

**CITY OF EAST PEORIA, ILLINOIS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED APRIL 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Peoria, Illinois (the City), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Peoria Mass Transit District discretely presented component unit. We did not audit the Police Pension Trust Fund and Firefighter's Pension Trust Fund, which represent 82%, 90%, and 43%, respectively, of the assets, net position/fund balance, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Peoria Mass Transit District discretely presented component unit, Police Pension Trust Fund, and Firefighter's Pension Trust Fund is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit and Police and Firefighter's Pension Trust Funds were not audited in accordance with *Government Auditing Standards*.

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

Honorable Mayor and Commissioners  
City of East Peoria, Illinois

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

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of April 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter - Restatements***

As discussed in Note 17 to the financial statements, beginning net position for governmental activities and beginning fund balance for the Bond and Interest Fund have been restated to account for matured bonds payable that were incorrectly reported in a prior fiscal year. Further, beginning fund balance for the General Fund has been restated to account for compensated absences that were incorrectly reported in a prior fiscal year. Additionally, beginning net position for the Pension Trust Funds have been restated to account for accounts receivable that were incorrectly reported in a prior fiscal year. Our opinions are not modified with respect to these matters.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the pension and other post-employment information on pages 73 through 78 and budgetary comparison information on pages 79 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The City has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

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

Honorable Mayor and Commissioners  
City of East Peoria, Illinois

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

The statistical information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Governmental Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017 on our consideration of City of East Peoria's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of East Peoria's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 24, 2017

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2017**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 9,241,273	\$ 2,438,654	\$ 11,679,927	\$ 62,290
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Property Taxes	10,986,461	-	10,986,461	440,748
Sales Tax	3,584,954	-	3,584,954	-
State Income Tax	811,446	-	811,446	-
Personal Property Replacement Tax	217,443	-	217,443	9,092
Motor Fuel Tax Allotments	51,238	-	51,238	-
Gaming Tax	373,268	-	373,268	-
Water and Sewer Revenue Receivables:				
Billed	-	278,565	278,565	-
Unbilled Charges	-	1,392,613	1,392,613	-
Customer Charges (Net of Allowance)	332,516	118,305	450,821	-
Assessments	13,772	-	13,772	-
Hotel/Motel Taxes	148,461	-	148,461	-
Intergovernmental	102,850	-	102,850	-
Notes	151,785	-	151,785	-
Fines	19,342	-	19,342	-
Capital Lease	546,224	-	546,224	-
Other	275,342	-	275,342	-
Developer	148,469	-	148,469	-
Prepaid Expenses	-	4,041	4,041	-
Inventory, at Cost	-	100,528	100,528	-
Internal Balances	259,440	(259,440)	-	-
Assets Held for Resale	1,430,000	-	1,430,000	-
Total Current Assets	<u>28,694,284</u>	<u>4,073,266</u>	<u>32,767,550</u>	<u>512,130</u>
<b>NONCURRENT ASSETS</b>				
Restricted Assets, Cash and Investments	4,326,573	-	4,326,573	-
Receivables (Net Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Assessments	25,159	-	25,159	-
Capital Lease	7,721,202	-	7,721,202	-
Capital Assets:				
Not Depreciable:				
Land	8,426,876	3,647,682	12,074,558	-
Construction-in-Progress	1,266,594	194,400	1,460,994	-
Depreciable:				
Land Improvements	5,383,973	7,468,978	12,852,951	-
Buildings	53,683,681	24,714,279	78,397,960	-
Machinery, Equipment, and Vehicles	18,097,663	14,767,068	32,864,731	-
Infrastructure	122,812,945	40,543,229	163,356,174	-
Accumulated Depreciation	<u>(78,911,723)</u>	<u>(57,254,909)</u>	<u>(136,166,632)</u>	<u>-</u>
Total Noncurrent Assets	<u>142,832,943</u>	<u>34,080,727</u>	<u>176,913,670</u>	<u>-</u>
Total Assets	171,527,227	38,153,993	209,681,220	512,130
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	673,847	-	673,847	-
Deferred Amounts Related to Pensions	10,880,273	1,830,505	12,710,778	-
Total Deferred Outflows of Resources	<u>11,554,120</u>	<u>1,830,505</u>	<u>13,384,625</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 966,747	\$ 199,899	\$ 1,166,646	\$ -
Retainage Payable	46,523	-	46,523	-
Wages Payable	195,432	29,085	224,517	-
Matured Bonds Payable	481,397	-	481,397	-
Liquor License Bond Held	17,500	-	17,500	-
Interest Payable	1,233,032	36,000	1,269,032	-
Pension Contribution Payable	199,046	-	199,046	-
Unearned Revenue	10,103	180,385	190,488	-
Due to Other Governmental Entities	626,799	-	626,799	52,500
Deposits - Customers	-	83,600	83,600	-
Compensated Absences	794,610	182,379	976,989	-
Accrued Health Claims	485,681	-	485,681	-
Current Portion of Long-Term Debt	6,257,859	955,760	7,213,619	-
Total Current Liabilities	11,314,729	1,667,108	12,981,837	52,500
<b>LONG-TERM LIABILITIES</b>				
Compensated Absences	2,988,164	270,152	3,258,316	-
Other Postemployment Benefits Obligation	16,734,358	1,637,066	18,371,424	-
Net Pension Liability	59,579,055	2,331,859	61,910,914	-
General Obligation Bonds, Net Bond Discounts and Premiums, Noncurrent	83,099,272	676,767	83,776,039	-
Notes Payable, Noncurrent	5,137,170	4,607,347	9,744,517	-
Total Long-Term Liabilities	167,538,019	9,523,191	177,061,210	-
Total Liabilities	178,852,748	11,190,299	190,043,047	52,500
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent Year's Property Taxes	10,986,461	-	10,986,461	152,398
Deferred Amounts Related to Pensions	1,618,338	262,014	1,880,352	-
Total Deferred Inflows of Resources	12,604,799	262,014	12,866,813	152,398
<b>NET POSITION</b>				
Net Investment in Capital Assets	36,893,032	27,840,853	64,733,885	-
Restricted for:				
Employee Benefits	454,426	-	454,426	-
Debt Service	1,459,789	-	1,459,789	-
Audit	97,716	-	97,716	33,022
School Crossing Guard	9,373	-	9,373	-
Sewer	29,590	-	29,590	-
Emergency Services	155,170	-	155,170	-
Tourism	1,052,993	-	1,052,993	-
Revolving Loan	716,625	-	716,625	-
IHDA	9,916	-	9,916	-
Capital Improvements and Equipment	24,048,869	-	24,048,869	-
Liability Insurance	-	-	-	144,048
Unrestricted (Deficit)	(73,303,699)	691,332	(72,612,367)	130,162
Total Net Position	\$ (8,376,200)	\$ 28,532,185	\$ 20,155,985	\$ 307,232

**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2017**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>
Primary Government:	
Governmental Activities:	
Police	\$ (7,002,092)
Fire	(4,583,701)
Sanitation	(1,190,615)
Health and Welfare	(1,569,310)
Public Works	(8,192,728)
General Government	(23,575,071)
Community Development	(677,421)
Other	(3,107,902)
Interest on and Amortization of Long-Term Debt	<u>(3,877,797)</u>
Total Governmental Activities	<u>(53,776,637)</u>
Business-Type Activities:	
Water and Sewer	(7,457,628)
Eastport Marina	(876,358)
Eastside Centre	<u>(1,393,355)</u>
Total Business-Type Activities	<u>(9,727,341)</u>
Total Primary Government	<u>\$ (63,503,978)</u>
Component Unit:	
City of East Peoria Mass Transit District	<u>\$ (2,042,501)</u>

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position						
Program Revenues			Primary Government			Component Unit
Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	East Peoria Mass Transit District
\$ 1,099,599	\$ 191,918	\$ -	\$ (5,710,575)	\$ -	\$ (5,710,575)	\$ -
800,064	30,788	-	(3,752,849)	-	(3,752,849)	-
138,729	57	-	(1,051,829)	-	(1,051,829)	-
1,231,480	-	-	(337,830)	-	(337,830)	-
546,540	603,256	184,243	(6,858,689)	-	(6,858,689)	-
290,942	-	-	(23,284,129)	-	(23,284,129)	-
103,537	-	-	(573,884)	-	(573,884)	-
-	-	-	(3,107,902)	-	(3,107,902)	-
-	-	-	(3,877,797)	-	(3,877,797)	-
<u>4,210,891</u>	<u>826,019</u>	<u>184,243</u>	<u>(48,555,484)</u>	<u>-</u>	<u>(48,555,484)</u>	<u>-</u>
7,932,498	-	-	-	474,870	474,870	-
875,248	-	-	-	(1,110)	(1,110)	-
601,494	-	-	-	(791,861)	(791,861)	-
<u>9,409,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(318,101)</u>	<u>(318,101)</u>	<u>-</u>
<u>\$ 13,620,131</u>	<u>\$ 826,019</u>	<u>\$ 184,243</u>	<u>(48,555,484)</u>	<u>(318,101)</u>	<u>(48,873,585)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,713,308</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(329,193)</u>
<b>GENERAL REVENUES</b>						
Property Taxes			10,624,343	-	10,624,343	288,485
Sales and Use Taxes			14,978,107	14,605	14,992,712	-
State Income Taxes			1,892,867	-	1,892,867	-
Personal Property Replacement Taxes			1,438,963	-	1,438,963	57,539
Illinois Gaming Taxes			4,806,874	-	4,806,874	-
Other Taxes			2,953,840	-	2,953,840	-
Interest/Investment Income			61,695	22,622	84,317	173
Other			5,088,147	15,140	5,103,287	-
<b>TRANSFERS</b>			<u>(258,509)</u>	<u>258,509</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers			<u>41,586,327</u>	<u>532,193</u>	<u>42,118,520</u>	<u>346,197</u>
<b>CHANGE IN NET POSITION</b>			<u>(6,969,157)</u>	<u>214,092</u>	<u>(6,755,065)</u>	<u>17,004</u>
Net Position - Beginning of Year, as Previously Reported			<u>(811,823)</u>	<u>28,318,093</u>	<u>27,506,270</u>	<u>290,228</u>
Prior Period Adjustment			<u>(595,220)</u>	<u>-</u>	<u>(595,220)</u>	<u>-</u>
Net Position - Beginning of Year, as Restated			<u>(1,407,043)</u>	<u>28,318,093</u>	<u>26,911,050</u>	<u>290,228</u>
<b>NET POSITION - END OF YEAR</b>			<u>\$ (8,376,200)</u>	<u>\$ 28,532,185</u>	<u>\$ 20,155,985</u>	<u>\$ 307,232</u>

**CITY OF EAST PEORIA, ILLINOIS  
BALANCE SHEET – GOVERNMENTAL FUNDS  
APRIL 30, 2017**

<b>ASSETS</b>	<u>General Fund</u>
Cash and Investments	\$ 2,812,921
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	1,781,818
Sales Tax	3,279,412
State Income Tax	811,446
Personal Property Replacement Tax	142,043
Motor Fuel Tax Allotments	-
Gaming Tax	-
Customer Charges	332,516
Assessments	-
Hotel/Motel Taxes	-
Intergovernmental	13,233
Notes	-
Fines	19,342
Capital Lease	-
Other	81,520
Developer	-
Advanced to Other Funds	2,739,017
Assets Held for Resale	-
Restricted Assets, Cash and Investments	-
	<hr/>
Total Assets	<u>\$ 12,013,268</u>

See accompanying Notes to Basic Financial Statements.

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$ 136,513	\$ 3,018	\$ -	\$ 826,719	\$ 4,689,472	\$ 8,468,643
-	793,344	4,514,869	-	3,896,430	10,986,461
-	-	305,542	-	-	3,584,954
-	-	-	-	-	811,446
-	-	-	-	75,400	217,443
-	-	-	-	51,238	51,238
373,268	-	-	-	-	373,268
-	-	-	-	-	332,516
-	-	-	-	38,931	38,931
-	-	17,008	-	131,453	148,461
10,103	-	79,514	-	-	102,850
-	-	-	-	151,785	151,785
-	-	-	-	-	19,342
-	-	8,267,426	-	-	8,267,426
-	-	30,530	-	163,292	275,342
-	-	148,469	-	-	148,469
9,095,344	2,639,532	381,451	269,400	273,031	15,397,775
-	-	1,430,000	-	-	1,430,000
-	-	2,112,223	2,214,350	-	4,326,573
<u>\$ 9,615,228</u>	<u>\$ 3,435,894</u>	<u>\$ 17,287,032</u>	<u>\$ 3,310,469</u>	<u>\$ 9,471,032</u>	<u>\$ 55,132,923</u>

**CITY OF EAST PEORIA, ILLINOIS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)**  
**APRIL 30, 2017**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>General Fund</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 466,414
Retainage Payable	-
Wages Payable	179,499
Matured Bonds Payable	-
Liquor License Bonds Held	17,500
Compensated Absences	122,414
Pension Obligation Payable	-
Unearned Revenue	-
Due to Other Governmental Entities	626,799
Advanced from Other Funds	381,049
Total Liabilities	<u>1,793,675</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Subsequent Year's Property Taxes	1,781,818
Unavailable Revenue - Other Taxes	1,516,765
Unavailable Revenue - Intergovernmental	-
Unavailable Revenue - Capital Lease Receivable	-
Unavailable Revenue - Developer Receivable	-
Unavailable Revenue - Notes Receivable	-
Unavailable Revenue - Special Assessments	-
Total Deferred Inflows of Resources	<u>3,298,583</u>
<b>FUND BALANCES (DEFICITS)</b>	
Nonspendable	2,739,017
Restricted	-
Assigned	511,742
Unassigned	3,670,251
Total Fund Balances (Deficits)	<u>6,921,010</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 12,013,268</u>

See accompanying Notes to Basic Financial Statements.

