

City of East Peoria, Illinois

Financial Report
April 30, 2012

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois as of and for the year ended April 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of East Peoria, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the City of East Peoria Firefighter's Pension Fund or the City of East Peoria Police Pension Fund, which represents 81 percent, 92 percent and 29 percent, respectively, of the assets, net assets and revenues and additions of the aggregate remaining fund information. Those financial statements were audited by other auditors who reports thereon have been furnished to us, and our opinion, insofar as it related to amounts included for the City of East Peoria Firefighter's Pension Fund and the City of East Peoria Police Pension Fund is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the East Peoria Mass Transit District, City of East Peoria Firefighter's Pension Fund and the City of East Peoria Police Pension Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 15 and 17 to the basic financial statements, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications, and restated the General Fund, Police Protection Fund and aggregate remaining fund's beginning fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the City of East Peoria, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on pages 74 through 78 and schedules of funding progress on pages 70 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

McGladrey LLP

Davenport, Iowa
December 20, 2012

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2012

The following is a discussion and analysis of the City of East Peoria for the fiscal year ended April 30, 2012. The intent of the Management's Discussion and Analysis (MDA) is to look at the City's financial performance as a whole.

Financial Highlights

The assets of the City of East Peoria, Illinois exceeded its liabilities at the close of the most recent fiscal year by \$92,823,412 (net assets). Of this amount, \$1,485,651 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$10,233,657 during the year ended 2012.

As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,266,015, a decrease of \$28,960,532 in comparison with the prior year. Approximately (94) percent of the General Fund fund balance total amount of \$6,309,857, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,944,416 or 33 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2012

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

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

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

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

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

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

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison schedule has been provided as required supplementary information for the General Fund, Riverboat Gaming Tax Fund and Special Tax Allocation Fund to demonstrate compliance with this budget on pages 74 through 78.

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

City of East Peoria, Illinois

**Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2012**

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to accounting for proprietary funds. The fiduciary funds of the City are Police/Fire pension trust funds and three agency funds. The total net assets of the fiduciary funds were \$38,655,703.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements start on page 37 of this report.

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's total net assets have increased from a year ago. Table 1 reflects total net assets of \$92,823,412, which represents a \$10,233,667 increase from \$82,589,745 in April 2011.

Of the City's net assets, 82 percent reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding and unspent bond proceeds. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - City of East Peoria's Net Assets

	Governmental Activities April 2012	Governmental Activities April 2011	Business-Type Activities April 2012	Business-Type Activities April 2011	Total April 2012	Total April 2011
Current and other assets	\$ 48,797,059	\$ 91,507,485	\$ 1,975,381	\$ 1,633,150	\$ 50,772,440	\$ 93,140,635
Capital assets	133,453,378	94,754,315	40,502,534	42,026,561	173,955,912	136,780,876
Total assets	182,250,437	186,261,800	42,477,915	43,659,711	224,728,352	229,921,511
Noncurrent liabilities	92,847,451	96,113,406	8,832,911	9,554,542	101,680,362	105,667,948
Other liabilities	28,505,814	39,704,992	1,718,764	1,958,826	30,224,578	41,663,818
Total liabilities	121,353,265	135,818,398	10,551,675	11,513,368	131,904,940	147,331,766
Net assets:						
Invested in capital assets, net of related debt	44,731,906	23,643,198	31,404,698	31,957,940	76,136,604	55,601,138
Restricted	15,189,999	15,275,070	-	-	15,189,999	15,275,070
Unrestricted	975,267	11,525,134	521,542	188,403	1,496,809	11,713,537
Total net assets	\$ 60,897,172	\$ 50,443,402	\$ 31,926,240	\$ 32,146,343	\$ 92,823,412	\$ 82,589,745

City of East Peoria, Illinois

**Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2012**

A restricted portion of the City's net assets (16 percent as of April 30, 2012) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,485,651, may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's total net assets increased by \$10,233,667 during the year ended April 30, 2012. The governmental-type activities' net assets increased by \$10,453,770. The total business-type activities' net assets decreased by \$220,103. The increase in the governmental-type activities was attributable to the Illinois Jobs Now Grant, which revenues of \$10,878,031 were \$2,610,964 higher than the prior year. The decrease in the business-type activities is mainly due to the charges for services being less than total expenses.

Table 2 highlights the City's revenues and expenses for the year ended April 30, 2012. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

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

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

	Governmental Activities April 2012	Governmental Activities April 2011	Business-Type Activities April 2012	Business-Type Activities April 2011	Total April 2012	Total April 2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,302,138	\$ 1,254,481	\$ 7,935,286	\$ 7,565,740	\$ 9,237,424	\$ 8,820,221
Operating grants and contributions	884,456	1,012,728	-	-	884,456	1,012,728
Capital grants and contributions	11,214,867	8,773,436	-	-	11,214,867	8,773,436
General revenues:						
Property taxes	7,666,800	7,555,918	-	-	7,666,800	7,555,918
Sales taxes	11,353,039	12,189,950	1,996	2,098	11,355,035	12,192,048
Income taxes	1,896,871	1,977,763	-	-	1,896,871	1,977,763
Other taxes	11,032,286	10,643,968	-	-	11,032,286	10,643,968
Investment earnings	986,785	1,059,280	5,463	8,288	992,248	1,067,568
Miscellaneous	4,175,364	3,468,419	121,631	248,110	4,296,995	3,716,529
Total revenues	50,512,606	47,935,943	8,064,376	7,824,236	58,576,982	55,760,179

City of East Peoria, Illinois

Management's Discussion and Analysis
For Fiscal Year Ended April 30, 2012

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

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	April	April	April	April		
	2012	2011	2012	2011		
Expenses:						
Police	6,639,133	6,274,703	-	-	6,639,133	6,274,703
Fire	5,194,931	5,073,587	-	-	5,194,931	5,073,587
Sanitation	1,006,633	1,004,706	-	-	1,006,633	1,004,706
Health and welfare	1,278,563	1,334,830	-	-	1,278,563	1,334,830
Public works	5,847,973	7,888,173	-	-	5,847,973	7,888,173
General government	13,351,908	11,684,125	-	-	13,351,908	11,684,125
Community development	426,140	389,079	-	-	426,140	389,079
Other	779,085	799,359	-	-	779,085	799,359
Interest on long-term debt	4,713,377	4,159,580	-	-	4,713,377	4,159,580
Water and sewer	-	-	6,629,009	6,679,620	6,629,009	6,679,620
Eastport Marina	-	-	1,002,050	964,829	1,002,050	964,829
Eastside Centre	-	-	1,474,513	1,485,475	1,474,513	1,485,475
Total expenses	39,237,743	38,608,142	9,105,572	9,129,924	48,343,315	47,738,066
Excess (deficiency)						
before transfers	11,274,863	9,327,801	(1,041,196)	(1,305,688)	10,233,667	8,022,113
Transfers	(821,093)	(596,347)	821,093	596,347	-	-
Increase (decrease)						
in net assets	10,453,770	8,731,454	(220,103)	(709,341)	10,233,667	8,022,113
Net assets, beginning	50,443,402	41,711,948	32,146,343	32,855,684	82,589,745	74,567,632
Net assets, ending	\$ 60,897,172	\$ 50,443,402	\$ 31,926,240	\$ 32,146,343	\$ 92,823,412	\$ 82,589,745

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

Table 3 - Governmental and Business-Type Activities

Programs	Total Cost of	Total Cost of	Net (Cost) of	Net (Cost) of
	Services	Services	Services	Services
	April 2012	April 2011	April 2012	April 2011
Police	\$ 6,639,133	\$ 6,274,703	\$ (6,343,925)	\$ (5,946,484)
Fire	5,194,931	5,073,587	(5,095,179)	(4,975,549)
Sanitation	1,006,633	1,004,706	(985,132)	(1,002,326)
Health and welfare	1,278,563	1,334,830	(399,066)	(503,492)
Public works	5,847,973	7,888,173	5,942,904	1,581,876
General government	13,351,908	11,684,125	(13,037,282)	(11,373,504)
Community development	426,140	389,079	(426,140)	(389,079)
Other	779,085	799,359	(779,085)	(799,359)
Interest on long-term debt	4,713,377	4,159,580	(4,713,377)	(4,159,580)
Water and sewer	6,629,009	6,679,620	(249,964)	(499,643)
Eastport Marina	1,002,050	964,829	(66,243)	(239,691)
Eastside Centre	1,474,513	1,485,475	(854,079)	(824,850)
Total	\$ 48,343,315	\$ 47,738,066	\$ (27,006,568)	\$ (29,131,681)

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2012

Net cost of services is 56 and 61 percent of total cost of services for the years ended April 30, 2012 and 2011, respectively.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of East Peoria's governmental funds reported combined ending fund balances of \$14,266,015, a decrease of \$28,960,532. Approximately (57 percent) of this total amount \$(8,085,624), constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned.

The General Fund is the chief operating fund of the City of East Peoria. At the end of the current fiscal year, the unassigned General Fund balance was \$5,944,416. The City's total General Fund balance increased \$1,433,312 during 2012. This increase is due to an increase in income taxes and sales taxes from the state of Illinois.

General Fund revenues exceed budgeted amounts by \$1,967,899 for the year. This was mainly due to the collection of income taxes and sales taxes within the fiscal year that was in excess of expectations.

During the year, expenditures in the General Fund were under budget by \$15,224.

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

The Riverboat Gaming Tax Fund has a total fund balance of \$11,125,806 for the current year, a decrease of \$757,352 over the prior year fund balance. The decrease is due to more capital outlay expenditures in the current year due to larger capital projects being paid with gaming tax revenues.

The Special Tax Allocation Fund has a total fund deficit of \$(6,203,768) for the current year, a decrease of \$298 over the prior year fund balance.

The Capital Projects Fund has a total fund deficit of \$(4,019,336) for the current year, a decrease of \$30,880,085 over the prior year fund balance. The decrease is due to capital outlay expenditures in the current year.

The Bond and Interest Fund has a total fund balance of \$2,884,853 for the current year, an increase of \$108,119 over the prior year fund balance. The increase is due to transfers into this fund from other funds for the debt payments.

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2012

Capital Asset and Debt Administration

Capital assets: The City of East Peoria's investment in capital assets for its governmental and business-type activities as of April 30, 2012, amounts to \$173 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction-in-progress, buildings, machinery, equipment and vehicles and infrastructure. The total increase in capital assets for the year ended April 30, 2012 was 27.2 percent.

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

Capital Assets Net of Depreciation Primary Government		
	2012	2011
Land	\$ 12	\$ 12
Land improvements	9	9
Buildings	75	31
Machinery, equipment and vehicles	28	26
Infrastructure	114	114
Construction-in-progress	34	37
Accumulated depreciation	(99)	(93)
Total	\$ 173	\$ 136

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

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

The City of East Peoria owed total bonded debt of \$88 million (bond principal portion only) at April 30, 2012. Standard and Poor's has currently assigned an "A+" rating for the City's general obligation bonds.

	2012	2011
General obligation bonds	\$ 83	\$ 85
Project bonds	4	5
Revenue bonds	0.5	1
Special assessment bonds	0.5	1
Total	\$ 88	\$ 92

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

Economic Factors

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

City of East Peoria, Illinois

Management's Discussion and Analysis For Fiscal Year Ended April 30, 2012

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

These factors were considered in preparing the City's budget for April 30, 2013 fiscal year.

Requests for Information

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

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City of East Peoria, Illinois

Statement of Net Assets
April 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
Assets				
Current assets:				
Cash and investments	\$ 8,073,264	\$ 353,086	\$ 8,426,350	\$ 39,921
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	10,180,945	-	10,180,945	413,200
Sales tax	2,820,839	-	2,820,839	-
State income tax	1,075,245	-	1,075,245	-
Personal property replacement tax	176,698	-	176,698	9,337
Motor fuel tax allotments	96,239	-	96,239	-
Gaming tax	590,343	-	590,343	-
Water and sewer revenue receivables:				
Billed	-	257,117	257,117	-
Unbilled charges	-	1,172,018	1,172,018	-
Customer charges	191,035	180,815	371,850	-
Assessments	104,023	-	104,023	-
Hotel/motel taxes	119,611	-	119,611	-
Grants	132,940	-	132,940	-
Notes	412,828	-	412,828	-
Fines	44,116	-	44,116	-
Capital lease	318,353	5,096	323,449	-
Other	234,309	49,492	283,801	-
Inventory of supplies, at cost	-	25,227	25,227	-
Internal balances	99,414	(99,414)	-	-
Assets held for resale	1,430,000	-	1,430,000	-
Total current assets	26,100,202	1,943,437	28,043,639	462,458
Noncurrent assets:				
Restricted assets, cash and investments	11,309,026	-	11,309,026	-
Receivables (net where applicable, of allowances for estimated uncollectible amounts):				
Assessments	282,170	277	282,447	-
Developer	208,634	-	208,634	-
Capital lease	9,971,778	-	9,971,778	-
Unamortized bond issue costs	925,249	31,667	956,916	-
Capital assets:				
Not depreciable:				
Land	8,210,068	3,647,682	11,857,750	-
Construction-in-progress	34,173,951	14,053	34,188,004	-
Depreciable:				
Land improvements	2,086,187	7,104,124	9,190,311	-
Buildings	51,017,447	24,397,205	75,414,652	-
Machinery, equipment and vehicles	14,024,698	13,868,748	27,893,446	-
Infrastructure	74,353,802	40,123,525	114,477,327	-
Accumulated depreciation	(50,412,775)	(48,652,803)	(99,065,578)	-
Total noncurrent assets	156,150,235	40,534,478	196,684,713	-
Total assets	\$ 182,250,437	\$ 42,477,915	\$ 224,728,352	\$ 462,458

See Notes to Basic Financial Statements.

