

CITY OF EAST PEORIA, ILLINOIS
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2019



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YEAR ENDED APRIL 30, 2019**

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INDEPENDENT AUDITORS' 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, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Peoria Mass Transit District discretely presented component unit. We did not audit the financial statements of the Police Pension Trust Fund and Firefighter's Pension Trust Fund, which represent 81%, 90%, and 43%, respectively, of the assets, net position/fund balance, and revenues 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 East Peoria Mass Transit District discretely presented component unit, Police Pension Trust Fund, and Firefighter's Pension Trust 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the East Peoria Mass Transit District, Police Pension Trust Fund, and Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

Honorable Mayor and Commissioners
City of East Peoria, Illinois

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 reports 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter — Restatements

As discussed in Note 16 to the financial statements, the City adopted the provision of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of Statement No. 75, the City reported a restatement of net position for governmental activities, business-type activities, the Eastside Centre Fund, and the Water and Sewer Fund due to the change in accounting principle. Furthermore, beginning net position for governmental activities and beginning fund balance for the Riverboat Gaming Tax Fund have been restated to account for unearned grant revenue that was incorrectly reported in a prior fiscal year. Additionally, beginning net position for governmental activities and beginning fund balance for the Capital Projects Fund have been restated to account for accounts payable that was incorrectly reported in a prior fiscal year. Furthermore, beginning net position for governmental activities and beginning fund balance for the Aggregate Remaining Funds have been restated to account for prepaid insurance expense that was incorrectly reported in a prior fiscal year. Lastly, beginning net position for the Eastside Centre and the Water and Sewer Fund have been restated to account for OPEB liability that was incorrectly allocated and reported in a prior fiscal year under Governmental Accounting Standards Board Statement No. 45. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefits information on pages 75 through 80 and budgetary comparison information on pages 81 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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. The City has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The consolidated year-end financial report, combining financial statements, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The consolidated year-end financial report and combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The statistical information listed in the table of contents 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.

Honorable Mayor and Commissioners
City of East Peoria, Illinois

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
November 1, 2019

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
CURRENT ASSETS				
Cash and Investments	\$ 11,479,535	\$ 3,224,203	\$ 14,703,738	\$ 74,104
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Property Taxes	11,240,909	-	11,240,909	444,508
Sales Tax	4,537,673	-	4,537,673	-
State Income Tax	651,528	-	651,528	-
Personal Property Replacement Tax	349,168	-	349,168	8,431
Motor Fuel Tax Allotments	51,799	-	51,799	-
Gaming Tax	338,162	-	338,162	-
Water and Sewer Revenue Receivables:				
Billed	-	291,966	291,966	-
Unbilled Charges	-	1,532,918	1,532,918	-
Customer Charges (Net of Allowance)	390,325	98,105	488,430	-
Assessments	13,772	-	13,772	-
Hotel/Motel Taxes	158,730	-	158,730	-
Intergovernmental	296,124	-	296,124	-
Notes	172,926	-	172,926	-
Fines	65,381	-	65,381	-
Capital Lease	656,238	-	656,238	-
Other	283,763	-	283,763	-
Inventory, at Cost	-	104,944	104,944	-
Internal Balances	313,960	(313,960)	-	-
Assets Held for Resale	1,430,000	-	1,430,000	-
Prepaid Expenses	296,056	22,777	318,833	-
Total Current Assets	<u>32,726,049</u>	<u>4,960,953</u>	<u>37,687,002</u>	<u>527,043</u>
NONCURRENT ASSETS				
Restricted Assets, Cash and Investments	699,725	-	699,725	-
Receivables (Net Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Capital Lease	6,465,231	-	6,465,231	-
Capital Assets:				
Not Depreciable:				
Land	10,106,412	3,647,682	13,754,094	-
Construction-in-Progress	71,005	2,853,654	2,924,659	-
Depreciable:				
Land Improvements	5,680,007	7,679,585	13,359,592	-
Buildings	53,713,181	24,746,940	78,460,121	-
Machinery, Equipment, and Vehicles	18,957,945	15,378,771	34,336,716	-
Infrastructure	122,826,945	40,808,770	163,635,715	-
Accumulated Depreciation	(92,490,009)	(60,316,747)	(152,806,756)	-
Total Noncurrent Assets	<u>126,030,442</u>	<u>34,798,655</u>	<u>160,829,097</u>	<u>-</u>
Total Assets	158,756,491	39,759,608	198,516,099	527,043
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	482,617	-	482,617	-
Deferred Amounts Related to Pensions	7,673,082	2,372,655	10,045,737	-
Total Deferred Outflows of Resources	<u>8,155,699</u>	<u>2,372,655</u>	<u>10,528,354</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF NET POSITION (CONTINUED)
APRIL 30, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
CURRENT LIABILITIES				
Accounts Payable	\$ 318,250	\$ 128,600	\$ 446,850	\$ -
Wages Payable	364,855	57,735	422,590	-
Liquor License Bond Held	18,000	-	18,000	-
Interest Payable	1,093,994	5,079	1,099,073	-
Unearned Revenue	82,171	236,039	318,210	-
Due to Other Governmental Entities	630,874	-	630,874	54,000
Deposits, Customers	-	82,919	82,919	-
Compensated Absences	724,281	136,431	860,712	-
Accrued Health Claims	447,902	105,063	552,965	-
Current Portion of Other Postemployment Benefits Liability	1,929,180	324,271	2,253,451	-
Current Portion of Long-Term Debt	6,942,881	916,591	7,859,472	-
Total Current Liabilities	<u>12,552,388</u>	<u>1,992,728</u>	<u>14,545,116</u>	<u>54,000</u>
LONG-TERM LIABILITIES				
Compensated Absences	2,760,197	188,514	2,948,711	-
Other Postemployment Benefits Liability	51,290,987	8,620,408	59,911,395	-
Net Pension Liability	44,756,218	2,470,449	47,226,667	-
General Obligation Bonds, Net Bond Discounts and Premiums, Noncurrent	71,889,571	356,537	72,246,108	-
Notes Payable, Noncurrent	3,745,497	3,807,891	7,553,388	-
Total Long-Term Liabilities	<u>174,442,470</u>	<u>15,443,799</u>	<u>189,886,269</u>	<u>-</u>
Total Liabilities	186,994,858	17,436,527	204,431,385	54,000
DEFERRED INFLOWS OF RESOURCES				
Subsequent Year's Property Taxes	11,240,909	-	11,240,909	154,643
Deferred Amounts Related to Pensions	13,132,252	409,405	13,541,657	-
Deferred Amounts Related to OPEB	11,532,627	2,134,550	13,667,177	-
Total Deferred Inflows of Resources	<u>35,905,788</u>	<u>2,543,955</u>	<u>38,449,743</u>	<u>154,643</u>
NET POSITION				
Net Investment in Capital Assets	37,730,936	30,586,218	68,317,154	-
Restricted for:				
Employee Benefits	76,875	-	76,875	-
Debt Service	1,103,188	-	1,103,188	-
Audit	141,498	-	141,498	41,011
School Crossing Guard	9,373	-	9,373	-
Sewer	38,551	-	38,551	-
Streets	19,976	-	19,976	-
Emergency Services	154,130	-	154,130	-
Tourism	488,909	-	488,909	-
Revolving Loan	715,680	-	715,680	-
IHDA	7,916	-	7,916	-
Police Pension	147	-	147	-
Capital Improvements and Equipment	10,566,411	-	10,566,411	-
Liability Insurance	-	-	-	58,199
Unrestricted (Deficit)	<u>(107,042,046)</u>	<u>(8,434,437)</u>	<u>(115,476,483)</u>	<u>219,190</u>
Total Net Position	<u>\$ (55,988,456)</u>	<u>\$ 22,151,781</u>	<u>\$ (33,836,675)</u>	<u>\$ 318,400</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2019**

FUNCTIONS/PROGRAMS	<u>Expenses</u>
Primary Government:	
Governmental Activities:	
Police	\$ (10,044,689)
Fire	(9,671,883)
Sanitation	(1,499,825)
Public Works	(7,409,957)
General Government	(14,588,433)
Community Development	(564,598)
Other	(2,141,531)
Interest on and Amortization of Long-Term Debt	(3,491,813)
Total Governmental Activities	<u>(49,412,729)</u>
Business-Type Activities:	
Water and Sewer	(4,736,974)
Eastport Marina	(914,858)
Eastside Centre	(233,962)
Total Business-Type Activities	<u>(5,885,794)</u>
Total Primary Government	<u>\$ (55,298,523)</u>
Component Unit:	
City of East Peoria Mass Transit District	<u>\$ (2,076,664)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED APRIL 30, 2019**

			Net (Expense) Revenue and Changes in Net Position			
Program Revenues			Primary Government			Component Unit
Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
\$ -	\$ 271,626	\$ -	\$ (9,773,063)	\$ -	\$ (9,773,063)	\$ -
1,172,147	134,419	-	(8,365,317)	-	(8,365,317)	-
125,400	2,475	-	(1,371,950)	-	(1,371,950)	-
240	597,516	183,563	(6,628,638)	-	(6,628,638)	-
235,359	-	-	(14,353,074)	-	(14,353,074)	-
-	-	-	(564,598)	-	(564,598)	-
-	-	-	(2,141,531)	-	(2,141,531)	-
-	-	-	(3,491,813)	-	(3,491,813)	-
<u>1,533,146</u>	<u>1,006,036</u>	<u>183,563</u>	<u>(46,689,984)</u>	<u>-</u>	<u>(46,689,984)</u>	<u>-</u>
8,658,882	-	-	-	3,921,908	3,921,908	-
687,318	-	-	-	(227,540)	(227,540)	-
631,707	-	-	-	397,745	397,745	-
<u>9,977,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,092,113</u>	<u>4,092,113</u>	<u>-</u>
<u>\$ 11,511,053</u>	<u>\$ 1,006,036</u>	<u>\$ 183,563</u>	<u>(46,689,984)</u>	<u>4,092,113</u>	<u>(42,597,871)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,738,377</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(338,287)</u>
GENERAL REVENUES						
			11,165,058	-	11,165,058	294,284
			17,887,917	15,470	17,903,387	-
			2,421,062	-	2,421,062	-
			1,301,346	-	1,301,346	52,708
			4,463,184	-	4,463,184	-
			3,253,086	-	3,253,086	-
			288,548	64,326	352,874	2,965
			76,004	-	76,004	-
			3,290,570	38,222	3,328,792	-
TRANSFERS			(335,049)	335,049	-	-
Total General Revenues and Transfers			<u>43,811,726</u>	<u>453,067</u>	<u>44,264,793</u>	<u>349,957</u>
CHANGE IN NET POSITION			(2,878,258)	4,545,180	1,666,922	11,670
Net Position - Beginning of Year, as Previously Reported			(11,728,459)	29,644,297	17,915,838	306,730
Prior Period Adjustments			(41,381,739)	(12,037,696)	(53,419,435)	-
Net Position - Beginning of Year, as Restated			(53,110,198)	17,606,601	(35,503,597)	306,730
NET POSITION - END OF YEAR			<u>\$ (55,988,456)</u>	<u>\$ 22,151,781</u>	<u>\$ (33,836,675)</u>	<u>\$ 318,400</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
BALANCE SHEET — GOVERNMENTAL FUNDS
APRIL 30, 2019**

ASSETS	<u>General Fund</u>
Cash and Investments	\$ 4,973,221
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	217,845
Sales Tax	4,218,127
State Income Tax	651,528
Personal Property Replacement Tax	336,368
Motor Fuel Tax Allotments	-
Gaming Tax	-
Customer Charges	390,325
Assessments	-
Hotel/Motel Taxes	-
Intergovernmental	206,507
Notes	-
Fines	65,381
Capital Lease	-
Other	200,530
Advanced to Other Funds	2,601,157
Assets Held for Resale	-
Prepaid Expenses	-
Restricted Assets, Cash and Investments	-
	<hr/>
Total Assets	<u>\$ 13,860,989</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
BALANCE SHEET — GOVERNMENTAL FUNDS (CONTINUED)
APRIL 30, 2019

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Other Governmental Funds	Total
\$ 304,710	\$ 2,574	\$ -	\$ 6,086,150	\$ 11,366,655
-	783,500	4,724,795	5,514,769	11,240,909
-	-	319,546	-	4,537,673
-	-	-	-	651,528
-	-	-	12,800	349,168
-	-	-	51,799	51,799
338,162	-	-	-	338,162
-	-	-	-	390,325
-	-	-	13,772	13,772
-	-	23,338	135,392	158,730
10,103	-	79,514	-	296,124
-	-	-	172,926	172,926
-	-	-	-	65,381
-	-	7,121,469	-	7,121,469
-	-	77,201	6,032	283,763
7,798,550	2,639,532	381,451	542,431	13,963,121
-	-	1,430,000	-	1,430,000
-	-	-	296,056	296,056
-	-	699,725	-	699,725
<u>\$ 8,451,525</u>	<u>\$ 3,425,606</u>	<u>\$ 14,857,039</u>	<u>\$ 12,832,127</u>	<u>\$ 53,427,286</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
BALANCE SHEET — GOVERNMENTAL FUNDS (CONTINUED)
APRIL 30, 2019**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>General Fund</u>
LIABILITIES	
Accounts Payable	\$ 144,652
Wages Payable	336,183
Liquor License Bonds Held	18,000
Compensated Absences	88,572
Unearned Revenue	-
Due to Other Governmental Entities	630,874
Advanced from Other Funds	381,049
Total Liabilities	<u>1,599,330</u>
DEFERRED INFLOWS OF RESOURCES	
Subsequent Year's Property Taxes	217,845
Unavailable Revenue - Other Taxes	1,591,913
Unavailable Revenue - Intergovernmental	193,274
Unavailable Revenue - Capital Lease Receivable	-
Unavailable Revenue - Notes Receivable	-
Total Deferred Inflows of Resources	<u>2,003,032</u>
FUND BALANCES (DEFICITS)	
Nonspendable	2,601,157
Restricted	-
Assigned	-
Unassigned	7,657,470
Total Fund Balances (Deficits)	<u>10,258,627</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u><u>\$ 13,860,989</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
BALANCE SHEET — GOVERNMENTAL FUNDS (CONTINUED)
APRIL 30, 2019

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Other Governmental Funds	Total
\$ 158,297	\$ -	\$ 3,123	\$ 12,178	\$ 318,250
-	-	-	28,672	364,855
-	-	-	-	18,000
-	-	-	-	88,572
82,171	-	-	-	82,171
-	-	-	-	630,874
428,939	5,841,826	6,605,982	391,365	13,649,161
669,407	5,841,826	6,609,105	432,215	15,151,883
-	783,500	4,724,795	5,514,769	11,240,909
-	-	85,700	25,319	1,702,932
10,103	-	79,514	-	282,891
-	-	7,121,469	-	7,121,469
-	-	-	168,957	168,957
10,103	783,500	12,011,478	5,709,045	20,517,158
-	-	-	296,056	2,897,213
6,494,803	3,934,156	-	3,783,310	14,212,269
1,277,212	-	-	2,616,166	3,893,378
-	(7,133,876)	(3,763,544)	(4,665)	(3,244,615)
7,772,015	(3,199,720)	(3,763,544)	6,690,867	17,758,245
<u>\$ 8,451,525</u>	<u>\$ 3,425,606</u>	<u>\$ 14,857,039</u>	<u>\$ 12,832,127</u>	<u>\$ 53,427,286</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
APRIL 30, 2019**

Total Governmental Fund Balances		\$ 17,758,245
<p>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:</p>		
Land	\$ 10,106,412	
Construction-in-Progress	71,005	
Land Improvements	5,680,007	
Buildings	53,713,181	
Machinery, Equipment, and Vehicles	18,957,945	
Infrastructure	122,826,945	
Accumulated Depreciation	<u>(92,490,009)</u>	118,865,486
<p>Deferred amounts related to pensions are not reported in the funds:</p>		
Deferred Outflows of Resources	7,673,082	
Deferred Inflows of Resources	<u>(13,132,252)</u>	(5,459,170)
<p>Deferred amounts related to OPEB are not reported in the funds:</p>		
Deferred Inflows of Resources		(11,532,627)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred inflows of resources:</p>		
Unavailable Revenue - Other Taxes	1,702,932	
Unavailable Revenue - Intergovernmental	282,891	
Unavailable Revenue - Capital Lease Receivable	7,121,469	
Unavailable Revenue - Notes Receivable	<u>168,957</u>	9,276,249
<p>Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:</p>		
Current Assets	112,880	
Current Liabilities	<u>(447,902)</u>	(335,022)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated Absences	(3,395,906)	
Other Postemployment Benefits Liability	(53,220,167)	
Net Pension Liability	(44,756,218)	
Accrued Interest Payable	(1,093,994)	
General Obligation Bonds Payable, Current	(5,535,000)	
General Obligation Bonds Payable, Noncurrent	(71,610,000)	
Notes Payable, Current	(1,350,155)	
Notes Payable, Noncurrent	(3,745,497)	
Bond Discounts	35,647	
Bond Deferred Charge on Refunding	482,617	
Bond Premiums	<u>(372,944)</u>	<u>(184,561,617)</u>
Net Position of Governmental Activities		<u>\$ (55,988,456)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) — GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2019