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$ 169,274	\$ -	\$ 324,628	\$ -	\$ 6,431	\$ 966,747
-	-	46,523	-	-	46,523
-	-	-	-	15,933	195,432
-	-	-	481,397	-	481,397
-	-	-	-	-	17,500
-	-	-	-	-	122,414
-	-	-	-	199,046	199,046
10,103	-	-	-	-	10,103
-	-	-	-	-	626,799
566,799	7,138,620	6,605,982	250,000	141,365	15,083,815
746,176	7,138,620	6,977,133	731,397	362,775	17,749,776
-	793,344	4,514,869	-	3,896,430	10,986,461
-	-	76,204	-	49,317	1,642,286
-	-	79,514	-	-	79,514
-	-	8,267,426	-	-	8,267,426
-	-	148,469	-	-	148,469
-	-	-	-	151,785	151,785
-	-	-	-	25,159	25,159
-	793,344	13,086,482	-	4,122,691	21,301,100
-	-	-	-	-	2,739,017
8,869,052	2,639,532	3,923,674	2,483,750	2,727,961	20,643,969
-	-	-	95,322	2,257,605	2,864,669
-	(7,135,602)	(6,700,257)	-	-	(10,165,608)
8,869,052	(4,496,070)	(2,776,583)	2,579,072	4,985,566	16,082,047
<u>\$ 9,615,228</u>	<u>\$ 3,435,894</u>	<u>\$ 17,287,032</u>	<u>\$ 3,310,469</u>	<u>\$ 9,471,032</u>	<u>\$ 55,132,923</u>

**CITY OF EAST PEORIA, ILLINOIS  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
APRIL 30, 2017**

Total Governmental Fund Balances		\$ 16,082,047
<p>Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Land	\$ 8,426,876	
Construction-in-Progress	1,266,594	
Land Improvements	5,383,973	
Buildings and Improvements	53,683,681	
Machinery, Equipment, and Vehicles	18,097,663	
Infrastructure	122,812,945	
Accumulated Depreciation	<u>(78,911,723)</u>	130,760,009
<p>Deferred amounts related to pensions are not reported in the funds:</p>		
Deferred Outflows of Resources	10,880,273	
Deferred Inflows of Resources	<u>(1,618,338)</u>	9,261,935
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds, deferred inflows of resources:</p>		
Unavailable Revenue - Other Taxes	1,642,286	
Unavailable Revenue - Intergovernmental	79,514	
Unavailable Revenue - Capital Lease Receivable	8,267,426	
Unavailable Revenue - Developer Receivable	148,469	
Unavailable Revenue - Notes Receivable	151,785	
Unavailable Revenue - Special Assessments	<u>25,159</u>	10,314,639
<p>Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:</p>		
Current Assets	772,630	
Current Liabilities	<u>(485,681)</u>	286,949
Internal Service Funds Allocated to Business-Type Activities		(54,520)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated Absences	(3,660,360)	
Other Postemployment Benefits Obligation	(16,734,358)	
Net Pension Liability	(59,579,055)	
Accrued Interest Payable	(1,233,032)	
General Obligation Bonds Payable, Current	(5,085,000)	
General Obligation Bonds Payable, Noncurrent	(82,705,000)	
Notes Payable, Current	(1,116,568)	
Notes Payable, Noncurrent	(5,137,170)	
Bond Discounts	54,079	
Bond Deferred Charge on Refunding	673,847	
Bond Premiums	<u>(504,642)</u>	<u>(175,027,259)</u>
Net Position of Governmental Activities		<u><u>\$ (8,376,200)</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2017**

	General Fund
<b>REVENUES</b>	
Property Taxes	\$ 2,393,078
Other Taxes and Special Assessments	16,426,723
Charges for Services	1,043,288
Intergovernmental	1,630,039
Investment Earnings	41,603
Licenses and Permits	242,772
Miscellaneous	2,255,554
Total Revenues	24,033,057
<b>EXPENDITURES</b>	
Current:	
General Government	6,664,435
Police	5,586,621
Fire	3,444,536
Sanitation	968,289
Health and Welfare	1,240,444
Public Works	3,116,520
Community Development	524,854
Other	-
Capital Outlay	450,586
Debt Service:	
Principal Payments	343,183
Interest and Fiscal Charges	97,305
Total Expenditures	22,436,773
Excess (Deficiency) of Revenues over Expenditures	1,596,284
<b>OTHER FINANCING SOURCES (USES)</b>	
Issuance of Long-Term Debt	-
Payments to Refunded Bond Escrow Agent	-
Transfers In	-
Transfers Out	(304,413)
Total Other Financing Sources (Uses)	(304,413)
<b>NET CHANGE IN FUND BALANCES</b>	1,291,871
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	4,986,167
Prior Period Adjustment	642,972
Fund Balances (Deficits) - Beginning of Year, as Restated	5,629,139
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<b>\$ 6,921,010</b>

See accompanying Notes to Basic Financial Statements.

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Other Governmental Funds	Total
\$ -	\$ 791,977	\$ 4,238,211	\$ -	\$ 3,201,077	\$ 10,624,343
4,806,874	-	1,589,664	-	1,332,858	24,156,119
-	-	-	-	-	1,043,288
184,243	-	-	-	1,945,299	3,759,581
1,983	258	3,838	1,544	11,383	60,609
-	-	-	-	-	242,772
-	-	1,706,275	-	390,345	4,352,174
4,993,100	792,235	7,537,988	1,544	6,880,962	44,238,886
-	136,837	-	-	2,593,799	9,395,071
-	-	-	-	1,462,190	7,048,811
-	-	-	-	1,550,977	4,995,513
-	-	-	-	-	968,289
-	-	-	-	-	1,240,444
-	-	-	-	845,927	3,962,447
-	-	-	-	-	524,854
-	688	2,559,006	-	2,020	2,561,714
3,366,092	-	95,053	-	36,187	3,947,918
189,356	-	4,374,861	575,000	-	5,482,400
8,825	-	3,943,492	56,003	-	4,105,625
3,564,273	137,525	10,972,412	631,003	6,491,100	44,233,086
1,428,827	654,710	(3,434,424)	(629,459)	389,862	5,800
93,755	-	3,280,000	-	-	3,373,755
-	-	(2,995,000)	-	-	(2,995,000)
-	-	-	493,270	45,429	538,699
(492,795)	-	-	-	-	(797,208)
(399,040)	-	285,000	493,270	45,429	120,246
1,029,787	654,710	(3,149,424)	(136,189)	435,291	126,046
7,839,265	(5,150,780)	372,841	3,310,481	4,550,275	15,908,249
-	-	-	(595,220)	-	47,752
7,839,265	(5,150,780)	372,841	2,715,261	4,550,275	15,956,001
\$ 8,869,052	\$ (4,496,070)	\$ (2,776,583)	\$ 2,579,072	\$ 4,985,566	\$ 16,082,047

**CITY OF EAST PEORIA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ 126,046

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:

Capital Outlay	\$ 2,318,762	
Depreciation Expense	<u>(6,947,515)</u>	(4,628,753)

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

Loss on Disposal of Capital Assets		(518,400)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grant and tax revenues:

Net Change in Other Taxes	483,918	
Net Change in Intergovernmental	4,228	
Net Change in Notes Receivable	<u>(53,614)</u>	434,532

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

Net Change in Long-Term Special Assessment Receivable	(12,579)	
Net Change in Developer Receivable	(25,000)	
Net Change in Capital Lease Receivable	<u>(495,552)</u>	(533,131)

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

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

Issuance of General Obligation Bonds	(3,280,000)	
Deferred Charge on Refunding	212,129	
Repayment of Bond Principal	7,420,000	
Issuance of Notes Payable	(93,755)	
Repayment of Notes Payable Principal	1,057,400	
Interest Payable	32,798	
Amortization Deferred Charge on Refunding	(73,414)	
Amortization of Premiums and Discounts	<u>55,840</u>	5,330,998

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED APRIL 30, 2017**

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

Change in Compensated Absences	\$ (81,129)	
Change in Other Postemployment Benefit Obligation	(2,403,508)	
Net Pension Liability and Related Deferrals	<u>(4,478,512)</u>	\$ (6,963,149)

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.

(217,300)

Change in Net Position of Governmental Activities

\$ (6,969,157)

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2017**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 2,187,371	\$ 199,572	\$ 51,711	\$ 2,438,654	\$ 772,630
Water and Sewer Revenue Receivables (Net Where Applicable of Allowance for Uncollectible Amounts):					
Billed	278,565	-	-	278,565	-
Unbilled Charges	1,392,613	-	-	1,392,613	-
Customer Charges (Net of Allowance)	-	118,305	-	118,305	-
Advanced to Other Funds	-	-	226,550	226,550	-
Prepaid Expenses	-	4,041	-	4,041	-
Inventory, at Cost	81,267	19,261	-	100,528	-
Total Current Assets	<u>3,939,816</u>	<u>341,179</u>	<u>278,261</u>	<u>4,559,256</u>	<u>772,630</u>
<b>CAPITAL ASSETS</b>					
Nondepreciable:					
Land	456,274	2,850,000	341,408	3,647,682	-
Construction-in-Progress	194,400	-	-	194,400	-
Depreciable:					
Land Improvements	1,663,783	3,170,619	2,634,576	7,468,978	-
Buildings	16,262,775	2,356,287	6,095,217	24,714,279	-
Machinery, Equipment, and Vehicles	13,116,640	525,868	1,124,560	14,767,068	-
Infrastructure	40,543,229	-	-	40,543,229	-
Less Accumulated Depreciation	<u>(47,052,477)</u>	<u>(4,550,431)</u>	<u>(5,652,001)</u>	<u>(57,254,909)</u>	<u>-</u>
Net Capital Assets	<u>25,184,624</u>	<u>4,352,343</u>	<u>4,543,760</u>	<u>34,080,727</u>	<u>-</u>
Total Assets	29,124,440	4,693,522	4,822,021	38,639,983	772,630
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Amounts Related to Pensions	1,549,152	-	281,353	1,830,505	-

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2017**

<b>LIABILITIES AND NET POSITION</b>	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund	Total	Internal Service Fund
	Fund	Fund	Fund	Total	Fund
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 177,646	\$ -	\$ 22,253	\$ 199,899	\$ -
Wages Payable	24,769	-	4,316	29,085	-
Interest Payable	35,951	-	49	36,000	-
Deposits, Customers	83,600	-	-	83,600	-
Compensated Absences	163,154	-	19,225	182,379	-
Unearned Revenue	-	180,385	-	180,385	-
Accrued Health Claims	-	-	-	-	485,681
Current Portion of Long-Term Debt	924,801	-	30,959	955,760	-
Total Current Liabilities	1,409,921	180,385	76,802	1,667,108	485,681
<b>LONG-TERM LIABILITIES</b>					
Compensated Absences, Noncurrent	221,021	-	49,131	270,152	-
Advanced from Other Funds	364,217	144,293	32,000	540,510	-
Other Postemployment Benefits Obligation	-	-	1,637,066	1,637,066	-
Net Pension Liability	1,972,060	-	359,799	2,331,859	-
General Obligation Bonds, Plus Bond Premiums, Noncurrent	676,767	-	-	676,767	-
Notes Payable, Noncurrent	4,444,125	-	163,222	4,607,347	-
Total Long-Term Liabilities	7,678,190	144,293	2,241,218	10,063,701	-
Total Liabilities	9,088,111	324,678	2,318,020	11,730,809	485,681
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Amounts Related to Pensions	224,467	-	37,547	262,014	-
<b>NET POSITION</b>					
Net Investment in Capital Assets Unrestricted	19,138,931	4,352,343	4,349,579	27,840,853	-
	2,222,083	16,501	(1,601,772)	636,812	286,949
Total Net Position	\$ 21,361,014	\$ 4,368,844	\$ 2,747,807	\$ 28,477,665	\$ 286,949
Total Enterprise Funds Net Position				\$ 28,477,665	
Amounts reported for business-type activities in the statement of net position are different because an internal service fund is used by management to charge the cost of certain services to individual funds. A portion of the assets and liabilities of the internal service fund are included in business-type activities in the statement of net position.				54,520	
Net Position of Business-Type Activities				\$ 28,532,185	

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2017**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
<b>OPERATING REVENUES</b>					
Water Sales	\$ 3,403,013	\$ -	\$ -	\$ 3,403,013	\$ -
Sewer Service Charges	3,846,585	-	-	3,846,585	-
Fuel Sales	-	149,657	-	149,657	-
Storage and Rentals	-	725,591	-	725,591	-
Fees for Services	-	-	376,229	376,229	-
Tap-In Charges	38,119	-	-	38,119	-
Water Assessments	15,750	-	-	15,750	-
Sewer Assessments	33,271	-	-	33,271	-
Penalties	177,317	-	-	177,317	-
Individual Sewer Permits	1,560	-	-	1,560	-
Contractors' Sewer Permits	1,505	-	-	1,505	-
Sewer Inspection Fees	900	-	-	900	-
Sewer Connection Fees	18,075	-	-	18,075	-
Concession Sales	-	-	185,430	185,430	-
Charges for Coverage	-	-	-	-	3,306,218
Miscellaneous	14,802	-	39,835	54,637	-
Total Operating Revenues	<u>7,550,897</u>	<u>875,248</u>	<u>601,494</u>	<u>9,027,639</u>	<u>3,306,218</u>
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	2,482,998	220,406	762,349	3,465,753	-
Contractual Services	304,241	80,000	66,750	450,991	-
Utilities	648,623	54,646	27,392	730,661	-
Repair and Maintenance	626,738	94,474	159,616	880,828	-
Insurance	570,300	34,608	32,000	636,908	-
Other Supplies and Expenses	664,406	307,174	155,647	1,127,227	-
Depreciation	1,237,142	85,050	182,285	1,504,477	-
Insurance Claims	-	-	-	-	3,880,251
Total Operating Expenses	<u>6,534,448</u>	<u>876,358</u>	<u>1,386,039</u>	<u>8,796,845</u>	<u>3,880,251</u>
<b>OPERATING INCOME (LOSS)</b>	1,016,449	(1,110)	(784,545)	230,794	(574,033)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	21,928	439	-	22,367	1,341
Reimbursements	15,140	-	-	15,140	-
Municipal Sales Tax	-	-	14,605	14,605	-
Interest, Fiscal Charges, and Amortization	(185,932)	-	(7,316)	(193,248)	-
Total Nonoperating Revenues (Expenses)	<u>(148,864)</u>	<u>439</u>	<u>7,289</u>	<u>(141,136)</u>	<u>1,341</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	867,585	(671)	(777,256)	89,658	(572,692)
<b>TRANSFERS IN</b>	-	-	258,509	258,509	-
<b>CAPITAL CONTRIBUTIONS</b>	-	-	221,317	221,317	-
<b>CHANGE IN NET POSITION</b>	867,585	(671)	(297,430)	569,484	(572,692)
Total Net Position - Beginning of Year	<u>20,493,429</u>	<u>4,369,515</u>	<u>3,045,237</u>	<u>27,908,181</u>	<u>859,641</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 21,361,014</u>	<u>\$ 4,368,844</u>	<u>\$ 2,747,807</u>	<u>\$ 28,477,665</u>	<u>\$ 286,949</u>
Total Enterprise Funds Net Position				\$ 569,484	

Amounts reported for business-type activities in the statement of activities are different because an internal service fund is used by management to charge the cost of certain services to individual funds. A portion of the activity of the internal service fund is included in business-type activities in the statement of activities.

(355,392)

Change in Net Position of Business-Type Activities

\$ 214,092

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2017**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 7,530,787	\$ 852,009	\$ 601,494	\$ 8,984,290	\$ 3,306,218
Payments to Suppliers	(2,553,986)	(571,701)	(88,622)	(3,214,309)	(3,612,994)
Payments to Employees	(2,611,044)	(220,406)	(774,816)	(3,606,266)	-
Net Cash Provided (Used) by Operating Activities	2,365,757	59,902	(261,944)	2,163,715	(306,776)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Reimbursements	15,140	-	-	15,140	-
Municipal Sales Tax	-	-	14,605	14,605	-
Transfer to/from Other Funds	104,700	-	290,509	395,209	-
Net Cash Provided by Noncapital Financing Activities	119,840	-	305,114	424,954	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from Issuance of Notes Payable	385,056	-	89,840	474,896	-
Principal Payments on Notes Payable	(647,462)	-	(17,980)	(665,442)	-
Interest and Fiscal Charges Paid on Bonds and Notes Payable	(201,634)	-	(7,316)	(208,950)	-
Purchase of Capital Assets	(883,784)	(31,135)	(94,931)	(1,009,850)	-
Principal Payment on Bonds	(430,000)	-	-	(430,000)	-
Net Cash Used by Capital and Related Financing Activities	(1,777,824)	(31,135)	(30,387)	(1,839,346)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	21,928	439	-	22,367	1,341
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	729,701	29,206	12,783	771,690	(305,435)
Cash and Cash Equivalents - Beginning of Year	1,457,670	170,366	38,928	1,666,964	1,078,065
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,187,371</u>	<u>\$ 199,572</u>	<u>\$ 51,711</u>	<u>\$ 2,438,654</u>	<u>\$ 772,630</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2017**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastport Marina Fund	Eastside Centre Fund		Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 1,016,449	\$ (1,110)	\$ (784,545)	\$ 230,794	\$ (574,033)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,237,142	85,050	182,285	1,504,477	-
Change in Assets and Liabilities:					
Customer Charges and Receivables	(21,660)	(20,361)	-	(42,021)	-
Prepaid Expenses	-	18,462	-	18,462	-
Inventory	4,147	(19,261)	-	(15,114)	-
Accounts Payable, Claims, Retainage, and Wages Payable	21,636	-	(26,456)	(4,820)	267,257
Deposits	1,550	-	-	1,550	-
Unearned Revenue	-	(2,878)	-	(2,878)	-
Compensated Absences	(117,495)	-	(9,501)	(126,996)	-
Other Postemployment Benefits Obligation	-	-	333,224	333,224	-
Net Pension Liability and Related Deferrals	223,988	-	43,049	267,037	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,365,757</u>	<u>\$ 59,902</u>	<u>\$ (261,944)</u>	<u>\$ 2,163,715</u>	<u>\$ (306,776)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Amortization of Premiums, Discounts, and Deferred Charge on Refunding	<u>\$ 12,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,615</u>	<u>\$ -</u>
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,317</u>	<u>\$ 221,317</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**APRIL 30, 2017**