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
			Primary Government	East Peoria Mass Transit District
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 3,948,366	\$ 363,880	\$ 4,312,246	\$ -
Retainage payable	152,235	-	152,235	-
Wages payable	85,178	18,592	103,770	255
Liquor license bond held	16,500	-	16,500	-
Interest payable	1,371,311	10,625	1,381,936	-
Pension contribution payable	184,225	-	184,225	-
Unearned revenue	14,572,727	277,081	14,849,808	142,248
Due to other governmental entities	645,229	-	645,229	48,549
Deposits - customers	-	67,128	67,128	-
Compensated absences	447,027	123,045	570,072	-
Accrued health claims	829,000	-	829,000	-
Current portion of long-term debt	6,254,016	858,413	7,112,429	-
Long-term liabilities:				
Compensated absences	1,871,867	245,503	2,117,370	-
Accrued health claims	18,246	-	18,246	-
Other post employment benefits obligation	6,618,574	275,056	6,893,630	-
IMRF pension obligation	143,908	72,929	216,837	-
General obligation bonds, net of unamortized discount and deferred loss, noncurrent	77,055,935	2,360,880	79,416,815	-
Project bonds, net of unamortized discount, noncurrent	2,801,208	-	2,801,208	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	-	323,349	323,349	-
Special assessments payable, noncurrent	455,000	-	455,000	-
Notes payable, noncurrent	3,882,713	5,555,194	9,437,907	-
Total liabilities	121,353,265	10,551,675	131,904,940	191,052
Net Assets				
Invested in capital assets, net of related debt	44,731,906	31,404,698	76,136,604	-
Restricted for:				
Employee Benefits	380,547	-	380,547	-
Debt service	1,877,384	-	1,877,384	-
Audit	10,154	-	10,154	16,353
School Crossing Guard	9,373	-	9,373	-
Sewer	47,600	-	47,600	-
Streets	47,391	-	47,391	-
Emergency Services	95,131	-	95,131	-
Tourism	1,019,403	-	1,019,403	-
Revolving Loan	317,664	-	317,664	-
IHDA	17,927	-	17,927	-
Capital improvements and equipment	11,367,425	-	11,367,425	-
Liability insurance	-	-	-	321,236
Unrestricted	975,267	521,542	1,496,809	(66,183)
Total net assets	60,897,172	31,926,240	92,823,412	271,406
Total liabilities and net assets	\$ 182,250,437	\$ 42,477,915	\$ 224,728,352	\$ 462,458

City of East Peoria

**Statement of Activities
Year Ended April 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Police	\$ (6,639,133)	\$ 59,500	\$ 235,708	\$ -
Fire	(5,194,931)	47,713	52,039	-
Sanitation	(1,006,633)	-	21,501	-
Health and welfare	(1,278,563)	879,497	-	-
Public works	(5,847,973)	802	575,208	11,214,867
General government	(13,351,908)	314,626	-	-
Community development	(426,140)	-	-	-
Other	(779,085)	-	-	-
Interest on and amortization of long-term debt	(4,713,377)	-	-	-
Total governmental activities	(39,237,743)	1,302,138	884,456	11,214,867
Business-type activities:				
Water and sewer	(6,629,009)	6,379,045	-	-
Eastport Marina	(1,002,050)	935,807	-	-
Eastside Centre	(1,474,513)	620,434	-	-
Total business-type activities	(9,105,572)	7,935,286	-	-
Total primary government	\$ (48,343,315)	\$ 9,237,424	\$ 884,456	\$ 11,214,867
Component unit, City of East Peoria Mass Transit District	\$ (1,881,961)	\$ -	\$ 1,577,962	\$ -

General Revenues

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

Transfers

Total general revenues and transfers

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

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Primary Government		Total Primary Government	Component Unit
	Business-Type Activities			East Peoria Mass Transit District
\$ (6,343,925)	\$ -	\$ (6,343,925)	\$ -	
(5,095,179)	-	(5,095,179)	-	
(985,132)	-	(985,132)	-	
(399,066)	-	(399,066)	-	
5,942,904	-	5,942,904	-	
(13,037,282)	-	(13,037,282)	-	
(426,140)	-	(426,140)	-	
(779,085)	-	(779,085)	-	
(4,713,377)	-	(4,713,377)	-	
(25,836,282)	-	(25,836,282)	-	
-	(249,964)	(249,964)	-	
-	(66,243)	(66,243)	-	
-	(854,079)	(854,079)	-	
-	(1,170,286)	(1,170,286)	-	
(25,836,282)	(1,170,286)	(27,006,568)	-	
				(303,999)
7,666,800	-	7,666,800	253,058	
11,353,039	1,996	11,355,035	-	
1,896,871	-	1,896,871	-	
1,210,703	-	1,210,703	51,616	
6,981,748	-	6,981,748	-	
2,839,835	-	2,839,835	-	
986,785	5,463	992,248	387	
4,175,364	121,631	4,296,995	-	
(821,093)	821,093	-	-	
36,290,052	950,183	37,240,235	305,061	
10,453,770	(220,103)	10,233,667	1,062	
50,443,402	32,146,343	82,589,745	270,344	
\$ 60,897,172	\$ 31,926,240	\$ 92,823,412	\$ 271,406	

City of East Peoria

**Balance Sheet
Governmental Funds
April 30, 2012**

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Assets				
Cash and investments	\$ 2,816,703	\$ 466,412	\$ 30	\$ -
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	3,102,627	-	1,021,273	1,709,102
Sales tax	2,658,001	-	-	162,838
State income tax	1,075,245	-	-	-
Personal property replacement tax	101,298	-	-	-
Motor fuel tax allotments	-	-	-	-
Gaming tax	-	590,343	-	-
Customer charges	191,035	-	-	-
Assessments	-	-	-	-
Hotel/motel taxes	-	-	-	41,395
Grants	-	132,940	-	-
Notes	-	-	-	-
Fines	44,116	-	-	-
Capital lease	-	-	-	10,290,131
Other	66,637	-	-	-
Due from other funds	1,516,204	-	-	-
Advanced to other funds	1,866,158	10,598,758	1,984,822	-
Assets held for resale	-	-	-	1,430,000
Restricted assets, cash and investments	-	-	-	9,428,753
Total assets	\$ 13,438,024	\$ 11,788,453	\$ 3,006,125	\$ 23,062,219

(Continued)

	Bond and Interest Fund	Other Governmental Funds	Total
\$	985,180	\$ 2,378,765	\$ 6,647,090
	-	4,347,943	10,180,945
	-	-	2,820,839
	-	-	1,075,245
	-	75,400	176,698
	-	96,239	96,239
	-	-	590,343
	-	-	191,035
	-	104,023	104,023
	-	78,216	119,611
	-	-	132,940
	-	412,828	412,828
	-	-	44,116
	-	-	10,290,131
	-	167,672	234,309
	-	-	1,516,204
	269,400	136,331	14,855,469
	-	-	1,430,000
	1,880,273	-	11,309,026
\$	3,134,853	\$ 7,797,417	\$ 62,227,091

City of East Peoria

Balance Sheet (Continued)

Governmental Funds

April 30, 2012

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 144,662	\$ 328,360	\$ -	\$ 3,462,970
Retainage payable	-	-	-	152,235
Wages payable	85,178	-	-	-
Liquor license bonds held	16,500	-	-	-
Compensated absences	45,586	-	-	-
Pension obligation payable	-	-	-	-
Deferred revenue	4,495,055	116,898	1,021,273	16,475,615
Due to other governmental entities	645,229	-	-	-
Due to other funds	-	-	-	1,516,204
Advanced to other funds	179,753	217,389	8,188,620	5,474,531
Total liabilities	5,611,963	662,647	9,209,893	27,081,555
Fund balances (deficits):				
Nonspendable	1,866,158	10,598,758	1,984,822	1,430,000
Restricted	-	527,048	-	-
Assigned	365,441	-	-	-
Unassigned	5,594,462	-	(8,188,590)	(5,449,336)
Total fund balances (deficits)	7,826,061	11,125,806	(6,203,768)	(4,019,336)
Total liabilities and fund balances (deficits)	\$ 13,438,024	\$ 11,788,453	\$ 3,006,125	\$ 23,062,219

See Notes to Basic Financial Statements.

	Bond and Interest Fund	Other Governmental Funds	Total
\$	-	\$ 12,374	\$ 3,948,366
	-	-	152,235
	-	-	85,178
	-	-	16,500
	-	-	45,586
	-	184,225	184,225
	-	4,807,054	26,915,895
	-	-	645,229
	-	-	1,516,204
	250,000	141,365	14,451,658
	250,000	5,145,018	47,961,076
	-	-	15,879,738
	2,884,853	2,694,559	6,106,460
	-	-	365,441
	-	(42,160)	(8,085,624)
	2,884,853	2,652,399	14,266,015
\$	3,134,853	\$ 7,797,417	\$ 62,227,091

City of East Peoria

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
April 30, 2012**

Total governmental fund balances		\$ 14,266,015
<p>Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Land	\$ 8,210,068	
Construction-in-progress	34,173,951	
Land improvements	2,086,187	
Buildings and improvements	51,017,447	
Major movable equipment	14,024,698	
Infrastructure	74,353,802	
Accumulated depreciation	<u>(50,412,775)</u>	133,453,378
Special assessments receivable	282,170	
Developer receivable	<u>208,634</u>	490,804
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred revenues</p>		
		12,343,168
<p>Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:</p>		
Other current assets	1,426,174	
Other current liabilities	(829,000)	
Other noncurrent liabilities	<u>(18,246)</u>	578,928
<p>Internal service funds allocated to business-type activities</p>		
		(304,397)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated absences, current	(401,441)	
Compensated absences, noncurrent	(1,871,867)	
Other post employment benefits obligation	(6,618,574)	
IMRF pension obligation	(143,908)	
Accrued interest payable	(1,371,311)	
General obligation bonds payable, current	(3,050,000)	
General obligation bonds payable, noncurrent	(77,520,000)	
Project bonds payable, current	(1,245,000)	
Project bonds payable, noncurrent	(2,890,000)	
Special assessment bonds, current	(10,000)	
Special assessment bonds, noncurrent	(455,000)	
Notes payable, current	(1,949,016)	
Notes payable, noncurrent	(3,882,713)	
Bond issuance costs	925,249	
Bond discounts	199,171	
Bond deferred amount on refunding	357,317	
Bond premiums	<u>(3,631)</u>	<u>(99,930,724)</u>
Net assets of governmental activities		\$ 60,897,172

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Statement of Revenues, Expenditures and Changes In Fund Balances
 Governmental Funds
 Year Ended April 30, 2012

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund
Revenues:				
Property taxes	\$ 2,089,038	\$ -	\$ 770,187	\$ 1,294,126
Other taxes and special assessments	13,422,901	6,981,748	-	1,017,224
Charges for services	987,512	-	-	-
Intergovernmental	940,537	336,836	-	10,878,031
Investment earnings	49,050	1,502	602	212,722
Licenses and permits	194,272	-	-	-
Miscellaneous	2,673,973	398,000	-	1,368,812
Total revenues	20,357,283	7,718,086	770,789	14,770,915
Expenditures:				
Current:				
General government	5,533,874	-	130,396	-
Police	4,621,797	-	-	-
Fire	2,921,117	-	-	-
Sanitation	963,745	-	-	-
Health and welfare	1,285,419	-	-	-
Public works	1,640,296	-	-	-
Community development	396,350	-	-	-
Other	-	-	2,501	735,446
Capital outlay	207,135	7,134,433	-	39,614,205
Debt Service:				
Principal payments	344,288	606,542	1,075,000	1,282,948
Interest and fiscal charges	262,661	129,963	167,690	3,884,250
Total expenditures	18,176,682	7,870,938	1,375,587	45,516,849
Excess (deficiency) of revenues over expenditures	2,180,601	(152,852)	(604,798)	(30,745,934)
Other financing sources (uses):				
Transfers in	54,733	-	604,500	-
Transfers out	(802,022)	(604,500)	-	(134,151)
Total other financing sources (uses)	(747,289)	(604,500)	604,500	(134,151)
Net change in fund balances	1,433,312	(757,352)	(298)	(30,880,085)
Fund balances (deficits), beginning of year, as restated	6,392,749	11,883,158	(6,203,470)	26,860,749
Fund balances (deficits), end of year	\$ 7,826,061	\$ 11,125,806	\$ (6,203,768)	\$ (4,019,336)

See Notes to Basic Financial Statements.

Bond and Interest Fund	Other Governmental Funds	Total
\$ -	\$ 3,513,449	\$ 7,666,800
-	1,650,836	23,072,709
-	-	987,512
-	1,161,093	13,316,497
2,607	121,039	387,522
-	-	194,272
-	1,112,637	5,553,422
2,607	7,559,054	51,178,734
-	2,757,632	8,421,902
-	1,201,517	5,823,314
-	1,281,573	4,202,690
-	-	963,745
-	-	1,285,419
-	771,080	2,411,376
-	-	396,350
-	41,138	779,085
-	9,142	46,964,915
80,000	405,000	3,793,778
64,488	56,200	4,565,252
144,488	6,523,282	79,607,826
(141,881)	1,035,772	(28,429,092)
250,000	100,000	1,009,233
-	-	(1,540,673)
250,000	100,000	(531,440)
108,119	1,135,772	(28,960,532)
2,776,734	1,516,627	43,226,547
\$ 2,884,853	\$ 2,652,399	\$ 14,266,015

City of East Peoria, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended April 30, 2012**

Net change in fund balances - governmental funds \$ (28,960,532)

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

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

Capital outlay	\$ 43,311,359	
Depreciation expense	(4,322,643)	38,988,716

Transfer of capital assets to Enterprise Fund (289,653)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grant revenues (210,377)

Loans made are considered expenditures in the governmental funds. Portions of receivables are not considered current financial resources and therefore portions of payments are recognized as revenues for the governmental funds. The net effect of these transactions is as follows:

Net change in long-term special assessment receivable	(262,325)	
Net change in developer receivable	(41,366)	
Net change in capital lease receivable	(279,775)	(583,466)

The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts 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.

Repayment of bond principal	3,080,000	
Repayment of notes payable principal	713,778	
Interest	23,354	
Amortization of discounts and loss on refunding (accretion of premiums) on refunding	(68,369)	
Amortization of bond issuance costs	(103,110)	3,645,653

(Continued)

City of East Peoria, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities (Continued)
Year Ended April 30, 2012**

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

Change in compensated absences	(107,803)	
Change in other postemployment benefit obligation	(2,040,224)	
Change in IMRF pension obligation	<u>(59,414)</u>	(2,207,441)

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

252,450

Change in internal service fund allocation to business-type activities
Change in net assets of governmental activities

(181,580)

\$ 10,453,770

See Notes to Basic Financial Statements.

