	23,705,646
	-	-	1,066,516
	-	1,479,047	10,507,770
	4,108	34,021	149,675
	-	-	332,753
	-	677,183	5,005,979
	4,108	7,229,760	48,416,894
	-	3,461,085	12,374,600
	-	1,328,723	6,449,981
	-	1,400,437	4,584,993
	-	-	974,285
	-	-	1,223,912
	-	483,560	2,317,371
	-	-	431,866
	-	12,939	842,493
	-	6,618	31,980,359
	80,000	150,000	14,172,740
	61,265	30,325	4,725,296
	29,719	-	166,774
	170,984	6,873,687	80,244,670
	(166,876)	356,073	(31,827,776)
	-	-	25,000,000
	770,000	-	10,675,000
	20,407	-	764,595
	(771,440)	-	(2,084,649)
	-	-	853,191
	200,000	278,718	2,884,621
	-	(350,000)	(3,412,113)
	218,967	(71,282)	34,680,645
	52,091	284,791	2,852,869
	2,884,853	2,652,399	17,252,417
\$	2,936,944	\$ 2,937,190	\$ 20,105,286

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, 2013**

Net change in fund balances - governmental funds \$ 2,852,869

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	\$ 23,386,526	
Depreciation expense	(5,105,057)	18,281,469

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations and disposals) is to increase/decrease net position:

Proceeds from sale of capital assets	(853,191)	
Loss on sale of capital assets	(1,971,365)	
Capital assets donated by the City to outside entities	(13,241,834)	(16,066,390)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grant and tax revenues 9,336

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	(62,458)	
Net change in developer receivable	(15,165)	
Net change in capital lease receivable	(318,353)	(395,976)

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

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

Issuance of long-term debt	(35,675,000)	
Repayment of bond principal	13,640,000	
Repayment of notes payable principal	532,740	
Payment to escrow agent, including deferred charge on refunding of \$139,649	2,084,649	
Premiums on long-term debt	(764,595)	
Interest	(133,909)	
Amortization of premiums, discounts and deferred charge on refunding	(991,987)	(21,308,102)

(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, 2013**

Some expenses reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	(209,768)	
Change in other postemployment benefit obligation	(1,691,093)	
Change in IMRF pension obligation	<u>(3,070)</u>	(1,903,931)

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

(419,015)

Change in internal service fund allocation to business-type activities

(105,515)

Change in net position of governmental activities

\$ (19,055,255)

See Notes to Basic Financial Statements.

City of East Peoria

Statement of Net Position
 Proprietary Funds
 April 30, 2013

Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current assets:			
Cash	\$ 955,959	\$ 174,439	\$ 101,277
Water and sewer revenue receivables (net where applicable of allowance for uncollectible amounts):			
Billed	201,304	-	-
Unbilled charges	1,210,066	-	-
Customer charges	-	47,415	-
Lease receivable	-	-	5,096
Other receivable	-	7,076	-
Inventory of supplies, at cost	25,227	-	-
Total current assets	2,392,556	228,930	106,373
Noncurrent assets,			
assessments receivable	277	-	-
Capital assets:			
Nondepreciable:			
Land	456,274	2,850,000	341,408
Construction-in-progress	-	-	14,053
Depreciable:			
Land improvements	1,617,396	3,119,800	2,366,928
Buildings	16,210,548	2,326,811	5,859,846
Machinery, equipment and vehicles	12,492,125	496,130	1,017,547
Infrastructure	40,123,525	-	-
Less accumulated depreciation	(42,034,995)	(3,903,609)	(4,671,035)
Net capital assets	28,864,873	4,889,132	4,928,747
Total assets	\$ 31,257,706	\$ 5,118,062	\$ 5,035,120

(Continued)

Total	Governmental Activities Internal Service Fund
\$ 1,231,675	\$ 1,132,159
201,304	-
1,210,066	-
47,415	-
5,096	-
7,076	-
25,227	-
2,727,859	1,132,159
277	-
3,647,682	-
14,053	-
7,104,124	-
24,397,205	-
14,005,802	-
40,123,525	-
(50,609,639)	-
38,682,752	-
\$ 41,410,888	\$ 1,132,159

City of East Peoria

Statement of Net Position (Continued)
 Proprietary Funds
 April 30, 2013

Liabilities and Net Position	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current liabilities:			
Accounts payable	\$ 205,810	\$ -	\$ 14,276
Retainage payable	57,279	-	-
Wages payable	18,592	-	-
Interest payable	10,576	-	49
Deposits, customers	51,393	-	-
Compensated absences	121,646	-	38,614
Unearned revenue	-	237,384	-
Accrued health claims	-	-	-
Current portion of long-term debt	802,264	-	11,227
Total current liabilities	1,267,560	237,384	64,166
Long-term debt:			
Compensated absences, noncurrent	205,011	-	52,138
Accrued health claims, noncurrent	-	-	-
Advanced from other funds	259,517	144,294	-
Other postemployment benefits obligation	-	-	345,335
IMRF pension obligation	74,497	-	-
General obligation bonds, net bond premiums, noncurrent	2,154,842	-	-
Revenue bonds, net bond discounts, noncurrent	248,868	-	-
Notes payable, noncurrent	4,988,065	-	145,160
Total long-term debt	7,930,800	144,294	542,633
Total liabilities	9,198,360	381,678	606,799
Net position:			
Net investment in capital assets	20,670,834	4,889,132	4,772,360
Unrestricted	1,388,512	(152,748)	(344,039)
Total net position	\$ 22,059,346	\$ 4,736,384	\$ 4,428,321

Total enterprise funds net position

Amounts reported for enterprise activities in the statement of net position 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 are included in governmental activities in the statement of net position.

Net position of business-type activities

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total		Fund	
\$	220,086	\$	-
	57,279		-
	18,592		-
	10,625		-
	51,393		-
	160,260		-
	237,384		-
	-		952,000
	813,491		-
	<u>1,569,110</u>		<u>952,000</u>
	257,149		-
	-		20,246
	403,811		-
	345,335		-
	74,497		-
	2,154,842		-
	248,868		-
	5,133,225		-
	<u>8,617,727</u>		<u>20,246</u>
	10,186,837		972,246
	30,332,326		-
	891,725		159,913
\$	<u>31,224,051</u>	\$	<u>159,913</u>
\$	31,224,051		
	409,912		
\$	<u>31,633,963</u>		

City of East Peoria, Illinois

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended April 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Operating revenues:			
Water sales	\$ 3,125,120	\$ -	\$ -
Sewer service charges	3,408,576	-	-
Fuel sales	-	157,493	-
Storage and rentals	-	528,115	27,512
Fees for services	-	-	543,136
Tap-in charges	68,388	-	-
Water assessments	18,000	-	-
Sewer assessments	62,000	-	-
Penalties	133,573	-	-
Individual sewer permits	1,410	-	-
Contractors' sewer permits	1,295	-	-
Sewer inspection fees	1,410	-	-
Sewer connection fees	32,495	-	-
Concession sales	-	-	10,434
Charges for coverage	-	-	-
Miscellaneous	58,005	96	141,871
Total operating revenues	6,910,272	685,704	722,953
Operating expenses:			
Salaries and benefits	2,365,290	152,336	615,491
Contractual services	194,651	90,605	47,538
Utilities	643,833	51,399	35,753
Repair and maintenance	744,823	111,992	196,811
Insurance	511,730	-	31,000
Other supplies and expenses	757,666	389,715	149,313
Depreciation	1,462,488	208,849	285,499
Insurance claims	-	-	-
Total operating expenses	6,680,481	1,004,896	1,361,405
Operating income (loss)	229,791	(319,192)	(638,452)
Nonoperating revenues (expenses):			
Interest	5,471	59	-
Reimbursements	86,587	-	-
Municipal sales tax	-	-	464
Interest, fiscal charges and amortization	(211,942)	-	(8,293)
Bond issue costs expense	(69,777)	-	-
Total nonoperating revenues (expenses)	(189,661)	59	(7,829)
Income (loss) before transfers	40,130	(319,133)	(646,281)
Transfers in	-	-	527,492
Change in net position	40,130	(319,133)	(118,789)
Total net position, beginning of year	22,019,216	5,055,517	4,547,110
Total net position, end of year	\$ 22,059,346	\$ 4,736,384	\$ 4,428,321

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 3,125,120	\$ -		
3,408,576	-		
157,493	-		
555,627	-		
543,136	-		
68,388	-		
18,000	-		
62,000	-		
133,573	-		
1,410	-		
1,295	-		
1,410	-		
32,495	-		
10,434	-		
-	3,650,741		
199,972	-		
<u>8,318,929</u>	<u>3,650,741</u>		
3,133,117	-		
332,794	-		
730,985	-		
1,053,626	-		
542,730	-		
1,296,694	-		
1,956,836	-		
-	4,073,764		
<u>9,046,782</u>	<u>4,073,764</u>		
<u>(727,853)</u>	<u>(423,023)</u>		
5,530	4,008		
86,587	-		
464	-		
(220,235)	-		
(69,777)	-		
<u>(197,431)</u>	<u>4,008</u>		
<u>(925,284)</u>	<u>(419,015)</u>		
527,492	-		
(397,792)	(419,015)		
31,621,843	578,928		
<u>\$ 31,224,051</u>	<u>\$ 159,913</u>		

City of East Peoria, Illinois

**Reconciliation of the Changes in Net Position of Enterprise Funds to the Statement of Activities
Year Ended April 30, 2013**

Net changes in net position in enterprise funds	\$ (397,792)
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>105,515</u>
Changes in net position of business-type activities	<u>\$ (292,277)</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, 2013

	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	\$ 6,912,302	\$ 821,823	\$ 722,953
Payments to suppliers and employees	(5,206,424)	(834,882)	(1,014,447)
Net cash provided by (used in) operating activities	1,705,878	(13,059)	(291,494)
Cash flows from noncapital financing activities:			
Reimbursements	86,587	-	-
Municipal sales tax	-	-	464
Transfer from other funds	-	-	527,492
Net cash provided by noncapital financing activities	86,587	-	527,956
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds payable, with bond premium of \$119,842	2,714,842	-	-
Principal payments on notes payable	(401,189)	-	(10,702)
Interest and fiscal charges paid on revenue bonds and notes payable	(220,413)	-	(8,293)
Purchase of capital assets	(6,064)	-	(130,990)
Principal payment on bonds	(3,080,000)	-	-
Net cash (used in) capital and related financing activities	(992,824)	-	(149,985)
Cash flows from investing activities,			
interest on investments	5,471	59	-
Increase (decrease) in cash and cash equivalents	805,112	(13,000)	86,477
Cash and cash equivalents, beginning of year	150,847	187,439	14,800
Cash and cash equivalents, end of year	\$ 955,959	\$ 174,439	\$ 101,277