	Pension Trusts	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 996,469	\$ 39,169
Receivables:		
Accrued Interest and Dividends	125,153	-
Investments, at Fair Value:		
Money Market Funds	1,911,203	-
Municipal Bonds	769,069	-
Corporate Bonds	8,002,566	-
U.S. Government Notes and Bonds	4,182,944	-
U.S. Government Agency Obligations	1,605,018	-
Mutual Funds	12,028,488	-
Common Stocks	17,611,575	-
Total Investments	46,110,863	-
Total Assets	47,232,485	\$ 39,169
<b>LIABILITIES</b>		
Amounts Held for Others	-	\$ 39,169
Net Position Held in Trust for Pension Benefits	\$ 47,232,485	

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**YEAR ENDED APRIL 30, 2017**

**ADDITIONS**

Contributions:

Plan Members' Contributions	\$ 739,124
Employer Contributions	2,989,594
Total Contributions	<u>3,728,718</u>

Net Investment Income:

Net Appreciation in Fair Value of Investments	2,909,390
Dividends and Interest	1,132,526
Total Investment Income	<u>4,041,916</u>
Less: Investment Expenses	223,781
Net Investment Income	<u>3,818,135</u>

Total Additions	7,546,853
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**DEDUCTIONS**

Benefits Paid	3,585,118
Administrative Expenses	106,149
Total Deductions	<u>3,691,267</u>

Change in Net Position	3,855,586
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**NET POSITION HELD IN TRUST FOR PENSION BENEFITS**

Beginning of Year, as Previously Reported	45,009,386
Prior Period Adjustment	<u>(1,632,487)</u>
Beginning of Year, as Restated	<u>43,376,899</u>
End of Year	<u><u>\$ 47,232,485</u></u>

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

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

**Reporting Entity**

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

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

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

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

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

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

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

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

City of East Peoria Police Pension Fund Jeff Becker, Director of Finance 401 W. Washington St. East Peoria, Illinois 61611	City of East Peoria Firefighter's Pension Fund Jeff Becker, Director of Finance 401 W. Washington St. East Peoria, Illinois 61611
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Discretely Presented Component Unit - East Peoria Mass Transit District: The East Peoria Mass Transit District was organized to provide bus transportation to the City of East Peoria, Illinois through a contractual agreement with the Greater Peoria Mass Transit District.

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

The fiscal year-end for the East Peoria Mass Transit District is June 30, 2017.

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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

**Measurement Focus and Basis of Accounting**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

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

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (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 this fund as a major fund for public interest purposes.

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

**Enterprise Funds**: To account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City reports the following major proprietary funds:

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

Eastport Marina Fund: The marina accounts for the boating services offered to the public. The City has elected to report this fund as a major fund for public interest purposes.

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

Additionally, the City reports the following fund types:

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

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

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

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

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

**Property Taxes**

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

Property taxes reflected as revenues in the governmental fund financial statements for fiscal year 2017 represent the 2015 tax levy which was received by the City during the months of July 2016 through November 2016. The general property taxes receivable and the related deferred inflow of resources at April 30, 2017 are based on the City's 2016 extended tax levy.

**Cash and Cash Equivalents**

The City considers all liquid investments with a maturity date of three months or less when purchased to be cash equivalents. At April 30, 2017, the City had no investments qualified as cash equivalents.

**Investments**

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

**Interfund Transactions**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transactions (Continued)**

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

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

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

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are classified as nonspendable or restricted fund balance which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**Inventory**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the City's government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500, except for assets 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of investment income on project specific debt service expenditures, is included as part of the capitalized value of the assets constructed in the enterprise funds. There was no interest capitalized for the year ended April 30, 2017.

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unearned Revenue**

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

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the City has deferred outflows related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates.

**Deferred Inflows of Resources**

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

**Pensions**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences - Primary Government**

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

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

**Long-Term Liabilities**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are recorded as debt service expenditures when incurred.

**Fund Balance**

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

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

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.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

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

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

**Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Capital Projects Fund and Bond and Interest Fund were \$-0- and \$-0-, respectively. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position by enabling legislation includes \$97,716 for audit, \$454,426 for employee benefits, \$29,590 for sewer chlorination, \$24,048,869 for capital improvements and equipment, and \$155,170 for emergency services.

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

**Use of Estimates**

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 2 CASH AND INVESTMENTS**

**Authorized Investments**

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

As of April 30, 2017, the City had the following cash and investments:

Cash and Investments - Statement of Net Position	\$ 11,679,927
Restricted Cash and Investments - Statement of Net Position	4,326,573
Cash and Cash Equivalents - Fiduciary Funds	1,035,638
Investments - Fiduciary Funds	46,110,863
Total	\$ 63,153,001
Deposits	\$ 12,665,285
Illinois Funds Money Market Fund	1,608,747
Mutual Fund	5,468
Commercial Paper (< 1 Year)	1,727,000
Deposits Held by Fiduciary Funds	1,035,638
Investment Held by Fiduciary Funds	46,110,863
Total Primary Government	\$ 63,153,001

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

The City has the following recurring fair value measurements as of April 30, 2017:

- Mutual funds of \$5,468 are valued using quoted prices in active markets for identical assets (Level 1 inputs).

**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, 2017, \$481,885 of the City's bank balance of \$13,580,313 was uncollateralized. \$12,560,470 of the bank balance was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 2 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, 2017, 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.

**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, 2017, more than 5% of the City's investments are in Nordea Bank. This investment represents 52% 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.

Illinois Funds – The fair value of the City's position in this fund is equal to the value of the City's fund shares. The portfolio is regulated by oversight of the Treasurer of the state of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The carrying amount of these deposits at April 30, 2017 was \$1,608,747.

**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 stock.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 2 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, 2017, 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, 2017, the Police Pension Fund had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>	<u>Concentration Percentage</u>
U.S. Government Notes and Bonds, Explicitly Guaranteed	\$ 1,919,309	N/A	8.52	8%
U.S. Government Agencies	1,196,133	Aaa to Aa1	12.95	5
Money Market Funds	732,663	N/A	-	3
Municipal Bonds	435,114	Aaa to Aa3	5.74	2
Corporate Bonds	4,880,218	Aaa to Baa3	9.05	19
Common Stock	13,677,494	N/A	N/A	53
Mutual Funds, Equities	2,434,392	N/A	N/A	10
Total Investments	<u>\$ 25,275,323</u>			

As of April 30, 2017, the Firefighter's Pension Fund had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>	<u>Concentration Percentage</u>
U.S. Government Notes and Bonds, Explicitly Guaranteed	\$ 2,263,635	N/A	9.15	11%
U.S. Government Agencies	408,885	Aaa	4.33	2
Money Market Funds	1,178,540	N/A	-	6
Municipal Bonds	333,955	Aaa to Aa3	9.79	2
Corporate Bonds	3,122,348	Aaa to Baa2	9.49	15
Common Stock	3,934,081	N/A	N/A	19
Mutual Funds, Equities	9,594,096	N/A	N/A	45
Total Investments	<u>\$ 20,835,540</u>			

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

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

- (1) Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds may only be invested in permitted investments as authorized in Chapter 40, Article 5/1, Paragraphs 113.1 through 113.10 of the Illinois Compiled Statutes. The following was the Firefighter's Pension Fund Board's adopted allocated policy as of April 30, 2017:

<b>Asset Class</b>	<b>Target Allocation</b>
Domestic Equity	40%
International Equity	16%
Fixed Income	38%
Real Estate Investment Trusts	4%
Cash	2%
	100%

The following was the Police Pension Fund Board's adopted allocated policy as of April 30, 2017:

<b>Asset Class</b>	<b>Target Allocation</b>
Equity	55%
Fixed Income	35%
Mutual Funds	10%
	100%

- (2) Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Funds' policies provide that investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Investment guidelines have been established for each investment manager to evaluate performance of the Funds' investments compared to industry benchmarks.
- (3) Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Funds will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Consistent with the Funds' investment policies, all securities are held by a third-party custodian serving as the Funds' agent. The securities are held in the Funds' name.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Fair Value Measurements

The Funds adopted GASB Statement No. 72, *Fair Value Measurement and Application* for the year ended April 30, 2017. GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets and liabilities in non-active markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2017, from prior year.

*Common stock and mutual funds – equities:* Valued at public traded prices that are quoted daily.

*Corporate bonds and municipal bonds:* Valued using matrix pricing model using inputs of price or yield of a similar security.

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

The following table sets forth by level, within the fair value hierarchy, the Firefighter's Pension Fund's assets at fair value as of April 30, 2017:

	<u>Fair Values</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 2,263,635	\$ -	\$ 2,263,635	\$ -
U.S. Government Agencies	408,885	-	408,885	-
Mutual Funds - Equities	9,594,096	9,594,096	-	-
Common Stocks	3,934,081	3,934,081	-	-
Corporate Bonds	3,122,348	-	3,122,348	-
Municipal Bonds	333,955	-	333,955	-
Total	<u>19,657,000</u>	<u>\$ 13,528,177</u>	<u>\$ 6,128,823</u>	<u>\$ -</u>
Money Market Funds	1,178,540			
Total Investments	<u>\$ 20,835,540</u>			

The following table sets forth by level, within the fair value hierarchy, the Police Pension Fund's assets at fair value as of April 30, 2017:

	<u>Fair Values</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 1,919,309	\$ -	\$ 1,919,309	\$ -
U.S. Government Agencies	1,196,133	-	1,196,133	-
Municipal Bonds	435,114	-	435,114	-
Corporate Bonds	4,880,218	-	4,880,218	-
Common Stocks	13,677,494	13,677,494	-	-
Mutual Funds - Equities	2,434,392	2,434,392	-	-
Total	<u>24,542,660</u>	<u>\$ 16,111,886</u>	<u>\$ 8,430,774</u>	<u>\$ -</u>
Money Market Funds	732,663			
Total Investments	<u>\$ 25,275,323</u>			

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

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

For the Firefighter's Pension Fund for the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

For the Police Pension Fund for the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for assets held with Benjamin F. Edwards & Co. was 8.64%. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for assets held with the Commerce Trust Company was 10.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Cash and Investments, Discretely Presented Component Unit**

**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 April 30, 2017, none of the District's bank balance of \$62,290 was exposed to custodial credit risk.

**NOTE 3 SPECIAL ASSESSMENTS FUND**

The City has levied special assessments against various landowners in conjunction with improvements made which benefit the landowners. These special assessments are being paid to the City over a number of years. The noncurrent portion of the special assessment receivable is deferred in the governmental funds as it is not available as of year-end. An analysis of the current and long-term portions of special assessments receivable at April 30, 2017 is as follows:

Total Special Assessments Receivable	\$ 38,931
Less Amounts Not Receivable Within One Year	<u>25,159</u>
Current Special Assessments Receivable	<u><u>\$ 13,772</u></u>

**NOTE 4 LEASE RECEIVABLE**

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 4 LEASE RECEIVABLE (CONTINUED)**

As of April 30, 2017, components of the lease receivable were as follows:

Total Lease Receivable Payments	\$ 11,123,400
Amount Representing Interest	<u>2,855,974</u>
Net	<u><u>\$ 8,267,426</u></u>

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

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

As of April 30, 2017, future minimum lease revenue expected to be received is as follows:

<u>Fiscal Year Ending April 30,</u>	
2018	\$ 1,009,200
2019	1,032,120
2020	1,055,040
2021	1,077,960
2022	1,100,880
2023-2027	<u>5,848,200</u>
Total Lease Receivable Payments	11,123,400
Less: Amount Representing Interest	<u>(2,855,974)</u>
Lease Receivable	<u><u>\$ 8,267,426</u></u>

In July 2010, the City entered into a lease agreement with Bass Pro Outdoor World, LLC for the lease of a retail space owned by the City. Monthly lease payments are based on gross sales of the retail operation of 1% of gross sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, with a max of \$250 for each such vehicle sold and 2% of all other gross sales, which began in September 2011. The lease term is 20 years with six consecutive renewal options of five years each. For the year ended April 30, 2017, lease revenues from this lease were \$430,855. As of April 30, 2017, there was a lease receivable of \$30,530 included in other receivables on the City's financial statements in the Capital Projects Fund.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 5 CAPITAL ASSETS, PRIMARY GOVERNMENT**

Capital asset activity for the year ended April 30, 2017 was as follows:

	Balance April 30, 2016	Additions	Deductions/ Transfers	Balance April 30, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,426,876	\$ -	\$ -	\$ 8,426,876
Construction in Progress	410,350	1,321,477	465,233	1,266,594
Total Capital Assets Not Being Depreciated	8,837,226	1,321,477	465,233	9,693,470
Capital Assets, Being Depreciated:				
Land Improvements	5,375,423	8,550	-	5,383,973
Buildings	54,083,291	140,390	540,000	53,683,681
Machinery, Equipment, and Vehicles	17,249,318	848,345	-	18,097,663
Infrastructure Assets	122,347,712	465,233	-	122,812,945
Total Capital Assets Being Depreciated	199,055,744	1,462,518	540,000	199,978,262
Less Accumulated Depreciation for:				
Land Improvements	2,134,108	235,158	-	2,369,266
Buildings	11,738,711	1,984,716	21,600	13,701,827
Machinery, Equipment, and Vehicles	12,137,728	1,053,018	-	13,190,746
Infrastructure Assets	45,975,261	3,674,623	-	49,649,884
Total Accumulated Depreciation	71,985,808	6,947,515	21,600	78,911,723
Total Capital Assets Being Depreciated, Net	127,069,936	(5,484,997)	518,400	121,066,539
Governmental Activities Capital Assets, Net	\$ 135,907,162	\$ (4,163,520)	\$ 983,633	\$ 130,760,009

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 5 CAPITAL ASSETS, PRIMARY GOVERNMENT (CONTINUED)**

	Balance April 30, 2016	Additions	Deductions/ Transfers	Balance April 30, 2017
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction in Progress	-	194,400	-	194,400
Total Capital Assets Not Being Depreciated	3,647,682	194,400	-	3,842,082
Capital Assets, Being Depreciated:				
Land Improvements	7,459,213	9,765	-	7,468,978
Buildings	24,444,424	269,855	-	24,714,279
Machinery, Equipment, and Vehicles	14,376,936	540,131	149,999	14,767,068
Infrastructure Assets	40,326,213	217,016	-	40,543,229
Total Capital Assets Being Depreciated	86,606,786	1,036,767	149,999	87,493,554
Less Accumulated Depreciation for:				
Land Improvements	6,482,457	73,186	-	6,555,643
Buildings	11,545,488	493,612	-	12,039,100
Machinery, Equipment, and Vehicles	12,679,250	347,231	149,999	12,876,482
Infrastructure Assets	25,193,236	590,448	-	25,783,684
Total Accumulated Depreciation	55,900,431	1,504,477	149,999	57,254,909
Total Capital Assets Being Depreciated, Net	30,706,355	(467,710)	-	30,238,645
Business-Type Activities Capital Assets, Net	\$ 34,354,037	\$ (273,310)	\$ -	\$ 34,080,727