City of East Peoria

Statement of Net Assets
 Proprietary Funds
 April 30, 2012

Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current assets:			
Cash	\$ 150,847	\$ 187,439	\$ 14,800
Water and sewer revenue receivables (net where applicable of allowance for uncollectible amounts):			
Billed	257,117	-	-
Unbilled charges	1,172,018	-	-
Customer charges	-	180,815	-
Lease receivable	-	-	5,096
Other receivable	-	49,492	-
Inventory of supplies, at cost	25,227	-	-
Total current assets	1,605,209	417,746	19,896
Noncurrent assets:			
Assessments receivable	277	-	-
Bond issue costs, net of amortization	31,667	-	-
	31,944	-	-
Capital assets:			
Undepreciable:			
Land	456,274	2,850,000	341,408
Construction-in-progress	-	-	14,053
Depreciable:			
Land improvements	1,617,396	3,119,800	2,366,928
Buildings	16,210,548	2,326,811	5,859,846
Machinery, equipment and vehicles	12,486,061	496,130	886,557
Infrastructure	40,123,525	-	-
Less accumulated depreciation	(40,572,507)	(3,694,760)	(4,385,536)
Net capital assets	30,321,297	5,097,981	5,083,256
Total assets	\$ 31,958,450	\$ 5,515,727	\$ 5,103,152

(Continued)

Total	Governmental Activities Internal Service Fund
\$ 353,086	\$ 1,426,174
257,117	-
1,172,018	-
180,815	-
5,096	-
49,492	-
25,227	-
<u>2,042,851</u>	<u>1,426,174</u>
277	-
31,667	-
<u>31,944</u>	<u>-</u>
3,647,682	-
14,053	-
7,104,124	-
24,397,205	-
13,868,748	-
40,123,525	-
(48,652,803)	-
<u>40,502,534</u>	<u>-</u>
<u>\$ 42,577,329</u>	<u>\$ 1,426,174</u>

City of East Peoria

Statement of Net Assets (Continued)
 Proprietary Funds
 April 30, 2012

Liabilities and Net Assets	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Current liabilities:			
Accounts payable	\$ 314,671	\$ 38,835	\$ 10,374
Wages payable	18,592	-	-
Interest payable	10,576	-	49
Deposits, customers	67,128	-	-
Compensated absences	86,125	-	36,920
Unearned revenue	-	277,081	-
Accrued health claims	-	-	-
Current portion of long-term debt	847,710	-	10,703
Total current liabilities	1,344,802	315,916	58,046
Long-term debt:			
Compensated absences, noncurrent	178,949	-	66,554
Accrued health claims, noncurrent	-	-	-
Advanced from other funds	259,517	144,294	-
Other postemployment benefits obligation	-	-	275,056
IMRF pension obligation	72,929	-	-
General obligation bonds, net of deferred loss, noncurrent	2,360,880	-	-
Revenue bonds, net of unamortized discount and deferred loss, noncurrent	323,349	-	-
Notes payable, noncurrent	5,398,808	-	156,386
Total long-term debt	8,594,432	144,294	497,996
Total liabilities	9,939,234	460,210	556,042
Net assets:			
Invested in capital assets, net of related debt	21,390,550	5,097,981	4,916,167
Unrestricted	628,666	(42,464)	(369,057)
Total net assets	22,019,216	5,055,517	4,547,110
Total liabilities and net assets	\$ 31,958,450	\$ 5,515,727	\$ 5,103,152

Total enterprise funds net assets

Amounts reported for enterprise activities in the statement of net assets are different because, an internal service fund is used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.

Net assets of business-type activities

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 363,880	\$ -		
18,592	-		
10,625	-		
67,128	-		
123,045	-		
277,081	-		
-	829,000		
858,413	-		
<u>1,718,764</u>	<u>829,000</u>		
245,503	-		
-	18,246		
403,811	-		
275,056	-		
72,929	-		
2,360,880	-		
323,349	-		
5,555,194	-		
<u>9,236,722</u>	<u>18,246</u>		
<u>10,955,486</u>	<u>847,246</u>		
31,404,698	-		
217,145	578,928		
<u>31,621,843</u>	<u>578,928</u>		
<u>\$ 42,577,329</u>	<u>\$ 1,426,174</u>		
\$ 31,621,843			
304,397			
<u>\$ 31,926,240</u>			

City of East Peoria, Illinois

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 Year Ended April 30, 2012

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Operating revenues:			
Water sales	\$ 2,897,942	\$ -	\$ -
Sewer service charges	3,205,877	-	-
Fuel sales	-	170,756	-
Storage and rentals	-	764,672	27,518
Fees for services	-	-	518,955
Tap-in charges	44,854	-	-
Water assessments	22,096	-	-
Sewer assessments	48,559	-	-
Penalties	122,351	-	-
Individual sewer permits	893	-	-
Contractors' sewer permits	1,030	-	-
Sewer inspection fees	893	-	-
Sewer connection fees	16,065	-	-
Concession sales	-	-	22,362
Charges for coverage	-	-	-
Miscellaneous	18,485	379	51,599
Total operating revenues	6,379,045	935,807	620,434
Operating expenses:			
Salaries and benefits	2,324,893	141,589	708,945
Contractual services	229,867	158,329	48,886
Utilities	701,194	44,908	39,584
Repair and maintenance	534,027	97,718	201,700
Insurance	503,499	-	31,000
Other supplies and expenses	684,539	340,800	147,435
Depreciation	1,464,278	208,122	284,300
Insurance claims	-	-	-
Total operating expenses	6,442,297	991,466	1,461,850
Operating income (loss)	(63,252)	(55,659)	(841,416)
Nonoperating revenues (expenses):			
Interest	5,394	69	-
Reimbursements	121,631	-	-
Municipal sales tax	-	-	1,996
Interest and fiscal charges	(360,713)	(8,840)	(8,558)
Amortization of bond issue costs	(9,972)	-	-
Loss on disposal of capital assets	(334)	-	(3,122)
Total nonoperating revenues (expenses)	(243,994)	(8,771)	(9,684)
Income (loss) before capital contributions and operating transfers	(307,246)	(64,430)	(851,100)
Capital contributions	289,653	-	-
Transfers in	-	-	531,440
Change in net assets	(17,593)	(64,430)	(319,660)
Total net assets, beginning of year	22,036,809	5,119,947	4,866,770
Total net assets, end of year	\$ 22,019,216	\$ 5,055,517	\$ 4,547,110

See Notes to Basic Financial Statements.

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 2,897,942	\$ -		
3,205,877	-		
170,756	-		
792,190	-		
518,955	-		
44,854	-		
22,096	-		
48,559	-		
122,351	-		
893	-		
1,030	-		
893	-		
16,065	-		
22,362	-		
-	3,755,833		
70,463	-		
<u>7,935,286</u>	<u>3,755,833</u>		
3,175,427	-		
437,082	-		
785,686	-		
833,445	-		
534,499	-		
1,172,774	-		
1,956,700	-		
-	3,510,744		
<u>8,895,613</u>	<u>3,510,744</u>		
<u>(960,327)</u>	<u>245,089</u>		
5,463	7,361		
121,631	-		
1,996	-		
(378,111)	-		
(9,972)	-		
(3,456)	-		
<u>(262,449)</u>	<u>7,361</u>		
<u>(1,222,776)</u>	<u>252,450</u>		
289,653	-		
531,440	-		
821,093	-		
(401,683)	252,450		
32,023,526	326,478		
<u>\$ 31,621,843</u>	<u>\$ 578,928</u>		

City of East Peoria, Illinois

**Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities
Year Ended April 30, 2012**

Net changes in net assets in enterprise funds	\$ (401,683)
Amounts reported for proprietary activities in the statement of activities are different because:	
An internal service fund is used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of the internal service fund is reported with business-type activities.	<u>181,580</u>
Changes in net assets of business-type activities	<u>\$ (220,103)</u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Statement of Cash Flows
 Proprietary Funds
 Year Ended April 30, 2012

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,330,972	\$ 804,607	\$ 620,434
Payments to suppliers and employees	(5,021,661)	(782,686)	(1,117,185)
Net cash provided by (used in) operating activities	1,309,311	21,921	(496,751)
Cash flows from noncapital financing activities:			
Reimbursements	121,631	-	-
Municipal sales tax	-	-	1,996
Payments from interfund accounts	-	100,000	-
Transfer from other funds	-	-	531,440
Net cash provided by noncapital financing activities	121,631	100,000	533,436
Cash flows from capital and related financing activities:			
Proceeds from issuance of notes payable	-	-	62,246
Principal payments on notes payable	(400,999)	-	(67,084)
Interest and fiscal charges paid on revenue bonds and notes payable	(335,661)	(8,840)	(8,558)
Purchase of capital assets	(105,473)	(17,716)	(23,287)
Principal payment on bonds	(590,000)	-	-
Net cash (used in) capital and related financing activities	(1,432,133)	(26,556)	(36,683)
Cash flows from investing activities,			
interest on investments	5,394	69	-
Increase in cash and cash equivalents	4,203	95,434	2
Cash and cash equivalents, beginning of year	146,644	92,005	14,798
Cash and cash equivalents, end of year	\$ 150,847	\$ 187,439	\$ 14,800

(Continued)

		Governmental Activities	
		Internal Service Fund	
Total			
\$ 7,756,013		\$ 3,755,833	
(6,921,532)		(3,660,744)	
834,481		95,089	
121,631		-	
1,996		-	
100,000		-	
531,440		-	
755,067		-	
62,246		-	
(468,083)		-	
(353,059)		-	
(146,476)		-	
(590,000)		-	
(1,495,372)		-	
5,463		7,361	
99,639		102,450	
253,447		1,323,724	
\$ 353,086		\$ 1,426,174	

City of East Peoria, Illinois

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended April 30, 2012

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (63,252)	\$ (55,659)	\$ (841,416)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities, depreciation	1,464,278	208,122	284,300
Change in assets and liabilities:			
Customer charges and receivables	(58,240)	(114,745)	-
Assessments receivable	2,001	-	-
Accounts payable, retainage and wages payable	(71,669)	658	(16,904)
Deposits	8,166	-	-
Deferred revenue	-	(16,455)	-
Compensated absences	(2,083)	-	(7,596)
Other post employment benefits obligation	-	-	84,865
IMRF pension obligation	30,110	-	-
Net cash provided by (used in) operating activities	\$ 1,309,311	\$ 21,921	\$ (496,751)
Noncash capital and related financing activities:			
Amortization of issuance costs, discounts and deferred amount on refunding	\$ 35,024	\$ -	\$ -
Transfer of capital assets from governmental activities	289,653	-	-

See Notes to Basic Financial Statements.

	Governmental Activities	
Total	Internal Service Fund	
\$ (960,327)	\$	245,089
1,956,700		-
(172,985)		-
2,001		-
(87,915)		(150,000)
8,166		-
(16,455)		-
(9,679)		-
84,865		-
30,110		-
<u>\$ 834,481</u>	<u>\$</u>	<u>95,089</u>

\$ 35,024	\$	-
289,653		-

City of East Peoria, Illinois

Statement of Fiduciary Net Assets
April 30, 2012

	Pension Trusts	Agency
Assets:		
Cash and cash equivalents	\$ 753,605	\$ 22,136
Receivables:		
Employer contributions	2,701,686	-
Plan members' contributions	-	-
Accrued interest and dividends	157,740	-
Total receivables	2,859,426	-
Investments, at fair value:		
Money market funds	2,291,809	-
Municipal bonds	1,012,805	-
Corporate bonds	7,109,731	-
U.S. Government notes and bonds	6,898,887	-
U.S. Government agency obligations	2,541,029	-
Mutual funds	7,348,944	-
Common stocks	7,857,732	-
Total investments	35,060,937	-
Total assets	38,673,968	22,136
Liabilities:		
Accounts payable and accrued payroll taxes	18,265	-
Amounts held for others	-	22,136
Total liabilities	18,265	22,136
Net assets held in trust for pension benefit obligation	\$ 38,655,703	\$ -

See Notes to Basic Financial Statements.

City of East Peoria, Illinois

Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended April 30, 2012

Additions:

Contributions:

Plan members' contributions	\$ 577,975
Employer contributions	2,727,434
Total contributions	<u>3,305,409</u>

Other revenue 15,520

Net investment income:

Net appreciation in fair value of investments	528,852
Dividends and interest	1,006,145
Total investment income	<u>1,534,997</u>
Less investment expenses	184,379
Net investment income	<u>1,350,618</u>

Total additions 4,671,547

Deductions:

Benefits paid	2,977,336
Refunds of contributions	5,204
Administrative expenses	76,794
Total deductions	<u>3,059,334</u>

Change in net assets 1,612,213

Net assets held in trust for benefits:

Beginning of year	37,043,490
End of year	<u>\$ 38,655,703</u>

See Notes to Basic Financial Statements.

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City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Nature of operations:

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

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

Reporting entity:

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

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

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

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

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets, including discretely presented component units, and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Notes to Basic Financial Statements

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

Measurement focus and basis of accounting:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, liabilities, fund balance/net assets, revenues and expenditures/expenses.

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

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

Riverboat gaming tax fund (a special revenue fund): This fund is used to collect and disburse riverboat gaming taxes. 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: This fund is used to account for development projects being carried out by the City. Such projects are financed by proceeds from general obligation bonds, loan proceeds and tax increment financing activities.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

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

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

The City has chosen to report Eastport Marina and Eastside Centre as major funds for public interest purposes. The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

Internal service fund: The Internal Service Fund is used by the City to account for employee health benefits, workers' compensation and general liability provided to other funds on a cost reimbursement basis.

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

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

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

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

Notes to Basic Financial Statements

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

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

Summary of significant accounting policies:

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

Property taxes reflected as revenues in the governmental fund financial statements for fiscal year 2012 represent the 2010 tax levy which was received by the City during the months of July 2011 through November 2011. The entire 2011 tax levy and the first four months of the 2011 levy recorded as property taxes receivable, was reflected as deferred revenue.

Cash and cash equivalents: The City considers all liquid investments with a maturity date of three months or less when purchased to be cash equivalents. At April 30, 2012, no investments qualified as cash equivalents.

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

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

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

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

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of investment income on project specific debt service expenditures, activities is included as part of the capitalized value of the assets constructed in the enterprise funds. There was no interest capitalized for the year ended April 30, 2012.

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

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

Deferred/unearned revenue: Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of April 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred/unearned revenue.

