

**CITY OF EAST PEORIA, ILLINOIS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED APRIL 30, 2020**



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**CITY OF EAST PEORIA, ILLINOIS  
TABLE OF CONTENTS  
YEAR ENDED APRIL 30, 2020**

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>4</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>6</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET — GOVERNMENTAL FUNDS</b>	<b>8</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION</b>	<b>12</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) — GOVERNMENTAL FUNDS</b>	<b>13</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>STATEMENT OF NET POSITION — PROPRIETARY FUNDS</b>	<b>17</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — PROPRIETARY FUNDS</b>	<b>19</b>
<b>STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS</b>	<b>21</b>
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>23</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — PENSION TRUST FUNDS</b>	<b>24</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>25</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS — FIREFIGHTER'S PENSION PLAN (UNAUDITED)</b>	<b>74</b>
<b>SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS — POLICE PENSION PLAN (UNAUDITED)</b>	<b>75</b>
<b>SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS — ILLINOIS MUNICIPAL RETIREMENT PLAN (UNAUDITED)</b>	<b>76</b>
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS — PENSION PLANS (UNAUDITED)</b>	<b>77</b>
<b>SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)</b>	<b>78</b>
<b>SCHEDULES OF INVESTMENT RETURNS — FIREFIGHTER'S AND POLICE PENSION PLANS (UNAUDITED)</b>	<b>79</b>

**CITY OF EAST PEORIA, ILLINOIS  
TABLE OF CONTENTS  
YEAR ENDED APRIL 30, 2020**

<b>REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)</b>	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL (CASH BASIS) — GENERAL FUND	80
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL (CASH BASIS) — RIVERBOAT GAMING TAX FUND	81
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT — BUDGET AND ACTUAL (CASH BASIS) — SPECIAL TAX ALLOCATION FUND	82
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	83
<b>SUPPLEMENTARY INFORMATION</b>	
CONSOLIDATED YEAR-END FINANCIAL REPORT	86
<b>GENERAL FUND:</b>	
COMBINING BALANCE SHEET — BY ACCOUNT	87
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) — BY ACCOUNT	89
<b>NONMAJOR GOVERNMENTAL FUNDS:</b>	
COMBINING BALANCE SHEET	91
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	95
<b>FIDUCIARY FUNDS:</b>	
COMBINING SCHEDULE OF FIDUCIARY NET POSITION	99
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES — AGENCY FUNDS	101
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION	102
<b>STATISTICAL INFORMATION:</b>	
ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS, AND TAX COLLECTIONS (UNAUDITED)	103
LEGAL DEBT MARGIN (UNAUDITED)	106
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT — SPECIAL TAX ALLOCATION FUND (UNAUDITED)	107
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT — CAPITAL PROJECTS FUND (UNAUDITED)	108
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ILLINOIS MUNICIPAL CODE SUBSECTION (Q) SECTION 11-74.4-3 OF PUBLIC ACT 85-1142	110

**CITY OF EAST PEORIA, ILLINOIS  
TABLE OF CONTENTS  
YEAR ENDED APRIL 30, 2020**

<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>111</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>113</b>
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	<b>115</b>



## 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 City of East Peoria, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Peoria Mass Transit District discretely presented component unit. We did not audit the financial statements of the Police Pension Trust Fund and Firefighter's Pension Trust Fund, which represent 76%, 83%, and 28%, respectively, of the assets, net position/fund balance, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Peoria Mass Transit District discretely presented component unit, Police Pension Trust Fund, and Firefighter's Pension Trust Fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the East Peoria Mass Transit District, Police Pension Trust Fund, and Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

Honorable Mayor and Commissioners  
City of East Peoria, Illinois

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefits information on pages 74 through 79 and budgetary comparison information on pages 80 through 82 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.