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

Governmental Activities:		
Police		\$ 304,581
Fire		299,947
Sanitation		110,510
Public Works		3,664,354
General Government		2,568,123
Total Depreciation Expense, Governmental Activities		<u>\$ 6,947,515</u>
Business-Type Activities:		
Water and Sewer Fund		\$ 1,237,142
Eastport Marina Fund		85,050
Eastside Centre Fund		182,285
Total Depreciation Expense, Business-Type Activities		<u>\$ 1,504,477</u>

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 6 LONG-TERM LIABILITIES, PRIMARY GOVERNMENT**

The following is a summary of changes in long-term liabilities for the year ended April 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 91,460,000	\$ 3,280,000	\$ 6,950,000	\$ 87,790,000	\$ 5,085,000
Project Bonds	470,000	-	470,000	-	-
Issuance Premiums (Discounts)	506,403	-	55,840	450,563	56,291
Total Bonds Payable	<u>92,436,403</u>	<u>3,280,000</u>	<u>7,475,840</u>	<u>88,240,563</u>	<u>5,141,291</u>
Notes Payable	7,217,383	93,755	1,057,400	6,253,738	1,116,568
Compensated Absences	<u>3,617,284</u>	<u>3,782,774</u>	<u>3,617,284</u>	<u>3,782,774</u>	<u>794,610</u>
Governmental Activities, Long-Term Liabilities	<u>\$ 103,271,070</u>	<u>\$ 7,156,529</u>	<u>\$ 12,150,524</u>	<u>\$ 98,277,075</u>	<u>\$ 7,052,469</u>
<b>Business-Type Activities</b>					
Bonds Payable:					
General Obligation Bonds	\$ 1,195,000	\$ -	\$ 430,000	\$ 765,000	\$ 145,000
Revenue Bonds	90,000	-	-	90,000	90,000
Issuance Premiums (Discounts)	81,997	-	12,615	69,382	12,615
Total Bonds Payable	<u>1,366,997</u>	<u>-</u>	<u>442,615</u>	<u>924,382</u>	<u>247,615</u>
Notes Payable	5,506,038	474,896	665,442	5,315,492	708,145
Compensated Absences	<u>579,527</u>	<u>452,531</u>	<u>579,527</u>	<u>452,531</u>	<u>182,379</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 7,452,562</u>	<u>\$ 927,427</u>	<u>\$ 1,687,584</u>	<u>\$ 6,692,405</u>	<u>\$ 1,138,139</u>

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

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

Long-term debt payable as of April 30, 2017 is comprised of the following individual issues:

**Governmental Activities - General Obligation Bonds**

General Obligation Bonds:

\$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%	\$ 295,000
\$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%	16,325,000
\$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%	20,810,000
\$3,920,000 General Obligation Bonds, Series 2012A, due in annual installments of \$170,000 to \$265,000, through January 2032, interest at rates of 1.076% to 3.575%	3,230,000
\$3,920,000, General Obligation Bonds, Series 2012B, due in annual installments of \$170,000 to \$265,000, through January 2032; interest at rates of 1.076% to 3.575%	3,230,000
\$12,280,000, General Obligation Bonds, Series 2012C, due in annual installments of \$495,000 to \$890,000, through January 2032; interest at rates of 1.470% to 4.575%	3,450,000
\$4,880,000, General Obligation Bonds, Series 2012D, due in annual installments of \$200,000 to \$355,000, through January 2032; interest at rates of 1.470% to 4.575%	1,370,000
\$2,385,000, General Obligation Refunding Bonds, Series 2012F, due in annual installments of \$235,000 to \$295,000, through January 2022; interest at rates of 2.00% to 4.00%	1,400,000
\$1,305,000, General Obligation Refunding Bonds, Series 2012G, due in annual installments of \$305,000 to \$340,000, through January 2018; interest at rates of 1.20% to 2.20%	340,000
\$770,000, General Obligation Refunding Bonds, Series 2013A, due in annual installments of \$250,000 to \$275,000, through January 2024; interest at rates of 2.00% to 3.00%	595,000
\$6,215,000, General Obligation Refunding Bonds, Series 2013B, due in annual installments of \$25,000 to \$675,000, through January 2033; interest at rates of 2.00% to 4.00%	5,230,000

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

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

**Governmental Activities - General Obligation Bonds, (Continued)**

\$18,570,000, General Obligation Refunding Bonds, Series 2014, due in annual installments of \$5,000 to \$1,565,000, through January 2033; interest at rates of 2.00% to 5.00%	\$ 18,565,000
\$6,925,000, General Obligation Refunding Bonds, Series 2016A, due in annual installments of \$590,000 to \$890,000, through January 2032; interest at rates of 2.90% to 4.00%	6,925,000
\$2,745,000, General Obligation Refunding Bonds, Series 2016B, due in annual installments of \$240,000 to \$355,000, through January 2032; interest at rates of 2.90% to 4.00%	2,745,000
\$3,280,000, General Obligation Refunding Bonds, Series 2016C, due in annual installments of \$65,000 to \$1,610,000, through January 2021; interest at rates of 1.50% to 2.25%	<u>3,280,000</u>
Total General Obligation Bonds, Governmental Activities	<u><u>\$ 87,790,000</u></u>

**Governmental Activities - Notes Payable**

Notes Payable:

Note payable to bank, due in semiannual installments of \$210,980 including interest at 2.50% as of August 26, 2016 through May 2021 (Kohl's Property)	\$ 1,814,340
Note payable to bank, due in semiannual installments of \$31,893, including interest at 2.50%, through August 2023 (Steak-N-Shake Property)	385,082
Note payable to bank, due in annual installments of \$572,094, including interest at 2.50%, through January 2024 (Camp Street Property)	3,627,515
Note payable to bank, due in annual installments of \$179,465, including interest at 1.50%, through September 2018 (Garbage Truck)	350,904
Note payable to bank, due in annual installments of \$2,674, including interest at 1.69%, through October 2019 (Laptops)	<u>75,897</u>
Total Notes Payable, Governmental Activities	<u><u>\$ 6,253,738</u></u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

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

**Business-Type Activities - General Obligation Bonds**

General Obligation Bonds:

Water and Sewer Fund Long-Term Debt:

\$2,595,000, General Obligation Refunding Bonds, Series 2012-E,  
due in annual installments of \$165,000 to 430,000 through May 2022;  
interest rate at 2.00% to 4.00%

\$ 765,000

**Business-Type Activities - Notes Payable**

Notes Payable:

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%

\$ 188,861

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%

180,915

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%

393,441

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%

2,316,784

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%

622,771

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

1,095,253

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

323,291

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)

37,742

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)

72,213

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

84,221

Total Notes Payable, Business-Type Activities

\$ 5,315,492

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

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

**Business-Type Activities - Revenue Bonds**

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

\$ 90,000

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
<u>Year Ending April 30,</u>				
2018	\$ 5,085,000	\$ 3,536,188	\$ 145,000	\$ 29,150
2019	5,340,000	3,379,708	145,000	24,800
2020	5,575,000	3,187,384	150,000	19,000
2021	5,790,000	3,027,168	160,000	13,000
2022	6,035,000	2,846,728	165,000	6,600
2023-2027	33,910,000	10,161,526	-	-
2028-2032	22,750,000	3,777,370	-	-
2033	3,305,000	156,550	-	-
Total	<u>\$ 87,790,000</u>	<u>\$ 30,072,622</u>	<u>\$ 765,000</u>	<u>\$ 92,550</u>

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

	Business-Type Activities	
	Principal	Interest
<u>Year Ending April 30,</u>		
2018	<u>\$ 90,000</u>	<u>\$ -</u>

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
<u>Year Ending April 30,</u>				
2018	\$ 1,116,568	\$ 150,145	\$ 708,145	\$ 128,664
2019	1,145,419	123,968	732,552	110,986
2020	976,773	97,104	652,609	93,093
2021	984,938	72,901	605,449	77,148
2022	829,626	47,666	553,061	62,496
2023-2027	1,200,414	44,133	1,791,166	146,261
2028	-	-	272,510	5,730
Total	<u>\$ 6,253,738</u>	<u>\$ 535,917</u>	<u>\$ 5,315,492</u>	<u>\$ 624,378</u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

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

**Governmental Activities**

On October 20, 2016, the City issued \$3,280,000 of General Obligation Refunding Bonds, Series 2016C with an interest rate varying from 1.50% to 2.25% to advance refund a portion of the General Obligation Refunding Bonds, Series 2007, with an interest rate varying from 4.85% to 5.5%. The refunding resulted in a deferred outflow of \$212,129. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in future cash flows savings of \$97,225 and an economic gain of \$99,325.

On October 4, 2016, the City issued a \$93,755 note payable with an interest rate of 1.69% for the purchase of laptops. Payments in the amount of \$2,674 are due annually through fiscal year 2020.

**Business-Type Activities**

On June 30, 2016, the City issued a \$385,056 note payable with an interest rate of 1.83%. Payments in the amount of \$6,730 are due annually through fiscal year 2022.

On December 16, 2016, the City issued a \$89,840 note payable with an interest rate of 1.99% for the purchase of a backhoe. Payments in the amount of \$1,575 are due annually through fiscal year 2022.

As of April 30, 2017, the legal debt limit of the City was \$38,270,755 and the debt margin was \$26,701,525.

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% of net revenues. The total principal and interest remaining to be paid on the bonds is \$-0-. Principal and interest paid for the current year and total sales tax revenues were \$492,795 and \$14,489,959, respectively.

The City has pledged a portion of future sales tax and lease revenues relating to Bass Pro to repay \$45,000,000 in General Obligation bonds, Series 2010A and 2010B issued August 2010. Proceeds from the bonds were used to acquire and construct Bass Pro Shop and to pay the costs of the issuance of the bonds. In May 2015, the Series 2010B bonds were fully refunded with the issuance of \$18,570,000 in General Obligation Refunding Bonds, Series 2014. The 2010A and 2014 bonds are payable solely from a portion of sales tax, incremental property taxes and lease income revenues and are payable through January 2033. The total principal and interest remaining to be paid on the bonds is \$55,387,693. Principal and interest of the 2010A and 2014 bonds paid for the current year and total sales tax and lease income revenues were \$2,580,531 and \$430,855, respectively.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

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

**Business-Type Activities (Continued)**

This City has pledged a portion of future business district and sales tax revenues related to Target Area Business District Taxes, Costco Area Business District Taxes, and sales taxes to repay \$9,670,000 in General Obligation bonds, Series 2016A and 2016B, as well as pay the costs of the issuance of the bonds. The 2016A and 2016B bonds are payable from a portion of business district tax and sales tax revenues and are payable through January 2032. The total principal and interest remaining to be paid on the bonds is \$13,566,755. Principal and interest of the 2016A and 2016B bonds paid for the current year and total business district tax and sales tax revenues were \$228,319 and \$807,347, respectively.

Debt Covenants: The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. As of April 30, 2017, \$2,214,350 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, 2017 was \$17,030,000.

**NOTE 7 INTERFUND RECEIVABLES AND PAYABLE, PRIMARY GOVERNMENT**

The individual fund interfund advance receivable and payable balances as of April 30, 2017 were:

	Advances to Other Funds	Advances from Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 2,739,017	\$ 381,049
Riverboat Gaming Tax Fund	9,095,344	566,799
Special Tax Allocation Fund	2,639,532	7,138,620
Capital Projects Fund	381,451	6,605,982
Bond and Interest Fund	269,400	250,000
Nonmajor Funds	273,031	141,365
Enterprise Funds:		
EastSide Centre Fund	226,550	32,000
Water and Sewer Fund	-	364,217
Eastport Marina Fund	-	144,293
Total	\$ 15,624,325	\$ 15,624,325

**CITY OF EAST PEORIA, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2017**

**NOTE 7 INTERFUND RECEIVABLES AND PAYABLE, PRIMARY GOVERNMENT (CONTINUED)**

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivables and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not. There were no interfund receivables or payables as of year-end.

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

	Transfers In	Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ -	\$ 304,413
Riverboat Gaming Tax Fund	-	492,795
Bond and Interest Fund	493,270	-
Nonmajor Funds	45,429	-
Enterprise Funds:		
Eastside Centre Fund	258,509	-
Total	\$ 797,208	\$ 797,208

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 8 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

	Deficit Fund Balance or Deficit Net Position <u>April 30, 2017</u>
Major Governmental Funds:	
Special Tax Allocation Fund	\$ 4,496,070
Capital Projects Fund	2,776,583

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 9 RISK MANAGEMENT/SELF-INSURANCE**

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

The City uses an Internal Service Fund to account for and finance its uninsured risk of loss associated with medical and dental claims of its employees and their dependents. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated payables for claims and losses for medical and hospital claims include an amount for claims incurred but not reported based upon actuarial estimates and prior experience. The City is responsible for the first \$110,000 of qualifying medical expenses per individual employee and unlimited aggregate claims on an annual basis. The City maintains a stop-loss insurance contract which covers up to \$1,000,000 on an annual basis.

The City uses an Internal Service Fund to account for and finance its uninsured risk of loss associated with workers compensation and general liability. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City is responsible for the first \$300,000 and \$50,000 of qualifying expenses for workers compensation and general liability, respectively.

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 \$485,681, 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.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 9 RISK MANAGEMENT/SELF-INSURANCE (CONTINUED)**

Changes in the health claims liability in fiscal years 2017 and 2016 were:

Balance - April 30, 2015	\$ 276,262
Current Year Claims and Changes in Estimates	2,808,861
Claims Paid	<u>(2,879,689)</u>
Balance - April 30, 2016	205,434
Current Year Claims and Changes in Estimates	3,775,229
Claims Paid	<u>(3,585,938)</u>
Balance - April 30, 2017	<u><u>\$ 394,725</u></u>

Changes in workers compensation and general liability in fiscal years 2017 and 2016 were:

Balance - April 30, 2015	\$ 96,904
Current Year Claims and Changes in Estimates	-
Claims Paid	<u>(83,914)</u>
Balance - April 30, 2016	12,990
Current Year Claims and Changes in Estimates	372,209
Claims Paid	<u>(294,243)</u>
Balance - April 30, 2017	<u><u>\$ 90,956</u></u>

**NOTE 10 PENSION PLANS**

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

**A. IMRF**

**Plan Description**

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

**CITY OF EAST PEORIA, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	120
Inactive, Nonretired Members	34
Active Members	99
Total	253

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Contributions**

As set by statute, the City's Regular Plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar years 2017 and 2016 was 9.78% and 11.12%, respectively. For the fiscal year ended April 30, 2017, the City contributed \$657,230 to the plan.

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

**Net Pension Liability**

The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For **Non-Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Actuarial Assumptions (Continued)**

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.00%	6.85%
International Equity	17.00	6.75
Fixed Income	27.00	3.00
REITS	8.00	5.75
Alternatives	9.00	2.65-7.35
Cash	1.00	2.25
Total	100.00%	

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 38,131,433	\$ 34,992,762	\$ 3,138,671
Changes for the Year:			
Service Cost	678,762	-	678,762
Interest on the Total Pension Liability	2,795,820	-	2,795,820
Differences Between Expected and Experience of the Total Pension	4,204,926	-	4,204,926
Changes of Assumptions	(54,676)	-	(54,676)
Contributions - Employer	-	691,435	(691,435)
Contributions - Employees	-	647,437	(647,437)
Projected Net Investment Income	-	2,606,508	(2,606,508)
Difference Between Projected and Actual Income	-	409,889	(409,889)
Benefit Payments, Including Refunds of Employee Contributions	(2,283,962)	(2,283,962)	-
Administrative Expenses	-	(60,069)	60,069
Other	-	20	(20)
Net Changes	<u>5,340,870</u>	<u>2,011,258</u>	<u>3,329,612</u>
Balances at December 31, 2016	<u>\$ 43,472,303</u>	<u>\$ 37,004,020</u>	<u>\$ 6,468,283</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability (Asset)	\$ 11,937,199	\$ 6,468,283	\$ 1,957,181

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

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

For the year ended April 30, 2017, the City recognized pension expense of \$1,393,580. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Expense in Future Periods:		
Differences Between Expected and Actual Experience	\$ 3,384,885	\$ (691,867)
Changes of Assumptions	28,455	(41,528)
Net Difference Between Projected and Actual Earnings	<u>1,493,886</u>	<u>-</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	4,907,226	(733,395)
Pension Contributions Made Subsequent to the Measurement Date	<u>190,564</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 5,097,790</u></u>	<u><u>\$ (733,395)</u></u>

\$190,564 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2018.