	General Fund
REVENUES	
Property Taxes	\$ 230,946
Other Taxes and Special Assessments	20,544,294
Charges for Services	1,297,787
Intergovernmental	569,218
Investment Earnings	190,815
Licenses and Permits	235,359
Miscellaneous	1,936,015
Total Revenues	25,004,434
EXPENDITURES	
Current:	
General Government	6,109,660
Police	6,274,001
Fire	5,758,364
Sanitation	912,760
Public Works	2,045,956
Community Development	228,931
Other	-
Capital Outlay	1,062,634
Debt Service:	
Principal Payments	523,119
Interest and Fiscal Charges	39,257
Total Expenditures	22,954,682
Excess (Deficiency) of Revenues over Expenditures	2,049,752
OTHER FINANCING SOURCES (USES)	
Issuance of Long-Term Debt	275,000
Proceeds from Sale of Capital Assets	-
Transfers In	245,000
Transfers Out	(685,542)
Total Other Financing Sources (Uses)	(165,542)
NET CHANGE IN FUND BALANCES (DEFICITS)	1,884,210
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	8,374,417
Prior Period Adjustments	-
Fund Balances (Deficits) - Beginning of Year, as Restated	8,374,417
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 10,258,627

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICITS) (CONTINUED)— GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2019

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ 772,214	\$ 4,697,137	\$ 5,464,761	\$ 11,165,058
4,463,184	-	1,887,714	873,196	27,768,388
-	-	-	-	1,297,787
183,563	-	-	1,781,843	2,534,624
26,413	1,159	24,225	45,502	288,114
-	-	-	-	235,359
4,379	-	1,651,986	382,623	3,975,003
<u>4,677,539</u>	<u>773,373</u>	<u>8,261,062</u>	<u>8,547,925</u>	<u>47,264,333</u>
2,281,573	133,817	-	3,444,369	11,969,419
-	-	-	2,031,351	8,305,352
-	-	-	2,113,477	7,871,841
-	-	-	-	912,760
-	-	-	843,531	2,889,487
-	-	-	-	228,931
-	-	1,961,784	-	1,961,784
-	-	37,093	156,022	1,255,749
477,667	-	5,767,897	80,000	6,848,683
34,520	-	3,440,781	16,075	3,530,633
<u>2,793,760</u>	<u>133,817</u>	<u>11,207,555</u>	<u>8,684,825</u>	<u>45,774,639</u>
1,883,779	639,556	(2,946,493)	(136,900)	1,489,694
-	-	-	-	275,000
-	-	218,434	-	218,434
-	-	2,500,000	253,465	2,998,465
(2,500,000)	-	-	(147,972)	(3,333,514)
<u>(2,500,000)</u>	<u>-</u>	<u>2,718,434</u>	<u>105,493</u>	<u>158,385</u>
(616,221)	639,556	(228,059)	(31,407)	1,648,079
8,469,029	(3,839,276)	(3,746,598)	6,511,207	15,768,779
(80,793)	-	211,113	211,067	341,387
<u>8,388,236</u>	<u>(3,839,276)</u>	<u>(3,535,485)</u>	<u>6,722,274</u>	<u>16,110,166</u>
<u>\$ 7,772,015</u>	<u>\$ (3,199,720)</u>	<u>\$ (3,763,544)</u>	<u>\$ 6,690,867</u>	<u>\$ 17,758,245</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2019**

Net Change in Fund Balances - Governmental Funds	\$	1,648,079
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital Outlay	\$ 887,401	
Depreciation Expense	<u>(7,024,168)</u>	(6,136,767)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and disposals) is to increase/decrease net position:</p>		
Proceeds from Sale of Capital Assets	(218,434)	
Gain on Disposal of Capital Assets	<u>76,004</u>	(142,430)
<p>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:</p>		
Net Change in Other Taxes	269,441	
Net Change in Intergovernmental	42,777	
Net Change in Notes Receivable	<u>(72,689)</u>	239,529
<p>Loans made are considered expenditures in the government funds. Portions of receivables are not considered current financial resources and, therefore, portions of payments are recognized as revenues for the governmental funds. The net effect of these transactions is as follows:</p>		
Net Change in Long-Term Special Assessment Receivable	(12,580)	
Net Change in Developer Receivable	(98,469)	
Net Change in Capital Lease Receivable	<u>(599,733)</u>	(710,782)
<p>The issuance of long-term debt (e.g., bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts 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:</p>		
Repayment of Bond Principal	5,300,000	
Issuance of Notes Payable	(275,000)	
Repayment of Notes Payable Principal	1,548,683	
Interest Payable	76,986	
Amortization Deferred Charge on Refunding	(95,615)	
Amortization of Premiums and Discounts	<u>56,975</u>	6,612,029

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED APRIL 30, 2019**

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

Change in Compensated Absences	\$	92,409
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows of related to pensions, deferred inflows related to pensions, and the investment experience.

Pension Contributions	\$	4,616,409
Pension Expense		(132,239)
		<u>(4,748,648)</u>

Governmental funds report OPEB contributions as expenditures when made. However, in the statement of activities, OPEB expense is the cost of benefits earned, adjusted for recognition of changes in deferred outflows and inflows of resources related to OPEB.

OPEB Payments		(1,051,242)
OPEB Expense		(3,891,802)
		<u>(2,840,560)</u>

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.

(456,284)

Change in Net Position of Governmental Activities

\$ (2,878,258)

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,649,917	\$ 134,713	\$ 413,095	\$ 3,197,725	\$ 139,358
Water and Sewer Revenue Receivables (Net Where Applicable of Allowance for Uncollectible Amounts):					
Billed	291,966	-	-	291,966	-
Unbilled Charges	1,532,918	-	-	1,532,918	-
Customer Charges (Net of Allowance)	-	98,105	-	98,105	-
Advanced to Other Funds	-	-	226,550	226,550	-
Prepaid Expenses	-	22,777	-	22,777	-
Inventory, at Cost	99,154	5,790	-	104,944	-
Total Current Assets	<u>4,573,955</u>	<u>261,385</u>	<u>639,645</u>	<u>5,474,985</u>	<u>139,358</u>
CAPITAL ASSETS					
Nondepreciable:					
Land	456,274	2,850,000	341,408	3,647,682	-
Construction-in-Progress	2,853,654	-	-	2,853,654	-
Depreciable:					
Land Improvements	1,668,483	3,170,619	2,840,483	7,679,585	-
Buildings	16,295,436	2,356,287	6,095,217	24,746,940	-
Machinery, Equipment, and Vehicles	13,670,581	525,868	1,182,322	15,378,771	-
Infrastructure	40,808,770	-	-	40,808,770	-
Less Accumulated Depreciation	<u>(49,543,448)</u>	<u>(4,721,797)</u>	<u>(6,051,502)</u>	<u>(60,316,747)</u>	<u>-</u>
Net Capital Assets	<u>26,209,750</u>	<u>4,180,977</u>	<u>4,407,928</u>	<u>34,798,655</u>	<u>-</u>
Total Assets	30,783,705	4,442,362	5,047,573	40,273,640	139,358
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts Related to Pensions	2,056,488	-	316,167	2,372,655	-

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
APRIL 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	\$ 104,783	\$ -	\$ 23,817	\$ 128,600	\$ -
Wages Payable	48,514	-	9,221	57,735	-
Interest Payable	5,030	-	49	5,079	-
Deposits, Customers	82,919	-	-	82,919	-
Compensated Absences	117,600	-	18,831	136,431	-
Unearned Revenue	-	236,039	-	236,039	-
Accrued Health Claims	-	-	-	-	552,965
Current Portion of Other Postemployment Benefits Liability	281,005	-	43,266	324,271	-
Current Portion of Long-Term Debt	898,511	-	18,080	916,591	-
Total Current Liabilities	<u>1,538,362</u>	<u>236,039</u>	<u>113,264</u>	<u>1,887,665</u>	<u>552,965</u>
LONG-TERM LIABILITIES					
Compensated Absences, Noncurrent	185,319	-	3,195	188,514	-
Advanced from Other Funds	364,217	144,293	32,000	540,510	-
Other Postemployment Benefits Liability	7,471,349	-	1,149,059	8,620,408	-
Net Pension Liability	2,141,251	-	329,198	2,470,449	-
General Obligation Bonds, Plus Bond Premiums, Noncurrent	356,537	-	-	356,537	-
Notes Payable, Noncurrent	3,776,528	-	31,363	3,807,891	-
Total Long-Term Liabilities	<u>14,295,201</u>	<u>144,293</u>	<u>1,544,815</u>	<u>15,984,309</u>	<u>-</u>
Total Liabilities	15,833,563	380,332	1,658,079	17,871,974	552,965
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts Related to Pensions	354,850	-	54,555	409,405	-
Deferred Amounts Related to OPEB	1,850,014	-	284,536	2,134,550	-
Total Deferred Inflows of Resources	<u>2,204,864</u>	<u>-</u>	<u>339,091</u>	<u>2,543,955</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets Unrestricted	22,046,756	4,180,977	4,358,485	30,586,218	-
	<u>(7,244,990)</u>	<u>(118,947)</u>	<u>(991,915)</u>	<u>(8,355,852)</u>	<u>(413,607)</u>
Total Net Position	<u>\$ 14,801,766</u>	<u>\$ 4,062,030</u>	<u>\$ 3,366,570</u>	<u>\$ 22,230,366</u>	<u>\$ (413,607)</u>
Total Enterprise Funds Net Position				\$ 22,230,366	
Amounts reported for business-type 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. A portion of the assets and liabilities of the internal service fund are included in business-type activities in the statement of net position.				<u>(78,585)</u>	
Net Position of Business-Type Activities				<u>\$ 22,151,781</u>	

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
OPERATING REVENUES					
Water Sales	\$ 3,500,881	\$ -	\$ -	\$ 3,500,881	\$ -
Sewer Service Charges	4,839,769	-	-	4,839,769	-
Fuel Sales	-	143,186	-	143,186	-
Storage and Rentals	-	544,132	-	544,132	-
Fees for Services	-	-	369,544	369,544	-
Tap-In Charges	36,389	-	-	36,389	-
Water Assessments	12,441	-	-	12,441	-
Sewer Assessments	12,030	-	-	12,030	-
Penalties	195,100	-	-	195,100	-
Individual Sewer Permits	765	-	-	765	-
Contractors' Sewer Permits	665	-	-	665	-
Sewer Inspection Fees	795	-	-	795	-
Sewer Connection Fees	11,550	-	-	11,550	-
Concession Sales	-	-	191,725	191,725	-
Charges for Coverage	-	-	-	-	3,918,928
Miscellaneous	48,497	-	70,438	118,935	-
Total Operating Revenues	8,658,882	687,318	631,707	9,977,907	3,918,928
OPERATING EXPENSES					
Salaries and Benefits	935,449	251,586	(357,580)	829,455	-
Contractual Services	279,138	80,000	30,816	389,954	-
Utilities	627,159	63,373	23,213	713,745	-
Repair and Maintenance	275,217	73,715	134,575	483,507	-
Insurance	680,890	42,101	32,000	754,991	-
Other Supplies and Expenses	414,396	318,547	152,203	885,146	-
Depreciation	1,243,784	85,536	201,820	1,531,140	-
Insurance Claims	-	-	-	-	4,482,779
Total Operating Expenses	4,456,033	914,858	217,047	5,587,938	4,482,779
OPERATING INCOME (LOSS)	4,202,849	(227,540)	414,660	4,389,969	(563,851)

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
NONOPERATING REVENUES (EXPENSES)					
Interest	\$ 57,706	\$ 993	\$ 5,524	\$ 64,223	\$ 538
Reimbursements	38,222	-	-	38,222	-
Municipal Sales Tax	-	-	15,470	15,470	-
Interest, Fiscal Charges, and Amortization	(190,724)	-	-	(190,724)	-
Total Nonoperating Revenues (Expenses)	<u>(94,796)</u>	<u>993</u>	<u>20,994</u>	<u>(72,809)</u>	<u>538</u>
INCOME (LOSS) BEFORE TRANSFERS	4,108,053	(226,547)	435,654	4,317,160	(563,313)
TRANSFERS IN	-	-	335,049	335,049	-
CHANGE IN NET POSITION	4,108,053	(226,547)	770,703	4,652,209	(563,313)
Total Net Position - Beginning of Year, as Previously Reported	22,515,525	4,288,577	2,811,751	29,615,853	149,706
Prior Period Adjustments	<u>(11,821,812)</u>	<u>-</u>	<u>(215,884)</u>	<u>(12,037,696)</u>	<u>-</u>
Total Net Position - Beginning of Year, as Restated	<u>10,693,713</u>	<u>4,288,577</u>	<u>2,595,867</u>	<u>17,578,157</u>	<u>149,706</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 14,801,766</u>	<u>\$ 4,062,030</u>	<u>\$ 3,366,570</u>	<u>\$ 22,230,366</u>	<u>\$ (413,607)</u>
Total Enterprise Funds Change in Net Position				\$ 4,652,209	
Amounts reported for business-type activities in the statement of activities are different because an internal service fund is used by management to charge the cost of certain services to individual funds. A portion of the activity of the internal service fund is included in business-type activities in the statement of activities.				<u>(107,029)</u>	
Change in Net Position of Business-Type Activities				<u>\$ 4,545,180</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2019**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 8,665,269	\$ 805,932	\$ 631,707	\$ 10,102,908	\$ 3,918,928
Payments to Suppliers	(2,782,057)	(572,401)	(392,151)	(3,746,609)	(4,459,272)
Payments to Benefit Employees	(2,713,731)	(251,586)	(349,171)	(3,314,488)	-
Net Cash Provided (Used) by Operating Activities	3,169,481	(18,055)	(109,615)	3,041,811	(540,344)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Reimbursements	38,222	-	-	38,222	-
Municipal Sales Tax	-	-	15,470	15,470	-
Transfer to/from Other Funds	(538,000)	-	335,049	(202,951)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(499,778)	-	350,519	(149,259)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments on Notes Payable	(993,318)	-	(17,721)	(1,011,039)	-
Interest and Fiscal Charges Paid on Bonds and Notes Payable	(204,201)	-	-	(204,201)	-
Purchase of Capital Assets	(1,361,969)	-	-	(1,361,969)	-
Principal Payment on Bonds	(145,000)	-	-	(145,000)	-
Net Cash Used by Capital and Related Financing Activities	(2,704,488)	-	(17,721)	(2,722,209)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	57,706	993	5,524	64,223	538
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,921	(17,062)	228,707	234,566	(539,806)
Cash and Cash Equivalents - Beginning of Year	2,626,996	151,775	184,388	2,963,159	679,164
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,649,917</u>	<u>\$ 134,713</u>	<u>\$ 413,095</u>	<u>\$ 3,197,725</u>	<u>\$ 139,358</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2019**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 4,202,849	\$ (227,540)	\$ 414,660	\$ 4,389,969	\$ (563,851)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,243,784	85,536	201,820	1,531,140	-
Change in Assets and Liabilities:					
Customer Charges and Receivables	5,598	60,706	-	66,304	-
Prepaid Expenses	-	3,626	-	3,626	-
Inventory	(1,296)	1,709	-	413	-
Accounts Payable, Claims, Retainage, and Wages Payable	(481,113)	-	(15,436)	(496,549)	23,507
Deposits	789	-	-	789	-
Unearned Revenue	-	57,908	-	57,908	-
Compensated Absences	(31,914)	-	(71,481)	(103,395)	-
Deferred Inflows of Resources - OPEB	1,850,014	-	284,536	2,134,550	-
OPEB Liability	(4,069,458)	-	(993,849)	(5,063,307)	-
Deferred Outflows of Resources - Pensions	(1,106,974)	-	(88,209)	(1,195,183)	-
Deferred Inflows of Resources - Pensions	(455,128)	-	(139,903)	(595,031)	-
Net Pension Liability	2,012,330	-	298,247	2,310,577	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,169,481</u>	<u>\$ (18,055)</u>	<u>\$ (109,615)</u>	<u>\$ 3,041,811</u>	<u>\$ (540,344)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Amortization of Premiums, Discounts, and Deferred Charge on Refunding	<u>\$ 12,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,615</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
APRIL 30, 2019

	Pension Trusts	Agency
ASSETS		
Cash and Cash Equivalents	\$ 790,323	\$ 28,979
Receivables:		
Accrued Interest and Dividends	119,000	-
Investments, at Fair Value:		
Money Market Funds	4,029,963	-
Municipal Bonds	491,545	-
Corporate Bonds	7,545,856	-
U.S. Government Notes and Bonds	4,600,326	-
U.S. Government Agency Obligations	2,793,539	-
Mutual Funds	13,279,698	-
Common Stocks	22,288,118	-
Total Investments	55,029,045	-
Total Assets	55,938,368	\$ 28,979
LIABILITIES		
Accounts Payable and Accrued Payroll Taxes	3,646	\$ -
Amounts Held for Others	-	28,979
Total Liabilities	3,646	\$ 28,979
Net Position Held in Trust for Pension Benefits	\$ 55,934,722	

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED APRIL 30, 2019**

ADDITIONS

Contributions:

Plan Members' Contributions	\$ 773,550
Employer Contributions	4,286,130
Total Contributions	5,059,680

Net Investment Income:

Net Appreciation in Fair Value of Investments	3,030,707
Dividends and Interest	1,297,810
Total Investment Income	4,328,517
Less: Investment Expenses	264,608
Net Investment Income	4,063,909

Total Additions	9,123,589
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DEDUCTIONS

Benefits Paid	4,094,181
Refunds of Contributions	15,528
Administrative Expenses	128,684
Total Deductions	4,238,393

Change in Net Position	4,885,196
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Beginning of Year	51,049,526
End of Year	\$ 55,934,722

See accompanying Notes to Basic Financial Statements.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City of East Peoria, Illinois (the 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 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, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The 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 Firefighter's Pension Funds are reported as blended component units of the City.