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

Compensated absences – primary government: City employees earn vacation throughout the year based upon their anniversary date, and must use the days earned in the same anniversary year within one month after their anniversary date, unless prior approval from a department head is received. Any unused vacation time is payable to employees upon termination. Employees can accumulate ten days of sick leave per year and sick leave is carried over to the following year. Accumulated sick pay is paid out upon retirement to a maximum of 60 days or 120 days for department heads and union personnel.

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Net assets restricted by enabling legislation includes \$11,367,425 for capital improvements and equipments (motor fuel tax and riverboat gaming tax), \$10,154 for audit, \$380,547 for employee benefits, \$47,600 for sewer chlorination, \$47,391 for street lighting and \$95,131 for emergency services.

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

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

Note 2. Restricted Assets, Primary Government

In accordance with the appropriate bond ordinances, restricted assets represent assets the City has set aside to meet all required payments for debt principal and interest. The restricted assets also include the amount of bond proceeds not spent on the project as of year-end.

Note 3. Cash and Investments

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

As of April 30, 2012, the City had the following cash and investments:

Cash and investments - Statement of Net Assets	\$ 8,426,350
Restricted cash and investments - Statement of Net Assets	11,309,026
Cash and cash equivalents - Fiduciary Funds	775,741
Investments - Fiduciary Funds	35,060,937
Total	<u>\$ 55,572,054</u>
Deposits	\$ 14,854,022
Illinois Funds	1,654,249
Mutual Funds	5,457
FNMA Investments	3,221,648
Cash held by Pension Trusts Fiduciary Funds	775,741
Investments held by Pension Trusts Fiduciary Funds	35,060,937
Total	<u>\$ 55,572,054</u>

Custodial credit risk, deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2012, \$143,117 of the City's bank balance of \$18,162,711 was exposed to custodial credit risk.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Custodial credit risk, investments: Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. As of April 30, 2012, the City's investments were not exposed to custodial credit risk.

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

As of April 30, 2012, the City had the following investments and maturities:

	Fair Value	Investment Maturities (In Years)
		Less than 1
Illinois funds	\$ 1,654,249	\$ 1,654,249
U.S. Agency, FNMA	3,221,648	3,221,648
	<u>\$ 4,875,897</u>	<u>\$ 4,875,897</u>

Concentration of credit risk: It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer or class of securities. As of April 30, 2012, more than 5 percent of the City's investments are in FNMA securities. These securities represents 66 percent of the City's total investments.

Credit risk: Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices. The Illinois Funds are State approved, professionally managed investment funds which enable municipalities in Illinois to pool available funds for investment in various state approved investments. The fair value of the City's position in the pool is recorded at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. As of April 30, 2012, the City's investments were rated as follows:

Investment Type	Moody's Investor's Service	Standard & Poor's
	Illinois funds	Not Rated
FNMA	Aaa	AA+

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

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

As of April 30, 2012, none of the deposits of the City of East Peoria Police Pension and the City of East Peoria Firefighter's Pension Plans were exposed to custodial credit risk.

Investments: As of April 30, 2012, the Police Pension Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)	Concentration Percentage
U.S. Government notes and bonds, Explicitly guaranteed	\$ 3,818,937	N/A	8.79	19%
U.S. Government agencies	1,665,567	Aaa	8.46	8
Money market	775,055	N/A	N/A	4
Municipal bonds	752,772	Aa1 to Aa3	11.07	4
Corporate bonds	5,152,411	Aaa to Baa3	7.69	25
Common stocks	6,042,775	N/A	N/A	29
Mutual funds, equities	2,259,789	N/A	N/A	11
Total investments	\$ 20,467,306			

As of April 30, 2012, the Firefighter's Pension Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)	Concentration Percentage
U.S. Government notes and bonds, Explicitly guaranteed	\$ 3,079,950	N/A	5.72	21%
U.S. Government agencies	875,462	Aaa	5.76	6
Money market funds	1,516,754	N/A	0.05	10
Mutual funds, equities	5,089,155	N/A	N/A	35
Common stocks	1,814,957	N/A	N/A	13
Corporate bonds	1,957,320	Aa2 to Baa3	8.30	13
Municipal bonds	260,033	Aaa to Aa3	17.02	2
Total investments	\$ 14,593,631			

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

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds may only be invested in permitted investments as authorized in Chapter 40, Article 5/1, paragraph 113.1 through 113.10 of the Illinois Compiled Statutes.

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

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

Cash and investments, discretely presented component units:

City of East Peoria Mass Transit District: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, none of the District's bank balance of \$40,048 was exposed to custodial credit risk.

Note 4. Special Assessments Fund

The City has levied special assessments against various landowners in conjunction with improvements made which benefit the landowners. These special assessments are being paid to the City over a number of years. The balance of assessments receivable recorded in the governmental funds, represents only the current portion of the total assessments receivable. The noncurrent portion is recorded in the government-wide statement. An analysis of the current and long-term portions of special assessments receivable at April 30, 2012 is as follows:

Total special assessments receivable	\$	386,193
Less amounts not receivable within one year		282,170
Current special assessments receivable	\$	104,023

Note 5. Lease Receivable

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

As of April 30, 2012, components of the lease receivable were as follows:

Total lease receivable payments	\$	15,825,600
Amount representing interest		(5,535,469)
	\$	10,290,131

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 5. Lease Receivable (Continued)

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

As of April 30, 2012, future minimum lease revenue expected to be received is as follows:

Fiscal Year Ending April 30:

2013	\$	894,600
2014		917,520
2015		940,440
2016		963,360
2017		986,280
2018-2022		5,275,200
2023-2027		<u>5,848,200</u>
Total lease receivable payments		15,825,600
Less amount representing interest		<u>(5,535,469)</u>
Lease receivable		<u><u>\$ 10,290,131</u></u>

In July 2010, the City entered into a lease agreement with Bass Pro Outdoor World, LLC for the lease of a retail space owned by the City. Monthly lease payments are based on gross sales of the retail operation of 1 percent of gross sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, with a max of \$250 for each such vehicle sold and 2 percent of all other gross sales, which began September 2011. The lease term is 20 years with six consecutive renewal options of five years each. For the year ended April 30, 2012 lease revenues from this lease were \$350,729.

Note 6. Capital Assets, Primary Government

Capital asset activity for the year ended April 30, 2012 was as follows:

	Balance April 30, 2011	Additions	Deductions/ Transfers	Balance April 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,210,068	\$ -	\$ -	\$ 8,210,068
Construction-in-progress	36,849,091	41,869,751	44,544,891	34,173,951
Total capital assets not being depreciated	<u>45,059,159</u>	<u>41,869,751</u>	<u>44,544,891</u>	<u>42,384,019</u>
Capital assets, being depreciated:				
Land improvements	2,086,187	-	-	2,086,187
Buildings	6,586,686	44,430,761	-	51,017,447
Machinery, equipment and vehicles	12,758,613	1,555,738	289,653	14,024,698
Infrastructure assets	74,353,802	-	-	74,353,802
Total capital assets being depreciated	<u>95,785,288</u>	<u>45,986,499</u>	<u>289,653</u>	<u>141,482,134</u>
Less accumulated depreciation for:				
Land improvements	1,185,254	91,724	-	1,276,978
Buildings	2,893,802	1,249,984	-	4,143,786
Machinery, equipment and vehicles	8,138,867	905,374	-	9,044,241
Infrastructure assets	33,872,209	2,075,561	-	35,947,770
Total accumulated depreciation	<u>46,090,132</u>	<u>4,322,643</u>	<u>-</u>	<u>50,412,775</u>
Total capital assets being depreciated, net	<u>49,695,156</u>	<u>41,663,856</u>	<u>289,653</u>	<u>91,069,359</u>
Governmental activities capital assets, net	<u><u>\$ 94,754,315</u></u>	<u><u>\$ 83,533,607</u></u>	<u><u>\$ 44,834,544</u></u>	<u><u>\$ 133,453,378</u></u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

During the year ended April 30, 2012, capital assets in the amount of \$289,653 were purchased through Governmental Activities and contributed to the Water and Sewer Fund.

	Balance April 30, 2011	Additions	Deductions	Balance April 30, 2012
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction-in-progress	-	14,053	-	14,053
Total capital assets not being depreciated	3,647,682	14,053	-	3,661,735
Capital assets being depreciated:				
Land improvements	7,104,124	-	-	7,104,124
Buildings	24,388,993	8,212	-	24,397,205
Machinery, equipment and vehicles	13,535,856	413,864	80,972	13,868,748
Infrastructure assets	40,123,525	-	-	40,123,525
Total capital assets being depreciated	85,152,498	422,076	80,972	85,493,602
Less accumulated depreciation for:				
Land improvements	5,123,336	291,934	-	5,415,270
Buildings	9,064,004	496,843	-	9,560,847
Machinery, equipment and vehicles	10,768,734	460,457	77,516	11,151,675
Infrastructure assets	21,817,545	707,466	-	22,525,011
Total accumulated depreciation	46,773,619	1,956,700	77,516	48,652,803
Total capital assets being depreciated, net	38,378,879	(1,534,624)	3,456	36,840,799
Business-type activities capital assets, net	\$ 42,026,561	\$ (1,520,571)	\$ 3,456	\$ 40,502,534

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets, Primary Government (Continued)

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

Governmental activities:	
Police	\$ 104,320
Fire	247,000
Sanitation	44,985
Public works	2,087,420
General government	1,838,918
Total depreciation expense, governmental activities	\$ 4,322,643
Business-type activities:	
Water and sewer fund	\$ 1,464,278
Eastport Marina fund	208,122
Eastside Centre fund	284,300
Total depreciation expense, business-type activities	\$ 1,956,700

Construction commitments: The City has active construction projects as of April 30, 2012. At year-end, the City's commitments with contractors are estimated to be approximately \$11,682,880 for these projects.

Note 7. Long-Term Liabilities, Primary Government

The following is a summary of changes in long-term liabilities for the year ended April 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 82,055,000	\$ -	\$ 1,485,000	\$ 80,570,000	\$ 3,050,000
Project bonds	5,325,000	-	1,190,000	4,135,000	1,245,000
Special assessment bonds	870,000	-	405,000	465,000	10,000
Issuance premiums (discounts)	(225,639)	-	(30,099)	(195,540)	-
Loss on refunding	(395,587)	-	(38,270)	(357,317)	-
Total bonds payable	87,628,774	-	3,011,631	84,617,143	4,305,000
Note payable	6,545,507	-	713,778	5,831,729	1,949,016
Compensated absences	2,219,149	2,318,894	2,219,149	2,318,894	447,027
Governmental activities, long-term liabilities	\$ 96,393,430	\$ 2,318,894	\$ 5,944,558	\$ 92,767,766	\$ 6,701,043

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

Long-term debt payable as of April 30, 2012 is comprised of the following individual issues:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 3,115,000	\$ -	\$ 355,000	\$ 2,760,000	\$ 370,000
Revenue bonds	630,000	-	235,000	395,000	70,000
Less deferred amounts:					
For issuance discounts	(2,257)	-	(606)	(1,651)	-
Loss on refunding	(53,566)	-	(24,446)	(29,120)	-
Total bonds payable	3,689,177	-	564,948	3,124,229	440,000
Notes payable	6,379,444	62,246	468,083	5,973,607	418,413
Compensated absences	378,227	368,546	378,225	368,548	123,045
Business-type activities, long-term liabilities	\$ 10,446,848	\$ 430,792	\$ 1,411,256	\$ 9,466,384	\$ 981,458

Governmental Activities

General obligation bonds:

\$4,500,000, General Obligation Bonds, Series 2002C, due in annual installments of \$210,000 to \$335,000 through January 2022; interest at rates of 3.25% to 4.65%	\$ 2,765,000
\$1,935,000, General Obligation Bonds, Series 2004B, due in annual installments of \$105,000 to \$330,000, beginning January 2010 through January 2018; interest at rates of 5.25% to 5.9%	1,620,000
\$3,405,000, General Obligation Bonds, Series 2004C, due in annual installments of \$45,000 to \$95,000, beginning January 2008 through January 2024; interest at rates of 4.75% to 5.375%	835,000
\$595,000, General Obligation Bonds, Series 2005C, due in annual installments of \$30,000 to \$50,000, beginning January 2008 through January 2024; interest at rates of 3.0% to 4.35%	460,000
\$2,090,000, General Obligation Bonds, Series 2005D, due in annual installments of \$250,000 to \$285,000, through November 2013; interest at rates of 4.15% to 4.6%	555,000
\$23,695,000, General Obligation Refunding Bonds, Series 2007, due in annual installments of \$370,000 to \$2,915,000, through January 2027; interest at rates of 4.85% to 5.5%	22,315,000
\$8,000,000, General Obligation Bonds, Series 2008, due in annual installments of \$325,000 to \$670,000, through January 2026; interest at a rate of 4.875% APR	7,020,000
\$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%	25,270,000
\$19,730,000, General Obligation Bonds, Series 2010B, due in annual installments of \$590,000 to \$1,545,000, through January 2033; interest at rates of 2.34% to 6.56%	19,730,000
Total general obligation bonds, governmental activities	\$ 80,570,000

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Notes payable:

Note payable to bank, due in monthly installments of \$2,836, including interest at 3.56%, through September 2013 (Ambulance)	\$ 44,289
Note payable to bank, due in semiannual installments of \$38,875, including interest at 5.25% as of April 30, 2008 through May 2021 (Kohl's Property)	3,373,622
Note payable to bank, due in monthly installments of \$2,048, including interest at 5.125%, through April 2015 (Eastlight Theatre)	184,121
Note payable to bank, due in annual installments of \$60,000, plus monthly interest payments at a variable rate (3.83% as of April 30, 2012), through October 2012 (Gateway Plaza Land Improvements)	59,913
Note payable to bank with principal and interest, due in semiannual installments of \$45,112 through August 2023 (Steak-N-Shake Property)	662,390
General Obligation Limited Tax Certificates, due in monthly installments of \$11,574, including interest at 4.29%, through December 2012 (Garbage Trucks, Plow and Snow Removal Equipment)	91,118
Note payable to bank, interest only payments are due monthly at a rate of 3.75% with a balloon payment of \$1,430,000 due on December 27, 2012 (Camp Street Property)	1,416,276
Total notes payable, governmental activities	\$ 5,831,729

Project bonds:

\$18,675,000, Project Bonds, Series 1998-B, due in annual installments of \$470,000 to \$1,135,000 through April 2017; interest rates of 4.1% to 4.85%	<u>\$ 4,135,000</u>
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Special assessment bonds:

02-A, waugh road improvement, due 2013, interest at 7.5%	\$ 10,000
04-B, main on main improvement, due 2016, interest at 6.5%	360,000
04-D, dieter's funeral home improvement, due 2016, interest at 6.5%	95,000
Total special assessment bonds, governmental activities	\$ 465,000

Water and sewer fund long-term debt:

General obligation bonds:

\$3,385,000, General Obligation Refunding Bonds, Series 2002-A, due in annual installments of \$230,000 to \$295,000 through May 2017; interest rate at 3.625% to 4.6%	\$ 1,345,000
\$2,435,000, General Obligation Refunding Bonds, Series 2002-B, due in annual installments of \$115,000 to \$165,000 through May 2022; interest rate at 3.0% to 4.65%	1,415,000
Total general obligation bonds, business-type activities	\$ 2,760,000

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Notes payable:

Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$7,559, including interest at 2.815% through December 2014	\$ 37,795
Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$48,918 through April 2019, including interest at 2.865%	616,572
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%	452,693
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%	654,635
Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$122,694 through November 2027, including interest at 2.5%	3,190,574
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%	854,249
Eastside Centre long-term debt:	
Note payable to bank, due in annual installments of \$6,893, including interest at 5.25%, through April 2024 with the remaining principal balance due at maturity (Baseball Batting Cages)	57,590
Note payable to bank, due in annual installments of \$12,371, including interest at 5.25%, through April 2024 with the remaining principal balance due at maturity (Softball Batting Cages)	109,499
Total other long-term debt, business-type activities	\$ 5,973,607

Revenue bonds:

\$5,060,000, General Obligation Refunding Bonds, Series 1992-C, due in annual installments of \$60,000 to \$90,000 through April 2017; interest rate at 7.00%	\$ 395,000
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City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

Year Ending April 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 3,050,000	\$ 3,869,681	\$ 370,000	\$ 121,080
2014	3,210,000	3,762,002	380,000	105,790
2015	3,090,000	3,643,050	400,000	89,763
2016	3,265,000	3,522,990	415,000	72,488
2017	3,460,000	3,388,645	435,000	54,285
2018-2022	20,760,000	14,412,113	760,000	107,883
2023-2027	26,345,000	8,740,098	-	-
2028-2032	14,105,000	3,219,083	-	-
2033	3,285,000	179,652	-	-
	<u>\$ 80,570,000</u>	<u>\$ 44,737,314</u>	<u>\$ 2,760,000</u>	<u>\$ 551,289</u>

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

Year Ending April 30:	Governmental Activities	
	Principal	Interest
2013	\$ 1,245,000	\$ 198,058
2014	1,305,000	140,165
2015	545,000	76,873
2016	570,000	50,440
2017	470,000	22,795
	<u>\$ 4,135,000</u>	<u>\$ 488,331</u>

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

Year Ending April 30:	Governmental Activities	
	Principal	Interest
2013	\$ 10,000	\$ 30,263
2014	-	29,575
2015	-	29,575
2016	455,000	24,646
	<u>\$ 465,000</u>	<u>\$ 114,059</u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

Year Ending April 30:	Business-Type Activities	
	Principal	Interest
2013	\$ 70,000	\$ 27,650
2014	75,000	22,750
2015	75,000	17,500
2016	85,000	12,250
2017	90,000	6,300
	<u>\$ 395,000</u>	<u>\$ 86,450</u>

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

Year Ending April 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,949,016	\$ 257,197	\$ 418,413	\$ 154,051
2014	379,835	205,371	429,212	143,266
2015	523,938	185,009	432,748	132,186
2016	392,133	157,107	436,570	120,820
2017	413,364	135,876	448,298	109,109
2018-2022	2,173,443	301,223	1,995,772	371,795
2023-2027	-	-	1,550,012	142,420
2028	-	-	262,582	5,730
	<u>\$ 5,831,729</u>	<u>\$ 1,241,783</u>	<u>\$ 5,973,607</u>	<u>\$ 1,179,377</u>

As of April 30, 2012, the legal debt limit of the City was \$37,203,389 and the debt margin was \$24,933,053.

The City has pledged a portion of future sales tax revenues to repay \$18,675,000 in project bonds, Series 1998B issued December, 1998. Proceeds from the bonds were used to acquire, construct, improve and/or equip the Eastside Centre, Eastport Marina, Eastport Marina administration building and drystack storage facilities projects, and to pay the costs of issuance of the bonds. The bonds are payable solely from a portion of sales tax revenues and are payable through April 2017. Annual principal and interest payments on the bonds are expected to require less than 16 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,623,331. Principal and interest paid for the current year and total sales tax revenues were \$1,442,203 and \$11,196,382, respectively.

The City has pledged a portion of future sales tax and lease revenue revenues relating to Bass Pro to repay \$45,000,000 in General Obligation bonds, Series 2010A and 2010B issued August 2010. Proceeds from the bonds were used to acquire and construct Bass Pro Shop and to pay the costs of the issuance of the bonds. The bonds are payable solely from a portion of sales tax, incremental property taxes and lease income revenues and are payable through January 2033. The total principal and interest remaining to be paid on the bonds is \$72,756,328. Interest paid for the current year and total sales tax and lease income revenues were \$2,018,494 and none, respectively. Proceeds from the bond issuance provided financing for the interest paid in the current year.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

Debt covenants: The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. As of April 30, 2012, \$1,880,273 has been recorded as restricted assets in the Bond and Interest Fund relating to these covenants.

Conduit debt: The City has issued certain limited obligation revenue refunding bonds to provide financial assistance for student housing at a local community college. The debt is secured by the property financed, revenues from the housing facility, and a guarantee by the College Foundation. The City is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as a liability in the accompanying financial statements. The amount outstanding of the conduit debt obligation as of April 30, 2012 was \$17,865,000.

Note 8. Interfund Receivables and Payable, Primary Government

The individual fund interfund receivable and payable balances as of April 30, 2012 were:

	Interfund Receivable	Interfund Payable
Governmental activities:		
Major funds:		
General Fund	\$ 1,516,204	\$ -
Capital Projects Fund	-	1,516,204
Total	\$ 1,516,204	\$ 1,516,204

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

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivables and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not.

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

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

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	\$ 54,733	\$ 802,022
Riverboat Gaming Tax Fund	-	604,500
Special Tax Allocation Fund	604,500	-
Capital Projects Fund	-	134,151
Bond and Interest Fund	250,000	-
Nonmajor funds	100,000	-
Business-type activities:		
Eastside Centre Fund	531,440	-
	<u>\$ 1,540,673</u>	<u>\$ 1,540,673</u>

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

Note 9. Other Required Individual Fund Disclosures

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

	Deficit Fund Balance or Deficit Net Assets April 30, 2012
Major governmental funds:	
Special tax allocation fund	\$ 6,203,768
Capital projects fund	4,019,336
Nonmajor governmental funds:	
Firemen's pension levy	26,348
Police pension levy	15,812

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Risk Management/Self-Insurance

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

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

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

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

The unpaid claims and incurred but not reported claims of approximately \$847,246, included in accrued health claims on the financial statements in the Internal Service Fund, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which required that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability in fiscal years 2012 and 2011 were:

Balance, April 30, 2010	\$	500,000
Current year claims and changes in estimates		2,734,854
Claims paid		(2,834,854)
Balance, April 30, 2011		<u>400,000</u>
Current year claims and changes in estimates		2,859,961
Claims paid		(3,009,961)
Balance, April 30, 2012	\$	<u><u>250,000</u></u>

Changes in the workers compensation and general liability in fiscal years 2012 and 2011 were:

Balance, April 30, 2010	\$	592,850
Current year claims and changes in estimates		808,734
Claims paid		(804,338)
Balance, April 30, 2011		<u>597,246</u>
Current year claims and changes in estimates		799,945
Claims paid		(799,945)
Balance, April 30, 2012	\$	<u><u>597,246</u></u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 11. Pension Plans

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

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

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

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

Illinois Municipal Retirement
Fund

2211 York Road, Suite 500
Oak Brook, Illinois 60523

www.imrf.org

City of East Peoria Police
Pension Fund

Theresa L. Gualandi, Treasurer
100 S. Main Street

East Peoria, Illinois 61611

City of East Peoria Firefighter's
Pension Fund

Theresa L. Gualandi, Treasurer
100 S. Main Street

East Peoria, Illinois 61611

Funding Policy and Annual Pension Cost, Pension Plans

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 11. Pension Plans (Continued)

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

	Illinois Municipal Retirement Fund		City of East Peoria Police Pension Fund	City of East Peoria Firefighter's Pension Fund
	SLEP	Regular		
Contribution rates:				
City	13.86%	8.91%	(1)	(1)
Plan members	7.50	4.50	9.91	9.455
Annual pension cost (2):				
Annual required contribution	\$ 14,018	\$ 719,016	\$ 1,174,708	\$ 1,231,513
Interest on net pension obligation	-	9,548	-	-
Adjustment to ARC	-	(6,825)	46,663	73,623
Total annual pension cost	14,018	721,739	1,221,371	1,305,136
Contributions made (2)	14,018	632,215	1,221,371	1,305,136
Increase in net pension obligation (2)	-	89,524	-	-
Net pension obligation (asset) (2), beginning of period	-	127,313	-	-
End of year	\$ -	\$ 216,837	\$ -	\$ -
Actuarial valuation date	12/31/2011	12/31/2011	04/30/2010	04/30/2010
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level % open	Level % open	Level % closed	Level % closed
Remaining amortization period	27 years	23 years	23 years, 2 months	23 years, 2 months
Asset valuation method	5-year spread market	5-year spread market	4-year smoothed market	4-year smoothed market
				City of East Peoria Firefighter's Pension Fund
	SLEP	Regular	Peoria Police Pension Fund	Firefighter's Pension Fund
Actuarial assumptions:				
Investment rate of return*	7.50%	7.50%	6.75%	7.00%
Projected salary increases*	4.00% (3)	4.00% (3)	4.75%	4.75%
* Includes inflation at	4.00%	4.00%	3.00%	3.00%
Postretirement benefit increases	3.00%	3.00%	N/A	N/A

(1) The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The annually required contribution includes an amount necessary to amortize the unfunded actuarial accrued liability over a 30-year closed period with a target funding of 90 percent by 2033. The City's contributions are funded by property taxes levied for such purposes and an allocated share of replacement and telecommunication taxes collected by the City.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 11. Pension Plans (Continued)

- (2) Data is for the latest actuarial information available which is as of December 31, 2011 for the Illinois Municipal Retirement Fund and as of April 30, 2010 for the Police Pension Fund and the Firefighter's Pension Fund.
- (3) Additional salary increases ranging from .4 to 10 percent per year depending on age and service, attributable to seniority/merit.

Trend Information – Pension Plans

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund:				
Regular	2011	\$ 721,739	87.6%	\$ 216,837
	2010	614,159	79.0	127,313
	2009	442,114	100.0	-
SLEP	2011	14,018	100.0	-
	2010	13,190	100.0	-
	2009	11,883	100.0	-
City of East Peoria Police Pension Fund	2011	1,221,371	100.0	-
	2010	1,049,887	100.0	-
	2009	1,015,801	100.0	-
City of East Peoria Firefighter's Pension Fund	2011	1,305,136	100.0	-
	2010	1,099,877	100.0	-
	2009	1,039,357	100.0	-

Funded Status and Funding Progress

As of December 31, 2011, December 31, 2010, April 30, 2010 and April 30, 2009, the most recent actuarial valuation dates for the IMRF Regular plan, IMRF SLEP plan, Police Pension Fund and Firefighter's Pension Fund, respectively, the plan was 74.5, 92.6, 60.9 and 53.3 percent funded, respectively. The actuarial accrued liability for benefits was \$17,269,339, \$236,140, \$33,932,457 and \$27,629,584, and the actuarial value of assets was \$12,869,245, \$218,722, \$20,655,587 and \$14,718,698, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,400,094, \$17,418, \$13,276,870 and \$12,910,886, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$5,709,602, \$101,139, \$2,650,455 and \$2,516,887, and the ratio of the UAAL to the covered payroll was 77.1, 17.2, 500.9 and 513.0 percent, respectively.

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 12. Other Postemployment Benefits

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

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

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2012, the City contributed \$829,560. Retiree and active members receiving benefits have required contributions of: a) For employees hired prior to May 1, 1993, they contribute the same amount towards the premium cost as active employees until age 60 when the City pays the entire premium if they also have 20 years of service, b) For employees hired on/after May 1, 1993, they contribute the same amount towards the premium cost as active employees throughout their retirement years if they have 20 years of service, c) Monthly cap on the City's contribution toward insurance premium paid for an active employee of \$258.37 for Single and \$599.98 for Family, d) Monthly active employee contributions of \$185.83 for Single and \$434.55 for Family, and e) Group Health Plan monthly premium of \$629.98 for Single and \$1,469.02 for Family.

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

Annual required contribution	\$	2,899,016
Interest on net OPEB obligation		214,584
Adjustment to annual required contribution		(158,951)
Annual OPEB cost		<u>2,954,649</u>
Contributions and payments made		829,560
Increase in net OPEB obligation		<u>2,125,089</u>
Net OPEB obligation, beginning of year		<u>4,768,541</u>
Net OPEB obligation, end of year	\$	<u><u>6,893,630</u></u>

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 12. Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2012 and the two preceding years is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 2,423,072	41.1%	\$ 2,702,156
April 30, 2011	2,905,438	28.9	4,768,541
April 30, 2012	2,954,649	28.1	6,893,630

Funded status and funding progress: As of April 30, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$43,213,926 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$43,213,926. The covered payroll (annual payroll of active employees covered by the plan) was \$10,895,330 and the ratio of the UAAL to the covered payroll was 396.63 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

In the April 30, 2011 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent unfunded and 8 percent fully funded discount rate, salary increases of 3 percent, mortality rates using the RP-2000 Combined Mortality Table projected to 2010 using Scale AA and health care cost trend rates beginning at 9 percent and steadily declining to 4.5 percent. The UAAL is being amortized as a level percentage of pay on an open basis. The amortization of UAAL is done over a period of 30 years.