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

<u>Year Ending April 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,351,037	\$ (238,708)
2019	1,351,037	(238,708)
2020	1,351,037	(238,708)
2021	734,602	(17,271)
2022	119,513	-
Thereafter	-	-
Total	<u><u>\$ 4,907,226</u></u>	<u><u>\$ (733,395)</u></u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans**

**Plan Administration**

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

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

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

The employer contribution levels of the Firefighter's Pension Fund and the Police Pension Fund are mandated by Illinois State Statute (Chapter 40, Article 3 and Chapter 40, Article 4, respectively) and may also be amended only by the Illinois legislature.

At April 30, 2017, the Firefighters' Pension and Police Pension membership consisted of:

	Municipal Firemen's	Police Officers'
Retirees and Beneficiaries	28	39
Inactive, Nonretired Members	1	7
Active Members	43	47
Total	72	93

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Investment Policy**

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

The following are the adopted asset allocation policies for each plan as of April 30, 2017:

	Target Allocation	
	Municipal Firemen's	Police Officers'
Domestic Equity	40.00%	55.00%
International Equity	16.00	0.00
Fixed Income	38.00	35.00
REITS	4.00	0.00
Mutual Funds	0.00	10.00
Cash	2.00	0.00
Total	<u>100.00%</u>	<u>100.00%</u>

**Concentrations**

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

**Net Pension Liability**

The components of the net pension liability of the Plans as of April 30, 2017 were as follows:

	Municipal Firemen's	Police Officers'
Total Pension Liability	\$ 48,736,390	\$ 53,914,876
Plan Fiduciary Net Position	21,318,580	25,913,905
Net Pension Liability	<u>\$ 27,417,810</u>	<u>\$ 28,000,971</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.74%	48.06%

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of April 30, 2016 updated to April 30, 2017 using the following actuarial assumptions applied to all measurement periods:

	<u>Municipal Firemen's</u>	<u>Police Officers'</u>
Valuation Date	4/30/2016	4/30/2016
Measurement Date	4/30/2017	4/30/2017
Inflation Rate	2.75%	2.75%
Projected Salary Increases	Based on Age- Related Productivity and Merit Rates Plus Inflation	Based on Age- Related Productivity and Merit Rates Plus Inflation
Investment Rate of Return	6.50%	6.75%
Mortality Rate	RP-2014 Blue Collar Healthy Annuity Table, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales. No adjustment made for post- disablement mortality.	RP-2014 Blue Collar Healthy Annuity Table, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales. No adjustment made for post- disablement mortality.
Date of Actuarial Experience Study	4/30/2016	4/30/2016

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the geometric real rates of return for each major asset class included in the pension plans' target asset allocations as of April 30, 2017 for the Commerce Trust Company and Benjamin F. Edwards & Co. are summarized in the following tables.

<u>Asset Class</u>	Long-Term Expected Real Rate of Return	
	Municipal Firemen's	Police Officers'
<b>Benjamin F. Edwards &amp; Co.</b>		
Domestic Equity	3.64%	0.00%
International Equity	1.39	5.00
Fixed Income	1.86	0.00
REITS	0.30	0.00
Short-Term Bonds	0.00	1.00
Government - Intermediate	0.00	1.00
Investment Grade - Intermediate	0.00	1.00
Large Cap Growth	0.00	4.50
Large Cap Value	0.00	5.50
Mid Cap Growth	0.00	5.00
Mid Cap Value	0.00	5.00
Mid Cap Blend	0.00	5.00
Small Cap Growth	0.00	5.50
Small Cap Value	0.00	5.50
Small Cap Blend	0.00	5.50
Emerging Markets	0.00	6.50
Cash	0.07	-1.50
<b>The Commerce Trust Company</b>		
U.S. Large-Cap	0.00	5.42
International Stocks	0.00	5.48
U.S. Bonds	0.00	1.65

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Discount Rate**

**Municipal Firemen's**

A single discount rate of 6.31% and 6.22% was used to measure the total pension liability as of April 30, 2017 and 2016, respectively. This single discount rate was based on the expected rate of return of 6.50% and the tax-exempt municipal bond rate, based on the Federal Reserve statistical release, of 3.72% for 2017. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2074 and 2073 for the years ended April 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on pension plan investments for 2017 and 2016 was applied to projected benefit payments through the year 2074 and 2073, respectively, and the municipal bond rate was applied to all benefit payments after that date, to determine total pension liability.

**Police Officers'**

A single discount rate of 6.53% and 6.46% was used to measure the total pension liability as of April 30, 2017 and 2016, respectively. This single discount rate was based on the expected rate of return of 6.75% and the tax-exempt municipal bond rate, based on the Federal Reserve statistical release, of 3.72% for 2017. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2073 for the years ended April 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on pension plan investments for 2017 and 2016 was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date, to determine total pension liability.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

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

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

	1% Decrease	Current Rate	1% Increase
<u>Municipal Firemen's</u>			
Discount Rate	5.31%	6.31%	7.31%
Net Pension Liability	\$ 35,592,289	\$ 27,417,810	\$ 20,890,342
 <u>Police Officers'</u>			
Discount Rate	5.53%	6.53%	7.53%
Net Pension Liability	\$ 36,452,463	\$ 28,000,971	\$ 21,218,625

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Changes in Net Pension Liability**

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

	Net Pension Liability	
	Municipal Firemen's	Police Officers'
Total Pension Liability:		
Service Cost	\$ 1,323,542	\$ 1,144,862
Interest on Total Pension Liability	2,903,692	3,290,038
Difference Between Expected and Actual Experience of the Total Pension Liability	(123,924)	729,203
Changes of Assumptions	(661,395)	(531,815)
Benefit Payments, Including Refunds	(1,451,859)	(2,133,259)
Net change in Total Pension Liability	1,990,056	2,499,029
Total Pension Liability - Beginning	46,746,334	51,415,847
Total Pension Liability - Ending (A)	\$ 48,736,390	\$ 53,914,876
Plan Fiduciary Net Position:		
Contributions - Employer	\$ 1,534,761	\$ 1,454,833
Contributions - Member	351,674	387,450
Net Investment Income	1,625,568	2,192,567
Benefit Payments, Including Refunds	(1,451,859)	(2,133,259)
Administrative Expenses	(45,881)	(60,268)
Net Change in Fiduciary Net Position	2,014,263	1,841,323
Plan Fiduciary Net Position - Beginning, as Restated	19,304,317	24,072,582
Plan Fiduciary Net Position - Ending (B)	\$ 21,318,580	\$ 25,913,905
Net Pension Liability (A) - (B)	\$ 27,417,810	\$ 28,000,971
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.74%	48.06%
Covered Employee Payroll	\$ 3,749,681	\$ 3,999,497
Net Pension Liability as a Percentage of Covered Employee Payroll	731.20%	700.11%

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

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

For the year ended April 30, 2017, the City will recognize pension expense of \$6,818,177. Total pension expense recognized for all three plans for the year ended April 30, 2017 was \$8,211,757. On April 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Municipal Firemen's</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 566,454	\$ (107,211)
Changes of Assumptions	2,785,870	(572,198)
Net Difference Between Projected and Actual Earnings	495,988	-
Total Deferred Amounts Related to Pensions	<u>\$ 3,848,312</u>	<u>\$ (679,409)</u>

  

	<u>Police Officers'</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 599,049	\$ (30,566)
Changes of Assumptions	2,496,757	(436,892)
Net Difference Between Projected and Actual Earnings	668,865	-
Total Deferred Amounts Related to Pensions	<u>\$ 3,764,671</u>	<u>\$ (467,458)</u>

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

	<u>Municipal Firemen's</u>	
<u>Year Ending April 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 784,575	\$ (120,243)
2019	784,575	(120,243)
2020	784,575	(120,243)
2021	523,685	(120,243)
2022	523,687	(48,575)
Thereafter	447,215	(149,862)
Total	<u>\$ 3,848,312</u>	<u>\$ (679,409)</u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

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

<u>Year Ending April 30,</u>	Police Officers'	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,132,013	\$ (126,875)
2019	1,132,013	(126,875)
2020	1,132,013	(126,875)
2021	382,892	(122,325)
2022	(14,260)	35,492
Thereafter	-	-
Total	<u>\$ 3,764,671</u>	<u>\$ (467,458)</u>

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

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

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. 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 2017, the City contributed \$1,563,566. 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) Group Health Plan monthly premium of \$718.53 for Single and \$1,471.32 for Family.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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	\$ 4,263,138
Interest on Net OPEB Obligation	703,561
Adjustment to Annual Required Contribution	<u>(666,401)</u>
Annual OPEB Cost	4,300,298
Contributions and Payments Made	<u>1,563,566</u>
Increase in Net OPEB Obligation	2,736,732
Net OPEB Obligation - Beginning of Year	<u>15,634,692</u>
Net OPEB Obligation - End of Year	<u><u>\$ 18,371,424</u></u>

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2017 and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
April 30, 2017	\$ 4,300,298	36.7%	\$ 18,371,424
April 30, 2016	4,172,092	37.7	15,634,692
April 30, 2015	4,172,092	37.7	13,025,533

Funded Status and Funding Progress: As of April 30, 2017, the most recent valuation date, the plan was -0-% funded. The actuarial accrued liability for benefits was \$62,970,506 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$62,970,506. The covered payroll (annual payroll of active employees covered by the plan) was \$12,618,069 and the ratio of the UAAL to the covered payroll was 499.1%.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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, 2017 actuarial valuation, projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a 4.5% discount rate, salary increases of 3%, an inflation rate of 3%, mortality rates using the SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014, and health care cost trend rates beginning at 9% and steadily declining to 4.5%. 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.

**NOTE 12 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, normally in July, October, and November.

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 coverage in any of the past three fiscal years. During the year ended April 30, 2017, there were no significant reductions in coverage.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**NOTE 13 CONTINGENT LIABILITIES**

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

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

**NOTE 14 FUND BALANCES**

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

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Bond and Interest Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>							
Advanced to Other Funds	\$ 2,739,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,739,017
<b>Restricted:</b>							
Employee Benefits	-	-	-	-	-	454,426	454,426
Debt Service	-	-	-	-	2,483,750	183,912	2,667,662
Audit	-	-	-	-	-	97,716	97,716
School Crossing Guard	-	-	-	-	-	9,373	9,373
Sewer	-	-	-	-	-	29,590	29,590
Emergency Services	-	-	-	-	-	155,170	155,170
Tourism	-	-	-	-	-	1,029,551	1,029,551
Revolving Loan	-	-	-	-	-	564,840	564,840
IHDA	-	-	-	-	-	9,916	9,916
Capital Improvements and Equipment	-	8,869,052	2,639,532	3,923,674	-	193,467	15,625,725
Total Restricted	-	8,869,052	2,639,532	3,923,674	2,483,750	2,727,961	20,643,969
<b>Assigned:</b>							
Ambulance Service	511,742	-	-	-	-	-	511,742
Employee Benefits	-	-	-	-	-	684,206	684,206
Debt Service	-	-	-	-	95,322	59,506	154,828
Audit	-	-	-	-	-	117	117
Sewer	-	-	-	-	-	22	22
Emergency Services	-	-	-	-	-	49	49
Tourism	-	-	-	-	-	1,482,872	1,482,872
Revolving Loan	-	-	-	-	-	29,479	29,479
IHDA	-	-	-	-	-	376	376
Firemen's Pension	-	-	-	-	-	1	1
Capital Improvements and Equipment	-	-	-	-	-	977	977
Total Assigned	511,742	-	-	-	95,322	2,257,605	2,864,669
<b>Unassigned</b>							
	3,670,251	-	(7,135,602)	(6,700,257)	-	-	(10,165,608)
Total Fund Balances	<u>\$ 6,921,010</u>	<u>\$ 8,869,052</u>	<u>\$ (4,496,070)</u>	<u>\$ (2,776,583)</u>	<u>\$ 2,579,072</u>	<u>\$ 4,985,566</u>	<u>\$ 16,082,047</u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 15 INTERGOVERNMENTAL AGREEMENT**

In January 1991, the City entered into an intergovernmental agreement with the City of Peoria in order to share in the benefits of a riverboat gambling operation. Gambling tax revenues collected from the operation shall be distributed with 45% paid to the City of East Peoria, 45% paid to the City of Peoria, and 10% paid to a joint development fund to be evenly distributed for projects on either side of the Illinois River. The City of Peoria's gambling tax revenue portion flows through the City of East Peoria on a monthly basis. For the fiscal year ended April 30, 2017, gambling tax revenues distributed from the City of East Peoria to the City of Peoria totaled \$2,403,437.

**NOTE 16 SUBSEQUENT EVENT**

On June 21, 2017, the City sold a building that was previously known as the Fondulac Library District building located at 140 E. Washington Street in East Peoria. Total proceeds received, net of closing costs, were \$448,885.

**NOTE 17 RESTATEMENT OF NET POSITION/FUND BALANCE**

During the year, the City determined it had incorrectly recorded matured bonds payable in a prior fiscal year. It was determined the primary governmental activities net position and Bond and Interest Fund fund balance for the year ended April 30, 2016 was overstated by \$595,220. Further, beginning fund balance for the General Fund has been restated to account for compensated absences that were incorrectly reported in a prior fiscal year. It was determined the General Fund fund balance for the year ended April 30, 2017 was understated by \$642,972. Additionally, the City determined it had incorrectly recorded accounts receivable related to real estate taxes in the pension trust funds in a prior fiscal year. It was determined the fiduciary net position for the year ended April 30, 2016 was overstated by \$1,632,487 and the Firefighter's Pension Trust Fund and Police Pension Trust Fund net position was overstated by \$741,988 and \$890,499, respectively.

	Total Governmental Activities
Net Position - Beginning of Year, as Previously Reported	\$ (811,823)
Adjustment for Matured Bonds Payable	(595,220)
Net Position - Beginning of Year, as Restated	<u>\$ (1,407,043)</u>
	General Fund
Fund Balance - Beginning of Year, as Previously Reported	\$ 4,986,167
Adjustment for Compensated Absences	642,972
Fund Balance - Beginning of Year, as Restated	<u>\$ 5,629,139</u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017**

**NOTE 17 RESTATEMENT OF NET POSITION/FUND BALANCE (CONTINUED)**

	<u>Bond and Interest Fund</u>
Fund Balance - Beginning of Year, as Previously Reported	<u>\$ 3,310,481</u>
Adjustment for Matured Bonds Payable	<u>(595,220)</u>
Fund Balance - Beginning of Year, as Restated	<u><u>\$ 2,715,261</u></u>
	<u>Fiduciary Funds</u>
Net Position - Beginning of Year, as Previously Reported	<u>\$ 45,009,386</u>
Adjustment for Accounts Receivable	<u>(1,632,487)</u>
Net Position - Beginning of Year, as Restated	<u><u>\$ 43,376,899</u></u>
	<u>Firefighter's Pension Fund</u>
Net Position - Beginning of Year, as Previously Reported	<u>\$ 20,046,305</u>
Adjustment for Accounts Receivable	<u>(741,988)</u>
Net Position - Beginning of Year, as Restated	<u><u>\$ 19,304,317</u></u>
	<u>Police Pension Fund</u>
Net Position - Beginning of Year, as Previously Reported	<u>\$ 24,963,081</u>
Adjustment for Accounts Receivable	<u>(890,499)</u>
Net Position - Beginning of Year, as Restated	<u><u>\$ 24,072,582</u></u>

**NOTE 18 TAX ABATEMENTS**

The City enters into tax abatement agreements with local businesses under the Tax Increment Financing Act, in order to create economic development in certain districts. For the fiscal year ended April 30, 2017, the City abated property taxes totaling \$933,986 under this program.