Honorable Mayor and Commissioners  
City of East Peoria, Illinois

*Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 22, 2020

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2020**

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	\$ 15,024,195	\$ 7,198,894	\$ 22,223,089	\$ 76,856
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Property Taxes	11,255,515	-	11,255,515	441,958
Sales Tax	4,081,291	-	4,081,291	-
State Income Tax	446,450	-	446,450	-
Personal Property Replacement Tax	191,291	-	191,291	8,127
Motor Fuel Tax Allotments	69,407	-	69,407	-
Gaming Tax	9,827	-	9,827	-
Water and Sewer Revenue Receivables:				
Billed	-	338,436	338,436	-
Unbilled Charges	-	1,761,283	1,761,283	-
Customer Charges (Net of Allowance)	350,129	233,572	583,701	-
Assessments	9,174	-	9,174	-
Hotel/Motel Taxes	43,483	-	43,483	-
Intergovernmental	206,507	-	206,507	-
Notes	118,230	-	118,230	-
Fines	10,580	-	10,580	-
Capital Lease	715,907	-	715,907	-
Other	261,682	-	261,682	-
Inventory, at Cost	-	102,012	102,012	-
Internal Balances	313,960	(313,960)	-	-
Assets Held for Resale	1,430,000	-	1,430,000	-
Prepaid Expenses	298,025	-	298,025	-
Total Current Assets	<u>34,835,653</u>	<u>9,320,237</u>	<u>44,155,890</u>	<u>526,941</u>
<b>NONCURRENT ASSETS</b>				
Restricted Assets, Cash and Investments	735,900	-	735,900	-
Receivables (Net Where Applicable, of Allowances for Estimated Uncollectible Amounts):				
Capital Lease	5,749,324	-	5,749,324	-
Capital Assets:				
Not Depreciable:				
Land	10,106,412	3,647,682	13,754,094	-
Construction-in-Progress	286,801	21,449,219	21,736,020	-
Depreciable:				
Land Improvements	5,680,007	7,679,585	13,359,592	-
Buildings	53,828,113	24,758,479	78,586,592	-
Machinery, Equipment, and Vehicles	19,649,899	15,618,632	35,268,531	-
Infrastructure	123,049,732	40,833,694	163,883,426	-
Accumulated Depreciation	<u>(99,443,042)</u>	<u>(61,815,261)</u>	<u>(161,258,303)</u>	<u>-</u>
Total Noncurrent Assets	<u>119,643,146</u>	<u>52,172,030</u>	<u>171,815,176</u>	<u>-</u>
Total Assets	154,478,799	61,492,267	215,971,066	526,941
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	1,103,939	-	1,103,939	-
Deferred Amounts Related to Pensions	6,675,127	1,013,306	7,688,433	-
Deferred Amounts Related to OPEB	7,027,201	1,106,061	8,133,262	-
Total Deferred Outflows of Resources	<u>14,806,267</u>	<u>2,119,367</u>	<u>16,925,634</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**APRIL 30, 2020**