(Continued)

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 8,457,078		\$ 3,650,741	
(7,055,753)		(3,948,764)	
1,401,325		(298,023)	
86,587		-	
464		-	
527,492		-	
614,543		-	
2,714,842		-	
(411,891)		-	
(228,706)		-	
(137,054)		-	
(3,080,000)		-	
(1,142,809)		-	
5,530		4,008	
878,589		(294,015)	
353,086		1,426,174	
\$ 1,231,675		\$ 1,132,159	

City of East Peoria, Illinois

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended April 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 229,791	\$ (319,192)	\$ (638,452)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities, depreciation	1,462,488	208,849	285,499
Change in assets and liabilities:			
Customer charges and receivables	17,765	175,816	-
Accounts payable, retainage and wages payable	(51,582)	(38,835)	3,902
Deposits	(15,735)	-	-
Unearned revenue	-	(39,697)	-
Compensated absences	61,583	-	(12,722)
Other postemployment benefits obligation	-	-	70,279
IMRF pension obligation	1,568	-	-
Net cash provided by (used in) operating activities	\$ 1,705,878	\$ (13,059)	\$ (291,494)
Noncash capital and related financing activities, amortization of issuance costs, discounts and deferred charge on refunding	\$ 61,306	\$ -	\$ -

See Notes to Basic Financial Statements.

	Governmental Activities	
Total	Internal Service Fund	
\$ (727,853)	\$	(423,023)
1,956,836		-
193,581		-
(86,515)		125,000
(15,735)		-
(39,697)		-
48,861		-
70,279		-
1,568		-
<u>\$ 1,401,325</u>	<u>\$</u>	<u>(298,023)</u>

\$ 61,306 \$ -

City of East Peoria, Illinois

Statement of Fiduciary Net Position

April 30, 2013

	Pension Trusts	Agency
Assets:		
Cash and cash equivalents	\$ 1,346,635	\$ 21,001
Receivables:		
Employer contributions	2,422,595	-
Accrued interest and dividends	162,960	-
Total receivables	2,585,555	-
Investments, at fair value:		
Money market funds	3,355,442	-
Municipal bonds	1,278,729	-
Corporate bonds	8,021,410	-
U.S. Government notes and bonds	7,200,065	-
U.S. Government agency obligations	2,140,430	-
Mutual funds	6,839,913	-
Common stocks	8,726,493	-
Total investments	37,562,482	-
Total assets	41,494,672	21,001
Liabilities:		
Accounts payable and accrued payroll taxes	8,591	-
Amounts held for others	-	21,001
Total liabilities	8,591	21,001
Net position held in trust for pension benefit obligation	\$ 41,486,081	\$ -

See Notes to Basic Financial Statements.

City of East Peoria, Illinois

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended April 30, 2013

Additions:

Contributions:

Plan members' contributions	\$ 615,544
Employer contributions	2,442,612
Total contributions	<u>3,058,156</u>

Net investment income:

Net appreciation in fair value of investments	2,123,491
Dividends and interest	1,032,500
Total investment income	<u>3,155,991</u>
Less investment expenses	194,252
Net investment income	<u>2,961,739</u>

Total additions	<u>6,019,895</u>
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Deductions:

Benefits paid	3,106,811
Refunds of contributions	2,779
Administrative expenses	79,927
Total deductions	<u>3,189,517</u>

Change in net position	2,830,378
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Net position held in trust for benefits:

Beginning of year	38,655,703
End of year	<u>\$ 41,486,081</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 industries within the area are 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 therefore 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:

Fiduciary funds – 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.

As the Pension Funds were created by City ordinance and due to the financial benefit of the City, the Police and Firefighters Pension Funds are reported as a blended component unit of the City.

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 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

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.

As the City appoints the voting majority of the District's board and is able to impose its will on the District, the District is reported as a discretely presented component unit of the City.

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 position, 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.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of these Statements changed the presentation of the basic financial statements to a statement of net position format, reclassified certain assets and liabilities to deferred outflows/inflows of resources and the City wrote-off bond issuance costs that had previously been capitalized.

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)

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.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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. Other taxes 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures/expenses.

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

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

Riverboat gaming tax fund (a special revenue fund): This fund is used to collect and disburse riverboat gaming taxes. The gaming taxes are restricted for capital purposes.

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)

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

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

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.

The City has chosen to report Eastport Marina and Eastside Centre as major funds for public interest 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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

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 2013 represent the 2011 tax levy which was received by the City during the months of July 2012 through November 2012. The entire 2012 tax levy and the first four months of the 2013 levy recorded as property taxes receivable, is reflected as a deferred inflows of resources.

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, 2013, 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.

The City invests in an external investment pool not SEC-registered, the Illinois Funds Money Market Fund. The Illinois Funds Money Market Fund is regulated by the State Treasurer's Office. The fair value of the position in the external investment pool is recorded at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

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)

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.”

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a nonspendable fund balance 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, 2013.

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

Unearned revenue: Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

Notes to Basic Financial Statements

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

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from several sources: property taxes, other taxes, intergovernmental, capital lease receivable, notes receivable, other and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property tax revenues remain under the full accrual basis of accounting and will become an inflow in the year for which they are levied and budgeted for.

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 or 120 days for department heads and union personnel.

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Bond issuance costs are recorded as debt service expenditures when incurred.

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)

Fund balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated by the City Council to the Treasurer/Comptroller.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Net position: Represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resource. Net investment in capital assets 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 investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Capital Projects Fund and Bond and Interest Fund were \$3,963,631 and \$1,727,400, respectively. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted by enabling legislation includes \$543,947 for capital improvements and equipments (motor fuel tax and riverboat gaming tax), \$5,185 for audit, \$35,215 for employee benefits, \$31,335 for sewer chlorination, \$52,052 for street lighting and \$80,557 for emergency services.

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

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.

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.

As of April 30, 2013, the City had the following cash and investments:

Cash and investments - Statement of Net Position	\$ 11,078,755
Restricted cash and investments - Statement of Net Position	7,794,313
Cash and cash equivalents - Fiduciary Funds	1,367,636
Investments - Fiduciary Funds	37,562,482
Total	<u>\$ 57,803,186</u>
Deposits	\$ 12,912,400
Illinois Funds Money Market Fund	2,764,866
Mutual Funds	5,464
FNMA Investments	3,190,339
Cash held by Pension Trusts Fiduciary Funds	1,367,635
Investments held by Pension Trusts Fiduciary Funds	37,562,482
Total primary government	<u>\$ 57,803,186</u>

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, 2013, \$30,034 of the City's bank balance of \$12,264,218 was exposed to custodial credit risk.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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, 2013, 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, 2013, the City had the following investments and maturities:

	Fair Value	Investment Maturities (In Years)
		Less than 1
Illinois Funds Money Market Fund	\$ 2,764,866	\$ 2,764,866
U.S. Agency, FNMA	3,190,339	3,190,339
	<u>\$ 5,955,205</u>	<u>\$ 5,955,205</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, 2013, more than 5 percent of the City's investments are in FNMA securities. These securities represents 54 percent of the City's total investments.

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. The Illinois Funds are State approved, professionally managed investment funds which enable municipalities in Illinois to pool available funds for investment in various state approved investments. The fair value of the City's position in the pool is recorded at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. As of April 30, 2013, the City's investments were rated as follows:

Investment Type	Moody's	Standard
	Investor's Service	& Poor's
Illinois Funds Money Market Fund	Not Rated	AAAm
FNMA	Aaa	AA+

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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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, 2013, 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, 2013, 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 and bonds, Explicitly guaranteed	\$ 4,082,356	N/A	8.17	19%
U.S. Government agencies	1,354,911	Aaa	3.39	6
Money market	481,739	N/A	N/A	2
Municipal bonds	971,025	Aaa to Aa3	11.51	4
Corporate bonds	5,775,754	Aaa to Baa3	7.77	26
Common stocks	6,923,863	N/A	N/A	32
Mutual funds, equities	2,293,106	N/A	N/A	11
Total investments	\$ 21,882,754			

As of April 30, 2013, the Firefighter's Pension Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)	Concentration Percentage
U.S. Government notes and bonds, Explicitly guaranteed	\$ 3,117,709	N/A	6.06	20%
U.S. Government agencies	785,519	Aaa	3.00	5
Money market funds	2,873,703	N/A	0.05	18
Mutual funds, equities	4,546,807	N/A	N/A	29
Common stocks	1,802,630	N/A	N/A	12
Corporate bonds	2,245,656	Aa1 to Baa3	8.25	14
Municipal bonds	307,704	Aaa to Aa3	14.58	2
Total investments	\$ 15,679,728			

(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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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 minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer or an individual class of securities. 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, 2013, none of the District's bank balance of \$40,214 was exposed to custodial credit risk.

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 noncurrent portion of the special assessment receivable is deferred in the governmental funds as it is not available as of year-end. An analysis of the current and long-term portions of special assessments receivable at April 30, 2013 is as follows:

Total special assessments receivable	\$ 309,759
Less amounts not receivable within one year	219,712
Current special assessments receivable	<u>\$ 90,047</u>

Note 5. Lease Receivable

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

As of April 30, 2013, components of the lease receivable were as follows:

Total lease receivable payments	\$ 14,931,000
Amount representing interest	(4,959,222)
	<u>\$ 9,971,778</u>

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 5. Lease Receivable (Continued)

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, 2013, future minimum lease revenue expected to be received is as follows:

Fiscal Year Ending April 30:

2014	\$	917,520
2015		940,440
2016		963,360
2017		986,280
2018		1,009,200
2019-2023		5,389,800
2024-2027		4,724,400
Total lease receivable payments		<u>14,931,000</u>
Less amount representing interest		(4,959,222)
Lease receivable	\$	<u><u>9,971,778</u></u>

In July 2010, the City entered into a lease agreement with Bass Pro Outdoor World, LLC for the lease of a retail space owned by the City. Monthly lease payments are based on gross sales of the retail operation of 1 percent of gross sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, with a max of \$250 for each such vehicle sold and 2 percent of all other gross sales, which began September 2011. The lease term is 20 years with six consecutive renewal options of five years each. For the year ended April 30, 2013 lease revenues from this lease were \$526,661. As of April 30, 2013, there was a lease receivable of \$39,776 included in other receivables on the City's financial statements in the Capital Projects fund.