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	City of East Peoria Firefighter's Pension Fund
Jeff Becker, Director of Finance	Jeff Becker, Director of Finance
401 W. Washington St.	401 W. Washington St.
East Peoria, Illinois 61611	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 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, 2019.

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

East Peoria Mass Transit District
401 W. Washington St.
East Peoria, Illinois 61611

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position, including the discretely presented component unit, 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 Types: 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.

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

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 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. The City has elected to report this fund as a major fund for public interest purposes.

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.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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.

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 expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 2019 represent the 2017 tax levy which was received by the City during the months of July 2018 through November 2018. The general property taxes receivable and the related deferred inflow of resources at April 30, 2019 are based on the City's 2018 extended tax levy.

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, 2019, the City had no investments qualified as cash equivalents.

Investments

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

Interfund Transactions

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

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions (Continued)

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

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

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

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are sometimes classified as nonspendable or restricted 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 of 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 asset 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, 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, 2019.

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

Land Improvements	20 to 50 Years
Buildings	10 to 50 Years
Machinery, Equipment, and Vehicles	5 to 20 Years
Infrastructure	20 to 100 Years

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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 has two types of items that qualify for reporting in this category. One 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. Additionally, the City has deferred outflows related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and balance sheet reports 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, capital lease receivable, and notes receivable. 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. Additionally, the City has deferred inflows related to pension and other postemployment benefits expense to be recognized in future periods.

Pensions

For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City pension plans and additions to/deductions from the City pension plans fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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. 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.

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.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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) was \$-0- at April 30, 2019. 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 by enabling legislation includes \$141,498 for audit, \$76,875 for employee benefits, \$38,551 for sewer chlorination, \$10,566,411 for capital improvements and equipment, and \$154,130 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.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 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, 2019, the City had the following cash and investments:

Cash and Investments - Statement of Net Position	\$ 14,703,738
Restricted Cash and Investments -	
Statement of Net Position	699,725
Cash and Cash Equivalents - Fiduciary Funds	819,302
Investments - Fiduciary Funds	<u>55,029,045</u>
Total	<u><u>\$ 71,251,810</u></u>
Deposits	\$ 13,447,073
Illinois Funds Money Market Fund	1,956,390
Deposits Held by Fiduciary Funds	819,302
Investments Held by Fiduciary Funds	<u>55,029,045</u>
Total Primary Government	<u><u>\$ 71,251,810</u></u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has no recurring fair value measurements as of April 30, 2019.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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, 2019, \$0- of the City's bank balance of \$14,853,577 was uncollateralized; \$14,195,906 of the bank balance was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution.

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.

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.

Illinois Funds — The fair value of the City's position in this fund is equal to the value of the City's fund shares. The portfolio is regulated by oversight of the Treasurer of the state of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The carrying amount of these deposits at April 30, 2019 was \$1,956,390.

Cash and Investments, Pension Trust Funds (The Funds)

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 stock.

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 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, 2019, 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.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

As of April 30, 2019, the Police Pension Fund had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>	<u>Concentration Percentage</u>
U.S. Government Notes and Bonds, Explicitly Guaranteed	\$ 2,343,626	N/A	9.19	8 %
U.S. Government Agencies	1,835,654	Aaa to Aa+	16.81	6
Money Market Funds	584,112	N/A	-	2
Municipal Bonds	299,455	Aa1 to A2	4.55	1
Corporate Bonds	4,621,971	Aaa to Bbb-	9.80	16
Common Stock	17,254,933	N/A	N/A	58
Mutual Funds, Equities	2,667,058	N/A	N/A	9
Total Investments	<u>\$ 29,606,809</u>			

As of April 30, 2019, the Firefighter's Pension Fund had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>	<u>Concentration Percentage</u>
U.S. Government Notes and Bonds, Explicitly Guaranteed	\$ 2,256,700	N/A	3.94	9 %
U.S. Government Agencies	957,885	Aaa	14.69	4
Money Market Funds	3,445,851	N/A	-	13
Municipal Bonds	192,090	Aa2 to Aa3	1.87	1
Corporate Bonds	2,923,885	Aa1 to Baa3	4.64	12
Common Stock	5,033,185	N/A	N/A	20
Mutual Funds, Equities	10,612,640	N/A	N/A	41
Total Investments	<u>\$ 25,422,236</u>			

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

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

Investments are subject to certain inherent risks including credit, interest rate, and custodial credit risk. The Funds' policies related to these risks are as follows:

(1) Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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, Paragraphs 113.1 through 113.10 of the Illinois Compiled Statutes.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The following was the Firefighter’s Pension Fund Board’s adopted allocated policy as of April 30, 2019:

Domestic Equity	40 %
International Equity	16
Fixed Income	38
Real Estate Investment Trusts	4
Cash	2
Total	100 %

The following was the Police Pension Fund Board’s adopted allocated policy as of April 30, 2019:

Equity	55 %
Fixed Income	35
Mutual Funds	10
Total	100 %

- (2) 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 Funds’ policies provide 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 Funds’ investments compared to industry benchmarks.

- (3) Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Funds will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Consistent with the Funds’ investment policies, all securities are held by a third-party custodian serving as the Funds’ agent. The securities are held in the Funds’ name.

Fair Value Measurements

Governmental Accounting Standards Board Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Fair Value Measurements (Continued)

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in nonactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2019 from prior year.

Common Stock and Mutual Funds — Equities: Valued at public traded prices that are quoted daily.

Corporate Bonds and Municipal Bonds: Valued using matrix pricing model using inputs of price or yield of a similar security.

U.S. Government and U.S. Government Agencies: Valued using matrix pricing model using inputs of price or yield of a similar security.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Funds believe their methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Firefighter's Pension Fund's assets at fair value as of April 30, 2019:

	Fair Values	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 2,256,700	\$ -	\$ 2,256,700	\$ -
U.S. Government Agencies	957,885	-	957,885	-
Mutual Funds - Equities	10,612,640	10,612,640	-	-
Common Stock	5,033,185	5,033,185	-	-
Corporate Bonds	2,923,885	-	2,923,885	-
Municipal Bonds	192,090	-	192,090	-
Total	<u>21,976,385</u>	<u>\$ 15,645,825</u>	<u>\$ 6,330,560</u>	<u>\$ -</u>
Money Market Funds	3,445,851			
Total Investments	<u>\$ 25,422,236</u>			

The following table sets forth by level, within the fair value hierarchy, the Police Pension Fund's assets at fair value as of April 30, 2019:

	Fair Values	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 2,343,626	\$ -	\$ 2,343,626	\$ -
U.S. Government Agencies	1,835,654	-	1,835,654	-
Municipal Bonds	299,455	-	299,455	-
Corporate Bonds	4,621,971	-	4,621,971	-
Common Stock	17,254,933	17,254,933	-	-
Mutual Funds - Equities	2,667,058	2,667,058	-	-
Total	<u>29,022,697</u>	<u>\$ 19,921,991</u>	<u>\$ 9,100,706</u>	<u>\$ -</u>
Money Market Funds	584,112			
Total Investments	<u>\$ 29,606,809</u>			

Money market funds are recorded as cost and are not based on Level 1, 2, or 3 inputs.

The Funds did not hold investments in any one organization that represent 5% or more of the pension plans' fiduciary net position.

For the Firefighter's Pension Fund for the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Fair Value Measurements (Continued)

For the Police Pension Fund for the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for assets held with Benjamin F. Edwards & Co. was 9.58%. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for assets held with the Commerce Trust Company was 10.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Cash and Investments, Discretely Presented Component Unit

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, 2019, none of the District's bank balance of \$74,226 was exposed to custodial credit risk.

NOTE 3 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, 2019 is as follows:

Total Special Assessments Receivable	\$ 13,772
Less Amounts Not Receivable Within One Year	<u>-</u>
Current Special Assessments Receivable	<u><u>\$ 13,772</u></u>

NOTE 4 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.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 4 LEASE RECEIVABLE (CONTINUED)

As of April 30, 2019, components of the lease receivable were as follows:

Total Lease Receivable Payments	\$ 9,082,080
Amount Representing Interest	<u>1,960,611</u>
Net	<u><u>\$ 7,121,469</u></u>

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

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

As of April 30, 2019, future minimum lease revenue expected to be received were as follows:

<u>Fiscal Year Ending April 30,</u>	
2020	\$ 1,055,040
2021	1,077,960
2022	1,100,880
2023	1,123,800
2024	1,146,720
2025-2027	<u>3,577,680</u>
Total Lease Receivable Payments	9,082,080
Less: Amount Representing Interest	<u>(1,960,611)</u>
Lease Receivable	<u><u>\$ 7,121,469</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% 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% of all other gross sales, which began in September 2011. The lease term is 20 years with six consecutive renewal options of five years each. For the year ended April 30, 2019, lease revenues from this lease were \$419,537. As of April 30, 2019, there was a lease receivable of \$77,201 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
APRIL 30, 2019

NOTE 5 CAPITAL ASSETS, PRIMARY GOVERNMENT

Capital asset activity for the year ended April 30, 2019 was as follows:

	Balance April 30, 2018	Additions	Deductions/ Transfers	Balance April 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 10,244,067	\$ -	\$ 137,655	\$ 10,106,412
Construction in Progress	27,601	43,404	-	71,005
Total Capital Assets Not Being Depreciated	10,271,668	43,404	137,655	10,177,417
Capital Assets, Being Depreciated:				
Land Improvements	5,680,007	-	-	5,680,007
Buildings	53,713,181	-	-	53,713,181
Machinery, Equipment, and Vehicles	18,190,348	843,997	76,400	18,957,945
Infrastructure Assets	122,826,945	-	-	122,826,945
Total Capital Assets Being Depreciated	200,410,481	843,997	76,400	201,178,078
Less Accumulated Depreciation for:				
Land Improvements	2,606,742	242,797	-	2,849,539
Buildings	15,683,815	1,980,688	-	17,664,503
Machinery, Equipment, and Vehicles	13,903,472	1,126,255	71,625	14,958,102
Infrastructure Assets	53,343,437	3,674,428	-	57,017,865
Total Accumulated Depreciation	85,537,466	7,024,168	71,625	92,490,009
Total Capital Assets Being Depreciated, Net	114,873,015	(6,180,171)	4,775	108,688,069
Governmental Activities Capital Assets, Net	\$ 125,144,683	\$ (6,136,767)	\$ 142,430	\$ 118,865,486

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 5 CAPITAL ASSETS, PRIMARY GOVERNMENT (CONTINUED)

	Balance April 30, 2018	Additions	Deductions/ Transfers	Balance April 30, 2019
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction in Progress	2,064,149	906,332	116,827	2,853,654
Total Capital Assets Not Being Depreciated	5,711,831	906,332	116,827	6,501,336
Capital Assets, Being Depreciated:				
Land Improvements	7,679,585	-	-	7,679,585
Buildings	24,746,940	-	-	24,746,940
Machinery, Equipment, and Vehicles	15,071,848	306,923	-	15,378,771
Infrastructure Assets	40,543,229	265,541	-	40,808,770
Total Capital Assets Being Depreciated	88,041,602	572,464	-	88,614,066
Less Accumulated Depreciation for:				
Land Improvements	6,635,035	83,490	-	6,718,525
Buildings	12,539,356	499,001	-	13,038,357
Machinery, Equipment, and Vehicles	13,230,937	360,074	-	13,591,011
Infrastructure Assets	26,380,279	588,575	-	26,968,854
Total Accumulated Depreciation	58,785,607	1,531,140	-	60,316,747
Total Capital Assets Being Depreciated, Net	29,255,995	(958,676)	-	28,297,319
Business-Type Activities Capital Assets, Net	<u>\$ 34,967,826</u>	<u>\$ (52,344)</u>	<u>\$ 116,827</u>	<u>\$ 34,798,655</u>

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

Governmental Activities:	
Police	\$ 342,974
Fire	306,765
Sanitation	146,023
Public Works	3,616,180
General Government	2,612,226
Total Depreciation Expense, Governmental Activities	<u>\$ 7,024,168</u>
Business-Type Activities:	
Water and Sewer Fund	\$ 1,243,784
Eastport Marina Fund	85,536
Eastside Centre Fund	201,820
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,531,140</u>

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT

The following is a summary of changes in long-term liabilities for the year ended April 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 82,445,000	\$ -	\$ 5,300,000	\$ 77,145,000	\$ 5,535,000
Issuance Premiums (Discounts)	394,272	-	56,975	337,297	57,726
Total Bonds Payable	<u>82,839,272</u>	<u>-</u>	<u>5,356,975</u>	<u>77,482,297</u>	<u>5,592,726</u>
Notes Payable	6,369,335	275,000	1,548,683	5,095,652	1,350,155
Compensated Absences	<u>3,537,735</u>	<u>3,484,478</u>	<u>3,537,735</u>	<u>3,484,478</u>	<u>724,281</u>
 Governmental Activities, Long-Term Liabilities	 <u>\$ 92,746,342</u>	 <u>\$ 3,759,478</u>	 <u>\$ 10,443,393</u>	 <u>\$ 86,062,427</u>	 <u>\$ 7,667,162</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds Payable:					
General Obligation Bonds	\$ 620,000	\$ -	\$ 145,000	\$ 475,000	\$ 150,000
Issuance Premiums (Discounts)	56,767	-	12,615	44,152	12,615
Total Bonds Payable	<u>676,767</u>	<u>-</u>	<u>157,615</u>	<u>519,152</u>	<u>162,615</u>
Notes Payable	5,572,906	-	1,011,039	4,561,867	753,976
Compensated Absences	<u>428,340</u>	<u>324,945</u>	<u>428,340</u>	<u>324,945</u>	<u>136,431</u>
 Business-Type Activities Long-Term Liabilities	 <u>\$ 6,678,013</u>	 <u>\$ 324,945</u>	 <u>\$ 1,596,994</u>	 <u>\$ 5,405,964</u>	 <u>\$ 1,053,022</u>

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.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT (CONTINUED)

Long-term debt payable as of April 30, 2019 is comprised of the following individual issues:

Governmental Activities - General Obligation Bonds

General Obligation Bonds:

\$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%	\$ 14,180,000
\$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%	18,850,000
\$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%	2,865,000
\$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%	2,865,000
\$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%	2,360,000
\$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%	935,000
\$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%	865,000
\$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%	440,000
\$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%	4,210,000

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT (CONTINUED)

Governmental Activities - General Obligation Bonds (Continued)

\$18,570,000, General Obligation Refunding Bonds, Series 2014, due in annual installments of \$5,000 to \$1,565,000, through January 2033; interest at rates of 2.00% to 5.00%	\$ 16,775,000
\$6,925,000, General Obligation Refunding Bonds, Series 2016A, due in annual installments of \$590,000 to \$890,000, through January 2032; interest at rates of 2.90% to 4.00%	6,925,000
\$2,745,000, General Obligation Refunding Bonds, Series 2016B, due in annual installments of \$240,000 to \$355,000, through January 2032; interest at rates of 2.90% to 4.00%	2,745,000
\$3,280,000, General Obligation Refunding Bonds, Series 2016C, due in annual installments of \$65,000 to \$1,610,000, through January 2021; interest at rates of 1.50% to 2.25%	<u>3,130,000</u>
Total General Obligation Bonds, Governmental Activities	<u><u>\$ 77,145,000</u></u>

Governmental Activities - Notes Payable

Notes Payable:

Note payable to bank, due in semiannual installments of \$210,980 including interest at 2.50% as of August 26, 2016 through May 2021 (Kohl's Property)	\$ 1,051,599
Note payable to bank, due in semiannual installments of \$31,893, including interest at 2.50%, through August 2023 (Steak-N-Shake Property)	275,669
Note payable to bank, due in annual installments of \$572,094, including interest at 2.50%, through January 2024 (Camp Street Property)	2,655,540
Note payable to bank, due in annual installments of \$2,674, including interest at 1.69%, through October 2019 (Laptops)	13,621
Note payable to bank, due in annual installments of \$44,017, including interest at 2.15%, through December 2022 (Early Retirement Incentive)	960,782
Note payable to bank, due in semiannual installments of \$140,416, including interest at 2.79%, through September 2019 (Garbage Truck)	<u>138,441</u>
Total Notes Payable, Governmental Activities	<u><u>\$ 5,095,652</u></u>

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT (CONTINUED)

Business-Type Activities - General Obligation Bonds

General Obligation Bonds:

Water and Sewer Fund Long-Term Debt:

\$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%

\$ 475,000

Business-Type Activities - Notes Payable

Notes Payable:

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%

\$ 61,885

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%

279,260

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%

1,837,780

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%

521,821

Note payable to bank, due in monthly installments of \$15,593 through July
2023, including interest at 2.45%

771,905

Note payable to bank, due in monthly installments of \$6,730 through July
2021, including interest at 1.83%

171,196

Note payable to bank, due in annual installments of \$44,017, including
interest at 2.15%, through December 2022 (Early Retirement Incentive)

868,582

Eastside Centre Long-Term Debt:

Note payable to bank, due in annual installments of \$1,575, including
interest at 1.99%, through December 2021 with the remaining principal
balance due at maturity (Backhoe)

49,438

Total Notes Payable, Business-Type Activities

\$ 4,561,867

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 6 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>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,535,000	\$ 3,177,814	\$ 150,000	\$ 19,000
2021	5,750,000	3,019,338	160,000	13,000
2022	5,990,000	2,840,638	165,000	6,600
2023	6,185,000	2,594,948	-	-
2024	6,520,000	2,330,146	-	-
2025-2029	29,665,000	7,288,325	-	-
2030-2033	17,500,000	1,875,720	-	-
Total	<u>\$ 77,145,000</u>	<u>\$ 23,126,929</u>	<u>\$ 475,000</u>	<u>\$ 38,600</u>

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

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,350,155	\$ 116,097	\$ 753,976	\$ 79,823
2021	1,249,323	85,930	828,775	85,619
2022	1,105,374	54,873	774,824	66,473
2023	794,891	31,406	687,641	48,442
2024	595,909	14,534	373,377	35,196
2025-2028	-	-	1,143,274	67,094
Total	<u>\$ 5,095,652</u>	<u>\$ 302,840</u>	<u>\$ 4,561,867</u>	<u>\$ 382,647</u>

Governmental Activities and Business-Type Activities

On September 27, 2018, the City issued a \$275,000 note payable with an interest rate of 2.79% for purchase of a garbage truck. Payments in the amount of \$140,416 are due semiannually through fiscal year 2020. The note payable was recorded in the General Fund and governmental activities.

Legal Debt Margin

As of April 30, 2019, the legal debt limit of the City was \$44,199,682 and the debt margin was \$37,242,910.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT (CONTINUED)

Pledged Revenues

The City has pledged a portion of future sales tax and lease 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. In May 2015, the Series 2010B bonds were fully refunded with the issuance of \$18,570,000 in General Obligation Refunding bonds, Series 2014. The 2010A and 2014 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 \$48,465,090. Principal and interest of the 2010A and 2014 bonds paid for the current year and total sales tax and lease income revenues were \$3,460,221 and \$419,537, respectively.

This City has pledged a portion of future business district and sales tax revenues related to Target Area Business District Taxes, Costco Area Business District Taxes, and sales taxes to repay \$9,670,000 in General Obligation bonds, Series 2016A and 2016B, as well as pay the costs of the issuance of the bonds. The 2016A and 2016B bonds are payable from a portion of business district tax and sales tax revenues and are payable through January 2032. The total principal and interest remaining to be paid on the bonds is \$12,890,255. Principal and interest of the 2016A and 2016B bonds paid for the current year and total business district tax and sales tax revenues were \$338,250 and \$888,767, respectively.

Debt Covenants

Bond indentures sometimes 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, 2019, none of the City's long-term liabilities had any such debt covenants requiring the restriction of assets.

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, 2019 was \$16,460,000.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 7 INTERFUND RECEIVABLES AND PAYABLE, PRIMARY GOVERNMENT

The individual fund interfund advance receivable and payable balances as of April 30, 2019 were:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 2,601,157	\$ 381,049
Riverboat Gaming Tax Fund	7,798,550	428,939
Special Tax Allocation Fund	2,639,532	5,841,826
Capital Projects Fund	381,451	6,605,982
Nonmajor Funds	542,431	391,365
Enterprise Funds:		
Eastside Centre Fund	226,550	32,000
Water and Sewer Fund	-	364,217
Eastport Marina Fund	-	144,293
Total	<u>\$ 14,189,671</u>	<u>\$ 14,189,671</u>

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. There were no interfund receivables or payables as of year-end.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 245,000	\$ 685,542
Riverboat Gaming Tax Fund	-	2,500,000
Capital Projects Fund	2,500,000	-
Nonmajor Funds	253,465	147,972
Enterprise Funds:		
Eastside Centre Fund	335,049	-
Total	<u>\$ 3,333,514</u>	<u>\$ 3,333,514</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 Capital Projects Fund as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 8 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 <u>April 30, 2019</u>
Major Governmental Funds:	
Special Tax Allocation Fund	\$ 3,199,720
Capital Projects Fund	3,763,544
Nonmajor Proprietary Fund:	
Internal Service Fund	413,607

Deficits in the Special Tax Allocation Fund and Capital Projects Fund will be eliminated through future incremental property tax receipts. Deficits in the Internal Service Fund will be eliminated through future charges for coverage.

NOTE 9 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 \$100,000 of qualifying medical expenses per individual employee and unlimited aggregate claims 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 \$300,000 and \$50,000 of qualifying expenses for workers compensation and general liability, respectively.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 9 RISK MANAGEMENT/SELF-INSURANCE (CONTINUED)

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

The unpaid claims and incurred but not reported claims of approximately \$552,965, 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 require 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 2019 and 2018 were:

Balance - April 30, 2017	\$ 394,725
Current Year Claims and Changes in Estimates	3,203,673
Claims Paid	<u>(3,242,217)</u>
Balance - April 30, 2018	356,181
Current Year Claims and Changes in Estimates	4,095,184
Claims Paid	<u>(4,017,435)</u>
Balance - April 30, 2019	<u><u>\$ 433,930</u></u>

Changes in workers compensation and general liability in fiscal years 2019 and 2018 were:

Balance - April 30, 2017	\$ 90,956
Current Year Claims and Changes in Estimates	298,224
Claims Paid	<u>(215,903)</u>
Balance - April 30, 2018	173,277
Current Year Claims and Changes in Estimates	410,575
Claims Paid	<u>(464,817)</u>
Balance - April 30, 2019	<u><u>\$ 119,035</u></u>

NOTE 10 PENSION PLANS

The City contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), which is a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighter’s Pension Plan, which is also a single-employer pension plan. Each of the plans provides retirement, disability, annual cost of living adjustments, and death benefits to its respective plan members and beneficiaries.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10 PENSION PLANS (CONTINUED)

A. IMRF

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiemployer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the state of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10 PENSION PLANS (CONTINUED)

A. IMRF (Continued)

Employees Covered by Benefit Terms

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

Retirees and Beneficiaries	135
Inactive, Nonretired Members	49
Active Members	<u>80</u>
Total	<u><u>264</u></u>

Contributions

As set by statute, the City's Regular Plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar years 2019 and 2018 was 9.32% and 11.14%, respectively. For the fiscal year ended April 30, 2019, the City contributed \$550,632 to the Regular and SLEP plans.

The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

A. IMRF (Continued)

Actuarial Assumptions (Continued)

- For **Nondisabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.00 %	7.15 %
International Equity	18.00	7.25
Fixed Income	28.00	3.75
REITS	9.00	6.25
Alternatives	7.00	3.20-8.50
Cash	1.00	2.50
Total	100.00 %	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

A. IMRF (Continued)

Single Discount Rate (Continued)

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 43,442,746	\$ 43,019,916	\$ 422,830
Changes for the Year:			
Service Cost	553,465	-	553,465
Interest on the Total Pension Liability	3,175,001	-	3,175,001
Differences Between Expected and Experience of the Total Pension	362,662	-	362,662
Changes of Assumptions	1,242,436	-	1,242,436
Contributions - Employer	-	623,052	(623,052)
Contributions - Employees	-	362,699	(362,699)
Investment Income	-	(1,074,396)	1,074,396
Benefit Payments, Including Refunds of Employee Contributions	(2,877,504)	(2,877,504)	-
Administrative Expenses	-	(24,732)	24,732
Other	-	(1,296)	1,296
Net Changes	<u>2,456,060</u>	<u>(2,992,177)</u>	<u>5,448,237</u>
Balances at December 31, 2018	<u>\$ 45,898,806</u>	<u>\$ 40,027,739</u>	<u>\$ 5,871,067</u>

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

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

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.25 %	7.25 %	8.25 %
Net Pension Liability	\$ 11,278,632	\$ 5,871,067	\$ 1,418,727

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

A. IMRF (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$1,809,883. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Expense in Future Periods:		
Differences Between Expected and Actual Experience	\$ 2,234,934	\$ 234,481
Changes of Assumptions	958,440	734,616
Net Difference Between Projected and Actual Earnings	<u>2,253,587</u>	<u>-</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	5,446,961	969,097
Pension Contributions Made Subsequent to the Measurement Date	168,795	-
Total Deferred Amounts Related to Pensions	<u><u>\$ 5,615,756</u></u>	<u><u>\$ 969,097</u></u>

\$168,795 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2020.

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions, prior to contributions subsequent to measurement date, will be recognized in pension expense in future periods as follows:

<u>Year Ending April 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 2,118,821	\$ 503,807
2021	1,502,388	280,902
2022	863,322	184,388
2023	962,430	-
Total	<u><u>\$ 5,446,961</u></u>	<u><u>\$ 969,097</u></u>

**CITY OF EAST PEORIA, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans

Plan Administration

The Firefighters' Pension and Police Pension plans are defined benefit pension plans. Each plan is administered by a board of trustees which acts as the administrator of the plan.

The board for the Firefighters' Plan consists of five Trustees, two of whom are appointed by the City Commission, three of whom are members of the system who are elected by a majority of the firefighters who are members of the system. Each Trustee serves a two-year term. Each person employed by the City Fire Department as a full-time firefighter becomes a member of the plan as a condition of his or her employment. All firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

The board for the Police Officers' Plan consists of five Trustees, two of whom are appointed by the City Commission, three of whom are members of the system who are elected by a majority of the Police Officers who are members of the system. Each Trustee serves a two-year term. Each person employed by the City Police Department as a full-time police officer becomes a member of the plan as a condition of his or her employment. All police officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

The employer contribution levels of the Firefighter's Pension Fund and the Police 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.

At April 30, 2019, the Firefighters' Pension and Police Pension membership consisted of:

	Municipal Firemen's	Police Officers'
Retirees and Beneficiaries	31	41
Inactive, Nonretired Members	3	8
Active Members	49	45
Total	83	94

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

A. Defined Benefit Single-Employer Pension Plans (Continued)

Investment Policy

The investment policy covering the allocation of invested assets for the City of East Peoria's Firefighter's Pension Fund and Police Pension Fund is established by the board of trustees and is subject to the limitations defined in the Illinois Pension Code 40 OLCS 5/1-113.1-113.12.

The following are the adopted asset allocation policies for each plan as of April 30, 2019:

	Target Allocation	
	Municipal Firemen's	Police Officers'
Domestic Equity	40.00 %	55.00 %
International Equity	16.00	-
Fixed Income	38.00	35.00
REITS	4.00	-
Mutual Funds	-	10.00
Cash	2.00	-
Total	100.00 %	100.00 %

Concentrations

The Plans did not hold investments in any one organization that represent 5% or more of the respective Plan's fiduciary net position.

Net Pension Liability

The components of the net pension liability of the Plans as of April 30, 2019 were as follows:

	Municipal Firemen's	Police Officers'
Total Pension Liability	\$ 45,304,934	\$ 51,985,388
Plan Fiduciary Net Position	25,603,344	30,331,378
Net Pension Liability	\$ 19,701,590	\$ 21,654,010
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.51 %	58.35 %

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of April 30, 2019 using the following actuarial assumptions applied to all measurement periods:

	<u>Municipal Firemen's</u>	<u>Police Officers'</u>
Valuation Date	4/30/2019	4/30/2019
Measurement Date	4/30/2019	4/30/2019
Inflation Rate	2.50%	2.50%
Projected Salary Increases	3.5%-12.5%	3.5%-11.0%
	Varying by Service	Varying by Service
Investment Rate of Return	6.50%	6.50%
Mortality Rate	RP-2014 Mortality Table with a blue collar adjustment with generational improvement scale MP-2018 applied to 2006.	RP-2014 Mortality Table with a blue collar adjustment with generational improvement scale MP-2018 applied to 2006.
Date of Actuarial Experience Study	4/30/2019	4/30/2019

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the geometric real rates of return for each major asset class included in the pension plans' target asset allocations as of April 30, 2019 for the Commerce Trust Company and Benjamin F. Edwards & Co. are summarized in the following tables.

<u>Asset Class</u>	Long-Term Expected Real Rate of Return	
	Municipal Firemen's	Police Officers'
Benjamin F. Edwards & Co.		
Domestic Equity	3.08 %	– %
International Equity	1.14	5.00
Fixed Income	1.41	–
REITS	0.28	–
Short-Term Bonds	–	1.00
Government - Intermediate	–	1.00
Investment Grade - Intermediate	–	1.00
Large Cap Growth	–	4.50
Large Cap Value	–	5.50
Mid Cap Growth	–	5.00
Mid Cap Value	–	5.00
Mid Cap Blend	–	5.00
Small Cap Growth	–	5.50
Small Cap Value	–	5.50
Small Cap Blend	–	5.50
Emerging Markets	–	6.50
Cash	0.06	0.50
The Commerce Trust Company		
U.S. Large-Cap	–	4.91
International Stocks	–	5.91
U.S. Bonds	–	1.02

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Discount Rate

Municipal Firemen's

A single discount rate of 6.50% was used to measure the total pension liability as of April 30, 2019 and 2018. This single discount rate was based on the expected rate of return of 6.50%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments was applied to all benefit payments to determine total pension liability.

Police Officers'

A single discount rate of 6.50% was used to measure the total pension liability as of April 30, 2019 and 2018. This single discount rate was based on the expected rate of return of 6.50%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments was applied to all benefit payments to determine total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension Plans calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
<u>Municipal Firemen's</u>			
Discount Rate	5.50 %	6.50 %	7.50 %
Net Pension Liability	\$ 26,656,337	\$ 19,701,590	\$ 14,090,820
 <u>Police Officers'</u>			
Discount Rate	5.50 %	6.50 %	7.50 %
Net Pension Liability	\$ 29,417,831	\$ 21,654,010	\$ 15,405,013

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Changes in Net Pension Liability

The following represents the changes in the City's net pension liability for the Firefighter's Pension and Police Pension Plans:

	Net Pension Liability	
	Municipal Firemen's	Police Officers'
Total Pension Liability:		
Service Cost	\$ 1,068,094	\$ 1,085,073
Interest on Total Pension Liability	2,811,757	3,313,142
Difference Between Expected and Actual Experience of the Total Pension Liability	258,861	(950,844)
Changes of Assumptions	(148,696)	(168,251)
Benefit Payments, Including Refunds	(1,749,565)	(2,360,144)
Net Change in Total Pension Liability	2,240,451	918,976
Total Pension Liability - Beginning	43,064,483	51,066,412
Total Pension Liability - Ending (A)	\$ 45,304,934	\$ 51,985,388
Plan Fiduciary Net Position:		
Contributions - Employer	\$ 2,189,864	\$ 2,096,266
Contributions - Member	358,731	414,819
Investment Income	1,398,997	2,664,912
Benefit Payments, Including Refunds	(1,749,565)	(2,360,144)
Administrative Expenses	(60,784)	(67,900)
Net Change in Fiduciary Net Position	2,137,243	2,747,953
Plan Fiduciary Net Position - Beginning	23,466,101	27,583,425
Plan Fiduciary Net Position - Ending (B)	\$ 25,603,344	\$ 30,331,378
Net Pension Liability (A) - (B)	\$ 19,701,590	\$ 21,654,010
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.51 %	58.35 %
Covered Employee Payroll	\$ 3,908,744	\$ 4,144,092
Net Pension Liability as a Percentage of Covered Employee Payroll	504.04 %	522.53 %

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$3,703,441. Total pension expense recognized for all three plans for the year ended April 30, 2019 was \$5,513,324. On April 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Municipal Firemen's	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 600,215	\$ (1,001,140)
Changes of Assumptions	1,820,256	(5,956,886)
Net Difference Between Projected and Actual Earnings	218,703	-
Total Deferred Amounts Related to Pensions	\$ 2,639,174	\$ (6,958,026)
	Police Officers'	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 729,157	\$ (805,366)
Changes of Assumptions	1,061,650	(4,258,704)
Net Difference Between Projected and Actual Earnings	-	(550,464)
Total Deferred Amounts Related to Pensions	\$ 1,790,807	\$ (5,614,534)

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Municipal Firemen's Net Deferred Inflows of Resources
2020	\$ (359,354)
2021	(620,245)
2022	(548,574)
2023	(675,840)
2024	(1,091,887)
Thereafter	(1,022,952)
Total	\$ (4,318,852)

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 10 PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

**Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions
(Continued)**

<u>Year Ending April 30,</u>	<u>Police Officers' Net Deferred Inflows of Resources</u>
2020	\$ (225,494)
2021	(971,378)
2022	(1,209,718)
2023	(1,230,622)
2024	(186,515)
Thereafter	-
Total	<u>\$ (3,823,727)</u>

NOTE 11 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.