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	\$ 181,339	\$ 2,551,676	\$ 2,733,015	\$ -
Retainage Payable	-	1,736,373	1,736,373	-
Wages Payable	224,110	33,785	257,895	-
Liquor License Bond Held	18,000	-	18,000	-
Interest Payable	886,192	3,994	890,186	-
Unearned Revenue	82,171	286,080	368,251	-
Due to Other Governmental Entities	645,818	-	645,818	54,000
Deposits, Customers	-	82,054	82,054	-
Compensated Absences	833,145	118,849	951,994	-
Accrued Health Claims	230,190	57,641	287,831	-
Other Postemployment Benefits Liability	1,839,199	303,898	2,143,097	-
Current Portion of Long-Term Debt	7,272,868	900,725	8,173,593	-
Total Current Liabilities	<u>12,213,032</u>	<u>6,075,075</u>	<u>18,288,107</u>	<u>54,000</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated Absences	2,861,709	258,022	3,119,731	-
Other Postemployment Benefits Liability	59,318,121	9,801,346	69,119,467	-
Net Pension Liability	45,574,275	345,098	45,919,373	-
General Obligation Bonds, Net Bond				
Discounts and Premiums, Noncurrent	66,746,026	183,922	66,929,948	-
Notes Payable, Noncurrent	2,522,966	12,442,834	14,965,800	-
Total Long-Term Liabilities	<u>177,023,097</u>	<u>23,031,222</u>	<u>200,054,319</u>	<u>-</u>
Total Liabilities	189,236,129	29,106,297	218,342,426	54,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent Year's Property Taxes	11,255,515	-	11,255,515	154,932
Deferred Amounts Related to Pensions	11,961,156	1,482,921	13,444,077	-
Deferred Amounts Related to OPEB	11,455,277	2,073,704	13,528,981	-
Total Deferred Inflows of Resources	<u>34,671,948</u>	<u>3,556,625</u>	<u>38,228,573</u>	<u>154,932</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	38,443,505	39,279,305	77,722,810	-
Restricted for:				
Employee Benefits	100,386	-	100,386	-
Debt Service	1,212,717	-	1,212,717	-
Audit	164,477	-	164,477	44,156
Sewer	49,430	-	49,430	-
Streets	34,990	-	34,990	-
Emergency Services	181,293	-	181,293	-
Tourism	400,925	-	400,925	-
Revolving Loan	715,680	-	715,680	-
IHDA	7,916	-	7,916	-
Capital Improvements and Equipment	10,501,542	-	10,501,542	-
Liability Insurance	-	-	-	101,404
Unrestricted (Deficit)	<u>(106,435,872)</u>	<u>(8,330,593)</u>	<u>(114,766,465)</u>	<u>172,449</u>
Total Net Position	<u>\$ (54,623,011)</u>	<u>\$ 30,948,712</u>	<u>\$ (23,674,299)</u>	<u>\$ 318,009</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2020**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>
Primary Government:	
Governmental Activities:	
Police	\$ (9,246,095)
Fire	(8,306,850)
Sanitation	(1,131,127)
Public Works	(6,702,627)
General Government	(13,570,694)
Community Development	(399,034)
Other	(2,262,069)
Interest on and Amortization of Long-Term Debt	(3,242,319)
Total Governmental Activities	<u>(44,860,815)</u>
Business-Type Activities:	
Water and Sewer	(6,220,700)
Eastside Centre	(1,450,660)
Eastport Marina	(1,074,565)
Total Business-Type Activities	<u>(8,745,925)</u>
Total Primary Government	<u>\$ (53,606,740)</u>
Component Unit:	
City of East Peoria Mass Transit District	<u>\$ (1,863,894)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED APRIL 30, 2020**

Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit East Peoria Mass Transit District
			Primary Government		Total Primary Government	
Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
\$ -	\$ 147,487	\$ -	\$ (9,098,608)	\$ -	\$ (9,098,608)	\$ -
1,266,038	39,514	-	(7,001,298)	-	(7,001,298)	-
42,295	-	-	(1,088,832)	-	(1,088,832)	-
840	869,735	211,849	(5,620,203)	-	(5,620,203)	-
192,262	-	-	(13,378,432)	-	(13,378,432)	-
-	-	-	(399,034)	-	(399,034)	-
-	-	-	(2,262,069)	-	(2,262,069)	-
-	-	-	(3,242,319)	-	(3,242,319)	-
<u>1,501,435</u>	<u>1,056,736</u>	<u>211,849</u>	<u>(42,090,795)</u>	<u>-</u>	<u>(42,090,795)</u>	<u>-</u>
9,065,405	-	-	-	2,844,705	2,844,705	-
557,565	-	-	-	(893,095)	(893,095)	-
989,947	-	-	-	(84,618)	(84,618)	-
<u>10,612,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,992</u>	<u>1,866,992</u>	<u>-</u>
<u>\$ 12,114,352</u>	<u>\$ 1,056,736</u>	<u>\$ 211,849</u>	<u>(42,090,795)</u>	<u>1,866,992</u>	<u>(40,223,803)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,517,517</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,377)</u>
<b>GENERAL REVENUES</b>						
			11,023,343	-	11,023,343	286,741
			18,642,736	13,636	18,656,372	-
			2,302,405	-	2,302,405	-
			1,428,142	-	1,428,142	56,993
			3,724,736	-	3,724,736	-
			2,932,671	-	2,932,671	-
			319,950	85,796	405,746	2,252
			69,696	-	69,696	-
			-	6,247,367	6,247,367	-
			3,012,561	583,140	3,595,701	-
			<u>43,456,240</u>	<u>6,929,939</u>	<u>50,386,179</u>	<u>345,986</u>
<b>CHANGE IN NET POSITION</b>			1,365,445	8,796,931	10,162,376	(391)
Net Position - Beginning of Year			(55,988,456)	22,151,781	(33,836,675)	318,400
<b>NET POSITION - END OF YEAR</b>			<u>\$ (54,623,011)</u>	<u>\$ 30,948,712</u>	<u>\$ (23,674,299)</u>	<u>\$ 318,009</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2020**