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, 2013 was as follows:

	Balance April 30, 2012	Additions	Deductions/ Transfers	Balance April 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,210,068	\$ -	\$ 2,824,556	\$ 5,385,512
Construction-in-progress	34,173,951	23,308,075	16,585,862	40,896,164
Total capital assets not being depreciated	42,384,019	23,308,075	19,410,418	46,281,676
Capital assets, being depreciated:				
Land improvements	2,086,187	2,791,944	-	4,878,131
Buildings	51,017,447	11,860	-	51,029,307
Machinery, equipment and vehicles	14,024,698	618,675	-	14,643,373
Infrastructure assets	74,353,802	-	-	74,353,802
Total capital assets being depreciated	141,482,134	3,422,479	-	144,904,613
Less accumulated depreciation for:				
Land improvements	1,276,978	160,630	-	1,437,608
Buildings	4,143,786	1,916,717	-	6,060,503
Machinery, equipment and vehicles	9,044,241	952,149	-	9,996,390
Infrastructure assets	35,947,770	2,075,561	-	38,023,331
Total accumulated depreciation	50,412,775	5,105,057	-	55,517,832
Total capital assets being depreciated, net	91,069,359	(1,682,578)	-	89,386,781
Governmental activities capital assets, net	\$ 133,453,378	\$ 21,625,497	\$ 19,410,418	\$ 135,668,457

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

	Balance April 30, 2012	Additions	Deductions	Balance April 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction-in-progress	14,053	-	-	14,053
Total capital assets not being depreciated	3,661,735	-	-	3,661,735
Capital assets being depreciated:				
Land improvements	7,104,124	-	-	7,104,124
Buildings	24,397,205	-	-	24,397,205
Machinery, equipment and vehicles	13,868,748	137,054	-	14,005,802
Infrastructure assets	40,123,525	-	-	40,123,525
Total capital assets being depreciated	85,493,602	137,054	-	85,630,656
Less accumulated depreciation for:				
Land improvements	5,415,270	291,865	-	5,707,135
Buildings	9,560,847	497,117	-	10,057,964
Machinery, equipment and vehicles	11,151,675	461,825	-	11,613,500
Infrastructure assets	22,525,011	706,029	-	23,231,040
Total accumulated depreciation	48,652,803	1,956,836	-	50,609,639
Total capital assets being depreciated, net	36,840,799	(1,819,782)	-	35,021,017
Business-type activities capital assets, net	\$ 40,502,534	\$ (1,819,782)	\$ -	\$ 38,682,752

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	\$ 103,804
Fire	225,429
Sanitation	44,985
Public works	2,092,728
General government	2,638,111
Total depreciation expense, governmental activities	\$ 5,105,057
Business-type activities:	
Water and sewer fund	\$ 1,462,488
Eastport Marina fund	208,849
Eastside Centre fund	285,499
Total depreciation expense, business-type activities	\$ 1,956,836

During the year ended April 30, 2013, the City contributed approximately \$13.2 million in various capital assets from their construction-in-progress to outside entities. These contributions are included in general government expenses in the statement of activities.

Construction commitments: The City has active construction projects as of April 30, 2013. At year-end, the City's commitments with contractors are estimated to be approximately \$6,120,000 for these projects.

Note 7. Long-Term Liabilities, Primary Government

The following is a summary of changes in long-term liabilities for the year ended April 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 80,570,000	\$ 35,675,000	\$ 14,190,000	\$ 102,055,000	\$ 3,865,000
Project bonds	4,135,000	-	1,245,000	2,890,000	1,305,000
Special assessment bonds	465,000	-	150,000	315,000	-
Issuance premiums (discounts)	(195,540)	764,595	(31,607)	600,662	-
Total bonds payable	84,974,460	36,439,595	15,553,393	105,860,662	5,170,000
Note payable	5,831,729	-	532,740	5,298,989	379,835
Compensated absences	2,318,894	2,518,417	2,318,894	2,518,417	487,240
Governmental activities, long-term liabilities	\$ 93,125,083	\$ 38,958,012	\$ 18,405,027	\$ 113,678,068	\$ 6,037,075

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities, 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, 2013 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	\$ 2,760,000	\$ 2,595,000	\$ 3,010,000	\$ 2,345,000	\$ 310,000
Revenue bonds	395,000	-	70,000	325,000	75,000
Issuance premiums (discounts)	(1,651)	119,842	(519)	118,710	-
Total bonds payable	3,153,349	2,714,842	3,079,481	2,788,710	385,000
Notes payable	5,973,607	-	411,891	5,561,716	428,491
Compensated absences	368,548	417,409	368,548	417,409	160,260
Business-type activities, long-term liabilities	\$ 9,495,504	\$ 3,132,251	\$ 3,859,920	\$ 8,767,835	\$ 973,751

On August 1, 2012, the City issued \$3,920,000 in General Obligation Bonds, Series 2012A. The bond proceeds are being used to finance the construction project of the West Washington Street. The bonds are due in annual installments of \$170,000 to \$265,000 through 2032 at interest rates ranging from 1.076 percent to 3.575 percent.

On August 1, 2012, the City issued \$3,920,000 in General Obligation Bonds, Series 2012B. The bond proceeds are being used to finance the construction of the Hotel/Motel Tax project. The bonds are due in annual installments of \$170,000 to \$265,000 through 2032 at interest rates ranging from 1.076 percent to 3.575 percent.

On August 1, 2012, the City issued \$12,280,000 in General Obligation Bonds, Series 2012C. The bond proceeds are being used to finance the construction of the Target Area Business District Tax project. The bonds are due in annual installments of \$495,000 to \$890,000 through 2032 at interest rates ranging from 1.470 percent to 4.575 percent.

On August 1, 2012, the City issued \$4,880,000 in General Obligation Bonds, Series 2012D. The bond proceeds are being used to finance the construction of the Costco Area Business District Tax project. The bonds are due in annual installments of \$200,000 to \$355,000 through 2032 at interest rates ranging from 1.470 percent to 4.575 percent.

On December 20, 2012, the City issued \$2,595,000 in General Obligation Bonds, Series 2012E with interest rates ranging from 2.00 percent to 4.00 percent to current refund \$1,345,000 in General Obligation Bonds, Series 2002A with interest rates from 2.00 percent to 4.60 percent, and to advance refund \$1,290,000 of the outstanding General Obligation Bonds, Series 2002B with interest rates at 4.00 percent. A portion of the proceeds of \$2,714,842 related to the current refunding were immediately applied to the redemption of the General Obligation Bonds, Series 2002A. A portion of the proceeds related to the advanced refunding were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the General Obligation Bonds, Series 2002B being refunded. The net change was a decrease in cash flows related to the current refunding of \$212,472. The economic gain resulting from the current refunding was \$205,475.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

On December 20, 2012, the City issued \$2,385,000 in General Obligation Bonds, Series 2012F with interest rates ranging from 2.00 percent to 4.00 percent to current refund \$2,535,000 in General Obligation Bonds, Series 2002C with interest rates from 2.00 percent to 3.00 percent . A portion of the proceeds related to the current refunding of \$2,385,000 were immediately applied to the redemption of the General Obligation Bonds, Series 2002C. The net change was a decrease in cash flows related to the current refunding of \$300,922. The economic gain resulting from the current refunding was \$327,699.

On December 20, 2012, the City of issued \$1,305,000 in General Obligation Refunding Bonds, Series 2012G maturing January 1, 2015 through January 1, 2018 with interest rates ranging from 1.20 to 2.20 percent to advance refund, on January 1, 2014 \$1,210,000 of the outstanding General Obligation Bonds, Series 2004B with interest rates at 5.60 percent. The net proceeds related to the partial refunding of \$1,340,044 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the General Obligation Bonds, Series 2004B being refunded. The net change was a decrease in cash flows related to the current refunding of \$105,718. The economic gain resulting from the current refunding was \$104,439.

On December 20, 2012, the City issued \$770,000 in General Obligation Refunding Bonds, Series 2013A maturing January 1, 2015 through January 1, 2024 with interest rates ranging from 2.00 to 3.00 percent to advance refund \$735,000 of the outstanding General Obligation Bonds, Series 2004C with interest rates at 4.20 percent. The net proceeds related to the partial refunding of \$793,891 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the General Obligation Bonds, Series 2004C being refunded. The net change was a decrease in cash flows related to the current refunding of \$73,951. The economic gain resulting from the current refunding was \$69,444.