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

The City also enters into sales tax agreements from time to time with local businesses in order to draw and retain business in the City. For the fiscal year ended April 30, 2017, the City abated sales tax totaling \$772,657 under this program:

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

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

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

Fiscal Year Ended, April 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:			
Service Cost	\$ 1,323,542	\$ 1,180,633	\$ 1,063,708
Interest	2,903,692	2,506,090	2,374,686
Difference in Expected and Actual Experiences	(123,924)	762,808	-
Changes of Assumptions/Methods	(661,395)	3,751,560	497,730
Benefit Payments, Including Refunds	<u>(1,451,859)</u>	<u>(1,410,276)</u>	<u>(1,334,865)</u>
Net Change in Total Pension Liability	1,990,056	6,790,815	2,601,259
Total Pension Liability - Beginning	<u>46,746,334</u>	<u>39,955,519</u>	<u>37,354,260</u>
Total Pension Liability - Ending (A)	<u>\$ 48,736,390</u>	<u>\$ 46,746,334</u>	<u>\$ 39,955,519</u>
Plan Fiduciary Net Position:			
Contributions - Employer	\$ 1,534,761	\$ 1,533,659	\$ 1,398,175
Contributions - Employee	351,674	337,628	322,840
Net Investment Income	1,625,568	(14,203)	1,165,948
Benefit Payments, Including Refunds	(1,451,859)	(1,410,276)	(1,334,865)
Administrative Expense	<u>(45,881)</u>	<u>(46,502)</u>	<u>(42,699)</u>
Net Change in Plan Fiduciary Net Position	2,014,263	400,306	1,509,399
Plan Fiduciary Net Position - Beginning, as Restated	<u>19,304,317</u>	<u>19,645,999</u>	<u>18,136,600</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 21,318,580</u>	<u>\$ 20,046,305</u>	<u>\$ 19,645,999</u>
Net Pension Liability (A) - (B)	<u>\$ 27,417,810</u>	<u>\$ 26,700,029</u>	<u>\$ 20,309,520</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.74%	42.88%	49.17%
Covered Employee Payroll	\$ 3,749,681	\$ 3,651,088	\$ 3,259,379
Net Pension Liability as a Percentage of Covered Employee Payroll	731.20%	731.29%	623.11%

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

Beginning Plan Fiduciary Net Position for 2017 includes restatement of (\$741,988). See Note 17 for additional information.

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

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

Fiscal Year Ended, April 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:			
Service Cost	\$ 1,144,862	\$ 1,032,806	\$ 975,927
Interest	3,290,038	2,941,644	2,826,691
Difference in Expected and Actual Experiences	729,203	(48,124)	-
Changes of Assumptions/Methods	(531,815)	3,930,974	532,966
Benefit Payments, Including Refunds	<u>(2,133,259)</u>	<u>(2,068,236)</u>	<u>(1,953,757)</u>
Net Change in Total Pension Liability	2,499,029	5,789,064	2,381,827
Total Pension Liability - Beginning	<u>51,415,847</u>	<u>45,626,783</u>	<u>43,244,956</u>
Total Pension Liability - Ending (A)	<u><u>\$ 53,914,876</u></u>	<u><u>\$ 51,415,847</u></u>	<u><u>\$ 45,626,783</u></u>
Plan Fiduciary Net Position:			
Contributions - Employer	\$ 1,454,833	\$ 1,452,077	\$ 1,363,308
Contributions - Employee	387,450	372,068	370,786
Net Investment Income	2,192,567	(180,316)	1,530,846
Benefit Payments, Including Refunds	(2,133,259)	(2,068,236)	(1,953,757)
Administrative Expense	(60,268)	(57,866)	(46,021)
Other	<u>-</u>	<u>18,650</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,841,323	(463,623)	1,265,162
Plan Fiduciary Net Position - Beginning, as Restated	<u>24,072,582</u>	<u>25,426,704</u>	<u>24,161,542</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 25,913,905</u></u>	<u><u>\$ 24,963,081</u></u>	<u><u>\$ 25,426,704</u></u>
Net Pension Liability (A) - (B)	<u><u>\$ 28,000,971</u></u>	<u><u>\$ 26,452,766</u></u>	<u><u>\$ 20,200,079</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.06%	48.55%	55.73%
Covered Employee Payroll	\$ 3,999,497	\$ 3,804,870	\$ 3,601,207
Net Pension Liability as a Percentage of Covered Employee Payroll	700.11%	695.23%	560.93%

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

Beginning Plan Fiduciary Net Position for 2017 includes restatement of (\$890,499). See Note 17 for additional information.

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

The following present the changes in employer net pension liability for IMRF:

Calendar Year Ended, December 31,	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 678,762	\$ 671,499
Interest	2,795,820	2,770,972
Difference in Expected and Actual Experiences	4,204,926	(1,145,802)
Changes of Assumptions/Methods	(54,676)	48,418
Benefit Payments, Including Refunds	<u>(2,283,962)</u>	<u>(1,652,047)</u>
Net Change in Total Pension Liability	5,340,870	693,040
Total Pension Liability - Beginning	<u>38,131,433</u>	<u>37,438,393</u>
Total Pension Liability - Ending (A)	<u>\$ 43,472,303</u>	<u>\$ 38,131,433</u>
 Plan Fiduciary Net Position:		
Contributions - Employer	\$ 691,435	\$ 697,158
Contributions - Employee	647,437	336,032
Projected Net Investment Income	2,606,508	2,634,081
Difference Between Projected and Actual Income	409,889	(3,036,329)
Benefit Payments, Including Refunds	(2,283,962)	(1,652,047)
Administrative Expense	(60,069)	57,529
Other	20	(930)
Net Change in Plan Fiduciary Net Position	<u>2,011,258</u>	<u>(964,506)</u>
Plan Fiduciary Net Position - Beginning	<u>34,992,762</u>	<u>35,957,268</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 37,004,020</u>	<u>\$ 34,992,762</u>
 Net Pension Liability (A) - (B)	<u>\$ 6,468,283</u>	<u>\$ 3,138,671</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.12%	91.77%
 Covered Employee Payroll	\$ 6,359,506	\$ 6,274,254
 Net Pension Liability as a Percentage of Covered Employee Payroll	101.71%	50.02%

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

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

**LAST 10 FISCAL YEARS**

**IMRF**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Payroll
2016	\$ 697,697	\$ 676,350	\$ 21,347	\$ 6,274,254	10.78%
2017	689,370	657,230	32,140	6,359,506	10.33%

**Firefighter's Pension Plan**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Payroll
2008	\$ 917,429	\$ 1,083,760	\$ (166,331)	\$ 2,219,132	48.84%
2009	1,002,083	1,039,357	(37,274)	2,228,829	46.63%
2010	1,113,550	1,099,877	13,673	2,389,575	46.03%
2011	1,231,513	1,305,136	(73,623)	2,387,396	54.67%
2012	1,189,171	1,396,644	(207,473)	2,516,887	55.49%
2013	1,297,317	1,204,896	92,421	2,772,563	43.46%
2014	1,484,030	1,305,609	178,421	2,878,446	45.36%
2015	1,478,780	1,398,175	80,605	3,259,379	42.90%
2016	1,525,510	1,533,659	(8,149)	3,651,088	42.01%
2017	1,958,460	1,534,761	423,699	3,749,681	40.93%

**Police Pension Plan**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Payroll
2008	\$ 894,233	\$ 899,056	\$ (4,823)	\$ 2,236,912	40.19%
2009	953,055	1,015,801	(62,746)	2,490,240	40.79%
2010	1,056,009	1,049,887	6,122	2,434,980	43.12%
2011	1,174,708	1,221,371	(46,663)	2,608,531	46.82%
2012	1,169,543	1,330,790	(161,247)	2,650,355	50.21%
2013	1,241,069	1,237,716	3,353	2,860,312	43.27%
2014	1,344,592	1,268,764	75,828	2,998,823	42.31%
2015	1,353,541	1,363,308	(9,767)	3,601,207	37.86%
2016	1,445,634	1,452,077	(6,443)	3,804,870	38.16%
2017	1,802,442	1,454,833	347,609	3,999,497	36.38%

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

**CITY OF EAST PEORIA, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN (UNAUDITED)  
YEAR ENDED APRIL 30, 2017**

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]
2017	4/30/2017	\$ -	\$ 62,970,506	\$ 62,970,506	0.0%	\$ 12,618,069	499.1%
2015	4/30/2015	-	58,490,882	58,490,882	0.0%	12,582,972	464.8%
2013	4/30/2013	-	50,192,870	50,192,870	0.0%	11,815,535	424.8%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of April 30, 2017. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit with linear proration to decrement.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) a 4.5% discount rate, 2) salary increases of 3%, 3) inflation rate of 3%, 4) mortality rates using the SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015, and 5) health care cost trend rates beginning at 6.5% and steadily declining to 4.5%.
- d. The amortization method is level percentage of pay over 30 years based on an open group.

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

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

**Firefighter's Pension Plan**

Fiscal Year Ended <u>April 30,</u>	<u>Rate</u>
2015	6.73%
2016	-0.08%
2017	8.57%

**Police Pension Plan**

Fiscal Year Ended <u>April 30,</u>	<u>The Commerce Company Rate</u>	<u>Benjamin F. Edwards &amp; Co. Rate</u>
2015	N/A	6.90%
2016	0.29%	-2.48%
2017	10.04%	8.64%

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

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (CASH BASIS) – GENERAL FUND**  
**YEAR ENDED APRIL 30, 2017**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>			
Taxes and Special Assessments	\$ 16,783,219	\$ 18,859,545	\$ 2,076,326
Charges for Services	901,000	1,028,288	127,288
Intergovernmental	251,000	1,630,039	1,379,039
Investment Earnings	26,760	41,603	14,843
Licenses and Permits	273,760	242,772	(30,988)
Miscellaneous	<u>2,154,309</u>	<u>2,205,808</u>	<u>51,499</u>
Total Revenues	20,390,048	24,008,055	3,618,007
<b>EXPENDITURES</b>			
Current:			
General Government	6,009,219	6,687,947	(678,728)
Police	5,797,768	5,586,621	211,147
Fire	3,473,105	3,444,536	28,569
Sanitation	1,065,778	968,289	97,489
Health and Welfare	1,273,901	1,240,444	33,457
Public Works	2,039,346	3,116,520	(1,077,174)
Community Development	534,884	524,854	10,030
Capital Outlay	889,016	450,586	438,430
Debt Service:			
Principal Payments	-	343,183	(343,183)
Interest and Fiscal Charges	-	97,305	(97,305)
Total Expenditures	<u>21,083,017</u>	<u>22,460,285</u>	<u>(1,377,268)</u>
Excess (Deficiency) of Revenues over Expenditures	(692,969)	1,547,770	2,240,739
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	25,000	718,260	693,260
Transfers Out	<u>(40,000)</u>	<u>(304,413)</u>	<u>(264,413)</u>
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>413,847</u>	<u>428,847</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (707,969)</u>	1,961,617	<u>\$ 2,669,586</u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>			
		(669,746)	
Fund Balance, Modified Accrual Basis - Beginning of Year		<u>4,986,167</u>	
<b>FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<u>\$ 6,921,010</u>	

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (CASH BASIS) – RIVERBOAT GAMING TAX FUND**  
**YEAR ENDED APRIL 30, 2017**

	Original/Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 5,000,000	\$ 4,843,610	\$ (156,390)
Intergovernmental	653,650	184,243	(469,407)
Investment Earnings	300	1,983	1,683
Miscellaneous	175,000	-	(175,000)
Total Revenues	5,828,950	5,029,836	(799,114)
<b>EXPENDITURES</b>			
Capital Outlay	4,586,155	3,641,531	944,624
Debt Service:			
Principal Payments	1,242,795	189,356	1,053,439
Interest and Fiscal Charges	-	8,825	(8,825)
Total Expenditures	5,828,950	3,839,712	1,989,238
Excess of Revenues over Expenditures	-	1,190,124	1,190,124
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuances of Long-Term Debt	-	93,755	93,755
Net Transfers	-	(1,306,346)	(1,306,346)
Total Other Financing Sources (Uses)	-	(1,212,591)	(1,212,591)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>(22,467)</b>	<b>\$ (22,467)</b>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>			
		1,052,254	
Fund Balance, Modified Accrual Basis - Beginning of Year		7,839,265	
<b>FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<b>\$ 8,869,052</b>	

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (CASH BASIS) – SPECIAL TAX ALLOCATION FUND**  
**YEAR ENDED APRIL 30, 2017**

	Original/Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 790,000	\$ 791,977	\$ 1,977
Investment Earnings	300	258	(42)
Total Revenues	790,300	792,235	1,935
<b>EXPENDITURES</b>			
Current:			
General Government	135,000	136,837	(1,837)
Other	1,650	688	962
Debt Service:			
Principal Payments	653,650	-	653,650
Total Expenditures	790,300	137,525	652,775
Excess of Revenues over Expenditures	-	654,710	654,710
<b>OTHER FINANCING USES</b>			
Transfers Out	-	(654,710)	(654,710)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>			
		654,710	
Fund Balance (Deficit), Modified Accrual Basis - Beginning of Year		(5,150,780)	
<b>FUND BALANCE (DEFICIT), MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<b>\$ (4,496,070)</b>	

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2017**

**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 been included with the General Fund budgetary comparison schedule.

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

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

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

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

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

	Final Budget	Actual	Overage
General Fund	\$ 21,083,017	\$ 22,460,285	\$ (1,377,268)

**CITY OF EAST PEORIA, ILLINOIS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
 APRIL 30, 2017**

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

**A. IMRF**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2016 Contribution Rates\*:**

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27-year closed period, until remaining period reaches 15 years (then 15-year rolling period).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality	For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information**

Notes There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
APRIL 30, 2017**

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

**B. Defined Benefit Single-Employer Pension Plans**

**Municipal Firemen's Pension Plan**

**Valuation Date:** April 30, 2016  
**Notes:** Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates as of the Valuation Date:**

Actuarial Cost Method	Projected Unit Credit
Amortization Method	The Statutory Contribution is equal to a level percentage of pay contribution determined so that the Fund attains a 90% funded ratio by the end of 2040.
Remaining Amortization Period	Not Applicable. An amortization payment is not directly calculated. The amortization payment is the difference between the total statutory contribution and the employer normal cost contribution.
Asset Valuation Method	5-year smoothed market
Price Inflation	2.75%
Salary Increases	Salary increase rates based on age-related productivity and merit rates plus inflation.
Investment Rate of Return	6.50% as of the April 30, 2016 valuation.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Blue Collar Healthy Annuitant Table, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales. No adjustment is made for post-disablement mortality.
Cost-of-Living Adjustment	Post-retirement benefit increases are 3.00%, compounded, for Tier 1, and 3.00% or one-half of the annual increase in the Consumer Price Index, whichever is less, simple, for Tier 2.