Membership

At April 30, 2019, membership consisted of:

	<u>OPEB</u>
Retirees and Beneficiaries Currently Receiving Benefits	125
Active Plan Members	146
Total	<u>271</u>

Funding Policy

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

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

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The City's total OPEB liability of \$62,164,846 was measured as of April 30, 2019 and was determined by an actuarial valuation dated April 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

A discount rate of 3.79% was used, which is the Bond Buyer Go 20-Year Municipal Bond Index as of April 30, 2019.

Valuation Date	April 30, 2019
Measurement Date	April 30, 2019
Inflation Rate	2.50 %
Salary Increase Rate	3.25 %
Healthcare Cost Trend Rate	8.00%, Decreasing to 4.50%
Actuarial Cost Method	Entry Age Normal
Mortality	RPH-2018 Total Dataset Headcount Weighted Mortality Fully Generational with Scale MP-2018

Changes in the Total OPEB Liability

Balance at April 30, 2018	\$ 74,868,978
Changes for the Year:	
Service Cost	1,920,641
Interest on Total OPEB Liability	3,004,252
Differences Between Expected and Actual	
Experience of Total OPEB Liability	(15,050,499)
Changes of Assumptions	(325,075)
Benefit Payments	(2,253,451)
Balance at April 30, 2019	<u>\$ 62,164,846</u>

Sensitivity Analysis

The following presents the total OPEB liability, calculated using the discount rate of 3.79% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate.

	1% Lower (2.79%)	Discount Rate (3.79%)	1% Higher (4.79%)
Total OPEB Liability	<u>\$ 73,184,488</u>	<u>\$ 62,164,846</u>	<u>\$ 53,487,422</u>

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity Analysis (Continued)

The following presents the total OPEB liability, calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Lower (Varies)	Current Trend Rate (Varies)	1% Higher (Varies)
Total OPEB Liability	<u>\$ 53,023,061</u>	<u>\$ 62,164,846</u>	<u>\$ 73,975,815</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the City recognized OPEB expense of \$3,216,496. At April 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods:	
Differences Between Expected and Actual Experience	\$ (13,378,221)
Changes of Assumptions	(288,956)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	<u>-</u>
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	<u>\$ (13,667,177)</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<u>Fiscal Year Ending April 30,</u>	<u>Deferred Inflows of Resources</u>
2020	\$ (1,708,397)
2021	(1,708,397)
2022	(1,708,397)
2023	(1,708,397)
2024	(1,708,397)
Thereafter	(5,125,192)
Total	<u>\$ (13,667,177)</u>

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 12 CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. 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.

The City is a defendant in various lawsuits. It is the opinion of the City that resolution of these matters would not have a material adverse effect on the financial condition of the City and the outcome of these claims is not presently determinable.

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13 FUND BALANCES

Governmental Accounting Standards Board 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	Nonmajor Governmental Funds	Total
Nonspendable:						
Advanced to Other Funds	\$ 2,601,157	\$ -	\$ -	\$ -	\$ 296,056	\$ 2,897,213
Restricted:						
Employee Benefits	-	-	-	-	74,998	74,998
Debt Service	-	-	-	-	2,197,182	2,197,182
Audit	-	-	-	-	141,498	141,498
School Crossing Guard	-	-	-	-	9,373	9,373
Sewer	-	-	-	-	38,551	38,551
Streets	-	-	-	-	19,976	19,976
Emergency Services	-	-	-	-	154,130	154,130
Tourism	-	-	-	-	465,467	465,467
Revolving Loan	-	-	-	-	546,723	546,723
IHDA	-	-	-	-	7,916	7,916
Police Pension	-	-	-	-	147	147
Capital Improvements and Equipment	-	6,494,803	3,934,156	-	127,349	10,556,308
Total Restricted	-	6,494,803	3,934,156	-	3,783,310	14,212,269
Assigned:						
Employee Benefits	-	-	-	-	131,587	131,587
Debt Service	-	-	-	-	178,983	178,983
Audit	-	-	-	-	300	300
Sewer	-	-	-	-	68	68
Streets	-	-	-	-	132	132
Emergency Services	-	-	-	-	164	164
Tourism	-	-	-	-	2,114,222	2,114,222
Revolving Loan	-	-	-	-	57,266	57,266
IHDA	-	-	-	-	587	587
Firemen's Pension	-	-	-	-	3,297	3,297
Police Pension	-	-	-	-	3,268	3,268
Capital Improvements and Equipment	-	1,277,212	-	-	126,292	1,403,504
Total Assigned	-	1,277,212	-	-	2,616,166	3,893,378
Unassigned	7,657,470	-	(7,133,876)	(3,763,544)	(4,665)	(3,244,615)
Total Fund Balances	<u>\$ 10,258,627</u>	<u>\$ 7,772,015</u>	<u>\$ (3,199,720)</u>	<u>\$ (3,763,544)</u>	<u>\$ 6,690,867</u>	<u>\$ 17,758,245</u>

CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 14 INTERGOVERNMENTAL AGREEMENT

In January 1991, the City entered into an intergovernmental agreement with the City of Peoria in order to share in the benefits of a riverboat gambling operation. Gambling tax revenues collected from the operation shall be distributed with 45% paid to the City of East Peoria, 45% paid to the City of Peoria, and 10% paid to a joint development fund to be evenly distributed for projects on either side of the Illinois River. The City of Peoria's gambling tax revenue portion flows through the City of East Peoria on a monthly basis. For the fiscal year ended April 30, 2019, gambling tax revenues distributed from the City of East Peoria to the City of Peoria totaled \$2,231,592.

NOTE 15 TAX ABATEMENTS

The City enters into tax abatement agreements with local businesses under the Tax Increment Financing Act in order to create economic development in certain districts. For the fiscal year ended April 30, 2019, the City abated property taxes totaling \$826,146 under this program.

- A 100% abatement to a developer.
- A 98% abatement to a developer.

The City also enters into sales tax agreements from time to time with local businesses in order to draw and retain business in the City. For the fiscal year ended April 30, 2019, the City abated sales tax totaling \$850,506 under this program:

- A 100% abatement of municipal sales tax to a funeral home.
- A 100% abatement of municipal sales tax to a developer.
- A 100% abatement of municipal sales tax to a wholesale distributor.
- A 100% abatement of municipal sales tax, 80% abatement of nonhome rule sales tax, and 100% abatement of hotel-motel tax to a developer.

NOTE 16 RESTATEMENTS OF NET POSITION/FUND BALANCE

The City determined that it is necessary to restate net position for the governmental activities, business-type activities, the Water and Sewer Fund, and the Eastside Centre Fund in order to implement Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Beginning net position for the governmental activities, business-type activities, the Eastside Centre Fund, and the Water and Sewer Fund have thereby been restated as shown below.

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 16 RESTATEMENT OF NET POSITION/FUND BALANCE (CONTINUED)

Furthermore, during the fiscal year, the City determined that it had incorrectly recorded unearned grant revenue in a prior fiscal year. It was determined that net position for governmental activities and fund balance for the Riverboat Gaming Tax Fund for the year ended April 30, 2018 was overstated by \$80,793.

Additionally, during the fiscal year, the City determined that it had incorrectly recorded accounts payable in a prior fiscal year. It was determined that net position for governmental activities and fund balance for the Capital Projects Fund for the year ended April 30, 2018 was understated by \$211,113.

Furthermore, during the fiscal year, the City determined that it had incorrectly recorded prepaid insurance expense in a prior fiscal year. It was determined that net position for governmental activities and fund balance for the Workmen's Compensation Fund (nonmajor governmental fund) for the year ended April 30, 2018 was understated by \$211,067.

Lastly, during the fiscal year, the City determined that it had incorrectly allocated and recorded OPEB liability in a prior fiscal year under Governmental Accounting Standards Board Statement No. 45. It was determined that net position for the Eastside Centre Fund for the year ended April 30, 2018 was understated by \$1,662,531. It was also determined that net position for the Water and Sewer Fund for the year ended April 30, 2018 was overstated by \$1,662,531.

	Total Governmental Activities
Net Position - Beginning of Year, as Previously Reported	\$ (11,728,459)
Adjustment for Beginning Total OPEB Liability	(41,723,126)
Adjustment for Unearned Grant Revenue	(80,793)
Adjustment for Accounts Payable	211,113
Adjustment for Prepaid Insurance Expense	211,067
Net Position - Beginning of Year, as Restated	<u>\$ (53,110,198)</u>
	Riverboat Gaming Tax Fund
Fund Balance - Beginning of Year, as Previously Reported	\$ 8,469,029
Adjustment for Unearned Grant Revenue	(80,793)
Fund Balance - Beginning of Year, as Restated	<u>\$ 8,388,236</u>
	Capital Projects Fund
Fund Deficit - Beginning of Year, as Previously Reported	\$ (3,746,598)
Adjustment for Accounts Payable	211,113
Fund Deficit - Beginning of Year, as Restated	<u>\$ (3,535,485)</u>

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 16 RESTATEMENT OF NET POSITION/FUND BALANCE (CONTINUED)

	Nonmajor Governmental Funds
Fund Balance - Beginning of Year, as Previously Reported	\$ 6,511,207
Adjustment for Prepaid Insurance Expense	211,067
Fund Balance - Beginning of Year, as Restated	<u>\$ 6,722,274</u>
	Total Business-Type Activities
Net Position - Beginning of Year, as Previously Reported	\$ 29,644,297
Adjustment for Beginning Total OPEB Liability	(12,037,696)
Net Position - Beginning of Year, as Restated	<u>\$ 17,606,601</u>
	Eastside Centre Fund
Net Position - Beginning of Year, as Previously Reported	\$ 2,811,751
Adjustment for Allocation of Beginning OPEB Obligation Under GASB 45	1,662,531
Adjustment for Beginning Total OPEB Liability	(1,878,415)
Net Position - Beginning of Year, as Restated	<u>\$ 2,595,867</u>
	Water and Sewer Fund
Net Position - Beginning of Year, as Previously Reported	\$ 22,515,525
Adjustment for Allocation of Beginning OPEB Obligation Under GASB 45	(1,662,531)
Adjustment for Beginning Total OPEB Liability	(10,159,281)
Net Position - Beginning of Year, as Restated	<u>\$ 10,693,713</u>

NOTE 17 SUBSEQUENT EVENTS

On June 14, 2019, the City entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA). The agreement involved loan principal of \$41,649,111 with an interest rate of 1.38% paid back semi-annually over 20 years. These funds will used to upgrade the City's wastewater treatment plant.

On June 18, 2019, the City entered into an agreement with Williams Brothers Construction, Inc. for phases A, B, and C of the wastewater treatment plant upgrades. The agreement was in the amount of \$36,580,000.

CITY OF EAST PEORIA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTER'S PENSION PLAN
(UNAUDITED)

The following presents the changes in employer's net pension liability for the Firefighter's Pension Plan:

Fiscal Year Ended, April 30,	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 1,068,094	\$ 1,237,586	\$ 1,323,542	\$ 1,180,633	\$ 1,063,708
Interest	2,811,757	3,104,867	2,903,692	2,506,090	2,374,686
Difference in Expected and Actual Experiences	258,861	(1,236,425)	(123,924)	762,808	-
Changes of Assumptions/Methods	(148,696)	(7,240,970)	(661,395)	3,751,560	497,730
Benefit Payments, Including Refunds	(1,749,565)	(1,536,965)	(1,451,859)	(1,410,276)	(1,334,865)
Net Change in Total Pension Liability	2,240,451	(5,671,907)	1,990,056	6,790,815	2,601,259
Total Pension Liability - Beginning	43,064,483	48,736,390	46,746,334	39,955,519	37,354,260
Total Pension Liability - Ending (A)	<u>\$ 45,304,934</u>	<u>\$ 43,064,483</u>	<u>\$ 48,736,390</u>	<u>\$ 46,746,334</u>	<u>\$ 39,955,519</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 2,189,864	\$ 1,967,095	\$ 1,534,761	\$ 1,533,659	\$ 1,398,175
Contributions - Employee	358,731	360,145	351,674	337,628	322,840
Investment Income	1,398,997	1,400,573	1,625,568	(14,203)	1,165,948
Benefit Payments, Including Refunds	(1,749,565)	(1,536,965)	(1,451,859)	(1,410,276)	(1,334,865)
Administrative Expense	(60,784)	(43,327)	(45,881)	(46,502)	(42,699)
Net Change in Plan Fiduciary Net Position	2,137,243	2,147,521	2,014,263	400,306	1,509,399
Plan Fiduciary Net Position - Beginning, as Restated	23,466,101	21,318,580	19,304,317	19,645,999	18,136,600
Plan Fiduciary Net Position - Ending (B)	<u>\$ 25,603,344</u>	<u>\$ 23,466,101</u>	<u>\$ 21,318,580</u>	<u>\$ 20,046,305</u>	<u>\$ 19,645,999</u>
Net Pension Liability (A) - (B)	<u>\$ 19,701,590</u>	<u>\$ 19,598,382</u>	<u>\$ 27,417,810</u>	<u>\$ 26,700,029</u>	<u>\$ 20,309,520</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.51 %	54.49 %	43.74 %	42.88 %	49.17 %
Covered Payroll	\$ 3,908,744	\$ 3,839,747	\$ 3,749,681	\$ 3,651,088	\$ 3,259,379
Net Pension Liability as a Percentage of Covered Payroll	504.04 %	510.41 %	731.20 %	731.29 %	623.11 %

Additional years will be added to this schedule until 10 years of data is presented.

Beginning Plan Fiduciary Net Position for 2017 includes restatement of (\$741,988).

CITY OF EAST PEORIA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
(UNAUDITED)

The following presents the changes in employer's net pension liability for the Police Pension Plan:

Fiscal Year Ended, April 30,	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 1,085,073	\$ 1,048,642	\$ 1,144,862	\$ 1,032,806	\$ 975,927
Interest	3,313,142	3,517,512	3,290,038	2,941,644	2,826,691
Difference in Expected and Actual Experiences	(950,844)	585,899	729,203	(48,124)	-
Changes of Assumptions/Methods	(168,251)	(5,807,371)	(531,815)	3,930,974	532,966
Benefit Payments, Including Refunds	(2,360,144)	(2,193,146)	(2,133,259)	(2,068,236)	(1,953,757)
Net Change in Total Pension Liability	918,976	(2,848,464)	2,499,029	5,789,064	2,381,827
Total Pension Liability - Beginning	51,066,412	53,914,876	51,415,847	45,626,783	43,244,956
Total Pension Liability - Ending (A)	<u>\$ 51,985,388</u>	<u>\$ 51,066,412</u>	<u>\$ 53,914,876</u>	<u>\$ 51,415,847</u>	<u>\$ 45,626,783</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 2,096,266	\$ 1,811,005	\$ 1,454,833	\$ 1,452,077	\$ 1,363,308
Contributions - Employee	414,819	416,303	387,450	372,068	370,786
Investment Income	2,664,912	1,692,658	2,192,567	(180,316)	1,530,846
Benefit Payments, Including Refunds	(2,360,144)	(2,193,146)	(2,133,259)	(2,068,236)	(1,953,757)
Administrative Expense	(67,900)	(57,300)	(60,268)	(57,866)	(46,021)
Other	-	-	-	18,650	-
Net Change in Plan Fiduciary Net Position	2,747,953	1,669,520	1,841,323	(463,623)	1,265,162
Plan Fiduciary Net Position - Beginning, as Restated	27,583,425	25,913,905	24,072,582	25,426,704	24,161,542
Plan Fiduciary Net Position - Ending (B)	<u>\$ 30,331,378</u>	<u>\$ 27,583,425</u>	<u>\$ 25,913,905</u>	<u>\$ 24,963,081</u>	<u>\$ 25,426,704</u>
Net Pension Liability (A) - (B)	<u>\$ 21,654,010</u>	<u>\$ 23,482,987</u>	<u>\$ 28,000,971</u>	<u>\$ 26,452,766</u>	<u>\$ 20,200,079</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.35 %	54.01 %	48.06 %	48.55 %	55.73 %
Covered Payroll	\$ 4,144,092	\$ 4,174,678	\$ 3,999,497	\$ 3,804,870	\$ 3,601,207
Net Pension Liability as a Percentage of Covered Payroll	522.53 %	562.51 %	700.11 %	695.23 %	560.93 %

Additional years will be added to this schedule until 10 years of data is presented.