On December 20, 2012, the City issued \$6,215,000 in General Obligation Bonds, Series 2013B with interest rates ranging from 2.00 percent to 4.00 percent to current refund \$6,660,000 in General Obligation Bonds, Series 2008 with an effective interest rate of 4.87 percent. The proceeds related to the current refunding of \$6,660,000 were immediately applied to the redemption of the General Obligation Bonds, Series 2008. The net change was a decrease in cash flows related to the current refunding of \$967,536. The economic gain resulting from the current refunding was \$934,047.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Governmental Activities

General obligation bonds:

\$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%	\$ 230,000
\$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%	50,000
\$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%	430,000
\$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%	285,000
\$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%	21,830,000
\$25,270,000, General Obligation Bonds, Series 2010A, due in annual installments of \$855,000 to \$1,740,000, through January 2033; interest at rates of 2.00% to 4.50%	24,415,000
\$19,730,000, General Obligation Bonds, Series 2010B, due in annual installments of \$590,000 to \$1,545,000, through January 2033; interest at rates of 2.34% to 6.56%	19,140,000
\$3,920,000, General Obligation Bonds, Series 2012A, due in annual installments of \$170,000 to \$265,000, through January 2032; interest at rates of 1.076% to 3.575%	3,920,000
\$3,920,000, General Obligation Bonds, Series 2012B, due in annual installments of \$170,000 to \$265,000, through January 2032; interest at rates of 1.076% to 3.575%	3,920,000
\$12,280,000, General Obligation Bonds, Series 2012C, due in annual installments of \$495,000 to \$890,000, through January 2032; interest at rates of 1.470% to 4.575%	12,280,000
\$4,880,000, General Obligation Bonds, Series 2012D, due in annual installments of \$200,000 to \$355,000, through January 2032; interest at rates of 1.470% to 4.575%	4,880,000
\$2,385,000, General Obligation Refunding Bonds, Series 2012F, due in annual installments of \$235,000 to \$295,000, through January 2022; interest at rates of 2.00% to 4.00%	2,385,000
\$1,305,000, General Obligation Refunding Bonds, Series 2012G, due in annual installments of \$305,000 to \$340,000, through January 2018; interest at rates of 1.20% to 2.20%	1,305,000
\$770,000, General Obligation Refunding Bonds, Series 2013A, due in annual installments of \$250,000 to \$275,000, through January 2024; interest at rates of 2.00% to 3.00%	770,000
\$6,215,000, General Obligation Refunding Bonds, Series 2013B, due in annual installments of \$25,000 to \$675,000, through January 2033; interest at rates of 2.00% to 4.00%	6,215,000
Total general obligation bonds, governmental activities	\$ 102,055,000

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities, 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)	\$ 11,305
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)	3,090,951
Note payable to bank, due in monthly installments of \$2,048, including interest at 5.125%, through April 2015 (Eastlight Theatre)	168,617
Note payable to bank with principal and interest, due in semiannual installments of \$45,112 through August 2023 (Steak-N-Shake Property)	611,840
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 February 9, 2016 (Camp Street Property)	1,416,276
Total notes payable, governmental activities	\$ 5,298,989

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>\$ 2,890,000</u>
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Special assessment bonds:

04-B, main on main improvement, due 2016, interest at 6.5%	\$ 260,000
04-D, dieter's funeral home improvement, due 2016, interest at 6.5%	55,000
Total special assessment bonds, governmental activities	\$ 315,000

Water and sewer fund long-term debt:

General obligation bonds:

\$2,595,000, General Obligation Refunding Bonds, Series 2012-E, due in annual installments of \$165,000 to \$430,000 through May 2022; interest rate at 2.00% to 4.00%	<u>\$ 2,345,000</u>
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City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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 \$ 29,201

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% 535,826

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% 401,135

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% 605,030

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% 3,023,916

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% 810,225

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) 53,959

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) 102,424

Total other long-term debt, business-type activities

\$ 5,561,716

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% \$ 325,000

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

<u>Year Ending April 30:</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 3,865,000	\$ 4,372,324	\$ 310,000	\$ 60,750
2015	3,780,000	4,264,495	415,000	54,550
2016	4,430,000	4,164,987	425,000	46,259
2017	4,615,000	4,037,740	430,000	37,750
2018	4,825,000	3,894,634	145,000	29,150
2019-2023	27,900,000	16,486,538	620,000	63,400
2024-2028	31,125,000	9,597,461	-	-
2029-2033	21,515,000	3,205,683	-	-
	<u>\$ 102,055,000</u>	<u>\$ 50,023,862</u>	<u>\$ 2,345,000</u>	<u>\$ 291,859</u>

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

<u>Year Ending April 30:</u>	Governmental Activities	
	Principal	Interest
2014	\$ 1,305,000	\$ 140,165
2015	545,000	76,873
2016	570,000	50,440
2017	470,000	22,795
	<u>\$ 2,890,000</u>	<u>\$ 290,273</u>

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

<u>Year Ending April 30:</u>	Governmental Activities	
	Principal	Interest
2014	\$ -	\$ 20,475
2015	-	20,475
2016	315,000	17,063
2017	-	-
	<u>\$ 315,000</u>	<u>\$ 58,013</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

<u>Year Ending April 30:</u>	Business-Type Activities	
	Principal	Interest
2014	\$ 75,000	\$ 22,750
2015	75,000	17,500
2016	85,000	12,250
2017	90,000	6,300
	<u>\$ 325,000</u>	<u>\$ 58,800</u>

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

<u>Year Ending April 30:</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 379,835	\$ 258,482	\$ 428,491	\$ 143,266
2015	523,938	238,119	439,994	132,186
2016	1,808,409	201,365	436,570	120,820
2017	413,364	135,876	448,298	109,109
2018	436,566	112,674	460,330	97,093
2019-2023	1,736,877	188,550	1,886,845	319,868
2024-2028	-	-	1,461,188	102,984
	<u>\$ 5,298,989</u>	<u>\$ 1,135,066</u>	<u>\$ 5,561,716</u>	<u>\$ 1,025,326</u>

As of April 30, 2013, the legal debt limit of the City was \$36,934,695 and the debt margin was \$25,758,990.

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 \$3,180,273. Principal and interest paid for the current year and total sales tax revenues were \$1,443,058 and \$10,880,954, 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, incremental property taxes and lease income revenues and are payable through January 2033. The total principal and interest remaining to be paid on the bonds is \$69,292,834. Principal and interest paid for the current year and total sales tax and lease income revenues were \$3,463,494 and \$1,408,296, respectively.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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, 2013, \$1,881,807 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, 2013 was \$17,755,000.

Note 8. Interfund Receivables and Payable, Primary Government

The individual fund interfund advance receivable and payable balances as of April 30, 2013 were:

	Advances to Other Funds	Advances from Other Funds
Governmental activities:		
Major funds:		
General Fund	\$ 1,866,158	\$ 179,753
Riverboat Gaming Tax Fund	10,598,758	217,389
Special Tax Allocation Fund	1,984,822	8,188,620
Capital Projects Fund	-	5,474,531
Bond and Interest Fund	269,400	250,000
Nonmajor funds	136,331	141,365
Business-type activities:		
Water and Sewer Fund	-	259,517
Eatsport Marina Fund	-	144,294
Total	\$ 14,855,469	\$ 14,855,469

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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	\$ 53,750	\$ 476,817
Riverboat Gaming Tax Fund	350,000	2,002,153
Special Tax Allocation Fund	612,953	-
Capital Projects Fund	1,389,200	583,143
Bond and Interest Fund	200,000	-
Nonmajor funds	278,718	350,000
Business-type activities:		
Eastside Centre Fund	527,492	-
	<u>\$ 3,412,113</u>	<u>\$ 3,412,113</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 Bond and Interest Fund as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure of certain information concerning individual funds including deficit fund balances or deficit net position balances of individual funds. This requirement is met by the following disclosure:

	Deficit Fund Balance or Deficit Net Position April 30, 2013
Major governmental funds, special tax allocation fund	\$ 6,203,789
Nonmajor governmental funds:	
Workmen's compensation	93,548
Firemen's pension levy	28,156
Police pension levy	16,728

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.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Risk Management/Self-Insurance

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

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 \$972,246, 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 health claims liability in fiscal years 2013 and 2012 were:

Balance, April 30, 2011	\$	400,000
Current year claims and changes in estimates		2,859,961
Claims paid		(3,009,961)
Balance, April 30, 2012		<u>250,000</u>
Current year claims and changes in estimates		3,486,279
Claims paid		(3,361,279)
Balance, April 30, 2013	\$	<u><u>375,000</u></u>

Changes in the workers compensation and general liability in fiscal years 2013 and 2012 were:

Balance, April 30, 2011	\$	597,246
Current year claims and changes in estimates		799,945
Claims paid		(799,945)
Balance, April 30, 2012		<u>597,246</u>
Current year claims and changes in estimates		586,678
Claims paid		(586,678)
Balance, April 30, 2013	\$	<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 benefit 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	14.10%	12.10%	(1)	(1)
Plan members	7.50	4.50	9.91	9.455
Annual pension cost (2):				
Annual required contribution	\$ 7,129	\$ 725,961	\$ 1,169,543	\$ 1,189,171
Interest on net pension obligation	-	16,263	-	-
Adjustment to ARC	-	(11,625)	161,247	207,473
Total annual pension cost	7,129	730,599	1,330,790	1,396,644
Contributions made (2)	7,129	725,961	1,330,790	1,396,644
Increase in net pension obligation (2)	-	4,638	-	-
Net pension obligation (asset) (2), beginning of period	-	216,837	-	-
End of year	\$ -	\$ 221,475	\$ -	\$ -
Actuarial valuation date	12/31/2012	12/31/2012	04/30/2011	04/30/2011
Actuarial cost method	Entry age	Entry age	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % open	Level % open	Level % closed	Level % closed
Remaining amortization period	30 year basis	30 year basis	30 years	30 years
Asset valuation method	5-year spread market	5-year spread market	5-year smoothed market	5-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% (3)	4.00% (3)	4.75%	4.75%
* Includes inflation at	4.00%	4.00%	4.00%	4.00%
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. 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)

- (2) Data is for the latest actuarial information available which is as of December 31, 2012 for the Illinois Municipal Retirement Fund and as of April 30, 2011 for the Police Pension Fund and the Firefighter's Pension Fund.
- (3) Additional salary increases ranging from .4 to 10 percent per year depending on age and service, attributable to seniority/merit.

The Illinois Municipal Retirement Fund, a special revenue fund, will be used to liquidate the IMRF net pension obligation.

Trend Information – Pension Plans

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund:				
Regular	2013	\$ 730,599	99.4%	\$ 221,475
	2012	721,739	87.6	216,837
	2011	614,159	79.0	127,313
SLEP	2013	7,129	100.0	-
	2012	14,018	100.0	-
	2011	13,190	100.0	-
City of East Peoria Police Pension Fund	2012	1,330,790	100.0	-
	2011	1,221,371	100.0	-
	2010	1,049,887	100.0	-
City of East Peoria Firefighter's Pension Fund	2012	1,396,644	100.0	-
	2011	1,305,136	100.0	-
	2010	1,099,877	100.0	-

Funded Status and Funding Progress

As of December 31, 2012, December 31, 2012, April 30, 2011 and April 30, 2011, 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 77.5, 0.0, 60.5 and 55.0 percent funded, respectively. The actuarial accrued liability for benefits was \$17,828,402, none, \$35,648,279 and \$28,151,646, and the actuarial value of assets was \$13,824,978, \$(52,498), \$21,564,264 and \$15,479,226, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,003,424, \$52,498, \$14,084,015 and \$12,672,420, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$5,837,490, \$50,560, \$2,860,312 and \$2,772,563, and the ratio of the UAAL to the covered payroll was 68.9, 103.8, 492.4 and 457.1 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 2013, the City contributed \$1,556,549. 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 active employee contributions of \$212.46 for Single and \$497.25 for Family, and d) Group Health Plan monthly premium of \$683.23 for Single and \$1,594.41 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	\$	3,301,537
Interest on net OPEB obligation		310,213
Adjustment to annual required contribution		(293,829)
Annual OPEB cost		<u>3,317,921</u>
Contributions and payments made		<u>1,556,549</u>
Increase in net OPEB obligation		1,761,372
Net OPEB obligation, beginning of year		<u>6,893,630</u>
Net OPEB obligation, end of year	\$	<u><u>8,655,002</u></u>

The General Fund will be used to liquidate the net OPEB obligation attributable to governmental activities.