**Other Information**

**Notes:** There were no benefit changes during the year.

**Methods and Assumptions Used for Accounting Purposes as of the Valuation Date:**

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Single Discount Rate	6.22% as of April 30, 2016, based on the April 30, 2015 valuation with results rolled forward to April 30, 2016. 6.31% as of April 30, 2017, based on the April 30, 2016 valuation with results rolled forward to April 30, 2017.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
APRIL 30, 2017**

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

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

**Police Officers' Pension Plan**

**Valuation Date:** April 30, 2016  
**Notes** Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates as of the Valuation Date:**

Actuarial Cost Method	Projected Unit Credit
Amortization Method	The Statutory Contribution is equal to a level percentage of pay contributions determined so that the Fund attains a 90% funded ratio by the end of 2040.
Remaining Amortization Period	Not Applicable. An amortization payment is not directly calculated. The amortization payment is the difference between the total statutory contribution and the employer normal cost contribution.
Asset Valuation Method	5-year smoothed market
Price Inflation	2.75%
Salary Increases	Salary increase rates based on age-related productivity and merit rates plus inflation.
Investment Rate of Return	6.75% as of the April 30, 2016 valuation.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Blue Collar Healthy Annuitant Table, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales. No adjustment is made for post-disablement mortality.
Cost-of-Living Adjustment	Post-retirement benefit increases are 3.00%, compounded, for Tier 1, and 3.00% or one-half of the annual increase in the Consumer Price Index, whichever is less, simple, for Tier 2.

**Other Information**

**Notes** There were no benefit changes during the year.

**Methods and Assumptions Used for Accounting Purposes as of the Valuation Date:**

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Single Discount Rate	6.46% as of April 30, 2016, based on the April 30, 2015 valuation with results rolled forward to April 30, 2016. 6.53% as of April 30, 2017, based on the April 30, 2016 valuation with results rolled forward to April 30, 2017.

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET  
GENERAL FUND – BY ACCOUNT  
APRIL 30, 2017**

	General
<b>ASSETS</b>	
Cash and Investments	\$ 2,358,073
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	200,605
Sales Tax	3,279,412
State Income Tax	811,446
Personal Property Replacement Tax	142,043
Customer Charges	-
Intergovernmental	13,233
Fines	14,702
Other	81,520
Advanced to Other Funds	2,731,596
Total Assets	\$ 9,632,630
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	
Liabilities:	
Accounts Payable	\$ 316,158
Wages Payable	14,159
Liquor License Bonds Held	17,500
Compensated Absences	66,205
Due to Other Governmental Entities	626,799
Advanced from Other Funds	217,628
Total Liabilities	1,258,449
Deferred Inflows of Resources:	
Subsequent Year's Property Taxes	200,605
Unavailable Revenue - Other Taxes	1,516,765
Total Deferred Inflows of Resources	1,717,370
Fund Balances (Deficits):	
Nonspendable	2,731,596
Assigned	-
Unassigned	3,925,215
Total Fund Balances (Deficits)	6,656,811
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 9,632,630

<u>Police Protection</u>	<u>Fire Protection</u>	<u>Garbage Collection and Disposal</u>	<u>Street and Bridge</u>	<u>Ambulance Service</u>	<u>Combining General Fund</u>
\$ 144,903	\$ 47,113	\$ 66,013	\$ 11,080	\$ 185,739	\$ 2,812,921
625,067	625,067	26,091	304,988	-	1,781,818
-	-	-	-	-	3,279,412
-	-	-	-	-	811,446
-	-	-	-	-	142,043
-	-	-	-	332,516	332,516
-	-	-	-	-	13,233
4,640	-	-	-	-	19,342
-	-	-	-	-	81,520
-	-	-	7,421	-	2,739,017
<u>\$ 774,610</u>	<u>\$ 672,180</u>	<u>\$ 92,104</u>	<u>\$ 323,489</u>	<u>\$ 518,255</u>	<u>\$ 12,013,268</u>
\$ 19,939	\$ 64,739	\$ 21,780	\$ 43,798	\$ -	\$ 466,414
75,471	64,277	3,769	15,310	6,513	179,499
-	-	-	-	-	17,500
33,314	-	14,835	8,060	-	122,414
-	-	-	-	-	626,799
-	59,000	59,421	45,000	-	381,049
<u>128,724</u>	<u>188,016</u>	<u>99,805</u>	<u>112,168</u>	<u>6,513</u>	<u>1,793,675</u>
625,067	625,067	26,091	304,988	-	1,781,818
-	-	-	-	-	1,516,765
<u>625,067</u>	<u>625,067</u>	<u>26,091</u>	<u>304,988</u>	<u>-</u>	<u>3,298,583</u>
-	-	-	7,421	-	2,739,017
-	-	-	-	511,742	511,742
<u>20,819</u>	<u>(140,903)</u>	<u>(33,792)</u>	<u>(101,088)</u>	<u>-</u>	<u>3,670,251</u>
<u>20,819</u>	<u>(140,903)</u>	<u>(33,792)</u>	<u>(93,667)</u>	<u>511,742</u>	<u>6,921,010</u>
<u>\$ 774,610</u>	<u>\$ 672,180</u>	<u>\$ 92,104</u>	<u>\$ 323,489</u>	<u>\$ 518,255</u>	<u>\$ 12,013,268</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 GENERAL FUND – BY ACCOUNT  
 YEAR ENDED APRIL 30, 2017**

	General	Police Protection
<b>REVENUES</b>		
Property Taxes	\$ 213,847	\$ 620,149
Other Taxes and Special Assessments	16,426,723	-
Charges for Services	-	72,817
Intergovernmental	72,208	191,918
Investment Earnings	40,626	272
Licenses and Permits	242,772	-
Miscellaneous	1,862,545	200,335
Total Revenues	18,858,721	1,085,491
<b>EXPENDITURES</b>		
Current:		
General Government	6,664,435	-
Police	-	5,586,621
Fire	-	-
Sanitation	-	-
Health and Welfare	-	-
Public Works	-	-
Community Development	524,854	-
Capital Outlay	223,828	-
Debt Service:		
Principal Payments	343,183	-
Interest and Fiscal Charges	97,305	-
Total Expenditures	7,853,605	5,586,621
Excess (Deficiency) of Revenues over Expenditures	11,005,116	(4,501,130)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	252,188	4,528,368
Transfers Out	(9,849,853)	(14,225)
Total Other Financing Sources (Uses)	(9,597,665)	4,514,143
<b>NET CHANGE IN FUND BALANCES</b>	1,407,451	13,013
Fund Balances (Deficits) - Beginning of Year	5,189,415	(280,768)
Prior Period Adjustment	59,945	288,574
Fund Balances (Deficits) - Beginning of Year, as Restated	5,249,360	7,806
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	\$ 6,656,811	\$ 20,819

Fire Protection	Garbage Collection and Disposal	Street and Bridge	Ambulance Service	Eliminations	Combining General Fund
\$ 626,283	\$ 620,149	\$ 312,650	\$ -	\$ -	\$ 2,393,078
-	-	-	-	-	16,426,723
35,014	-	350	935,107	-	1,043,288
30,788	57	1,335,068	-	-	1,630,039
233	229	33	210	-	41,603
-	-	-	-	-	242,772
172	177,640	1,667	13,195	-	2,255,554
<u>692,490</u>	<u>798,075</u>	<u>1,649,768</u>	<u>948,512</u>	-	<u>24,033,057</u>
-	-	-	-	-	6,664,435
-	-	-	-	-	5,586,621
3,444,536	-	-	-	-	3,444,536
-	968,289	-	-	-	968,289
-	-	-	1,240,444	-	1,240,444
-	-	3,116,520	-	-	3,116,520
-	-	-	-	-	524,854
-	-	226,758	-	-	450,586
-	-	-	-	-	343,183
-	-	-	-	-	97,305
<u>3,444,536</u>	<u>968,289</u>	<u>3,343,278</u>	<u>1,240,444</u>	-	<u>22,436,773</u>
(2,752,046)	(170,214)	(1,693,510)	(291,932)	-	1,596,284
2,703,796	166,975	1,913,775	239,563	(9,804,665)	-
-	-	(245,000)	-	9,804,665	(304,413)
<u>2,703,796</u>	<u>166,975</u>	<u>1,668,775</u>	<u>239,563</u>	-	<u>(304,413)</u>
(48,250)	(3,239)	(24,735)	(52,369)	-	1,291,871
<u>(234,593)</u>	<u>(77,523)</u>	<u>(122,297)</u>	<u>511,933</u>	-	<u>4,986,167</u>
<u>141,940</u>	<u>46,970</u>	<u>53,365</u>	<u>52,178</u>	-	<u>642,972</u>
<u>(92,653)</u>	<u>(30,553)</u>	<u>(68,932)</u>	<u>564,111</u>	-	<u>5,629,139</u>
<u>\$ (140,903)</u>	<u>\$ (33,792)</u>	<u>\$ (93,667)</u>	<u>\$ 511,742</u>	<u>\$ -</u>	<u>\$ 6,921,010</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2017**

	Special Revenue	
	Illinois Municipal Retirement	Motor Fuel Tax
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 72,493	\$ 143,206
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	120,026	-
Personal Property Replacement Tax	12,800	-
Motor Fuel Tax Allotments	-	51,238
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Other	26,845	-
Advanced to Other Funds	-	-
	<u>\$ 232,164</u>	<u>\$ 194,444</u>
Total Assets		
	<u>\$ 232,164</u>	<u>\$ 194,444</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	4,715	-
Pension Obligation Payable	-	-
Advanced from Other Funds	-	-
Total Liabilities	<u>4,715</u>	<u>-</u>
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	120,026	-
Unavailable Revenue - Other Taxes	25,875	-
Unavailable Revenue - Notes Receivable	-	-
Unavailable Revenue - Special Assessments	-	-
Total Deferred Inflows of Resources	<u>145,901</u>	<u>-</u>
Fund Balances:		
Restricted	-	193,467
Assigned	81,548	977
Total Fund Balances	<u>81,548</u>	<u>194,444</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 232,164</u>	<u>\$ 194,444</u>

Special Revenue

Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ 19,892	\$ 862,732	\$ 97,833	\$ 9,373	\$ 30,848	\$ -
475,001	600,041	80,003	-	20,012	85,017
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
120,000	136,700	-	-	-	-
<u>\$ 614,893</u>	<u>\$ 1,599,473</u>	<u>\$ 177,836</u>	<u>\$ 9,373</u>	<u>\$ 50,860</u>	<u>\$ 85,017</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,236	\$ -
7,262	-	-	-	-	-
-	-	-	-	-	-
-	141,365	-	-	-	-
7,262	141,365	-	-	1,236	-
475,001	600,041	80,003	-	20,012	85,017
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
475,001	600,041	80,003	-	20,012	85,017
120,329	267,739	97,716	9,373	29,590	-
12,301	590,328	117	-	22	-
<u>132,630</u>	<u>858,067</u>	<u>97,833</u>	<u>9,373</u>	<u>29,612</u>	<u>-</u>
<u>\$ 614,893</u>	<u>\$ 1,599,473</u>	<u>\$ 177,836</u>	<u>\$ 9,373</u>	<u>\$ 50,860</u>	<u>\$ 85,017</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2017**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 66,387	\$ 147,252
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	16,018	50,007
Personal Property Replacement Tax	-	-
Motor Fuel Tax Allotments	-	-
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Other	-	-
Advanced to Other Funds	-	7,967
Total Assets	\$ 82,405	\$ 205,226
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	-	-
Pension Obligation Payable	-	-
Advanced from Other Funds	-	-
Total Liabilities	-	-
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	16,018	50,007
Unavailable Revenue - Other Taxes	-	-
Unavailable Revenue - Notes Receivable	-	-
Unavailable Revenue - Special Assessments	-	-
Total Deferred Inflows of Resources	16,018	50,007
Fund Balances:		
Restricted	66,358	155,170
Assigned	29	49
Total Fund Balances	66,387	155,219
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 82,405	 \$ 205,226

Special Revenue

Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Total Nonmajor Governmental Funds
\$ 2,413,563	\$ 594,319	\$ 221,282	\$ 10,292	\$ -	\$ -	\$ 4,689,472
-	-	-	-	1,177,985	1,272,320	3,896,430
-	-	-	-	27,000	35,600	75,400
-	-	-	-	-	-	51,238
-	-	38,931	-	-	-	38,931
131,453	-	-	-	-	-	131,453
-	151,785	-	-	-	-	151,785
-	-	-	-	77,970	58,477	163,292
-	-	8,364	-	-	-	273,031
<u>\$ 2,545,016</u>	<u>\$ 746,104</u>	<u>\$ 268,577</u>	<u>\$ 10,292</u>	<u>\$ 1,282,955</u>	<u>\$ 1,366,397</u>	<u>\$ 9,471,032</u>
\$ 5,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,431
3,956	-	-	-	-	-	15,933
-	-	-	-	104,969	94,077	199,046
-	-	-	-	-	-	141,365
9,151	-	-	-	104,969	94,077	362,775
-	-	-	-	1,177,985	1,272,320	3,896,430
23,442	-	-	-	-	-	49,317
-	151,785	-	-	-	-	151,785
-	-	25,159	-	-	-	25,159
23,442	151,785	25,159	-	1,177,985	1,272,320	4,122,691
1,029,551	564,840	183,912	9,916	-	-	2,727,961
1,482,872	29,479	59,506	376	1	-	2,257,605
<u>2,512,423</u>	<u>594,319</u>	<u>243,418</u>	<u>10,292</u>	<u>1</u>	<u>-</u>	<u>4,985,566</u>
<u>\$ 2,545,016</u>	<u>\$ 746,104</u>	<u>\$ 268,577</u>	<u>\$ 10,292</u>	<u>\$ 1,282,955</u>	<u>\$ 1,366,397</u>	<u>\$ 9,471,032</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2017**

	Special Revenue	
	Illinois Municipal Retirement	Motor Fuel Tax
<b>REVENUES</b>		
Property Taxes	\$ 119,073	\$ -
Other Taxes and Special Assessments	-	-
Intergovernmental	259,685	593,158
Investment Earnings	39	563
Miscellaneous	8,515	-
Total Revenues	387,312	593,721
<b>EXPENDITURES</b>		
Current:		
General Government	453,962	-
Police	-	-
Fire	-	-
Public Works	-	618,001
Other	-	-
Capital Outlay	-	36,187
Total Expenditures	453,962	654,188
Excess (Deficiency) of Revenues over Expenditures	(66,650)	(60,467)
<b>OTHER FINANCING SOURCES</b>		
Transfers In	7,038	-
<b>NET CHANGE IN FUND BALANCES</b>	(59,612)	(60,467)
Fund Balances - Beginning of Year	141,160	254,911
<b>FUND BALANCES - END OF YEAR</b>	\$ 81,548	\$ 194,444

Special Revenue

Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ 471,307	\$ 694,570	\$ 119,073	\$ -	\$ 19,877	\$ 79,410
-	-	-	-	-	-
-	150,000	-	-	-	110,098
158	233	39	-	6	27
6,075	-	-	-	-	-
<u>477,540</u>	<u>844,803</u>	<u>119,112</u>	<u>-</u>	<u>19,883</u>	<u>189,535</u>
466,850	689,761	59,246	-	17,697	-
-	-	-	-	-	-
-	-	-	-	-	227,926
-	-	-	-	-	-
<u>466,850</u>	<u>689,761</u>	<u>59,246</u>	<u>-</u>	<u>17,697</u>	<u>227,926</u>
10,690	155,042	59,866	-	2,186	(38,391)
-	-	-	-	-	38,391
<u>10,690</u>	<u>155,042</u>	<u>59,866</u>	<u>-</u>	<u>2,186</u>	<u>-</u>
<u>121,940</u>	<u>703,025</u>	<u>37,967</u>	<u>9,373</u>	<u>27,426</u>	<u>-</u>
<u>\$ 132,630</u>	<u>\$ 858,067</u>	<u>\$ 97,833</u>	<u>\$ 9,373</u>	<u>\$ 29,612</u>	<u>\$ -</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2017**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
<b>REVENUES</b>		
Property Taxes	\$ 15,890	\$ 49,641
Other Taxes and Special Assessments	-	-
Intergovernmental	-	-
Investment Earnings	5	17
Miscellaneous	-	-
Total Revenues	15,895	49,658
<b>EXPENDITURES</b>		
Current:		
General Government	7,041	15,889
Police	-	-
Fire	-	-
Public Works	-	-
Other	-	-
Capital Outlay	-	-
Total Expenditures	7,041	15,889
Excess (Deficiency) of Revenues over Expenditures	8,854	33,769
<b>OTHER FINANCING SOURCES</b>		
Transfers In	-	-
<b>NET CHANGE IN FUND BALANCES</b>	8,854	33,769
Fund Balances - Beginning of Year	57,533	121,450
<b>FUND BALANCES - END OF YEAR</b>	\$ 66,387	\$ 155,219