Beginning Plan Fiduciary Net Position for 2017 includes restatement of (\$890,499).

**CITY OF EAST PEORIA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT PLAN
(UNAUDITED)**

The following presents the changes in employer's net pension liability for IMRF:

Calendar Year Ended, December 31,	2018	2017	2016	2015
Total Pension Liability:				
Service Cost	\$ 553,465	\$ 612,718	\$ 678,762	\$ 671,499
Interest	3,175,001	3,175,410	2,795,820	2,770,972
Difference in Expected and Actual Experiences	362,662	366,635	4,204,926	(1,145,802)
Changes of Assumptions/Methods	1,242,436	(1,252,649)	(54,676)	48,418
Benefit Payments, Including Refunds	<u>(2,877,504)</u>	<u>(2,931,671)</u>	<u>(2,283,962)</u>	<u>(1,652,047)</u>
Net Change in Total Pension Liability	2,456,060	(29,557)	5,340,870	693,040
Total Pension Liability - Beginning	43,442,746	43,472,303	38,131,433	37,438,393
Total Pension Liability - Ending (A)	<u>\$ 45,898,806</u>	<u>\$ 43,442,746</u>	<u>\$ 43,472,303</u>	<u>\$ 38,131,433</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 623,052	\$ 3,130,282	\$ 691,435	\$ 697,158
Contributions - Employee	362,699	424,166	647,437	336,032
Investment Income	(1,074,396)	5,423,318	3,016,397	(402,248)
Benefit Payments, Including Refunds	(2,877,504)	(2,931,671)	(2,283,962)	(1,652,047)
Administrative Expense	(24,732)	(30,212)	(60,069)	57,529
Other	(1,296)	13	20	(930)
Net Change in Plan Fiduciary Net Position	(2,992,177)	6,015,896	2,011,258	(964,506)
Plan Fiduciary Net Position - Beginning	43,019,916	37,004,020	34,992,762	35,957,268
Plan Fiduciary Net Position - Ending (B)	<u>\$ 40,027,739</u>	<u>\$ 43,019,916</u>	<u>\$ 37,004,020</u>	<u>\$ 34,992,762</u>
Net Pension Liability (A) - (B)	<u>\$ 5,871,067</u>	<u>\$ 422,830</u>	<u>\$ 6,468,283</u>	<u>\$ 3,138,671</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.21 %	99.03 %	85.12 %	91.77 %
Covered Payroll	\$ 5,592,707	\$ 5,906,838	\$ 6,359,506	\$ 6,274,254
Net Pension Liability as a Percentage of Covered Payroll	104.98 %	7.16 %	101.71 %	50.02 %

Additional years will be added to this schedule until 10 years of data is presented.

**CITY OF EAST PEORIA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLANS
(UNAUDITED)**

LAST 10 FISCAL YEARS

IMRF

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2016	\$ 697,697	\$ 676,350	\$ 21,347	\$ 6,274,254	10.78 %
2017	689,370	657,230	32,140	6,359,506	10.33
2018	577,689	3,180,517	(2,602,828)	5,906,838	53.84
2019	861,277	550,632	310,645	5,592,707	9.85

Firefighter's Pension Plan

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2010	\$ 1,113,550	\$ 1,099,877	\$ 13,673	\$ 2,389,575	46.03 %
2011	1,231,513	1,305,136	(73,623)	2,387,396	54.67
2012	1,189,171	1,396,644	(207,473)	2,516,887	55.49
2013	1,297,317	1,204,896	92,421	2,772,563	43.46
2014	1,484,030	1,305,609	178,421	2,878,446	45.36
2015	1,530,040	1,398,175	131,865	3,259,379	42.90
2016	1,886,252	1,533,659	352,593	3,651,088	42.01
2017	2,006,864	1,534,761	472,103	3,749,681	40.93
2018	1,958,460	1,967,095	(8,635)	3,839,747	51.23
2019	2,185,736	2,189,864	(4,128)	3,908,744	56.02

Police Pension Plan

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2010	\$ 1,056,009	\$ 1,049,887	\$ 6,122	\$ 2,434,980	43.12 %
2011	1,174,708	1,221,371	(46,663)	2,608,531	46.82
2012	1,169,543	1,330,790	(161,247)	2,650,355	50.21
2013	1,241,069	1,237,716	3,353	2,860,312	43.27
2014	1,344,592	1,268,764	75,828	2,998,823	42.31
2015	1,423,257	1,363,308	59,949	3,601,207	37.86
2016	1,712,134	1,452,077	260,057	3,804,870	38.16
2017	1,861,680	1,454,833	406,847	3,999,497	36.38
2018	1,802,442	1,811,005	(8,563)	4,174,678	43.38
2019	2,099,064	2,096,266	2,798	4,144,092	50.58

Additional years will be added to this schedule until 10 years of data is presented.

**CITY OF EAST PEORIA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)**

The following presents the changes in employer's total OPEB liability:

<u>Total OPEB Liability</u>	<u>2019</u>
Service Cost	\$ 1,920,641
Interest on Total OPEB Liability	3,004,252
Difference Between Expected and Actual Experience	(15,050,499)
Changes of Assumptions	(325,075)
Benefit Payments	(2,253,451)
Total OPEB Liability - Beginning	<u>74,868,978</u>
 Total OPEB Liability - Ending	 <u><u>\$ 62,164,846</u></u>
 Covered Payroll	 \$ 10,603,307
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 586.28 %

The actuarial cost method has been updated from the Projected Unit Credit to Entry Age Normal Level Percentage of Salary. The discount rate as of the measurement date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The prior full valuation used a discount rate of 4.50%. The current full valuation uses a discount rate of 3.97% as of May 1, 2018 and 3.79% as of April 30, 2019. Additionally, the mortality tables have been updated from SOA RPH-2006 Total Dataset Headcount-Weighted Mortality, fully generational with Scale MP-2016 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. Health care trend rates have been updated to an initial rate of 8.0% for fiscal 2019 decreasing by 0.5% annually to an ultimate ratio of 4.5%. There were no additional changes in assumptions or benefit terms in the actuarial valuation.

No assets are accumulated in a trust to pay related benefits.

The City implemented GASB Statement No. 75 in fiscal year 2019, and the above table will be expanded to 10 years of information as the information becomes available.

**CITY OF EAST PEORIA, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 POLICE AND FIREFIGHTER'S PENSION PLANS
 (UNAUDITED)**

The following presents the annual money-weighted rate of return, net of investment expenses:

Firefighter's Pension Plan

Fiscal Year Ended April 30,	<u>Rate</u>
2015	6.73 %
2016	(0.08)
2017	8.57
2018	6.56
2019	5.94

Police Pension Plan

Fiscal Year Ended April 30,	<u>The Commerce Company Rate</u>	<u>Benjamin F. Edwards & Co. Rate</u>
2015	N/A	6.90 %
2016	0.29 %	(2.48)
2017	10.04	8.64
2018	7.57	5.77
2019	10.05	9.58

Additional years will be added to this schedule until 10 years of data is presented.

CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CASH BASIS) — GENERAL FUND
YEAR ENDED APRIL 30, 2019

	Original/Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes and Special Assessments	\$ 18,582,650	\$ 20,051,201	\$ 1,468,551
Charges for Services	918,000	1,363,950	445,950
Intergovernmental	215,000	896,341	681,341
Investment Earnings	70,000	190,815	120,815
Licenses and Permits	231,150	235,359	4,209
Miscellaneous	2,597,000	1,773,140	(823,860)
Total Revenues	<u>22,613,800</u>	<u>24,510,806</u>	<u>1,897,006</u>
EXPENDITURES			
Current:			
General Government	6,844,718	6,092,313	752,405
Police	6,450,443	6,274,001	176,442
Fire	5,132,235	5,758,364	(626,129)
Sanitation	1,049,955	912,760	137,195
Public Works	1,930,000	2,045,956	(115,956)
Community Development	226,750	228,931	(2,181)
Capital Outlay	590,000	1,062,634	(472,634)
Debt Service:			
Principal Payments	-	523,119	(523,119)
Interest and Fiscal Charges	-	39,257	(39,257)
Total Expenditures	<u>22,224,101</u>	<u>22,937,335</u>	<u>(713,234)</u>
Excess of Revenues over Expenditures	389,699	1,573,471	1,183,772
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	-	275,000	275,000
Net Transfers	(818,000)	(140,542)	677,458
Total Other Financing Sources (Uses)	<u>(818,000)</u>	<u>134,458</u>	<u>952,458</u>
NET CHANGE IN FUND BALANCE	<u>\$ (428,301)</u>	1,707,929	<u>\$ 2,136,230</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			
		176,281	
Fund Balance, Modified Accrual Basis - Beginning of Year		<u>8,374,417</u>	
FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR		<u>\$ 10,258,627</u>	

CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL (CASH BASIS) — RIVERBOAT GAMING TAX FUND
YEAR ENDED APRIL 30, 2019

	Original/Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes	\$ 4,695,000	\$ 4,575,615	\$ (119,385)
Intergovernmental	657,000	183,563	(473,437)
Investment Earnings	4,500	26,413	21,913
Miscellaneous	-	4,379	4,379
Total Revenues	<u>5,356,500</u>	<u>4,789,970</u>	<u>(566,530)</u>
EXPENDITURES			
Current:			
General Government	2,760,965	2,293,712	467,253
Debt Service:			
Principal Payments	2,595,535	477,667	2,117,868
Interest and Fiscal Charges	-	34,520	(34,520)
Total Expenditures	<u>5,356,500</u>	<u>2,805,899</u>	<u>2,550,601</u>
Excess of Revenues over Expenditures	-	1,984,071	1,984,071
OTHER FINANCING USES			
Net Transfers	<u>-</u>	<u>(1,860,000)</u>	<u>(1,860,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	124,071	<u>\$ 124,071</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS		(740,292)	
Fund Balance, Modified Accrual Basis - Beginning of Year, as Previously Reported		8,469,029	
Prior Period Adjustment		<u>(80,793)</u>	
Fund Balance, Modified Accrual Basis - Beginning of Year, as Restated		<u>8,388,236</u>	
FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR		<u>\$ 7,772,015</u>	

CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT —
BUDGET AND ACTUAL (CASH BASIS) — SPECIAL TAX ALLOCATION FUND
YEAR ENDED APRIL 30, 2019

	Original/Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes	\$ 795,000	\$ 772,214	\$ (22,786)
Investment Earnings	250	1,159	909
Total Revenues	<u>795,250</u>	<u>773,373</u>	<u>(21,877)</u>
EXPENDITURES			
Current:			
General Government	<u>138,000</u>	<u>133,817</u>	<u>4,183</u>
Excess of Revenues over Expenditures	657,250	639,556	(17,694)
OTHER FINANCING USES			
Net Transfers	<u>(657,000)</u>	<u>(640,000)</u>	<u>17,000</u>
NET CHANGE IN FUND DEFICIT	<u>\$ 250</u>	(444)	<u>\$ (694)</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS		640,000	
Fund Deficit, Modified Accrual Basis - Beginning of Year		<u>(3,839,276)</u>	
FUND DEFICIT, MODIFIED ACCRUAL BASIS - END OF YEAR		<u>\$ (3,199,720)</u>	

**CITY OF EAST PEORIA, ILLINOIS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 APRIL 30, 2019**

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 Governmental Accounting Standards Board 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 been included with the General Fund budgetary comparison schedule.

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.

For reporting purposes, the City reports its budget on the cash basis of accounting.

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

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

	Final Budget	Actual	Overage
General Fund	\$ 22,224,101	\$ 22,937,335	\$ (713,234)

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2019**

**NOTE 3 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE
CALCULATION OF THE CONTRIBUTION RATE**

A. IMRF

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates*:

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25-year closed period
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality	For Non-Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes There were no benefit changes during the year.

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

**CITY OF EAST PEORIA, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2019**

**NOTE 3 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE
CALCULATION OF THE CONTRIBUTION RATE (CONTINUED)**

B. Defined Benefit Single-Employer Pension Plans

Municipal Firemen's Pension Plan

Valuation Date: April 30, 2019
Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 3.50% payroll growth assumption over the period ending on April 30, 2040.
Remaining Amortization Period	22-year amortization in 2018
Asset Valuation Method	5-year smoothing of assets gain and losses
Inflation	2.75%
Salary Increases	4.75%
Investment Rate of Return	6.50%, net of investment expenses
Retirement Rate	40% of Active Firefighters are assumed to retire at the later of: (a) later of 20 years of service and age 50, and (b) the later of 10 years of service and age 60. Thereafter, the rates of retirement are as follows: For ages (x) between the first retirement age (r) and age 69, the retirement rate is determined by the formula $((x-r)/69-r)$.
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2014 applied from 2006.
Ad-hoc Cost-of-Living Increases	3.0% (1.25% for those hired on or after January 1, 2011)

Police Officers' Pension Plan

Valuation Date: April 30, 2019
Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 3.50% payroll growth assumption over the period ending on April 30, 2040.
Remaining Amortization Period	22-year amortization in 2018
Asset Valuation Method	5-year smoothing of assets gain and losses
Inflation	2.75%
Salary Increases	4.75%
Investment Rate of Return	6.75%, net of investment expenses
Retirement Rate	Experience-based table of rates specific to the type of eligibility condition.
Mortality	RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2014 applied from 2006.
Ad-hoc Cost-of-Living Increases	3.0% (1.25% for those hired on or after January 1, 2011)

**CITY OF EAST PEORIA, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
YEAR ENDED APRIL 30, 2019**

CSFA Number	Program Name	State	Federal	Other	Total
494-10-0343	State and Community Highway Safety/ National Priority Safety Program	\$ -	\$ 24,008	\$ -	\$ 24,008
588-40-0449	Hazard Mitigation Grant Program	8,168	24,506	-	32,674
494-00-1488	Motor Fuel Tax Program	680,049	-	-	680,049
	Other Grant Programs and Activities	29,000	-	52,852	81,852
	All Other Costs Not Allocated	-	-	54,479,940	54,479,940
	Total	<u>\$ 717,217</u>	<u>\$ 48,514</u>	<u>\$ 54,532,792</u>	<u>\$ 55,298,523</u>

**CITY OF EAST PEORIA, ILLINOIS
COMBINING BALANCE SHEET
GENERAL FUND — BY ACCOUNT
APRIL 30, 2019**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 4,302,732
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	-
Sales Tax	4,218,127
State Income Tax	651,528
Personal Property Replacement Tax	336,368
Customer Charges	-
Intergovernmental	13,233
Fines	60,741
Other	200,530
Advanced to Other Funds	2,593,736
 Total Assets	 \$ 12,376,995
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	
Liabilities:	
Accounts Payable	\$ 40,319
Wages Payable	27,297
Liquor License Bonds Held	18,000
Compensated Absences	-
Due to Other Governmental Entities	630,874
Advanced from Other Funds	217,628
Total Liabilities	934,118
 Deferred Inflows of Resources:	
Subsequent Year's Property Taxes	-
Unavailable Revenue - Other Taxes	1,591,913
Unavailable Revenue - Intergovernmental	-
Total Deferred Inflows of Resources	1,591,913
 Fund Balances (Deficits):	
Nonspendable	2,593,736
Unassigned	7,257,228
Total Fund Balances (Deficits)	9,850,964
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	 \$ 12,376,995

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING BALANCE SHEET (CONTINUED)
 GENERAL FUND — BY ACCOUNT
 APRIL 30, 2019**