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 2013 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, 2013	\$ 3,317,921	46.9%	\$ 8,655,002
April 30, 2012	2,954,649	28.1	6,893,630
April 30, 2011	2,905,438	28.9	4,768,541

Funded status and funding progress: As of April 30, 2013, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$50,192,870 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$50,192,870. The covered payroll (annual payroll of active employees covered by the plan) was \$11,815,535 and the ratio of the UAAL to the covered payroll was 424.80 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, 2013 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent discount rate, salary increases of 3 percent, an inflation rate of 3 percent, mortality rates using the RP-2000 Combined Mortality Table projected 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 City expects such amounts, if any, to be immaterial.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 15. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The classifications of fund balances by opinion unit are as follows:

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Advanced to other fund	\$ 1,866,158	\$ 10,598,758	\$ 1,984,822	\$ -	\$ 269,400	\$ 136,331	\$ 14,855,469
Assets held for resale	-	-	-	1,430,000	-	-	1,430,000
Total nonspendable	1,866,158	10,598,758	1,984,822	1,430,000	269,400	136,331	16,285,469
Restricted:							
Employee benefits	-	-	-	-	-	182,193	182,193
Debt service	-	-	-	-	2,667,544	502,768	3,170,312
Audit	-	-	-	-	-	5,185	5,185
School crossing guard	-	-	-	-	-	9,373	9,373
Sewer	-	-	-	-	-	31,335	31,335
Streets	-	-	-	-	-	52,052	52,052
Emergency services	-	-	-	-	-	80,557	80,557
Tourism	-	-	-	-	-	1,503,511	1,503,511
Revolving loan	-	-	-	-	-	402,263	402,263
IHDA	-	-	-	-	-	16,936	16,936
Capital improvements and equipment	-	390,819	-	-	-	153,118	543,937
Total Restricted	-	390,819	-	-	2,667,544	2,939,291	5,997,654
Assigned:							
Ambulance service	249,111	-	-	-	-	-	249,111
Police department	109,112	-	-	-	-	-	109,112
Total Assigned	358,223	-	-	-	-	-	358,223
Unassigned	6,484,414	-	(8,188,611)	(693,431)	-	(138,432)	(2,536,060)
Total fund balances	\$ 8,708,795	\$ 10,989,577	\$ (6,203,789)	\$ 736,569	\$ 2,936,944	\$ 2,937,190	\$ 20,105,286

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 16. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

As of April 30, 2013, 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. 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. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the City beginning with its year ending April 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the City beginning with its year ending April 30, 2015. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 16. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending April 30, 2016. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

Note 17. Restatement

The City restated the beginning net position of the Governmental Activities and beginning fund balance for the Capital Projects Fund. The beginning balances were restated to correct an error in the City's accounts payable balance as of April 30, 2012. The impact of the restatement is as follows:

	Governmental Activities	Major - Capital Projects Fund
Net position/fund (deficit), April 30, 2012 as previously reported	\$ 60,897,172	\$ (4,019,336)
Overstatement of accounts payable	2,986,402	2,986,402
Net position/fund (deficit) April 30, 2012, as restated	<u>\$ 63,883,574</u>	<u>\$ (1,032,934)</u>

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 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]
2013	12/31/2012	\$ 13,824,978	\$ 17,828,402	\$ 4,003,424	77.54%	\$ 5,837,490	68.58%
2012	12/31/2011	12,869,245	17,269,339	4,400,094	74.52	5,709,602	77.06
2011	12/31/2010	12,874,899	16,821,378	3,946,479	76.54	5,464,044	72.23

SLEP

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of 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]
2013	12/31/2012	\$ (52,498)	\$ -	\$ 52,498	0.00%	\$ 50,560	103.83%
2012	12/31/2011	218,722	236,140	17,418	92.62	101,139	17.22
2011	12/31/2010	190,079	202,191	12,112	94.01	96,627	12.53

On a market value basis, the actuarial value of assets as of December 31, 2012 for the IMRF Regular plan and IMRF SLEP plan was \$14,401,161 and \$(52,498), respectively. On a market basis, the funded ratio would be 80.78% and 0.00%, 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 2012 was determined as part of the December 31, 2012 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 between the actuarial and market value of assets. 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 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]
04/30/2013	04/30/2011	\$ 15,479,226	\$ 28,151,646	\$ 12,672,420	54.99%	\$ 2,772,563	457.07%
04/30/2012	04/30/2010	14,718,698	27,629,584	12,910,886	53.27	2,516,887	512.97
04/30/2011	04/30/2009	14,235,057	26,023,011	11,787,954	54.70	2,387,396	493.76

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent closed
Remaining amortization period	30 years
Actuarial asset valuation method	5-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

* Includes wage inflation increases of 4.0% per year.

City of East Peoria, Illinois

**Required Supplementary Information
Police Pension Plan**

Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of 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]
04/30/2013	04/30/2011	\$ 21,564,264	\$ 35,648,279	\$ 14,084,015	60.49%	\$ 2,860,312	492.39%
04/30/2012	04/30/2010	20,655,587	33,932,457	13,276,870	60.87	2,650,455	500.93
04/30/2011	04/30/2009	20,088,534	31,709,073	11,620,539	63.35	2,608,531	445.48

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent closed
Remaining amortization period	30 years
Actuarial asset valuation method	5-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

* Includes wage inflation increases of 4.0% per year

City of East Peoria, Illinois

**Required Supplementary Information
Other Postemployment Benefit Plan**

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2013	04/30/2013	\$ -	\$ 50,192,870	\$ 50,192,870	- %	\$ 11,815,535	424.80%
2012	04/30/2011	-	43,213,926	43,213,926	-	10,895,330	396.63
2011	04/30/2011	-	43,213,926	43,213,926	-	10,629,591	406.54

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of April 30, 2013. 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 discount rate, 2) salary increases of 3 percent, 3) inflation rate of 3 percent, 3) mortality rates using the RP-2000 Combined Mortality Table projected to 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, 2013**

	Original/Final Budget	Actual	Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance With Final Budget
Revenues:					
Taxes	\$ 13,543,529	\$ 13,106,037	\$ 271,492	\$ 13,377,529	\$ (437,492)
Intergovernmental	-	4,213,876	(75,932)	4,137,944	4,213,876
Investment earnings	60,000	32,310	-	32,310	(27,690)
Licenses and permits	214,500	332,753	-	332,753	118,253
Miscellaneous	1,520,230	1,799,924	-	1,799,924	279,694
Total revenues	15,338,259	19,484,900	195,560	19,680,460	4,146,641
Expenditures:					
Current					
General government	6,208,455	8,768,015	7,358	8,775,373	(2,559,560)
Community development	419,274	431,866	-	431,866	(12,592)
Capital outlay	41,778	22,041	-	22,041	19,737
Debt service:					
Principal payments	-	358,087	-	358,087	(358,087)
Interest and fiscal charges	-	241,720	-	241,720	(241,720)
Total expenditures	6,669,507	9,821,729	7,358	9,829,087	(3,152,222)
Excess (deficiency) of revenues over expenditures	8,668,752	9,663,171	188,202	9,851,373	994,419
Other financing sources (uses):					
Transfers in	-	53,750	-	53,750	53,750
Transfers out	(250,000)	(8,938,837)	-	(8,938,837)	(8,688,837)
Total other financing (uses)	(250,000)	(8,885,087)	-	(8,885,087)	(8,635,087)
Net change in fund balance	\$ 8,418,752	\$ 778,084	\$ 188,202	966,286	\$ (7,640,668)
Reconciliation to GAAP Basis:					
Activities reported within the Police Protection Account, Fire Protection Account, Garbage Collection and Disposal Account, Street and Bridge Account and Ambulance Service Account (sub-funds of the General Fund):					
Total revenue				3,940,277	
Total expenditures				(12,485,849)	
Total other financing sources				8,462,020	
Total reconciling items				(83,552)	
Net change in fund balance				882,734	
Fund balances, beginning of year				7,826,061	
Fund balances, end of year				\$ 8,708,795	

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, 2013

	Original/Final Budget	Actual	Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance With Final Budget
Revenues:					
Taxes	\$ 7,000,000	\$ 6,827,332	\$ 38,884	\$ 6,866,216	\$ (172,668)
Intergovernmental	-	51,211	202,970	254,181	51,211
Investment earnings	5,000	658	-	658	(4,342)
Miscellaneous	-	215,688	-	215,688	215,688
Total revenues	7,005,000	7,094,889	241,854	7,336,743	89,889
Expenditures:					
Capital outlay	5,274,146	5,247,948	(46,915)	5,201,033	26,198
Debt service:					
Principal payments	2,161,441	514,103	-	514,103	1,647,338
Interest and fiscal charges	-	105,683	-	105,683	(105,683)
Total expenditures	7,435,587	5,867,734	(46,915)	5,820,819	1,567,853
Excess (deficiency) of revenues over expenditures	(430,587)	1,227,155	288,769	1,515,924	1,657,742
Other financing sources (uses):					
Transfers in	-	350,000	-	350,000	350,000
Transfers out	-	(2,002,153)	-	(2,002,153)	(2,002,153)
Total other financing (uses)	-	(1,652,153)	-	(1,652,153)	(1,652,153)
Net change in fund balance	\$ (430,587)	\$ (424,998)	\$ 288,769	(136,229)	\$ 5,589
Fund balance, beginning of year				11,125,806	
Fund balance, end of year				<u>\$ 10,989,577</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, 2013

	Original/Final Budget	Actual	Cash Actual to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance With Final Budget
Revenues:					
Taxes	\$ 770,200	\$ 773,590	\$ -	\$ 773,590	\$ 3,390
Investment earnings	600	326	-	326	(274)
Total revenues	770,800	773,916	-	773,916	3,116
Expenditures:					
Current:					
General government	131,000	138,142	-	138,142	(7,142)
Other	2,500	2,500	-	2,500	-
Debt service:					
Principal payments	1,132,500	1,125,000	-	1,125,000	7,500
Interest and fiscal charges	113,746	121,248	-	121,248	(7,502)
Total expenditures	1,379,746	1,386,890	-	1,386,890	(7,144)
Excess (deficiency) of revenues over expenditures	(608,946)	(612,974)	-	(612,974)	(4,028)
Other financing sources, transfers in	608,946	612,953	-	612,953	4,007
Net change in fund balance	\$ -	\$ (21)	\$ -	(21)	\$ (21)
Fund balance (deficit), beginning of year				(6,203,768)	
Fund balance (deficit), end of year				<u>\$ (6,203,789)</u>	

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Notes to Required Supplementary Information

Note 1. Basis of Accounting

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

Note 2. Budgetary Data, Primary Government

Through the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, various Special Revenue Funds were reclassified and are now included with the General Fund. These funds have not been included with the General Fund budgetary comparison schedule as they were not included with the legally adopted budget of the General Fund.