Special Revenue

Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 739,221	\$ 893,015	\$ 3,201,077
772,256	-	12,579	-	315,967	232,056	1,332,858
-	-	-	-	495,540	336,818	1,945,299
-	5,568	4,173	5	249	301	11,383
322,146	53,609	-	-	-	-	390,345
1,094,402	59,177	16,752	5	1,550,977	1,462,190	6,880,962
883,353	-	-	-	-	-	2,593,799
-	-	-	-	-	1,462,190	1,462,190
-	-	-	-	1,550,977	-	1,550,977
-	-	-	-	-	-	845,927
-	-	-	2,020	-	-	2,020
-	-	-	-	-	-	36,187
883,353	-	-	2,020	1,550,977	1,462,190	6,491,100
211,049	59,177	16,752	(2,015)	-	-	389,862
-	-	-	-	-	-	45,429
211,049	59,177	16,752	(2,015)	-	-	435,291
2,301,374	535,142	226,666	12,307	1	-	4,550,275
<u>\$ 2,512,423</u>	<u>\$ 594,319</u>	<u>\$ 243,418</u>	<u>\$ 10,292</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 4,985,566</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
APRIL 30, 2017**

	Pension Trust Funds	
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 428,628	\$ 567,841
Receivables:		
Accrued Interest and Dividends	54,412	70,741
Investments, at Fair Value:		
Money Market Funds	1,178,540	732,663
Municipal Bonds	333,955	435,114
Corporate Bonds	3,122,348	4,880,218
U.S. Government Notes and Bonds	2,263,635	1,919,309
U.S. Government Agency Obligations	408,885	1,196,133
Mutual Funds	9,594,096	2,434,392
Common Stocks	3,934,081	13,677,494
Total Investments	20,835,540	25,275,323
Total Assets	21,318,580	25,913,905
<b>LIABILITIES</b>		
Amounts Held for Others	-	-
Net Position Held in Trust for Pension Benefit Obligation	\$ 21,318,580	\$ 25,913,905

Total Pension Trust Funds	Agency Funds			Total Agency Funds
	Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	
\$ 996,469	\$ 7,468	\$ 9,784	\$ 21,917	\$ 39,169
125,153	-	-	-	-
1,911,203	-	-	-	-
769,069	-	-	-	-
8,002,566	-	-	-	-
4,182,944	-	-	-	-
1,605,018	-	-	-	-
12,028,488	-	-	-	-
17,611,575	-	-	-	-
<u>46,110,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
47,232,485	<u>\$ 7,468</u>	<u>\$ 9,784</u>	<u>\$ 21,917</u>	<u>\$ 39,169</u>
-	<u>\$ 7,468</u>	<u>\$ 9,784</u>	<u>\$ 21,917</u>	<u>\$ 39,169</u>
<u>\$ 47,232,485</u>				

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED APRIL 30, 2017**

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
<b>LEVI KING SCHOLARSHIP FUND</b>				
Assets, Cash and Cash Equivalents	<u>\$ 7,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,468</u>
Liabilities, Amounts Held for Others	<u>\$ 7,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,468</u>
<b>DEPENDENT CARE FUND</b>				
Assets, Cash and Cash Equivalents	<u>\$ 5,242</u>	<u>\$ 25,000</u>	<u>\$ 20,458</u>	<u>\$ 9,784</u>
Liabilities, Amounts Held for Others	<u>\$ 5,242</u>	<u>\$ 25,000</u>	<u>\$ 20,458</u>	<u>\$ 9,784</u>
<b>UNREIMBURSED MEDICAL FUND</b>				
Assets, Cash and Cash Equivalents	<u>\$ 22,326</u>	<u>\$ 77,289</u>	<u>\$ 77,698</u>	<u>\$ 21,917</u>
Liabilities, Amounts Held for Others	<u>\$ 22,326</u>	<u>\$ 77,289</u>	<u>\$ 77,698</u>	<u>\$ 21,917</u>
<b>TOTAL</b>				
Assets, Cash and Cash Equivalents	<u>\$ 35,036</u>	<u>\$ 102,289</u>	<u>\$ 98,156</u>	<u>\$ 39,169</u>
Liabilities, Amounts Held for Others	<u>\$ 35,036</u>	<u>\$ 102,289</u>	<u>\$ 98,156</u>	<u>\$ 39,169</u>

**CITY OF EAST PEORIA, ILLINOIS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED APRIL 30, 2017**

	Pension Trust Funds		Total
	City of East Peoria Firefighter's Pension Fund	City of East Peoria Police Pension Fund	
<b>ADDITIONS</b>			
Contributions:			
Plan Members' Contributions	\$ 351,674	\$ 387,450	\$ 739,124
Employer Contributions	1,534,761	1,454,833	2,989,594
Total Contributions	1,886,435	1,842,283	3,728,718
Investment Income:			
Net Appreciation in Fair Value of Investments	1,141,649	1,767,741	2,909,390
Dividends and Interest	588,216	544,310	1,132,526
Total Investment Income	1,729,865	2,312,051	4,041,916
Less: Investment Expenses	104,297	119,484	223,781
Net Investment Income	1,625,568	2,192,567	3,818,135
Total Additions	3,512,003	4,034,850	7,546,853
<b>DEDUCTIONS</b>			
Benefits Paid	1,451,859	2,133,259	3,585,118
Administrative Expenses	45,881	60,268	106,149
Total Deductions	1,497,740	2,193,527	3,691,267
Change in Net Position	2,014,263	1,841,323	3,855,586
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of Year, as Previously Reported	20,046,305	24,963,081	45,009,386
Prior Period Adjustment	(741,988)	(890,499)	(1,632,487)
Beginning of Year, as Restated	19,304,317	24,072,582	43,376,899
End of Year	\$ 21,318,580	\$ 25,913,905	\$ 47,232,485

**CITY OF EAST PEORIA, ILLINOIS  
 ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,  
 AND TAX COLLECTIONS (UNAUDITED)  
 APRIL 30, 2017**

2016 Tax Levy				
Assessed Valuation, Excluding Tax				\$ 443,718,894
Increment Financing District Increment				<u>\$ 443,718,894</u>
<u>Fund</u>	<u>Levy</u>	<u>Rate</u>	<u>Amount Extended by County Clerk</u>	<u>Collected Within 60 Days After April 30, 2017</u>
General	\$ 200,593	0.04521	\$ 200,605	\$ -
Police Protection	625,028	0.14087	625,067	-
Fire Protection	625,028	0.14087	625,067	-
Garbage Collection and Disposal	26,057	0.00588	26,091	-
Sewer Chlorination	20,000	0.00451	20,012	-
Illinois Municipal Retirement	120,000	0.02705	120,026	-
FICA	475,000	0.10705	475,001	-
Workmen's Compensation	600,000	0.13523	600,041	-
Street and Bridge	305,000	0.02017	89,498	-
Audit	80,000	0.01803	80,003	-
Street Lighting	85,000	0.01916	85,017	-
Unemployment Insurance	16,000	0.00361	16,018	-
Civil Defense	50,000	0.01127	50,007	-
Firemen's Pension	1,177,950	0.26548	1,177,985	-
Police Pension	1,272,308	0.28674	1,272,320	-
	<u>\$ 5,677,964</u>	<u>1.23113</u>	<u>\$ 5,462,758</u>	<u>\$ -</u>

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

**CITY OF EAST PEORIA, ILLINOIS  
 ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,  
 AND TAX COLLECTIONS (UNAUDITED) (CONTINUED)  
 APRIL 30, 2017**

2015 Tax Levy				
Assessed Valuation, Excluding Tax				\$ 441,216,885
Increment Financing District Increment				
<b>Fund</b>	Levy	Rate	Amount Extended by County Clerk	Amount Collected
General	\$ 200,592	0.04542	\$ 200,401	\$ 198,847
Police Protection	625,000	0.14166	625,028	620,149
Fire Protection	625,000	0.14166	625,028	626,283
Garbage Collection and Disposal	625,000	0.14166	625,028	620,149
Sewer Chlorination	20,000	0.00454	20,031	19,877
Illinois Municipal Retirement	120,000	0.02720	120,011	119,073
FICA	475,000	0.10766	475,014	471,307
Workmen's Compensation	700,000	0.15866	700,035	694,570
Street and Bridge	315,150	0.02254	99,450	98,676
Audit	120,000	0.02720	120,011	119,073
Street Lighting	80,000	0.01814	80,037	79,410
Unemployment Insurance	16,000	0.00363	16,016	15,890
Civil Defense	50,000	0.01134	50,034	49,641
Firemen's Pension	745,000	0.16886	745,039	739,221
Police Pension	900,000	0.20399	900,038	893,015
	\$ 5,616,742	1.22416	\$ 5,401,201	\$ 5,365,181

2014 Tax Levy

2013 Tax Levy

\$ 432,907,928

\$ 425,951,937

2014 Tax Levy		2014 Tax Levy		2013 Tax Levy		2013 Tax Levy	
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
\$ 100,000	0.02310	\$ 100,002	\$ 99,424	\$ 223,532	0.05248	\$ 223,540	\$ 221,283
600,000	0.13860	600,010	598,372	600,000	0.14087	600,038	595,096
600,000	0.13860	600,010	598,372	600,000	0.14087	600,038	595,096
600,000	0.13860	600,010	598,372	600,000	0.14087	600,038	595,096
15,000	0.00347	15,022	14,979	15,000	0.00353	15,036	14,914
120,000	0.02772	120,002	119,674	204,900	0.04811	204,925	203,238
466,292	0.10772	466,328	465,058	455,000	0.10682	455,002	451,254
700,000	0.16170	700,012	698,101	800,000	0.18782	800,023	793,435
403,000	0.04340	187,882	187,368	403,000	0.04468	190,315	188,750
90,000	0.02079	90,002	89,758	77,000	0.01808	77,012	76,380
80,000	0.01848	80,001	79,783	125,000	0.02935	125,017	123,987
12,000	0.00278	12,035	12,002	30,000	0.00705	30,030	29,781
100,000	0.02310	100,002	99,729	-	-	-	-
700,260	0.16176	700,272	698,359	604,328	0.14188	604,341	599,365
811,141	0.18738	811,183	808,968	717,948	0.16856	717,985	712,074
<u>\$ 5,397,693</u>	<u>1.19720</u>	<u>\$ 5,182,773</u>	<u>\$ 5,168,319</u>	<u>\$ 5,455,708</u>	<u>1.23097</u>	<u>\$ 5,243,340</u>	<u>\$ 5,199,749</u>

**CITY OF EAST PEORIA, ILLINOIS  
LEGAL DEBT MARGIN (UNAUDITED)  
APRIL 30, 2017**

Assessed Valuation, 2016 Tax Year		<u>\$ 443,718,894</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)		\$ 38,270,755
Total Debt:		
Notes Payable to Banks	\$ 7,866,458	
Notes Payable to Illinois Environment Protection Agency	3,702,772	
General Obligation Bonds (Alternate Revenue Source)	88,555,000	
Revenue Bonds	90,000	
Deduct Debt Exempt from Debt Limitation Computation:		
General Obligation Bonds (Alternate Revenue Source)	(88,555,000)	
Revenue Bonds	<u>(90,000)</u>	<u>11,569,230</u>
Legal Debt Margin		<u>\$ 26,701,525</u>

**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT  
SPECIAL TAX ALLOCATION FUND (UNAUDITED)  
YEAR ENDED APRIL 30, 2017**

	District III
<b>RECEIPTS</b>	
Tax Increment Financing, Property Taxes	\$ 791,977
Interest Income	258
Total Receipts	792,235
<b>DISBURSEMENTS</b>	
Distribution to Other Taxing Districts	136,837
Bank Collection Charges	688
Interfund Borrowing	654,710
Total Disbursements	792,235
Deficiency of Receipts over Disbursements	-
Cash and Investments - April 30, 2016	3,018
<b>CASH AND INVESTMENTS - APRIL 30, 2017</b>	<b>\$ 3,018</b>

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT**  
**CAPITAL PROJECTS FUND (UNAUDITED)**  
**YEAR ENDED APRIL 30, 2017**

	Camp Street TIF District	W. Washington Street TIF District	Total
<b>RECEIPTS</b>			
Tax Increment Financing:			
Property Taxes	\$ 1,771,278	\$ 2,466,933	\$ 4,238,211
TIF B Taxes	84,825	-	84,825
TIF C Taxes	528,736	-	528,736
TIF D Taxes	-	1,050,310	1,050,310
TIF E Taxes	-	410,767	410,767
Lease Income	641,589	-	641,589
Rental Income	986,280	-	986,280
Interest Income	991	2,851	3,842
Reimbursements and Property Sales	-	14,199	14,199
Intergovernmental	65,834	-	65,834
Bond Proceeds	3,280,000	-	3,280,000
Miscellaneous Receipts	1,812	-	1,812
Interfund Borrowing	2,028,895	-	2,028,895
Total Receipts	9,390,240	3,945,060	13,335,300

**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT**  
**CAPITAL PROJECTS FUND (UNAUDITED) (CONTINUED)**  
**YEAR ENDED APRIL 30, 2017**

	Camp Street TIF District	W. Washington Street TIF District	Total
<b>DISBURSEMENTS</b>			
2002-C Tax Increment Bond Interest	\$ 61,150	\$ -	\$ 61,150
2002-C Tax Increment Bond Principal	260,000	-	260,000
2004-B Tax Increment Bond Interest	13,750	-	13,750
2004-B Tax Increment Bond Principal	330,000	-	330,000
2007 Refunding Tax Increment Bond Interest	1,311,495	-	1,311,495
2007 Refunding Tax Increment Bond Principal	750,000	-	750,000
2007 Payment to Refunded Bond Escrow Agent	2,995,000	-	2,995,000
2010A General Obligation Bond Interest	880,736	-	880,736
2010A General Obligation Bond Principal	935,000	-	935,000
2010B General Obligation Bond Principal	5,000	-	5,000
2014 General Obligation Bond Interest	759,795	-	759,795
2012A General Obligation Bond Interest	-	96,537	96,537
2012A General Obligation Bond Principal	-	175,000	175,000
2012B General Obligation Bond Interest	-	96,537	96,537
2012B General Obligation Bond Principal	-	175,000	175,000
2012C General Obligation Bond Interest	-	113,281	113,281
2012C General Obligation Bond Principal	-	525,000	525,000
2012D General Obligation Bond Interest	-	45,006	45,006
2012D General Obligation Bond Principal	-	210,000	210,000
2013B Refunding General Obligation Bond Interest	-	424,171	424,171
2013B Refunding General Obligation Bond Principal	-	485,000	485,000
Camp Street Loan Interest	36,512	104,093	140,605
Camp Street Loan Principal	40,492	468,000	508,492
Development and Engineering Fees	128,711	20,888	149,599
Other Operating Expenses	308,121	336,142	644,263
Sales Tax Rebate	-	1,562,925	1,562,925
Property Taxes	410,088	-	410,088
Consulting Fees	-	16,797	16,797
Attorney Fees	25,269	7,385	32,654
Interfund Payment	-	1,278,895	1,278,895
Total Disbursements	9,251,119	6,140,657	15,391,776
Excess of Receipts Over (Under) Disbursements	139,121	(2,195,597)	(2,056,476)
Cash - April 30, 2016	281,692	3,887,007	4,168,699
<b>CASH - APRIL 30, 2017</b>	<b>\$ 420,813</b>	<b>\$ 1,691,410</b>	<b>\$ 2,112,223</b>