<b>ASSETS</b>	<u>General Fund</u>
Cash and Investments	\$ 8,205,350
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	217,522
Sales Tax	3,856,446
State Income Tax	446,450
Personal Property Replacement Tax	178,491
Motor Fuel Tax Allotments	-
Gaming Tax	-
Customer Charges	350,129
Assessments	-
Hotel/Motel Taxes	-
Intergovernmental	206,507
Notes	-
Fines	10,580
Capital Lease	-
Other	196,342
Advanced to Other Funds	2,601,157
Assets Held for Resale	-
Prepaid Expenses	-
Restricted Assets, Cash and Investments	-
	<hr/>
Total Assets	<u>\$ 16,268,974</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
APRIL 30, 2020**

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ 197,737	\$ 11,176	\$ -	\$ 6,421,961	\$ 14,836,224
-	783,500	4,724,795	5,529,698	11,255,515
-	-	224,845	-	4,081,291
-	-	-	-	446,450
-	-	-	12,800	191,291
-	-	-	69,407	69,407
9,827	-	-	-	9,827
-	-	-	-	350,129
-	-	-	9,174	9,174
-	-	10,736	32,747	43,483
-	-	-	-	206,507
-	-	-	118,230	118,230
-	-	-	-	10,580
-	-	6,465,231	-	6,465,231
-	-	65,340	-	261,682
7,798,550	2,639,532	381,451	542,431	13,963,121
-	-	1,430,000	-	1,430,000
-	-	-	298,025	298,025
-	-	735,900	-	735,900
<u>\$ 8,006,114</u>	<u>\$ 3,434,208</u>	<u>\$ 14,038,298</u>	<u>\$ 13,034,473</u>	<u>\$ 54,782,067</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
APRIL 30, 2020**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>General Fund</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 147,514
Wages Payable	206,454
Liquor License Bonds Held	18,000
Compensated Absences	125,821
Unearned Revenue	-
Due to Other Governmental Entities	645,818
Advanced from Other Funds	381,049
Total Liabilities	<u>1,524,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Subsequent Year's Property Taxes	217,522
Unavailable Revenue - Other Taxes	1,294,005
Unavailable Revenue - Intergovernmental	193,274
Unavailable Revenue - Capital Lease Receivable	-
Unavailable Revenue - Notes Receivable	-
Total Deferred Inflows of Resources	<u>1,704,801</u>
<b>FUND BALANCES (DEFICITS)</b>	
Nonspendable	2,601,157
Restricted	-
Assigned	-
Unassigned	10,438,360
Total Fund Balances (Deficits)	<u>13,039,517</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u><u>\$ 16,268,974</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
APRIL 30, 2020**