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 May, the proposed budget for the fiscal year commencing on May 1 is submitted. The budget includes proposed expenditures and the means of financing them.
- Prior to August 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.

The Special Assessment Fund and IHDA Fund were not budgeted for the year ended April 30, 2013 and are not included on the budgetary comparison schedules.

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	\$ 6,669,507	\$ 9,821,729	\$ 3,152,222
General fund accounts (budgeted separately):			
Police protection	4,990,223	5,156,051	165,828
Fire protection	3,130,962	3,177,035	46,073
Special Tax Allocation fund	1,379,746	1,386,890	7,144
Bond and Interest fund	-	141,265	141,265
Nonmajor:			
Motor fuel tax	725,000	794,618	69,618
Social security	430,000	434,324	4,324
Workers compensation	1,070,000	1,429,209	359,209
Sewer chlorination	25,000	30,176	5,176
Emergency service and disaster assistance	3,000	6,405	3,405
Hotel/motel tax	560,181	924,460	364,279

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City of East Peoria, Illinois

Balance Sheet - General Fund - By Account
April 30, 2013

	General Fund	Police Protection	Fire Protection	Garbage Collection and Disposal
Assets				
Cash and investments	\$ 4,269,914	\$ 106,375	\$ 36,834	\$ 983
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	382,265	800,045	800,045	800,045
Sales tax	2,652,917	-	-	-
State income tax	825,916	-	-	-
Personal property replacement tax	177,230	-	-	-
Customer charges	-	-	-	-
Intergovernmental	971,758	-	-	-
Fines	23,681	20,435	-	-
Other	23,370	-	-	-
Advanced to other funds	1,858,737	-	-	-
Total assets	\$ 11,185,788	\$ 926,855	\$ 836,879	\$ 801,028
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 142,996	\$ 17,698	\$ 15,248	\$ 3,621
Wages payable	2,248	-	44,722	4,192
Liquor license bonds held	18,000	-	-	-
Compensated absences	-	-	35,341	-
Due to other governmental entities	595,495	-	-	-
Advanced from other funds	16,332	-	59,000	59,421
Total liabilities	775,071	17,698	154,311	67,234
Deferred inflows of resources:				
Unavailable revenue - property taxes	382,265	800,045	800,045	800,045
Unavailable revenue - other taxes	1,366,241	-	-	-
Total deferred inflows of resources	1,748,506	800,045	800,045	800,045
Fund balances (deficits):				
Nonspendable	1,858,737	-	-	-
Assigned	-	109,112	-	-
Unassigned	6,803,474	-	(117,477)	(66,251)
Total fund balances (deficits)	8,662,211	109,112	(117,477)	(66,251)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 11,185,788	\$ 926,855	\$ 836,879	\$ 801,028

	Street and Bridge	Ambulance Service	Combining General Fund
\$	180	\$ 1,676	\$ 4,415,962
	573,949	-	3,356,349
	-	-	2,652,917
	-	-	825,916
	-	-	177,230
	-	255,051	255,051
	-	-	971,758
	-	-	44,116
	-	-	23,370
	7,421	-	1,866,158
<u>\$</u>	<u>581,550</u>	<u>\$ 256,727</u>	<u>\$ 14,588,827</u>
\$	82,606	\$ 1,983	\$ 264,152
	7,906	5,633	64,701
	-	-	18,000
	-	-	35,341
	-	-	595,495
	45,000	-	179,753
<u>\$</u>	<u>135,512</u>	<u>7,616</u>	<u>1,157,442</u>
	573,949	-	3,356,349
	-	-	1,366,241
<u></u>	<u>573,949</u>	<u>-</u>	<u>4,722,590</u>
	7,421	-	1,866,158
	-	249,111	358,223
	(135,332)	-	6,484,414
<u></u>	<u>(127,911)</u>	<u>249,111</u>	<u>8,708,795</u>
<u>\$</u>	<u>581,550</u>	<u>\$ 256,727</u>	<u>\$ 14,588,827</u>

City of East Peoria, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
General Fund - By Account
Year Ended April 30, 2013**

	General Fund	Police Protection	Fire Protection	Garbage Collection and Disposal
Revenues:				
Property taxes	\$ 115,612	\$ 598,988	\$ 598,988	\$ 598,988
Other taxes and special assessments	13,261,917	-	-	-
Charges for services	-	61,285	43,964	-
Intergovernmental	4,137,944	185,958	8,048	21,114
Investment earnings	32,310	311	276	304
Licenses and permits	332,753	-	-	-
Miscellaneous	1,799,924	196,571	271	177,384
Total revenues	19,680,460	1,043,113	651,547	797,790
Expenditures:				
Current:				
General government	8,775,373	-	-	-
Police	-	5,121,258	-	-
Fire	-	-	3,184,556	-
Sanitation	-	-	-	974,285
Health and welfare	-	-	-	-
Public works	-	-	-	-
Community development	431,866	-	-	-
Capital outlay	22,041	48,466	1,516	-
Debt Service:				
Principal payments	358,087	-	-	-
Interest and fiscal charges	241,720	-	-	-
Total expenditures	9,829,087	5,169,724	3,186,072	974,285
Excess (deficiency) of revenues over expenditures	9,851,373	(4,126,611)	(2,534,525)	(176,495)
Other financing sources (uses):				
Transfers in	53,750	4,157,978	2,542,551	142,300
Transfers out	(8,938,837)	-	-	-
Total other financing sources (uses)	(8,885,087)	4,157,978	2,542,551	142,300
Net change in fund balances	966,286	31,367	8,026	(34,195)
Fund balances (deficits), beginning of year	7,695,925	77,745	(125,503)	(32,056)
Fund balances (deficits), end of year	\$ 8,662,211	\$ 109,112	\$ (117,477)	\$ (66,251)

	Street and Bridge	Ambulance Service	Eliminations	Combining General Fund
\$	427,083	\$ -	\$ -	\$ 2,339,659
	-	-	-	13,261,917
	1,600	959,667	-	1,066,516
	18,777	-	-	4,371,841
	98	348	-	33,647
	-	-	-	332,753
	19,595	20,659	-	2,214,404
	467,153	980,674	-	23,620,737
	-	-	-	8,775,373
	-	-	-	5,121,258
	-	-	-	3,184,556
	-	-	-	974,285
	-	1,223,912	-	1,223,912
	1,833,811	-	-	1,833,811
	-	-	-	431,866
	98,045	-	-	170,068
	-	-	-	358,087
	-	-	-	241,720
	1,931,856	1,223,912	-	22,314,936
	(1,464,703)	(243,238)	-	1,305,801
	1,414,538	204,653	(8,462,020)	53,750
	-	-	8,462,020	(476,817)
	1,414,538	204,653	-	(423,067)
	(50,165)	(38,585)	-	882,734
	(77,746)	287,696	-	7,826,061
\$	(127,911)	\$ 249,111	\$ -	\$ 8,708,795

City of East Peoria, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 April 30, 2013

	Special Revenue		
	Illinois Municipal Retirement	Motor Fuel Tax	Social Security
Assets			
Cash and cash equivalents	\$ 93,909	\$ 53,364	\$ 12,148
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	256,366	-	557,383
Personal property replacement tax	12,800	-	-
Motor fuel tax allotments	-	99,754	-
Assessments	-	-	-
Hotel/motel taxes	-	-	-
Notes	-	-	-
Other	48,454	-	-
Advanced to other funds	-	-	120,000
Total assets	\$ 411,529	\$ 153,118	\$ 689,531
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Pension obligation payable	-	-	-
Advanced from other funds	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenue - property taxes	256,366	-	557,383
Unavailable revenue - other taxes	16,728	-	-
Unavailable revenue - notes receivable	-	-	-
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	273,094	-	557,383
Fund balances (deficits):			
Nonspendable	-	-	120,000
Restricted	138,435	153,118	12,148
Unassigned	-	-	-
Total fund balances (deficits)	138,435	153,118	132,148
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 411,529	\$ 153,118	\$ 689,531

(Continued)

Special Revenue

Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting	Unemployment Insurance
\$ 47,817	\$ 5,185	\$ 9,373	\$ 32,416	\$ 52,052	\$ 31,610
1,066,687	86,673	-	26,722	101,346	40,025
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,114,504</u>	<u>\$ 91,858</u>	<u>\$ 9,373</u>	<u>\$ 59,138</u>	<u>\$ 153,398</u>	<u>\$ 71,635</u>
\$ -	\$ -	\$ -	\$ 1,081	\$ -	\$ -
-	-	-	-	-	-
141,365	-	-	-	-	-
<u>141,365</u>	<u>-</u>	<u>-</u>	<u>1,081</u>	<u>-</u>	<u>-</u>
1,066,687	86,673	-	26,722	101,346	40,025
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,066,687</u>	<u>86,673</u>	<u>-</u>	<u>26,722</u>	<u>101,346</u>	<u>40,025</u>
-	-	-	-	-	-
-	5,185	9,373	31,335	52,052	31,610
(93,548)	-	-	-	-	-
<u>(93,548)</u>	<u>5,185</u>	<u>9,373</u>	<u>31,335</u>	<u>52,052</u>	<u>31,610</u>
<u>\$ 1,114,504</u>	<u>\$ 91,858</u>	<u>\$ 9,373</u>	<u>\$ 59,138</u>	<u>\$ 153,398</u>	<u>\$ 71,635</u>