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 13. Other Component Unit Disclosures

East Peoria Mass Transit

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

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

Note 14. Contingent Liabilities

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 15. Fund Balances

In fiscal year 2012, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The classifications of fund balances by opinion unit are as follows:

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Advanced to other fund	\$ 1,866,158	\$ 10,598,758	\$ 1,984,822	\$ -	\$ -	\$ -	\$ 14,449,738
Assets held for resale	-	-	-	1,430,000	-	-	1,430,000
Total nonspendable	1,866,158	10,598,758	1,984,822	1,430,000	-	-	15,879,738
Restricted:							
Employee benefits	-	-	-	-	-	524,455	524,455
Debt service	-	-	-	-	2,884,853	363,842	3,248,695
Audit	-	-	-	-	-	10,154	10,154
School crossing guard	-	-	-	-	-	9,373	9,373
Sewer	-	-	-	-	-	47,600	47,600
Streets	-	-	-	-	-	47,391	47,391
Emergency services	-	-	-	-	-	95,131	95,131
Tourism	-	-	-	-	-	1,019,403	1,019,403
Revolving loan	-	-	-	-	-	317,664	317,664
IHDA	-	-	-	-	-	17,927	17,927
Capital improvements and equipment	-	527,048	-	-	-	241,619	768,667
Total Restricted	-	527,048	-	-	2,884,853	2,694,559	6,106,460
Assigned:							
Ambulance service	287,696	-	-	-	-	-	287,696
Police department	77,745	-	-	-	-	-	77,745
Total Assigned	365,441	-	-	-	-	-	365,441
Unassigned	5,594,462	-	(8,188,590)	(5,449,336)	-	(42,160)	(8,085,624)
Total fund balances	\$ 7,826,061	\$ 11,125,806	\$ (6,203,768)	\$ (4,019,336)	\$ 2,884,853	\$ 2,652,399	\$ 14,266,015

City of East Peoria, Illinois

Notes to Basic Financial Statements

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

The City adopted the following statements during the year ended April 30, 2012:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 15 and 17 to the basic financial statements, the City reclassified the fund balances for all governmental funds and restated the General fund by \$(934), Police Protection major fund by \$(93,881) and aggregate remaining funds by \$94,815, respectively.
- GASB Statement No. 59, *Financial Instruments Omnibus*. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This Statement required additional disclosures for the City's external investment pool.

As of April 30, 2012, the Governmental Accounting Standards Board (GASB) had issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending April 30, 2014. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

Notes to Basic Financial Statements

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

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending April 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending April 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the City beginning with its year ending April 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

Notes to Basic Financial Statements

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

- GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the City beginning with its year ending April 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending April 30, 2016. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

City of East Peoria, Illinois

Notes to Basic Financial Statements

Note 17. Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended April 30, 2012. The effect of fund type reclassification is as follows:

	General	Police Protection	Nonmajor Governmental Funds
Fund balance April 30, 2011, as previously reported	\$ 6,393,683	\$ 93,881	\$ 1,421,812
Change in fund type classification per implementation of GASB Statement No. 54	(934)	(93,881)	94,815
Fund balance May 1, 2011, as restated	<u>\$ 6,392,749</u>	<u>\$ -</u>	<u>\$ 1,516,627</u>

The City restated the fund balance of the aggregate remaining fund information, which included moving the Fire Protection Fund, Garbage Collection and Disposal Fund, Street and Bridge Fund and the Ambulance Service Fund to the General Fund.

Note 18. Subsequent Event

On August 1, 2012, the City issued \$3,920,000 General Obligation Bonds (West Washington Street Alternate Revenue Source) Series 2012A, \$3,920,000 General Obligation Bonds (Hotel/Motel Tax Alternate Revenue Source) Series 2012B, \$12,280,000 Taxable General Obligation Bonds (Target Area Business District Alternate Revenue Source) Series 2012C and \$4,880,000 Taxable General Obligation Bonds (Costco Area Business District Alternate Revenue Source) Series 2012D, with interest rates ranging from 1.076 percent to 4.630 percent due on January 1, 2013 through 2032. These bonds were issued for the purpose of paying or reimbursing certain redevelopment project costs for the West Washington Street redevelopment project area, the Target area business district and the Costco area business district.

In December 2012, the City issued \$2,595,000 General Obligation Bonds (Waterworks and Sewerage Alternative Revenue Source) Series 2012E, \$2,385,000 General Obligation Bonds (Alternative Revenue Source) Series 2012E, \$1,305,000 Taxable General Obligation Bonds (Alternative Revenue Source) Series 2012G, \$770,000 General Obligation Bonds (Alternative Revenue Source) Series 2013A and \$6,215,000 General Obligation Bonds (Alternative Revenue Source) Series 2013B.

With interest rates ranging from 2 percent to 4 percent due on May 1, 2013 through January 1, 2026, these bonds were issued to refund the City's outstanding General Obligation Bonds (Waterworks and Sewerage Alternative Revenue Source) Series 2002A, General Obligation Bonds (Waterworks and Sewerage Alternative Revenue Source) Series 2002B, General Obligation Bonds (Alternative Revenue Source) Series 2002C, Taxable General Obligation Bonds (Alternative Revenue Source) Series 2004B, General Obligation Bonds (Alternative Revenue Source) Series 2004C and General Obligation Bonds (Alternative Revenue Source) Series 2008.

City of East Peoria, Illinois

Required Supplementary Information
 Illinois Municipal Retirement Plan

Regular

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	12/31/2011	\$ 12,869,245	\$ 17,269,339	\$ 4,400,094	74.52%	\$ 5,709,602	77.06%
2011	12/31/2010	12,874,899	16,821,378	3,946,479	76.54	5,464,044	72.23
2010	12/31/2009	14,274,009	17,673,116	3,399,107	80.77	5,458,193	62.28

SLEP

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	12/31/2011	\$ 218,722	\$ 236,140	\$ 17,418	92.62%	\$ 101,139	17.22%
2011	12/31/2010	190,079	202,191	12,112	94.01	96,627	12.53
2010	12/31/2009	163,560	175,717	12,157	93.08	92,475	13.15

On a market value basis, the actuarial value of assets as of December 31, 2011 for the IMRF Regular plan and IMRF SLEP plan was \$12,104,619 and \$212,432, respectively. On a market basis, the funded ratio would be 70.09% and 89.96%, respectively.

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

The required contribution for 2011 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from .4 percent to 10 percent per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3 percent per year. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor. IMRF's Regular and SLEP plans unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

City of East Peoria, Illinois

**Required Supplementary Information
Firefighter's Pension Plan**

Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
04/30/2012	04/30/2010	\$ 14,718,698	\$ 27,629,584	\$ 12,910,886	53.27%	\$ 2,516,887	512.97%
04/30/2011	04/30/2009	14,235,057	26,023,011	11,787,954	54.70	2,387,396	493.76
04/30/2010	05/01/2008	13,761,239	23,609,260	9,848,021	58.29	2,389,575	412.12

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2010
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	23 years, 2 months
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00% per year
Projected salary increases	4.75% per year
Cost of living adjustments	3.00% per year

City of East Peoria, Illinois

**Required Supplementary Information
Police Pension Plan**

Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
04/30/2012	04/30/2010	\$ 20,655,587	\$ 33,932,457	\$ 13,276,870	60.87%	\$ 2,650,455	500.93%
04/30/2011	04/30/2009	20,088,534	31,709,073	11,620,539	63.35	2,608,531	445.48
04/30/2010	04/30/2008	19,642,059	30,043,871	10,401,812	65.38	2,434,980	427.18

Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2010
Actuarial cost method	Entry-Age-Normal
Amortization method	Level percent closed
Remaining amortization period	23 years, 2 months
Actuarial asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	6.75% per year
Projected salary increases	4.75% per year
Cost of living adjustments	3.00% per year

City of East Peoria, Illinois

**Required Supplementary Information
Other Postemployment Benefit Plan**

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	04/30/2011	\$ -	\$ 43,213,926	\$ 43,213,926	- %	\$ 10,895,330	396.63%
2011	04/30/2011	-	43,213,926	43,213,926	-	10,629,591	406.54
2010	04/30/2010	-	35,313,288	35,313,288	-	10,276,572	343.63

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of April 30, 2011. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) a 4.5 percent unfunded and 8 percent fully funded discount rate, 2) salary increases of 3 percent, 3) mortality rates using the RP-2000 Combined Mortality Table projected to 2010 using Scale AA and 4) health care cost trend rates beginning at 9 percent and steadily declining to 4.5 percent.
- d. The amortization method is level percentage of pay on an open basis.

City of East Peoria, Illinois

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
General Fund
Year Ended April 30, 2012

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences	Amounts	Final Budget
			Over (Under)	GAAP Basis	
Revenues:					
Taxes	\$ 12,756,230	\$ 13,958,234	\$ (519,882)	\$ 13,438,352	\$ 1,202,004
Intergovernmental	334,600	417,865	3,849	421,714	83,265
Investment earnings	100,000	47,388	-	47,388	(52,612)
Licenses and permits	197,262	194,272	-	194,272	(2,990)
Miscellaneous	1,415,000	2,153,232	-	2,153,232	738,232
Total revenues	14,803,092	16,770,991	(516,033)	16,254,958	1,967,899
Expenditures:					
Current					
General government	5,639,185	5,502,899	30,975	5,533,874	136,286
Community development	397,500	396,350	-	396,350	1,150
Capital outlay	489,598	4,861	-	4,861	484,737
Debt service:					
Principal payments	-	344,288	-	344,288	(344,288)
Interest and fiscal charges	-	262,661	-	262,661	(262,661)
Total expenditures	6,526,283	6,511,059	30,975	6,542,034	15,224
Excess (deficiency) of revenues over expenditures	8,276,809	10,259,932	(547,008)	9,712,924	1,983,123
Other financing sources (uses):					
Proceeds from sale of capital assets	5,000	-	-	-	(5,000)
Transfers in	-	54,733	-	54,733	54,733
Transfers out	(250,000)	(8,465,415)	-	(8,465,415)	(8,215,415)
Total other financing (uses)	(245,000)	(8,410,682)	-	(8,410,682)	(8,165,682)
Net change in fund balance	\$ 8,031,809	\$ 1,849,250	\$ (547,008)	1,302,242	\$ (6,182,559)
Reconciliation to GAAP Basis:					
Activities reported within the Police Protection Account, Fire Protection Account, Garbage Collection and Disposal Account, Street and Bridge Account and Ambulance Service Account (sub-funds of the General Fund):					
Total revenue				4,102,325	
Total expenditures				(11,634,648)	
Total other financing sources				7,663,393	
Total reconciling items				131,070	
Net change in fund balance				1,433,312	
Fund balances, beginning of year, as restated				6,392,749	
Fund balances, end of year				\$ 7,826,061	

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
Riverboat Gaming Tax Fund
Year Ended April 30, 2012

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis	Final Budget
Revenues:					
Taxes	\$ 7,000,000	\$ 6,938,006	\$ 43,742	\$ 6,981,748	\$ (61,994)
Intergovernmental	-	329,003	7,833	336,836	329,003
Investment earnings	5,000	1,502	-	1,502	(3,498)
Miscellaneous	-	398,000	-	398,000	398,000
Total revenues	7,005,000	7,666,511	51,575	7,718,086	661,511
Expenditures:					
Capital outlay	6,679,793	7,334,361	(199,928)	7,134,433	(654,568)
Debt service:					
Principal payments	1,209,809	606,542	-	606,542	603,267
Interest and fiscal charges	-	129,963	-	129,963	(129,963)
Total expenditures	7,889,602	8,070,866	(199,928)	7,870,938	(181,264)
Excess (deficiency) of revenues over expenditures	(884,602)	(404,355)	251,503	(152,852)	480,247
Other financing (uses), transfers out	-	(604,500)	-	(604,500)	(604,500)
Net change in fund balance	\$ (884,602)	\$ (1,008,855)	\$ 251,503	(757,352)	\$ (124,253)
Fund balance, beginning of year				11,883,158	
Fund balance, end of year				<u>\$ 11,125,806</u>	

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)
Special Tax Allocation Fund
Year Ended April 30, 2012

	Original/Final		Cash Actual to GAAP	Actual	Variance With
	Budget	Actual	Differences Over (Under)	Amounts GAAP Basis	Final Budget
Revenues:					
Taxes	\$ 760,000	\$ 770,187	\$ -	\$ 770,187	\$ 10,187
Investment earnings	540	602	-	602	62
Total revenues	760,540	770,789	-	770,789	10,249
Expenditures:					
Current					
General government	130,000	130,396	-	130,396	(396)
Other	2,500	2,501	-	2,501	(1)
Debt service:					
Principal payments	1,075,000	1,075,000	-	1,075,000	-
Interest and fiscal charges	162,690	167,690	-	167,690	(5,000)
Total expenditures	1,370,190	1,375,587	-	1,375,587	(5,397)
Excess (deficiency) of revenues over expenditures	(609,650)	(604,798)	-	(604,798)	4,852
Other financing sources, transfers in	609,650	604,500	-	604,500	(5,150)
Net change in fund balance	\$ -	\$ (298)	\$ -	(298)	\$ (298)
Fund balance (deficit), beginning of year				(6,203,470)	
Fund balance (deficit), end of year				<u>\$ (6,203,768)</u>	

See Notes to Required Supplementary Information.

City of East Peoria, Illinois

Notes to Required Supplementary Information

Note 1. Basis of Accounting

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

Note 2. Budgetary Data, Primary Government

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

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

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

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

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

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

An amended budget was not prepared for the City; therefore, the original budget is the final budget, except for the Motor Fuel Tax Fund where the City did amend the budget.

The Special Assessment Fund and IHDA Fund were not budgeted for the year ended April 30, 2011 and are not included on the budgetary comparison schedules.