Police Protection	Fire Protection	Garbage Collection and Disposal	Street and Bridge	Combining General Fund
\$ 181,215	\$ 372,342	\$ 116,722	\$ 210	\$ 4,973,221
-	-	-	217,845	217,845
-	-	-	-	4,218,127
-	-	-	-	651,528
-	-	-	-	336,368
-	390,325	-	-	390,325
-	-	-	193,274	206,507
4,640	-	-	-	65,381
-	-	-	-	200,530
-	-	-	7,421	2,601,157
<u>\$ 185,855</u>	<u>\$ 762,667</u>	<u>\$ 116,722</u>	<u>\$ 418,750</u>	<u>\$ 13,860,989</u>
\$ 22,796	\$ 32,249	\$ 9,499	\$ 39,789	\$ 144,652
143,451	127,358	3,228	34,849	336,183
-	-	-	-	18,000
27,566	61,006	-	-	88,572
-	-	-	-	630,874
-	59,000	59,421	45,000	381,049
<u>193,813</u>	<u>279,613</u>	<u>72,148</u>	<u>119,638</u>	<u>1,599,330</u>
-	-	-	217,845	217,845
-	-	-	-	1,591,913
-	-	-	193,274	193,274
-	-	-	411,119	2,003,032
-	-	-	7,421	2,601,157
(7,958)	483,054	44,574	(119,428)	7,657,470
<u>(7,958)</u>	<u>483,054</u>	<u>44,574</u>	<u>(112,007)</u>	<u>10,258,627</u>
<u>\$ 185,855</u>	<u>\$ 762,667</u>	<u>\$ 116,722</u>	<u>\$ 418,750</u>	<u>\$ 13,860,989</u>

**CITY OF EAST PEORIA, ILLINOIS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
GENERAL FUND — BY ACCOUNT
YEAR ENDED APRIL 30, 2019**

	General	Police Protection
REVENUES		
Property Taxes	\$ 15,000	\$ -
Other Taxes and Special Assessments	20,544,294	-
Charges for Services	-	-
Intergovernmental	95,868	271,626
Investment Earnings	170,913	3,193
Licenses and Permits	235,359	-
Miscellaneous	1,547,328	164,759
Total Revenues	22,608,762	439,578
EXPENDITURES		
Current:		
General Government	6,109,660	-
Police	-	6,274,001
Fire	-	-
Sanitation	-	-
Public Works	-	-
Community Development	228,931	-
Capital Outlay	138,775	102,881
Debt Service:		
Principal Payments	386,561	-
Interest and Fiscal Charges	35,399	-
Total Expenditures	6,899,326	6,376,882
Excess (Deficiency) of Revenues over Expenditures	15,709,436	(5,937,304)
OTHER FINANCING SOURCES (USES)		
Issuance of Long-Term Debt	-	-
Transfers In	392,972	5,842,570
Transfers Out	(13,603,747)	-
Total Other Financing Sources (Uses)	(13,210,775)	5,842,570
NET CHANGE IN FUND BALANCES (DEFICITS)	2,498,661	(94,734)
Fund Balances - Beginning of Year	7,352,303	86,776
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 9,850,964	\$ (7,958)

**CITY OF EAST PEORIA, ILLINOIS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
GENERAL FUND — BY ACCOUNT
YEAR ENDED APRIL 30, 2019**

Fire Protection	Garbage Collection and Disposal	Street and Bridge	Eliminations	Combining General Fund
\$ -	\$ -	\$ 215,946	\$ -	\$ 230,946
-	-	-	-	20,544,294
1,172,147	125,400	240	-	1,297,787
134,419	2,475	64,830	-	569,218
11,570	5,139	-	-	190,815
-	-	-	-	235,359
14,682	205,641	3,605	-	1,936,015
<u>1,332,818</u>	<u>338,655</u>	<u>284,621</u>	-	<u>25,004,434</u>
-	-	-	-	6,109,660
-	-	-	-	6,274,001
5,758,364	-	-	-	5,758,364
-	912,760	-	-	912,760
-	-	2,045,956	-	2,045,956
-	-	-	-	228,931
247,692	465,586	107,700	-	1,062,634
-	136,558	-	-	523,119
-	3,858	-	-	39,257
<u>6,006,056</u>	<u>1,518,762</u>	<u>2,153,656</u>	-	<u>22,954,682</u>
(4,673,238)	(1,180,107)	(1,869,035)	-	2,049,752
-	275,000	-	-	275,000
4,502,570	930,034	1,740,059	(13,163,205)	245,000
-	-	(245,000)	13,163,205	(685,542)
<u>4,502,570</u>	<u>1,205,034</u>	<u>1,495,059</u>	-	<u>(165,542)</u>
(170,668)	24,927	(373,976)	-	1,884,210
<u>653,722</u>	<u>19,647</u>	<u>261,969</u>	-	<u>8,374,417</u>
<u>\$ 483,054</u>	<u>\$ 44,574</u>	<u>\$ (112,007)</u>	<u>\$ -</u>	<u>\$ 10,258,627</u>

**CITY OF EAST PEORIA, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2019**

	Debt Service	Special Revenue
	Bond and Interest Fund	Illinois Municipal Retirement
ASSETS		
Cash and Cash Equivalents	\$ 2,077,993	\$ 11,150
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	-	120,043
Personal Property Replacement Tax	-	12,800
Motor Fuel Tax Allotments	-	-
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Other	-	6,032
Advanced to Other Funds	269,400	-
Prepaid Expenses	-	-
	<u>\$ 2,347,393</u>	<u>\$ 150,025</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	-	7,232
Advanced from Other Funds	250,000	-
Total Liabilities	<u>250,000</u>	<u>7,232</u>
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	-	120,043
Unavailable Revenue - Other Taxes	-	1,877
Unavailable Revenue - Notes Receivable	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>121,920</u>
Fund Balances:		
Nonspendable	-	-
Restricted	1,988,111	-
Assigned	109,282	20,873
Unassigned	-	-
Total Fund Balances	<u>2,097,393</u>	<u>20,873</u>
	<u>\$ 2,347,393</u>	<u>\$ 150,025</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances		

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2019**

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ 201,842	\$ 3,981	\$ -	\$ 141,798	\$ 9,373	\$ 38,619	\$ 20,108
-	-	824,508	80,014	-	20,037	85,023
-	-	-	-	-	-	-
51,799	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	120,000	136,700	-	-	-	-
-	-	296,056	-	-	-	-
<u>\$ 253,641</u>	<u>\$ 123,981</u>	<u>\$ 1,257,264</u>	<u>\$ 221,812</u>	<u>\$ 9,373</u>	<u>\$ 58,656</u>	<u>\$ 105,131</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	13,332	-	-	-	-	-
-	-	141,365	-	-	-	-
-	13,332	141,365	-	-	-	-
-	-	824,508	80,014	-	20,037	85,023
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	824,508	80,014	-	20,037	85,023
-	-	296,056	-	-	-	-
127,349	-	-	141,498	9,373	38,551	19,976
126,292	110,649	-	300	-	68	132
-	-	(4,665)	-	-	-	-
<u>253,641</u>	<u>110,649</u>	<u>291,391</u>	<u>141,798</u>	<u>9,373</u>	<u>38,619</u>	<u>20,108</u>
<u>\$ 253,641</u>	<u>\$ 123,981</u>	<u>\$ 1,257,264</u>	<u>\$ 221,812</u>	<u>\$ 9,373</u>	<u>\$ 58,656</u>	<u>\$ 105,131</u>

**CITY OF EAST PEORIA, ILLINOIS
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2019**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
ASSETS		
Cash and Cash Equivalents	\$ 75,063	\$ 146,327
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	16,021	75,004
Personal Property Replacement Tax	-	-
Motor Fuel Tax Allotments	-	-
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Other	-	-
Advanced to Other Funds	-	7,967
Prepaid Expenses	-	-
	<u>\$ 91,084</u>	<u>\$ 229,298</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	-	-
Advanced from Other Funds	-	-
Total Liabilities	-	-
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	16,021	75,004
Unavailable Revenue - Other Taxes	-	-
Unavailable Revenue - Notes Receivable	-	-
Total Deferred Inflows of Resources	16,021	75,004
Fund Balances:		
Nonspendable	-	-
Restricted	74,998	154,130
Assigned	65	164
Unassigned	-	-
Total Fund Balances	<u>75,063</u>	<u>154,294</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 91,084</u>	<u>\$ 229,298</u>

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2019**

Special Revenue						Total
Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Nonmajor Governmental Funds
\$ 2,488,025	\$ 600,020	\$ 256,636	\$ 8,503	\$ 3,297	\$ 3,415	\$ 6,086,150
-	-	-	-	2,023,541	2,270,578	5,514,769
-	-	-	-	-	-	12,800
-	-	-	-	-	-	51,799
-	-	13,772	-	-	-	13,772
135,392	-	-	-	-	-	135,392
-	172,926	-	-	-	-	172,926
-	-	-	-	-	-	6,032
-	-	8,364	-	-	-	542,431
-	-	-	-	-	-	296,056
<u>\$ 2,623,417</u>	<u>\$ 772,946</u>	<u>\$ 278,772</u>	<u>\$ 8,503</u>	<u>\$ 2,026,838</u>	<u>\$ 2,273,993</u>	<u>\$ 12,832,127</u>
\$ 12,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,178
8,108	-	-	-	-	-	28,672
-	-	-	-	-	-	391,365
20,286	-	-	-	-	-	432,215
-	-	-	-	2,023,541	2,270,578	5,514,769
23,442	-	-	-	-	-	25,319
-	168,957	-	-	-	-	168,957
23,442	168,957	-	-	2,023,541	2,270,578	5,709,045
-	-	-	-	-	-	296,056
465,467	546,723	209,071	7,916	-	147	3,783,310
2,114,222	57,266	69,701	587	3,297	3,268	2,616,166
-	-	-	-	-	-	(4,665)
<u>2,579,689</u>	<u>603,989</u>	<u>278,772</u>	<u>8,503</u>	<u>3,297</u>	<u>3,415</u>	<u>6,690,867</u>
<u>\$ 2,623,417</u>	<u>\$ 772,946</u>	<u>\$ 278,772</u>	<u>\$ 8,503</u>	<u>\$ 2,026,838</u>	<u>\$ 2,273,993</u>	<u>\$ 12,832,127</u>

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2019**

	Debt Service	Special Revenue
	Bond and Interest Fund	Illinois Municipal Retirement
REVENUES		
Property Taxes	\$ -	\$ 119,733
Other Taxes and Special Assessments	-	23,917
Intergovernmental	-	175,000
Investment Earnings	8,172	186
Miscellaneous	-	8,300
Total Revenues	8,172	327,136
EXPENDITURES		
Current:		
General Government	-	354,590
Police	-	-
Fire	-	-
Public Works	-	-
Capital Outlay	-	-
Debt Service:		
Principal Payments	80,000	-
Interest and Fiscal Charges	16,075	-
Total Expenditures	96,075	354,590
Excess (Deficiency) of Revenues over Expenditures	(87,903)	(27,454)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	(87,903)	(27,454)
Fund Balances - Beginning of Year, as Previously Reported	2,185,296	48,327
Prior Period Adjustments	-	-
Fund Balances - Beginning of Year, as Restated	2,185,296	48,327
FUND BALANCES - END OF YEAR	\$ 2,097,393	\$ 20,873

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2019**

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ -	\$ -	\$ 801,702	\$ 79,824	\$ -	\$ 19,979	\$ 84,819
-	-	-	-	-	-	-
594,051	250,000	634,327	-	-	-	128,465
6,563	-	1,245	124	-	32	132
-	5,674	-	-	-	-	-
<u>600,614</u>	<u>255,674</u>	<u>1,437,274</u>	<u>79,948</u>	<u>-</u>	<u>20,011</u>	<u>213,416</u>
-	411,743	1,722,509	48,650	-	10,822	-
-	-	-	-	-	-	-
650,223	-	-	-	-	-	193,308
29,826	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>680,049</u>	<u>411,743</u>	<u>1,722,509</u>	<u>48,650</u>	<u>-</u>	<u>10,822</u>	<u>193,308</u>
(79,435)	(156,069)	(285,235)	31,298	-	9,189	20,108
-	-	253,465	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>253,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(79,435)	(156,069)	(31,770)	31,298	-	9,189	20,108
333,076	266,718	112,094	110,500	9,373	29,430	-
-	-	211,067	-	-	-	-
<u>333,076</u>	<u>266,718</u>	<u>323,161</u>	<u>110,500</u>	<u>9,373</u>	<u>29,430</u>	<u>-</u>
<u>\$ 253,641</u>	<u>\$ 110,649</u>	<u>\$ 291,391</u>	<u>\$ 141,798</u>	<u>\$ 9,373</u>	<u>\$ 38,619</u>	<u>\$ 20,108</u>

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2019**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
REVENUES		
Property Taxes	\$ 15,963	\$ 49,899
Other Taxes and Special Assessments	-	-
Intergovernmental	-	-
Investment Earnings	24	78
Miscellaneous	-	-
Total Revenues	15,987	49,977
EXPENDITURES		
Current:		
General Government	14,780	5,279
Police	-	-
Fire	-	-
Public Works	-	-
Capital Outlay	-	51,408
Debt Service:		
Principal Payments	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	14,780	56,687
Excess (Deficiency) of Revenues over Expenditures	1,207	(6,710)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	1,207	(6,710)
Fund Balances - Beginning of Year, as Previously Reported	73,856	161,004
Prior Period Adjustments	-	-
Fund Balances - Beginning of Year, as Restated	73,856	161,004
FUND BALANCES - END OF YEAR	\$ 75,063	\$ 154,294

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2019**

Special Revenue							Total Nonmajor Governmental Funds
Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund		
\$ -	\$ -	\$ -	\$ -	\$ 2,189,631	\$ 2,103,211	\$ 5,464,761	
836,699	-	12,580	-	-	-	873,196	
-	-	-	-	-	-	1,781,843	
-	16,700	5,449	128	3,401	3,268	45,502	
295,960	72,689	-	-	-	-	382,623	
<u>1,132,659</u>	<u>89,389</u>	<u>18,029</u>	<u>128</u>	<u>2,193,032</u>	<u>2,106,479</u>	<u>8,547,925</u>	
875,996	-	-	-	-	-	3,444,369	
-	-	-	-	-	2,031,351	2,031,351	
-	-	-	-	2,113,477	-	2,113,477	
-	-	-	-	-	-	843,531	
74,788	-	-	-	-	-	156,022	
-	-	-	-	-	-	80,000	
-	-	-	-	-	-	16,075	
<u>950,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,113,477</u>	<u>2,031,351</u>	<u>8,684,825</u>	
181,875	89,389	18,029	128	79,555	75,128	(136,900)	
-	-	-	-	-	-	253,465	
-	-	-	-	(76,259)	(71,713)	(147,972)	
-	-	-	-	(76,259)	(71,713)	105,493	
181,875	89,389	18,029	128	3,296	3,415	(31,407)	
2,397,814	514,600	260,743	8,375	1	-	6,511,207	
-	-	-	-	-	-	211,067	
<u>2,397,814</u>	<u>514,600</u>	<u>260,743</u>	<u>8,375</u>	<u>1</u>	<u>-</u>	<u>6,722,274</u>	
<u>\$ 2,579,689</u>	<u>\$ 603,989</u>	<u>\$ 278,772</u>	<u>\$ 8,503</u>	<u>\$ 3,297</u>	<u>\$ 3,415</u>	<u>\$ 6,690,867</u>	

**CITY OF EAST PEORIA, ILLINOIS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
APRIL 30, 2019**

	Pension Trust Funds	
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund
ASSETS		
Cash and Cash Equivalents	\$ 140,623	\$ 649,700
Receivables:		
Accrued Interest and Dividends	42,701	76,299
Investments, at Fair Value:		
Money Market Funds	3,445,851	584,112
Municipal Bonds	192,090	299,455
Corporate Bonds	2,923,885	4,621,971
U.S. Government Notes and Bonds	2,256,700	2,343,626
U.S. Government Agency Obligations	957,885	1,835,654
Mutual Funds	10,612,640	2,667,058
Common Stock	5,033,185	17,254,933
Total Investments	25,422,236	29,606,809
 Total Assets	 25,605,560	 30,332,808
LIABILITIES		
Accounts Payable and Accrued Payroll Taxes	2,216	1,430
Amounts Held for Others	-	-
Total Liabilities	2,216	1,430
 Net Position Held in Trust for Pension Benefit Obligation	 \$ 25,603,344	 \$ 30,331,378

**CITY OF EAST PEORIA, ILLINOIS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION (CONTINUED)
 APRIL 30, 2019**

Total Pension Trust Funds	Agency Funds			Total Agency Funds
	Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	
\$ 790,323	\$ 7,468	\$ 10,056	\$ 11,455	\$ 28,979
119,000	-	-	-	-
4,029,963	-	-	-	-
491,545	-	-	-	-
7,545,856	-	-	-	-
4,600,326	-	-	-	-
2,793,539	-	-	-	-
13,279,698	-	-	-	-
22,288,118	-	-	-	-
<u>55,029,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
55,938,368	<u>\$ 7,468</u>	<u>\$ 10,056</u>	<u>\$ 11,455</u>	<u>\$ 28,979</u>
3,646	\$ -	\$ -	\$ -	\$ -
-	7,468	10,056	11,455	28,979
<u>3,646</u>	<u>\$ 7,468</u>	<u>\$ 10,056</u>	<u>\$ 11,455</u>	<u>\$ 28,979</u>
<u>\$ 55,934,722</u>				

**CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED APRIL 30, 2019**

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
LEVI KING SCHOLARSHIP FUND				
Assets, Cash and Cash Equivalents	<u>\$ 7,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,468</u>
Liabilities, Amounts Held for Others	<u>\$ 7,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,468</u>
DEPENDENT CARE FUND				
Assets, Cash and Cash Equivalents	<u>\$ 9,057</u>	<u>\$ 18,041</u>	<u>\$ 17,042</u>	<u>\$ 10,056</u>
Liabilities, Amounts Held for Others	<u>\$ 9,057</u>	<u>\$ 18,041</u>	<u>\$ 17,042</u>	<u>\$ 10,056</u>
UNREIMBURSED MEDICAL FUND				
Assets, Cash and Cash Equivalents	<u>\$ 10,469</u>	<u>\$ 67,774</u>	<u>\$ 66,788</u>	<u>\$ 11,455</u>
Liabilities, Amounts Held for Others	<u>\$ 10,469</u>	<u>\$ 67,774</u>	<u>\$ 66,788</u>	<u>\$ 11,455</u>
TOTAL				
Assets, Cash and Cash Equivalents	<u>\$ 26,994</u>	<u>\$ 85,815</u>	<u>\$ 83,830</u>	<u>\$ 28,979</u>
Liabilities, Amounts Held for Others	<u>\$ 26,994</u>	<u>\$ 85,815</u>	<u>\$ 83,830</u>	<u>\$ 28,979</u>

**CITY OF EAST PEORIA, ILLINOIS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED APRIL 30, 2019**

	Pension Trust Funds		Total
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	
ADDITIONS			
Contributions:			
Plan Members' Contributions	\$ 358,731	\$ 414,819	\$ 773,550
Employer Contributions	2,189,864	2,096,266	4,286,130
Total Contributions	<u>2,548,595</u>	<u>2,511,085</u>	<u>5,059,680</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	914,224	2,116,483	3,030,707
Dividends and Interest	600,426	697,384	1,297,810
Total Investment Income	<u>1,514,650</u>	<u>2,813,867</u>	<u>4,328,517</u>
Less: Investment Expenses	115,653	148,955	264,608
Net Investment Income	<u>1,398,997</u>	<u>2,664,912</u>	<u>4,063,909</u>
Total Additions	3,947,592	5,175,997	9,123,589
DEDUCTIONS			
Benefits Paid	1,734,037	2,360,144	4,094,181
Refunds of Contributions	15,528	-	15,528
Administrative Expenses	60,784	67,900	128,684
Total Deductions	<u>1,810,349</u>	<u>2,428,044</u>	<u>4,238,393</u>
Change in Net Position	2,137,243	2,747,953	4,885,196
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	<u>23,466,101</u>	<u>27,583,425</u>	<u>51,049,526</u>
End of Year	<u>\$ 25,603,344</u>	<u>\$ 30,331,378</u>	<u>\$ 55,934,722</u>

**CITY OF EAST PEORIA, ILLINOIS
 ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,
 AND TAX COLLECTIONS (UNAUDITED)
 APRIL 30, 2019**

2018 Tax Levy				
Assessed Valuation, Excluding Tax				
Increment Financing District Increment	<u>\$ 512,460,085</u>			
<u>Fund</u>	<u>Levy</u>	<u>Rate</u>	<u>Amount Extended by County Clerk</u>	<u>Collected Within 60 Days After April 30, 2019</u>
Sewer Chlorination	\$ 20,000	0.00444	\$ 20,037	\$ -
Illinois Municipal Retirement	120,000	0.02660	120,043	-
Workmen's Compensation	824,506	0.18270	824,508	-
Audit	80,000	0.01773	80,014	-
Street Lighting	85,000	0.01884	85,023	-
Unemployment Insurance	16,000	0.00355	16,021	-
Civil Defense	75,000	0.01662	75,004	-
Firemen's Pension	2,023,497	0.44839	2,023,541	-
Police Pension	2,270,567	0.50313	2,270,578	-
Total	<u>\$ 5,514,570</u>	<u>1.22200</u>	<u>\$ 5,514,769</u>	<u>\$ -</u>

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

CITY OF EAST PEORIA, ILLINOIS
ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,
AND TAX COLLECTIONS (UNAUDITED) (CONTINUED)
APRIL 30, 2019

2017 Tax Levy				
Assessed Valuation, Excluding Tax				
Increment Financing District Increment	<u>\$ 508,640,089</u>			
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Collected
General	\$ -	-	\$ -	\$ -
Police Protection	-	-	-	-
Fire Protection	-	-	-	-
Garbage Collection and Disposal	-	-	-	-
Sewer Chlorination	20,000	0.00448	20,029	19,979
Illinois Municipal Retirement	120,000	0.02685	120,041	119,733
FICA	-	-	-	-
Workmen's Compensation	803,728	0.17978	803,758	801,702
Street and Bridge	-	-	-	-
Audit	80,000	0.01790	80,027	79,824
Street Lighting	85,000	0.01902	85,034	84,819
Unemployment Insurance	16,000	0.00358	16,005	15,963
Civil Defense	50,000	0.01119	50,028	49,899
Firemen's Pension	2,195,236	0.49102	2,195,246	2,189,631
Police Pension	2,108,564	0.47164	2,108,602	2,103,211
	<u>2,108,564</u>	<u>0.47164</u>	<u>2,108,602</u>	<u>2,103,211</u>
Total	<u>\$ 5,478,528</u>	<u>1.22546</u>	<u>\$ 5,478,770</u>	<u>\$ 5,464,761</u>

**CITY OF EAST PEORIA, ILLINOIS
 ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,
 AND TAX COLLECTIONS (UNAUDITED) (CONTINUED)
 APRIL 30, 2019**

2016 Tax Levy				2015 Tax Levy			
<u>\$ 503,512,508</u>				<u>\$ 498,139,210</u>			
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
\$ 200,593	0.04521	\$ 200,605	\$ 198,875	\$ 200,592	0.04542	\$ 200,401	\$ 198,847
625,028	0.14087	625,067	619,645	625,000	0.14166	625,028	620,149
625,028	0.14087	625,067	619,645	625,000	0.14166	625,028	626,283
26,057	0.00588	26,091	25,864	625,000	0.14166	625,028	620,149
20,000	0.00451	20,012	19,837	20,000	0.00454	20,031	19,877
120,000	0.02705	120,026	118,987	120,000	0.02720	120,011	119,073
475,000	0.10705	475,001	470,884	475,000	0.10766	475,014	471,307
600,000	0.13523	600,041	594,837	700,000	0.15866	700,035	694,570
305,000	0.02017	89,498	88,720	315,150	0.02254	99,450	98,676
80,000	0.01803	80,003	79,308	120,000	0.02720	120,011	119,073
85,000	0.01916	85,017	84,280	80,000	0.01814	80,037	79,410
16,000	0.00361	16,018	15,878	16,000	0.00363	16,016	15,890
50,000	0.01127	50,007	49,572	50,000	0.01134	50,034	49,641
1,177,950	0.26548	1,177,985	1,167,769	745,000	0.16886	745,039	739,221
1,272,308	0.28674	1,272,320	1,261,287	900,000	0.20399	900,038	893,015
<u>\$ 5,677,964</u>	<u>1.23113</u>	<u>\$ 5,462,758</u>	<u>\$ 5,415,388</u>	<u>\$ 5,616,742</u>	<u>1.22416</u>	<u>\$ 5,401,201</u>	<u>\$ 5,365,181</u>

**CITY OF EAST PEORIA, ILLINOIS
LEGAL DEBT MARGIN (UNAUDITED)
APRIL 30, 2019**

Assessed Valuation, 2018 Tax Year		<u>\$ 512,460,085</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)		\$ 44,199,682
Total Debt:		
Notes Payable to Banks	\$ 6,956,772	
Notes Payable to Illinois Environment Protection Agency	2,700,747	
General Obligation Bonds (Alternate Revenue Source)	77,620,000	
Deduct Debt Exempt from Debt Limitation Computation:		
Notes Payable to Illinois Environment Protection Agency	(2,700,747)	
General Obligation Bonds (Alternate Revenue Source)	<u>(77,620,000)</u>	<u>6,956,772</u>
Legal Debt Margin		<u>\$ 37,242,910</u>

**CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT
SPECIAL TAX ALLOCATION FUND (UNAUDITED)
YEAR ENDED APRIL 30, 2019**

	District III
RECEIPTS	
Tax Increment Financing, Property Taxes	\$ 772,214
Interest Income	1,159
Total Receipts	773,373
DISBURSEMENTS	
Distribution to Other Taxing Districts	133,817
Interfund Borrowing	640,000
Total Disbursements	773,817
Deficiency of Receipts over Disbursements	(444)
Cash and Investments - April 30, 2018	3,018
CASH AND INVESTMENTS - APRIL 30, 2019	\$ 2,574

CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT
CAPITAL PROJECTS FUND (UNAUDITED)
YEAR ENDED APRIL 30, 2019

	Camp Street TIF District	W. Washington Street TIF District	Total
RECEIPTS			
Tax Increment Financing:			
Property Taxes	\$ 2,035,072	\$ 2,662,065	\$ 4,697,137
TIF C Taxes	737,555	-	737,555
TIF D Taxes	-	1,150,190	1,150,190
Lease Income	572,112	-	572,112
Rental Income	1,032,120	-	1,032,120
Interest Income	9,688	14,536	24,224
Reimbursements and Property Sales	-	218,434	218,434
Intergovernmental	181,792	-	181,792
Interfund Borrowing	2,500,000	516,570	3,016,570
Total Receipts	<u>7,068,339</u>	<u>4,561,795</u>	<u>11,630,134</u>

CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT
CAPITAL PROJECTS FUND (UNAUDITED) (CONTINUED)
YEAR ENDED APRIL 30, 2019

	Camp Street TIF District	W. Washington Street TIF District	Total
DISBURSEMENTS			
2002C Tax Increment Bond Interest	\$ 45,400	\$ -	\$ 45,400
2002C Tax Increment Bond Principal	270,000	-	270,000
2007 Refunding Tax Increment Bond Interest	848,800	-	848,800
2007 Refunding Tax Increment Bond Principal	1,300,000	-	1,300,000
2010A General Obligation Bond Interest	821,324	-	821,324
2010A General Obligation Bond Principal	995,000	-	995,000
2014 General Obligation Bond Interest	738,898	-	738,898
2014 General Obligation Bond Principal	905,000	-	905,000
2016C General Obligation Bond Interest	68,958	-	68,958
2016C General Obligation Bond Principal	85,000	-	85,000
2012A General Obligation Bond Interest	-	90,586	90,586
2012A General Obligation Bond Principal	-	185,000	185,000
2012B General Obligation Bond Interest	-	90,586	90,586
2012B General Obligation Bond Principal	-	185,000	185,000
2012C General Obligation Bond Interest	-	87,412	87,412
2012C General Obligation Bond Principal	-	555,000	555,000
2012D General Obligation Bond Interest	-	34,634	34,634
2012D General Obligation Bond Principal	-	220,000	220,000
2013B Refunding General Obligation Bond Interest	-	338,250	338,250
2013B Refunding General Obligation Bond Principal	-	520,000	520,000
2016AB General Obligation Bond Interest	-	187,950	187,950
Camp Street Loan Interest	8,205	-	8,205
Camp Street Loan Principal	55,580	-	55,580
Principal Paid on Notes Payable	-	492,453	492,453
Interest Paid on Notes Payable	-	79,641	79,641
Development and Engineering Fees	35,365	1,766	37,131
Other Operating Expenses	66,727	6,788	73,515
Sales Tax Rebate	-	1,537,136	1,537,136
Property Taxes	422,553	-	422,553
Travel, Training, and Meeting	-	1,483	1,483
Attorney Fees	33,048	9,205	42,253
Interfund Payment	516,570	-	516,570
Total Disbursements	<u>7,216,428</u>	<u>4,622,890</u>	<u>11,839,318</u>
Deficiency of Receipts under Disbursements	(148,089)	(61,095)	(209,184)
Cash - April 30, 2018	<u>266,944</u>	<u>641,965</u>	<u>908,909</u>
CASH - APRIL 30, 2019	<u><u>\$ 118,855</u></u>	<u><u>\$ 580,870</u></u>	<u><u>\$ 699,725</u></u>



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ILLINOIS MUNICIPAL
CODE SUBSECTION (Q) SECTION 11-74.4-3 OF PUBLIC ACT 85-1142**

Honorable Mayor and Commissioners
City of East Peoria, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 1, 2019. Our report was modified to include a reference to other auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with Subsection (Q) of Section 11-74.4-3 of Public Act 85-1142, insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced Illinois Municipal Code, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the City Council and Management of the City of East Peoria and state of Illinois and is not intended to be, and should not be, used by anyone other than those specific parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
November 1, 2019



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Commissioners
City of East Peoria, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois (City), as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 1, 2019. Our report includes a reference to other auditors who audited the financial statements of the East Peoria Mass Transit District discretely presented component unit, Police Pension Trust Fund, and Firefighters' Pension Trust Fund, as described in our report on City of East Peoria, Illinois' financial statements. The financial statements of the East Peoria Mass Transit District, Police Pension Trust Fund, and Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City of East Peoria Illinois' Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Peoria, Illinois
November 1, 2019

**CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
APRIL 30, 2019**

FINANCIAL STATEMENT FINDINGS

Finding No. 2019-001 — Segregation of Duties

Criteria or specific requirement:

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with the U.S. generally accepted accounting principles.

Condition:

The City does not have an internal control system that provides proper segregation of duties at Eastport Marina. We specifically noted a lack of segregation of duties over the cash receipts process. The Operations Manager at Eastport Marina has the ability to make deposits and reconcile bank statements.

Effect:

A lack of segregation of duties increases the risk that errors or misappropriations will not be prevented, or detected and corrected, by the City in a timely manner.

Cause:

There is limited number of personnel involved in accounting transactions within the Eastport Marina.

Recommendation:

We recommend the City review the procedures in place to determine if it is feasible to shift some responsibilities from the Operations Manager to improve segregation of duties and internal control. If, due to limited personnel and cost-benefit considerations, it is not practical to further segregate duties, then close supervision and review by management is the best means for detecting errors, misappropriations, and potential fraud.

Views of responsible officials and planned corrective action:

Management and City Council will take this under advisement and discuss the cost benefit of adding additional personnel to improve upon the mentioned control.

Contact Person:

Jeff Becker, Finance Director

**CITY OF EAST PEORIA, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
APRIL 30, 2019**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding No. 2019-002 — Financial Statement Preparation

Criteria or specific requirement:

The Mayor, City Council, and management are responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with the U.S. generally accepted accounting principles (GAAP).

Condition:

The City does not have an internal control policy in place over annual financial statement reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP.

Effect:

A lack of internal control over financial statement preparation and adjustments increases the risk that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, by the City in a timely manner.

Cause:

The City engages CliftonLarsonAllen LLP to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the City's internal control system. Additionally, during the course of our audit, we proposed audit adjustments that individually and in the aggregate had a material effect on the City's financial statements. A significant portion of the adjustments were, for the fund financial statements, to convert cash basis of accounting to modified accrual basis of accounting and, for the government-wide financial statements, to record capital assets, long-term liabilities, and other full accrual items. There were also prior period audit adjustments proposed.

Recommendation:

We recommend that the City establish procedures to record all material adjustments affecting the financial statements. Such procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations. We also recommend that the City consider providing opportunities for additional training, specifically in regards to new accounting standards. Attending various seminars or industry special events would increase management's awareness of financial reporting and accounting issues that Illinois municipalities face.

Views of responsible officials and planned corrective action:

Management and City Council will take this under advisement and discuss the cost benefit of adding additional personnel to improve upon the mentioned control.

Contact Person:

Jeff Becker, Finance Director

**CITY OF EAST PEORIA, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
APRIL 30, 2019**

SEGREGATION OF DUTIES

The City does not have an internal control system that provides proper segregation of duties at Eastport Marina. We specifically noted a lack of segregation of duties over the cash receipts process. The Operations Manager at Eastport Marina has the ability to make deposits and reconcile bank statements. We also noted that actual petty cash at Eastport Marina as of April 30, 2018 was approximately \$3,000 less than the amount recorded in the general ledger.

Status

This material weakness has been repeated in the current year as Finding 2019-001 with modification.

FINANCIAL STATEMENT PREPARATION

The City does not have an internal control policy in place over annual financial statement reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP.

Status

This material weakness has been repeated in the current year as Finding 2019-002.