City of East Peoria, Illinois

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
April 30, 2013

	Special Revenue		
	Emergency Service and		
	Disaster Assistance	Hotel/Motel Tax	Revolving Loan
Assets			
Cash and cash equivalents	\$ 80,837	\$ 1,409,815	\$ 402,263
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	-	-	-
Personal property replacement tax	-	-	-
Motor fuel tax allotments	-	-	-
Assessments	-	-	-
Hotel/motel taxes	-	101,363	-
Notes	-	-	316,660
Other	-	-	-
Advanced to other funds	7,967	-	-
Total assets	\$ 88,804	\$ 1,511,178	\$ 718,923
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 280	\$ 7,667	\$ -
Pension obligation payable	-	-	-
Advanced from other funds	-	-	-
Total liabilities	280	7,667	-
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other taxes	-	-	-
Unavailable revenue - notes receivable	-	-	316,660
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	-	-	316,660
Fund balances (deficits):			
Nonspendable	7,967	-	-
Restricted	80,557	1,503,511	402,263
Unassigned	-	-	-
Total fund balances (deficits)	88,524	1,503,511	402,263
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 88,804	\$ 1,511,178	\$ 718,923

Special Revenue						Total Nonmajor Governmental Fund
Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund			
\$ 412,721	\$ 16,936	\$ -	\$ -	\$ -	\$ -	\$ 2,660,446
-	-	776,007	1,046,019			3,957,228
-	-	27,000	35,600			75,400
-	-	-	-			99,754
309,759	-	-	-			309,759
-	-	-	-			101,363
-	-	-	-			316,660
-	-	79,896	48,454			176,804
8,364	-	-	-			136,331
<u>\$ 730,844</u>	<u>\$ 16,936</u>	<u>\$ 882,903</u>	<u>\$ 1,130,073</u>			<u>\$ 7,833,745</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,028
-	-	106,896	84,054			190,950
-	-	-	-			141,365
-	-	106,896	84,054			341,343
-	-	776,007	1,046,019			3,957,228
-	-	28,156	16,728			61,612
-	-	-	-			316,660
219,712	-	-	-			219,712
<u>219,712</u>	<u>-</u>	<u>804,163</u>	<u>1,062,747</u>			<u>4,555,212</u>
8,364	-	-	-			136,331
502,768	16,936	-	-			2,939,291
-	-	(28,156)	(16,728)			(138,432)
<u>511,132</u>	<u>16,936</u>	<u>(28,156)</u>	<u>(16,728)</u>			<u>2,937,190</u>
\$ 730,844	\$ 16,936	\$ 882,903	\$ 1,130,073	\$ -	\$ -	\$ 7,833,745

City of East Peoria, Illinois

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2013**

	Special Revenue		
	Illinois Municipal Retirement	Motor Fuel Tax	Social Security
Revenues:			
Property taxes	\$ 191,912	\$ -	\$ 417,281
Other taxes and special assessments	201,491	-	-
Intergovernmental	59,050	565,964	-
Investment earnings	85	205	184
Miscellaneous	10,365	139,948	6,455
Total revenues	462,903	706,117	423,920
Expenditures:			
Current:			
General government	491,120	-	434,324
Police	-	-	-
Fire	-	-	-
Public works	-	438,000	-
Other	-	-	-
Capital outlay	-	6,618	-
Debt Service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	491,120	444,618	434,324
Excess (deficiency) of revenues over expenditures	(28,217)	261,499	(10,404)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(350,000)	-
Total other financing sources (uses)	-	(350,000)	-
Net change in fund balances	(28,217)	(88,501)	(10,404)
Fund balances (deficits), beginning of year	166,652	241,619	142,552
Fund balances (deficits), end of year	\$ 138,435	\$ 153,118	\$ 132,148

(Continued)

Special Revenue

Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting	Unemployment Insurance
\$ 798,608	\$ 58,905	\$ -	\$ 14,984	\$ 75,869	\$ 29,969
-	-	-	-	-	-
328,344	-	-	-	8,329	-
352	26	-	8	33	13
-	-	-	-	-	-
1,127,304	58,931	-	14,992	84,231	29,982
1,429,210	63,900	-	31,257	79,570	5,265
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,429,210	63,900	-	31,257	79,570	5,265
(301,906)	(4,969)	-	(16,265)	4,661	24,717
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(301,906)	(4,969)	-	(16,265)	4,661	24,717
208,358	10,154	9,373	47,600	47,391	6,893
\$ (93,548)	\$ 5,185	\$ 9,373	\$ 31,335	\$ 52,052	\$ 31,610

City of East Peoria, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended April 30, 2013

	Special Revenue		
	Emergency Service and		
	Disaster Assistance	Hotel/Motel Tax	Revolving Loan
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes and special assessments	-	968,005	-
Intergovernmental	-	-	-
Investment earnings	-	-	12,058
Miscellaneous	78	435,857	84,480
Total revenues	78	1,403,862	96,538
Expenditures:			
Current:			
General government	6,685	919,754	-
Police	-	-	-
Fire	-	-	-
Public works	-	-	-
Other	-	-	11,939
Capital outlay	-	-	-
Debt Service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	6,685	919,754	11,939
Excess (deficiency) of revenues over expenditures	(6,607)	484,108	84,599
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(6,607)	484,108	84,599
Fund balances (deficits), beginning of year	95,131	1,019,403	317,664
Fund balances (deficits), end of year	\$ 88,524	\$ 1,503,511	\$ 402,263

Special Revenue						Total Nonmajor Governmental Fund
Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund			
\$ -	\$ -	\$ 808,340	\$ 859,364	\$		\$ 3,255,232
74,141	-	339,149	201,491			1,784,277
-	-	250,785	266,575			1,479,047
20,316	9	355	377			34,021
-	-	-	-			677,183
94,457	9	1,398,629	1,327,807			7,229,760
-	-	-	-			3,461,085
-	-	-	1,328,723			1,328,723
-	-	1,400,437	-			1,400,437
45,560	-	-	-			483,560
-	1,000	-	-			12,939
-	-	-	-			6,618
150,000	-	-	-			150,000
30,325	-	-	-			30,325
225,885	1,000	1,400,437	1,328,723			6,873,687
(131,428)	(991)	(1,808)	(916)			356,073
278,718	-	-	-			278,718
-	-	-	-			(350,000)
278,718	-	-	-			(71,282)
147,290	(991)	(1,808)	(916)			284,791
363,842	17,927	(26,348)	(15,812)			2,652,399
\$ 511,132	\$ 16,936	\$ (28,156)	\$ (16,728)	\$	\$	\$ 2,937,190

City of East Peoria, Illinois

Combining Schedule of Fiduciary Net Position
April 30, 2013

	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	\$ 640,219	\$ 706,416	\$ 1,346,635
Receivables:			
Employer contributions	1,199,622	1,222,973	2,422,595
Accrued interest and dividends	56,295	106,665	162,960
Total receivables	1,255,917	1,329,638	2,585,555
Investments, at fair value:			
Money market funds	2,873,703	481,739	3,355,442
Municipal bonds	307,704	971,025	1,278,729
Corporate bonds	2,245,656	5,775,754	8,021,410
U.S. Government notes and bonds	3,117,709	4,082,356	7,200,065
U.S. Government agency obligations	785,519	1,354,911	2,140,430
Mutual funds	4,546,807	2,293,106	6,839,913
Common stocks	1,802,630	6,923,863	8,726,493
Total investments	15,679,728	21,882,754	37,562,482
Total assets	17,575,864	23,918,808	41,494,672
Liabilities			
Accounts payable and accrued payroll taxes	4,738	3,853	8,591
Amounts held for others	-	-	-
Total liabilities	4,738	3,853	8,591
Net position held in trust for pension benefit obligation	\$ 17,571,126	\$ 23,914,955	\$ 41,486,081

Agency Funds				
Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	Total Agency Funds	
\$ 7,387	\$ 4,489	\$ 9,125	\$ 21,001	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
7,387	4,489	9,125	21,001	
-	-	-	-	
7,387	4,489	9,125	21,001	
7,387	4,489	9,125	21,001	
\$ -	\$ -	\$ -	\$ -	

City of East Peoria, Illinois

Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended April 30, 2013

	Balance, Beginning	Additions	Deductions	Balance, Ending
Levi King Scholarship Fund				
Assets , cash and cash equivalents	\$ 7,343	\$ 44	\$ -	\$ 7,387
Liabilities , amounts held for others	\$ 7,343	\$ 44	\$ -	\$ 7,387
Dependent Care Fund				
Assets , cash and cash equivalents	\$ 2,537	\$ 6,959	\$ 5,007	\$ 4,489
Liabilities , amounts held for others	\$ 2,537	\$ 6,959	\$ 5,007	\$ 4,489
Unreimbursed Medical Fund				
Assets , cash and cash equivalents	\$ 12,256	\$ 76,888	\$ 80,019	\$ 9,125
Liabilities , amounts held for others	\$ 12,256	\$ 76,888	\$ 80,019	\$ 9,125
Total				
Assets , cash and cash equivalents	\$ 22,136	\$ 83,891	\$ 85,026	\$ 21,001
Liabilities , amounts held for others	\$ 22,136	\$ 83,891	\$ 85,026	\$ 21,001

City of East Peoria, Illinois

Combining Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2013

	Pension Trust Funds		
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	Total
Additions:			
Contributions:			
Plan members' contributions	\$ 291,348	\$ 324,196	\$ 615,544
Employer contributions	1,204,896	1,237,716	2,442,612
Total contributions	1,496,244	1,561,912	3,058,156
Investment income:			
Net appreciation in fair value of investments	762,154	1,361,337	2,123,491
Dividends and interest	408,330	624,170	1,032,500
Total investment income	1,170,484	1,985,507	3,155,991
Less investment expenses	82,237	112,015	194,252
Net investment income	1,088,247	1,873,492	2,961,739
Total additions	2,584,491	3,435,404	6,019,895
Deductions:			
Benefits paid	1,279,929	1,826,882	3,106,811
Refunds of contributions	928	1,851	2,779
Administrative expenses	37,733	42,194	79,927
Total deductions	1,318,590	1,870,927	3,189,517
Net increase	1,265,901	1,564,477	2,830,378
Net position held in trust for pension benefits:			
Beginning of year	16,305,225	22,350,478	38,655,703
End of year	<u>\$ 17,571,126</u>	<u>\$ 23,914,955</u>	<u>\$ 41,486,081</u>