City of East Peoria, Illinois

Notes to Required Supplementary Information

Note 2. Budgetary Data, Primary Government (Continued)

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

	Final Budget	Actual	Overage
General fund accounts (budgeted separately):			
Fire protection	\$ 2,884,513	\$ 2,926,402	\$ 41,889
Garbage collection and disposal	959,822	989,656	29,834
Riverboat Gaming fund	7,889,602	8,070,866	181,264
Special Tax Allocation fund	1,370,190	1,375,587	5,397
Bond and Interest fund	-	144,489	144,489
Nonmajor:			
Workers compensation	1,075,000	1,085,841	10,841
Unemployment insurance	20,000	22,983	2,983
Hotel/motel tax	585,927	621,661	35,734

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City of East Peoria, Illinois

Balance Sheet - General Fund - By Account

April 30, 2012

	General Fund	Police Protection	Fire Protection	Garbage Collection and Disposal
Assets				
Cash and investments	\$ 2,556,263	\$ 95,505	\$ 19,772	\$ 40,244
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Property taxes	133,832	800,056	800,056	800,056
Sales tax	2,658,001	-	-	-
State income tax	1,075,245	-	-	-
Personal property replacement tax	101,298	-	-	-
Customer charges	-	-	-	-
Grants	-	-	-	-
Fines	23,681	20,435	-	-
Other	66,637	-	-	-
Due from other funds	1,508,783	-	-	-
Advanced to other funds	1,866,158	-	-	-
Total assets	\$ 9,989,898	\$ 915,996	\$ 819,828	\$ 840,300
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 87,404	\$ 7,473	\$ 6,212	\$ 8,687
Wages payable	2,248	-	65,199	4,192
Liquor license bonds held	16,500	-	-	-
Compensated absences	-	30,722	14,864	-
Deferred revenue	1,526,260	800,056	800,056	800,056
Due to other governmental entities	645,229	-	-	-
Due to other funds	16,332	-	59,000	59,421
Total liabilities	2,293,973	838,251	945,331	872,356
Fund balances (deficits):				
Nonspendable	1,866,158	-	-	-
Assigned	-	77,745	-	-
Unassigned	5,829,767	-	(125,503)	(32,056)
Total fund balances (deficits)	7,695,925	77,745	(125,503)	(32,056)
Total liabilities and fund balances (deficits)	\$ 9,989,898	\$ 915,996	\$ 819,828	\$ 840,300

Street and Bridge	Ambulance Service	Combining General Fund
\$ 180	\$ 104,739	\$ 2,816,703
568,627	-	3,102,627
-	-	2,658,001
-	-	1,075,245
-	-	101,298
-	191,035	191,035
-	-	-
-	-	44,116
-	-	66,637
7,421	-	1,516,204
-	-	1,866,158
<u>\$ 576,228</u>	<u>\$ 295,774</u>	<u>\$ 13,438,024</u>

\$ 32,441	\$ 2,445	\$ 144,662
7,906	5,633	85,178
-	-	16,500
-	-	45,586
568,627	-	4,495,055
-	-	645,229
45,000	-	179,753
<u>653,974</u>	<u>8,078</u>	<u>5,611,963</u>

-	-	1,866,158
-	287,696	365,441
<u>(77,746)</u>	<u>-</u>	<u>5,594,462</u>
<u>(77,746)</u>	<u>287,696</u>	<u>7,826,061</u>

<u>\$ 576,228</u>	<u>\$ 295,774</u>	<u>\$ 13,438,024</u>
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City of East Peoria, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
General Fund - By Account
Year Ended April 30, 2012**

	General Fund	Police Protection	Fire Protection	Garbage Collection and Disposal
Revenues:				
Property taxes	\$ 15,451	\$ 696,776	\$ 474,857	\$ 474,857
Other taxes and special assessments	13,422,901	-	-	-
Charges for services	-	59,500	47,713	-
Intergovernmental	421,714	280,708	97,039	71,501
Investment earnings	47,388	629	407	405
Licenses and permits	194,272	-	-	-
Miscellaneous	2,153,232	244,329	228	169,729
Total revenues	16,254,958	1,281,942	620,244	716,492
Expenditures:				
Current:				
General government	5,533,874	-	-	-
Police	-	4,621,797	-	-
Fire	-	-	2,921,117	-
Sanitation	-	-	-	963,745
Health and welfare	-	-	-	-
Public works	-	-	-	-
Community development	396,350	-	-	-
Capital outlay	4,861	35,070	-	-
Debt Service:				
Principal payments	344,288	-	-	-
Interest and fiscal charges	262,661	-	-	-
Total expenditures	6,542,034	4,656,867	2,921,117	963,745
Excess (deficiency) of revenues over expenditures	9,712,924	(3,374,925)	(2,300,873)	(247,253)
Other financing sources (uses):				
Transfers in	54,733	3,358,789	2,296,462	290,435
Transfers out	(8,465,415)	-	-	-
Total other financing sources (uses)	(8,410,682)	3,358,789	2,296,462	290,435
Net change in fund balances	1,302,242	(16,136)	(4,411)	43,182
Fund balances (deficits), beginning of year, as restated	6,393,683	93,881	(121,092)	(75,238)
Fund balances (deficits), end of year	\$ 7,695,925	\$ 77,745	\$ (125,503)	\$ (32,056)

	Street and Bridge	Ambulance Service	Eliminations	Combining General Fund
\$	427,097	\$ -	\$ -	\$ 2,089,038
	-	-	-	13,422,901
	802	879,497	-	987,512
	69,575	-	-	940,537
	183	38	-	49,050
	-	-	-	194,272
	85,845	20,610	-	2,673,973
	583,502	900,145	-	20,357,283
	-	-	-	5,533,874
	-	-	-	4,621,797
	-	-	-	2,921,117
	-	-	-	963,745
	-	1,285,419	-	1,285,419
	1,640,296	-	-	1,640,296
	-	-	-	396,350
	167,204	-	-	207,135
	-	-	-	344,288
	-	-	-	262,661
	1,807,500	1,285,419	-	18,176,682
	(1,223,998)	(385,274)	-	2,180,601
	1,229,377	488,330	(7,663,393)	54,733
	-	-	7,663,393	(802,022)
	1,229,377	488,330	-	(747,289)
	5,379	103,056	-	1,433,312
	(83,125)	184,640	-	6,392,749
\$	(77,746)	\$ 287,696	\$ -	\$ 7,826,061

City of East Peoria, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 April 30, 2012

	Special Revenue		
	Illinois Municipal Retirement	Motor Fuel Tax	Social Security
Assets			
Cash and cash equivalents	\$ 123,617	\$ 145,380	\$ 22,552
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	256,333	-	557,353
Personal property replacement tax	12,800	-	-
Motor fuel tax allotments	-	96,239	-
Assessments	-	-	-
Hotel/motel taxes	-	-	-
Notes	-	-	-
Other	46,047	-	-
Advanced to other funds	-	-	120,000
Total assets	\$ 438,797	\$ 241,619	\$ 699,905
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Pension obligation payable	-	-	-
Deferred revenue	272,145	-	557,353
Advanced from other funds	-	-	-
Total liabilities	272,145	-	557,353
Fund balances (deficits):			
Restricted	166,652	241,619	142,552
Unassigned	-	-	-
Total fund balances (deficits)	166,652	241,619	142,552
Total liabilities and fund balances (deficits)	\$ 438,797	\$ 241,619	\$ 699,905

(Continued)

Special Revenue

Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting	Unemployment Insurance
\$ 349,723	\$ 10,154	\$ 9,373	\$ 47,600	\$ 47,391	\$ 6,893
1,066,684	78,677	-	20,014	101,337	40,029
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,416,407</u>	<u>\$ 88,831</u>	<u>\$ 9,373</u>	<u>\$ 67,614</u>	<u>\$ 148,728</u>	<u>\$ 46,922</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,066,684	78,677	-	20,014	101,337	40,029
141,365	-	-	-	-	-
<u>1,208,049</u>	<u>78,677</u>	<u>-</u>	<u>20,014</u>	<u>101,337</u>	<u>40,029</u>
208,358	10,154	9,373	47,600	47,391	6,893
-	-	-	-	-	-
<u>208,358</u>	<u>10,154</u>	<u>9,373</u>	<u>47,600</u>	<u>47,391</u>	<u>6,893</u>
<u>\$ 1,416,407</u>	<u>\$ 88,831</u>	<u>\$ 9,373</u>	<u>\$ 67,614</u>	<u>\$ 148,728</u>	<u>\$ 46,922</u>

City of East Peoria, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

April 30, 2012

	Special Revenue		
	Emergency Service and Disaster Assistance	Hotel/Motel Tax	Revolving Loan
Assets			
Cash and cash equivalents	\$ 87,164	\$ 953,561	\$ 305,975
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Property taxes	-	-	-
Personal property replacement tax	-	-	-
Motor fuel tax allotments	-	-	-
Assessments	-	-	-
Hotel/motel taxes	-	78,216	-
Notes	-	-	412,828
Other	-	-	-
Advanced to other funds	7,967	-	-
Total assets	\$ 95,131	\$ 1,031,777	\$ 718,803
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 12,374	\$ -
Pension obligation payable	-	-	-
Deferred revenue	-	-	401,139
Advanced from other funds	-	-	-
Total liabilities	-	12,374	401,139
Fund balances (deficits):			
Restricted	95,131	1,019,403	317,664
Unassigned	-	-	-
Total fund balances (deficits)	95,131	1,019,403	317,664
Total liabilities and fund balances (deficits)	\$ 95,131	\$ 1,031,777	\$ 718,803

Special Revenue					
Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Total Nonmajor Governmental Fund	
\$ 251,455	\$ 17,927	\$ -	\$ -	\$ 2,378,765	
-	-	1,079,682	1,147,834	4,347,943	
-	-	27,000	35,600	75,400	
-	-	-	-	96,239	
104,023	-	-	-	104,023	
-	-	-	-	78,216	
-	-	-	-	412,828	
-	-	75,578	46,047	167,672	
8,364	-	-	-	136,331	
<u>\$ 363,842</u>	<u>\$ 17,927</u>	<u>\$ 1,182,260</u>	<u>\$ 1,229,481</u>	<u>\$ 7,797,417</u>	
\$ -	\$ -	\$ -	\$ -	\$ 12,374	
-	-	102,578	81,647	184,225	
-	-	1,106,030	1,163,646	4,807,054	
-	-	-	-	141,365	
-	-	1,208,608	1,245,293	5,145,018	
363,842	17,927	-	-	2,694,559	
-	-	(26,348)	(15,812)	(42,160)	
<u>363,842</u>	<u>17,927</u>	<u>(26,348)</u>	<u>(15,812)</u>	<u>2,652,399</u>	
<u>\$ 363,842</u>	<u>\$ 17,927</u>	<u>\$ 1,182,260</u>	<u>\$ 1,229,481</u>	<u>\$ 7,797,417</u>	

City of East Peoria, Illinois

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2012**

	Special Revenue		
	Illinois Municipal Retirement	Motor Fuel Tax	Social Security
Revenues:			
Property taxes	\$ 274,926	\$ -	\$ 414,879
Other taxes and special assessments	198,427	-	-
Intergovernmental	12,800	580,671	-
Investment earnings	224	288	337
Miscellaneous	10,016	111,486	6,456
Total revenues	496,393	692,445	421,672
Expenditures:			
Current:			
General government	477,054	58	418,016
Police	-	-	-
Fire	-	-	-
Public works	-	725,490	-
Other	-	-	-
Capital outlay	-	9,142	-
Debt Service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	477,054	734,690	418,016
Excess (deficiency) of revenues over expenditures	19,339	(42,245)	3,656
Other financing sources, transfers in	-	-	-
Net change in fund balances	19,339	(42,245)	3,656
Fund balances (deficits), beginning of year, as restated	147,313	283,864	138,896
Fund balances (deficits), end of year	\$ 166,652	\$ 241,619	\$ 142,552

(Continued)

Special Revenue

Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting	Unemployment Insurance
\$ 799,767	\$ 55,993	\$ -	\$ 15,036	\$ 75,014	\$ 20,863
-	-	-	-	-	-
500,000	-	-	-	1,008	-
650	45	-	11	62	17
2,306	-	-	-	-	-
<u>1,302,723</u>	<u>56,038</u>	<u>-</u>	<u>15,047</u>	<u>76,084</u>	<u>20,880</u>
1,085,841	53,450	-	16,653	58,871	22,983
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,085,841</u>	<u>53,450</u>	<u>-</u>	<u>16,653</u>	<u>58,871</u>	<u>22,983</u>
216,882	2,588	-	(1,606)	17,213	(2,103)
-	-	-	-	-	-
216,882	2,588	-	(1,606)	17,213	(2,103)
(8,524)	7,566	9,373	49,206	30,178	8,996
<u>\$ 208,358</u>	<u>\$ 10,154</u>	<u>\$ 9,373</u>	<u>\$ 47,600</u>	<u>\$ 47,391</u>	<u>\$ 6,893</u>

City of East Peoria, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended April 30, 2012

	Special Revenue		
	Emergency Service and		
	Disaster Assistance	Hotel/Motel Tax	Revolving Loan
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes and special assessments	-	923,334	-
Intergovernmental	-	-	-
Investment earnings	-	-	20,763
Miscellaneous	-	353,311	254,875
Total revenues	-	1,276,645	275,638
Expenditures:			
Current:			
General government	1,341	623,365	-
Police	-	-	-
Fire	-	-	-
Public works	-	-	-
Other	-	-	40,000
Capital outlay	-	-	-
Debt Service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,341	623,365	40,000
Excess (deficiency) of revenues over expenditures	(1,341)	653,280	235,638
Other financing sources, transfers in	-	-	-
Net change in fund balances	(1,341)	653,280	235,638
Fund balances (deficits), beginning of year, as restated	96,472	366,123	82,026
Fund balances (deficits), end of year	\$ 95,131	\$ 1,019,403	\$ 317,664

Special Revenue					Total Nonmajor Governmental Fund
Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund		
\$ -	\$ -	\$ 901,903	\$ 955,068	\$	3,513,449
-	-	330,648	198,427		1,650,836
-	-	28,535	38,079		1,161,093
97,122	15	732	773		121,039
374,187	-	-	-		1,112,637
471,309	15	1,261,818	1,192,347		7,559,054
-	-	-	-		2,757,632
-	-	-	1,201,517		1,201,517
-	-	1,281,573	-		1,281,573
45,590	-	-	-		771,080
-	1,138	-	-		41,138
-	-	-	-		9,142
405,000	-	-	-		405,000
56,200	-	-	-		56,200
506,790	1,138	1,281,573	1,201,517		6,523,282
(35,481)	(1,123)	(19,755)	(9,170)		1,035,772
100,000	-	-	-		100,000
64,519	(1,123)	(19,755)	(9,170)		1,135,772
299,323	19,050	(6,593)	(6,642)		1,516,627
\$ 363,842	\$ 17,927	\$ (26,348)	\$ (15,812)	\$	2,652,399