City of East Peoria, Illinois

Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections
 April 30, 2013

		2012 Tax Levy				
Assessed valuation, excluding Tax Increment						
Financing District Increment					\$ 428,228,346	
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Extended by County Clerk	Collected Within 60 Days After April 30, 2012	
General	\$ 286,658	0.06695	\$ 286,699	\$	-	
Police protection	600,000	0.14012	600,034		-	
Fire protection	600,000	0.14012	600,034		-	
Garbage collection and disposal	600,000	0.14012	600,034		-	
Sewer chlorination	20,000	0.00468	20,041		-	
Illinois Municipal Retirement	192,240	0.04490	192,275		-	
FICA	418,000	0.09762	418,037		-	
Workmen's compensation	800,000	0.18682	800,016		-	
Street and bridge	450,000	0.05265	225,462		-	
Audit	65,000	0.01518	65,005		-	
Street lighting	76,000	0.01775	76,011		-	
Unemployment insurance	30,000	0.00701	30,019		-	
Emergency service and disaster assistance	-	-	-		-	
Firemen's pension	581,969	0.13591	582,005		-	
Police pension	784,496	0.18320	784,514		-	
	\$ 5,504,363	1.23303	\$ 5,280,186	\$	-	

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, 2013

		2011 Tax Levy			
Assessed valuation, excluding Tax Increment					
Financing District Increment		<u>\$ 431,343,641</u>			
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Collected	
General	\$ 100,346	0.02327	\$ 100,374	\$ 100,202	
Police protection	600,000	0.13911	600,042	598,988	
Fire protection	600,000	0.13911	600,042	598,988	
Garbage collection and disposal	600,000	0.13911	600,042	598,988	
Sewer chlorination	15,000	0.00348	15,011	14,984	
Illinois Municipal Retirement	192,240	0.04457	192,250	191,912	
FICA	418,000	0.09691	418,015	417,281	
Workmen's compensation	800,000	0.18547	800,013	798,608	
Street and bridge	428,000	0.05206	224,558	224,164	
Audit	59,000	0.01368	59,008	58,905	
Street lighting	76,000	0.01762	76,003	75,869	
Unemployment insurance	30,000	0.00696	30,022	29,969	
Emergency service and disaster assistance	-	-	-	-	
Firemen's pension	809,737	0.18773	809,761	808,340	
Police pension	860,866	0.19958	860,876	859,364	
	<u>\$ 5,589,189</u>	<u>1.24866</u>	<u>\$ 5,386,017</u>	<u>\$ 5,376,562</u>	

2010 Tax Levy				2009 Tax Levy			
<u>\$ 428,561,535</u>				<u>\$ 423,364,569</u>			
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -
697,000	0.16264	697,012	696,776	475,000	0.11200	474,084	474,268
475,000	0.11084	475,018	474,857	475,000	0.11198	474,084	474,268
475,000	0.11084	475,018	474,857	475,000	0.11200	474,084	474,268
15,000	0.00351	15,043	15,036	30,000	0.00708	29,974	29,986
275,000	0.06417	275,008	274,926	212,700	0.05014	212,275	212,358
415,000	0.09684	415,019	414,879	414,000	0.09760	413,204	413,365
800,000	0.18668	800,039	799,767	886,018	0.20889	884,366	884,710
427,500	0.05264	225,595	225,516	413,982	0.09759	413,162	413,322
56,000	0.01307	56,013	55,993	54,000	0.01273	53,894	53,915
75,000	0.01751	75,041	75,014	75,000	0.01769	74,893	74,922
20,853	0.00487	20,871	20,863	34,257	0.00807	34,166	34,178
-	-	-	-	35,000	0.00825	34,928	34,942
902,168	0.21052	902,208	901,903	869,769	0.20510	868,363	868,700
955,350	0.22293	955,392	955,068	810,720	0.19112	809,134	809,450
<u>\$ 5,588,871</u>	<u>1.25706</u>	<u>\$ 5,387,277</u>	<u>\$ 5,385,455</u>	<u>\$ 5,260,446</u>	<u>1.24024</u>	<u>\$ 5,250,611</u>	<u>\$ 5,252,652</u>

City of East Peoria, Illinois

Legal Debt Margin

April 30, 2013

Assessed valuation, 2012 tax year		\$	428,228,346	
Statutory debt limitation (8.625% of assessed valuation)		\$	36,934,695	
Total debt:				
Notes payable to banks	\$	5,455,372		
Notes payable to Illinois Environment Protection Agency		5,405,333		
Special assessment bonds		315,000		
Project bonds		2,890,000		
General obligation bonds (alternate revenue source)		104,400,000		
Revenue bonds		325,000		
Deduct debt exempt from debt limitation computation:				
Project bonds		(2,890,000)		
General obligation bonds (alternate revenue source)		(104,400,000)		
Revenue bonds		(325,000)	11,175,705	
Legal debt margin			<u>\$</u>	<u>25,758,990</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
Special Tax Allocation Fund
Year Ended April 30, 2013

District III

Receipts:	
Tax increment financing, property taxes	\$ 773,590
Interest income	326
Interfund borrowing	612,953
Total receipts	<u>1,386,869</u>
Disbursements:	
1998-B Refunding Tax Increment Bond interest	94,563
1998-B Refunding Tax Increment Bonds	855,000
2005-D Refunding Tax Increment Bond interest	26,685
2005-D Refunding Tax Increment Bonds	270,000
Distribution to other taxing districts	138,142
Bank collection charges	2,500
Total disbursements	<u>1,386,890</u>
Excess of receipts (under) disbursements	(21)
Cash and investments, April 30, 2012	30
Cash and investments, April 30, 2013	<u>\$ 9</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District

Capital Projects Fund

Year Ended April 30, 2013

	Camp Street TIF District	Washington Street TIF District	Total
Receipts:			
Tax increment financing:			
Property taxes	\$ 1,215,096	\$ 64,978	\$ 1,280,074
Sales taxes	498,295	-	498,295
Hotel/motel taxes	1,178,986	-	1,178,986
Other taxes	-	25,599	25,599
Lease income	894,600	-	894,600
Rental income	794,179	-	794,179
Interest income	3,697	73,218	76,915
Reimbursements and property sales	153,297	870,044	1,023,341
Bond proceeds	3,690,000	31,215,000	34,905,000
Premium on bonds	188,985	555,203	744,188
Interfund borrowing	806,057	-	806,057
Total receipts	9,423,192	32,804,042	42,227,234
Disbursements:			
2002-C Tax Increment Bond interest	127,123	-	127,123
2002-C Tax Increment Bond principal	2,765,000	-	2,765,000
2004-B Tax Increment Bond interest	58,004	-	58,004
2004-B Tax Increment Bond principal	180,000	-	180,000
2007 Refunding Tax Increment Bond interest	1,208,768	-	1,208,768
2007 Refunding Tax Increment Bond principal	485,000	-	485,000
2008 General Obligation Bond interest	-	374,693	374,693
2008 General Obligation Bond principal	-	7,020,000	7,020,000
2010A General Obligation Bond interest	962,511	-	962,511
2010A General Obligation Bond principal	855,000	-	855,000
2010B General Obligation Bond interest	1,055,983	-	1,055,983
2010B General Obligation Bond principal	590,000	-	590,000
2012A General Obligation Bond interest	-	42,868	42,868
2012B General Obligation Bond interest	-	42,868	42,868
2012C General Obligation Bond interest	-	180,779	180,779
2012D General Obligation Bond interest	-	71,785	71,785
Development and engineering fees	234,047	25,535,056	25,769,103
Other operating expenses	333,927	94,644	428,571
Principal paid on notes payable	50,550	-	50,550
Interest paid on notes payable	39,673	-	39,673
Bond issuance costs	59,320	77,735	137,055
Payment to escrow agent	1,313,209	-	1,313,209
Attorney fees	39,080	359,404	398,484
Interfund payment	-	1,516,204	1,516,204
Total disbursements	10,357,195	35,316,036	45,673,231
Excess of receipts (under) disbursements	(934,003)	(2,511,994)	(3,445,997)
Cash, April 30, 2012	2,381,519	7,047,234	9,428,753
Cash, April 30, 2013	\$ 1,447,516	\$ 4,535,240	\$ 5,982,756

City of East Peoria, Illinois

Miscellaneous Information

April 30, 2013

(Unaudited)

Number of accounts served as of April 30, 2013:

Sewer	7,634
Metered water	7,725
Unmetered water	-

Approximate gallons of sewage treated during the year ended April 30, 2013

1,133,000,000

Approximate gallons of water during the year ended April 30, 2013:

Pumped (in millions of gallons)	992
Billed (in millions of gallons)	616

A summary of rates in effect as of April 30, 2012 follows:

Water	Sewer
First 3,000 gallons or less - \$5.12 per 1,000 gallons	\$4.85 per 1,000 gallons of water metered
Next 7,000 gallons at \$4.41 per 1,000 gallons	3,000 gallons or less minimum charge - \$14.55
Next 290,000 gallons at \$4.41 per 1,000 gallons	Nonmetered flat rate sewer charge - \$53.35 bimonthly
300,000 gallons and over at \$4.12 per 1,000 gallons	Senior citizens rate - flat rate sewer charge - \$31.53 bimonthly
Nonmetered flat rate - \$61.44 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, 2013

(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, 2013
	Medical payments, each person	5,000	
	Medical payments, each accident	25,000	
	Auto physical damage	7,625,033	
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	134,249,395	
	Property, personal property	4,960,304	
	Equipment breakdown	139,209,699	
	Equipment floater	3,700,728	
	Valuable papers coverage	500,000	
	EDP equipment	661,856	
	Employee dishonesty bond	500,000	
Excess liability:			
	General liability and law enforcement	9,000,000	
	Auto liability	9,000,000	
	Public officials	9,000,000	