City of East Peoria, Illinois

Combining Schedule of Fiduciary Net Assets
April 30, 2012

	Pension Trust Funds		
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 279,398	\$ 474,207	\$ 753,605
Receivables:			
Employer contributions	1,390,490	1,311,196	2,701,686
Accrued interest and dividends	56,380	101,360	157,740
Total receivables	1,446,870	1,412,556	2,859,426
Investments, at fair value:			
Money market funds	1,516,754	775,055	2,291,809
Municipal bonds	260,033	752,772	1,012,805
Corporate bonds	1,957,320	5,152,411	7,109,731
U.S. Government notes and bonds	3,079,950	3,818,937	6,898,887
U.S. Government agency obligations	875,462	1,665,567	2,541,029
Mutual funds	5,089,155	2,259,789	7,348,944
Common stocks	1,814,957	6,042,775	7,857,732
Total investments	14,593,631	20,467,306	35,060,937
Total assets	16,319,899	22,354,069	38,673,968
Liabilities			
Accounts payable and accrued payroll taxes	14,674	3,591	18,265
Amounts held for others	-	-	-
Total liabilities	14,674	3,591	18,265
Net assets held in trust for pension benefit obligation	\$ 16,305,225	\$ 22,350,478	\$ 38,655,703

Agency Funds				
Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	Total Agency Funds	
\$ 7,343	\$ 2,537	\$ 12,256	\$ 22,136	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
7,343	2,537	12,256	22,136	
-	-	-	-	
7,343	2,537	12,256	22,136	
7,343	2,537	12,256	22,136	
\$ -	\$ -	\$ -	\$ -	

City of East Peoria, Illinois

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended April 30, 2012

	Balance, Beginning	Additions	Deductions	Balance, Ending
Levi King Scholarship Fund				
Assets , cash and cash equivalents	\$ 7,730	\$ 140	\$ 527	\$ 7,343
Liabilities , amounts held for others	\$ 7,730	\$ 140	\$ 527	\$ 7,343
Dependent Care Fund				
Assets , cash and cash equivalents	\$ 1,784	\$ 5,545	\$ 4,792	\$ 2,537
Liabilities , amounts held for others	\$ 1,784	\$ 5,545	\$ 4,792	\$ 2,537
Unreimbursed Medical Fund				
Assets , cash and cash equivalents	\$ 12,617	\$ 87,943	\$ 88,304	\$ 12,256
Liabilities , amounts held for others	\$ 12,617	\$ 87,943	\$ 88,304	\$ 12,256
Total				
Assets , cash and cash equivalents	\$ 22,131	\$ 93,628	\$ 93,623	\$ 22,136
Liabilities , amounts held for others	\$ 22,131	\$ 93,628	\$ 93,623	\$ 22,136

City of East Peoria, Illinois

Combining Statement of Changes in Fiduciary Net Assets
Year Ended April 30, 2012

	Pension Trust Funds		Total
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	
Additions:			
Contributions:			
Plan members' contributions	\$ 280,614	\$ 297,361	\$ 577,975
Employer contributions	1,396,644	1,330,790	2,727,434
Total contributions	1,677,258	1,628,151	3,305,409
Other revenue	-	15,520	15,520
Investment income:			
Net appreciation in fair value of investments	90,609	438,243	528,852
Dividends and interest	369,663	636,482	1,006,145
Total investment income	460,272	1,074,725	1,534,997
Less investment expenses	77,622	106,757	184,379
Net investment income	382,650	967,968	1,350,618
Total additions	2,059,908	2,611,639	4,671,547
Deductions:			
Benefits paid	1,197,088	1,780,248	2,977,336
Refunds of contributions	1,275	3,929	5,204
Administrative expenses	35,546	41,248	76,794
Total deductions	1,233,909	1,825,425	3,059,334
Net increase	825,999	786,214	1,612,213
Net assets held in trust for pension benefits:			
Beginning of year	15,479,226	21,564,264	37,043,490
End of year	\$ 16,305,225	\$ 22,350,478	\$ 38,655,703

City of East Peoria, Illinois

**Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections
April 30, 2012**

		2011 Tax Levy		
Assessed valuation, excluding Tax Increment				
Financing District Increment		<u>\$ 431,343,641</u>		
Fund	Levy	Rate	Amount Extended by County Clerk	Collected Within 60 Days After April 30, 2012
General	\$ 100,346	0.02327	\$ 100,374	\$ -
Police protection	600,000	0.13911	600,042	-
Fire protection	600,000	0.13911	600,042	-
Garbage collection and disposal	600,000	0.13911	600,042	-
Sewer chlorination	15,000	0.00348	15,011	-
Illinois Municipal Retirement	192,240	0.04457	192,250	-
FICA	418,000	0.09691	418,015	-
Workmen's compensation	800,000	0.18547	800,013	-
Street and bridge	428,000	0.05206	224,558	-
Audit	59,000	0.01368	59,008	-
Street lighting	76,000	0.01762	76,003	-
Unemployment insurance	30,000	0.00696	30,022	-
Emergency service and disaster assistance	-	-	-	-
Firemen's pension	809,737	0.18773	809,761	-
Police pension	860,866	0.19958	860,876	-
	<u>\$ 5,589,189</u>	<u>1.24866</u>	<u>\$ 5,386,017</u>	<u>\$ -</u>

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

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City of East Peoria, Illinois

Assessed Valuations, Taxes Levied, Tax Rates, Tax Extensions and Tax Collections (Continued)
 April 30, 2012

		2010 Tax Levy			
Assessed valuation, excluding Tax Increment					
Financing District Increment		<u>\$ 428,561,535</u>			
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Collected	
General	\$ -	-	\$ -	\$ -	
Police protection	697,000	0.16264	697,012	696,776	
Fire protection	475,000	0.11084	475,018	474,857	
Garbage collection and disposal	475,000	0.11084	475,018	474,857	
Sewer chlorination	15,000	0.00351	15,043	15,036	
Illinois Municipal Retirement	275,000	0.06417	275,008	274,926	
FICA	415,000	0.09684	415,019	414,879	
Workmen's compensation	800,000	0.18668	800,039	799,767	
Street and bridge	427,500	0.05264	225,595	225,516	
Audit	56,000	0.01307	56,013	55,993	
Street lighting	75,000	0.01751	75,041	75,014	
Unemployment insurance	20,853	0.00487	20,871	20,863	
Emergency service and disaster assistance	-	-	-	-	
Firemen's pension	902,168	0.21052	902,208	901,903	
Police pension	955,350	0.22293	955,392	955,068	
	<u>\$ 5,588,871</u>	<u>1.25706</u>	<u>\$ 5,387,277</u>	<u>\$ 5,385,455</u>	

2009 Tax Levy				2008 Tax Levy			
			<u>\$ 423,364,569</u>				<u>\$ 414,023,511</u>
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
\$ -	-	\$ -	\$ -	\$ 248,872	0.06010	\$ 248,828	\$ 247,414
475,000	0.11200	474,084	474,268	475,000	0.11470	474,968	472,268
475,000	0.11198	474,084	474,268	475,000	0.11470	474,968	472,268
475,000	0.11200	474,084	474,268	475,000	0.11470	474,968	472,268
30,000	0.00708	29,974	29,986	25,000	0.00604	25,007	24,865
212,700	0.05014	212,275	212,358	110,000	0.02657	110,006	109,381
414,000	0.09760	413,204	413,365	385,000	0.09298	384,959	382,771
886,018	0.20889	884,366	884,710	800,000	0.19321	799,935	795,389
413,982	0.09759	413,162	413,322	625,325	0.09999	413,982	411,629
54,000	0.01273	53,894	53,915	72,000	0.01739	71,999	71,590
75,000	0.01769	74,893	74,922	74,500	0.01799	74,483	74,060
34,257	0.00807	34,166	34,178	-	-	-	-
35,000	0.00825	34,928	34,942	35,000	0.00845	34,985	34,786
869,769	0.20510	868,363	868,700	688,862	0.16637	688,811	684,896
810,720	0.19112	809,134	809,450	776,329	0.18749	776,253	771,841
<u>\$ 5,260,446</u>	<u>1.24024</u>	<u>\$ 5,250,611</u>	<u>\$ 5,252,652</u>	<u>\$ 5,265,888</u>	<u>1.22068</u>	<u>\$ 5,054,152</u>	<u>\$ 5,025,426</u>

City of East Peoria, Illinois

Legal Debt Margin

April 30, 2012

Assessed valuation, 2011 tax year			<u>\$ 431,343,641</u>
Statutory debt limitation (8.625% of assessed valuation)			\$ 37,203,389
Total debt:			
Notes payable to banks	\$	5,998,818	
Notes payable to Illinois Environment Protection Agency		5,806,518	
Special assessment bonds		465,000	
Project bonds		4,135,000	
General obligation bonds (alternate revenue source)		83,330,000	
Revenue bonds		395,000	
Deduct debt exempt from debt limitation computation:			
Project bonds		(4,135,000)	
General obligation bonds (alternate revenue source)		(83,330,000)	
Revenue bonds		(395,000)	12,270,336
Legal debt margin			<u>\$ 24,933,053</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
Special Tax Allocation Fund
Year Ended April 30, 2012

	<u>District III</u>
Receipts:	
Tax increment financing, property taxes	\$ 770,187
Interest income	602
Interfund borrowing	504,500
Total receipts	<u>1,275,289</u>
Disbursements:	
1998-B Refunding Tax Increment Bond interest	131,645
1998-B Refunding Tax Increment Bonds	815,000
2005-D Refunding Tax Increment Bond interest	31,045
2005-D Refunding Tax Increment Bonds	265,000
Distribution to other taxing districts	130,396
Bank collection charges	2,501
Total disbursements	<u>1,375,587</u>
Excess of receipts (under) disbursements	(100,298)
Cash and investments, April 30, 2011	<u>100,328</u>
Cash and investments, April 30, 2012	<u>\$ 30</u>

City of East Peoria, Illinois

Schedule of Receipts and Disbursements by District
Capital Projects Fund
Year Ended April 30, 2012

	Camp Street TIF District	Washington Street TIF District	Total
Receipts:			
Tax increment financing:			
Property taxes	\$ 1,268,913	\$ 67,301	\$ 1,336,214
Sales taxes	230,265	-	230,265
Hotel/motel taxes	642,523	-	642,523
Lease income	871,680	-	871,680
Interest income	60,472	169,430	229,902
Reimbursements	445,132	52,000	497,132
Interfund borrowing	-	1,516,204	1,516,204
Total receipts	3,518,985	1,804,935	5,323,920
Disbursements:			
2002-C Tax Increment Bond interest	129,093	-	129,093
2002-C Tax Increment Bond principal	220,000	-	220,000
2004-B Tax Increment Bond interest	100,398	-	100,398
2004-B Tax Increment Bond principal	140,000	-	140,000
2007 Refunding Tax Increment Bond interest	1,230,988	-	1,230,988
2007 Refunding Tax Increment Bond principal	440,000	-	440,000
2008 General Obligation Bond interest	-	359,044	359,044
2008 General Obligation Bond principal	-	345,000	345,000
2010A General Obligation Bond interest	962,511	-	962,511
2010B General Obligation Bond interest	1,055,983	-	1,055,983
Development and engineering fees	27,094,139	14,160,968	41,255,107
Other operating expenses	203,097	99,174	302,271
Principal paid on notes payable	137,948	-	137,948
Interest paid on notes payable	46,233	-	46,233
Attorney fees	46,042	387,133	433,175
Interfund payment	145,006	-	145,006
Total disbursements	31,951,438	15,351,319	47,302,757
Excess of receipts (under) disbursements	(28,432,453)	(13,546,384)	(41,978,837)
Cash, April 30, 2011	30,813,972	20,593,618	51,407,590
Cash, April 30, 2012	\$ 2,381,519	\$ 7,047,234	\$ 9,428,753

City of East Peoria, Illinois

Miscellaneous Information

April 30, 2012

(Unaudited)

Number of accounts served as of April 30, 2012:

Sewer	7,621
Metered water	7,708
Unmetered water	-

Approximate gallons of sewage treated during the year ended April 30, 2012

1,540,000,000

Approximate gallons of water during the year ended April 30, 2012:

Pumped (in millions of gallons)	1,007
Billed (in millions of gallons)	718

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

Water	Sewer
First 3,000 gallons or less - \$5.62 per 1,000 gallons	\$4.52 per 1,000 gallons of water metered
Next 7,000 gallons at \$4.79 per 1,000 gallons	3,000 gallons or less minimum charge - \$13.56
Next 290,000 gallons at \$4.12 per 1,000 gallons	Nonmetered flat rate sewer charge - \$49.69 bimonthly
300,000 gallons and over at \$3.62 per 1,000 gallons	Senior citizens rate - flat rate sewer charge - \$29.37 bimonthly
Nonmetered flat rate - \$58.10 bimonthly	
Senior citizens rate - no charge first 6,000 gallons (regular rates over 6,000 gallons)	

City of East Peoria, Illinois

Insurance Coverage

April 30, 2012

(Unaudited)

Name of Insurer	Risk Covered	Amount	Expiration Date
Automobile			
Illinois Counties Risk Management Trust	Bodily injury and property damage	\$ 1,000,000	December 1, 2012
	Medical payments, each person	5,000	
	Medical payments, each accident	25,000	
	Uninsured/underinsured motorist	100,000	
	Auto physical damage	7,060,778	
Commercial Package			
	General liability and law enforcement, each occurrence bodily injury and property damage	1,000,000	
	Aggregate bodily injury and property damage	3,000,000	
	Premises medical payments	1,000	
	Premises medical payments each occurrence	50,000	
	Public officials liability	1,000,000	
	Law enforcement activities annual aggregate	3,000,000	
	Physical and sexual abuse	100,000	
	Money and securities, inside and outside	500,000	
	Money orders and counterfeit currency	500,000	
	Depositors forgery	500,000	
	Property, building	127,107,300	
	Property, personal property	4,485,135	
	Equipment breakdown	131,592,435	
	Equipment floater	3,396,319	
	Valuable papers coverage	500,000	
	EDP equipment	650,000	
	Employee dishonesty bond	500,000	
	Excess liability:		
	General liability and law enforcement	9,000,000	
	Auto liability	9,000,000	
	Public officials	9,000,000	