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 6,420	\$ 27,405	\$ 181,339
-	-	-	17,656	224,110
-	-	-	-	18,000
-	-	-	-	125,821
82,171	-	-	-	82,171
-	-	-	-	645,818
428,939	5,841,826	6,605,982	391,365	13,649,161
<u>511,110</u>	<u>5,841,826</u>	<u>6,612,402</u>	<u>436,426</u>	<u>14,926,420</u>
-	783,500	4,724,795	5,529,698	11,255,515
-	-	53,792	-	1,347,797
-	-	-	-	193,274
-	-	6,465,231	-	6,465,231
-	-	-	114,261	114,261
<u>-</u>	<u>783,500</u>	<u>11,243,818</u>	<u>5,643,959</u>	<u>19,376,078</u>
-	-	-	298,025	2,899,182
6,196,579	3,941,631	-	4,003,077	14,141,287
1,298,425	-	-	2,657,651	3,956,076
-	(7,132,749)	(3,817,922)	(4,665)	(516,976)
<u>7,495,004</u>	<u>(3,191,118)</u>	<u>(3,817,922)</u>	<u>6,954,088</u>	<u>20,479,569</u>
<u>\$ 8,006,114</u>	<u>\$ 3,434,208</u>	<u>\$ 14,038,298</u>	<u>\$ 13,034,473</u>	<u>\$ 54,782,067</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
APRIL 30, 2020**

Total Governmental Fund Balances	\$	20,479,569
<p>Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Land	\$	10,106,412
Construction-in-Progress		286,801
Land Improvements		5,680,007
Buildings		53,828,113
Machinery, Equipment, and Vehicles		19,649,899
Infrastructure		123,049,732
Accumulated Depreciation		<u>(99,443,042)</u>
		113,157,922
<p>Deferred amounts related to pensions are not reported in the funds:</p>		
Deferred Outflows of Resources		6,675,127
Deferred Inflows of Resources		<u>(11,961,156)</u>
		(5,286,029)
<p>Deferred amounts related to OPEB are not reported in the funds:</p>		
Deferred Outflows of Resources		7,027,201
Deferred Inflows of Resources		<u>(11,455,277)</u>
		(4,428,076)
<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		1,347,797
Unavailable Revenue - Intergovernmental		193,274
Unavailable Revenue - Capital Lease Receivable		6,465,231
Unavailable Revenue - Notes Receivable		<u>114,261</u>
		8,120,563
<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		187,971
Current Liabilities		<u>(230,190)</u>
		(42,219)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated Absences		(3,569,033)
Other Postemployment Benefits Liability		(61,157,320)
Net Pension Liability		(45,574,275)
Accrued Interest Payable		(886,192)
General Obligation Bonds Payable, Current		(5,965,000)
General Obligation Bonds Payable, Noncurrent		(66,525,000)
Notes Payable, Current		(1,249,323)
Notes Payable, Noncurrent		(2,522,966)
Bond Discounts		27,524
Bond Deferred Charge on Refunding		1,103,939
Bond Premiums		<u>(307,095)</u>
		<u>(186,624,741)</u>
Net Position of Governmental Activities	\$	<u><u>(54,623,011)</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, 2020**

	General Fund
<b>REVENUES</b>	
Property Taxes	\$ 229,301
Other Taxes and Special Assessments	21,785,771
Charges for Services	1,309,173
Intergovernmental	230,969
Investment Earnings	243,071
Licenses and Permits	192,262
Miscellaneous	1,782,143
Total Revenues	25,772,690
<b>EXPENDITURES</b>	
Current:	
General Government	6,597,830
Police	5,633,813
Fire	5,213,032
Sanitation	860,732
Public Works	2,018,674
Community Development	255,982
Other	-
Capital Outlay	1,164,625
Debt Service:	
Principal Payments	535,763
Interest and Fiscal Charges	26,602
Total Expenditures	22,307,053
Excess (Deficiency) of Revenues over Expenditures	3,465,637
<b>OTHER FINANCING SOURCES (USES)</b>	
Issuance of Refunding Bonds	-
Payments to Refunded Bond Escrow Agent	-
Proceeds from Sale of Capital Assets	-
Transfers In	9,373
Transfers Out	(694,120)
Total Other Financing Sources (Uses)	(684,747)
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	2,780,890
Fund Balances (Deficits) - Beginning of Year	10,258,627
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	\$ 13,039,517

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES (DEFICITS) (CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2020**

Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 783,500	\$ 4,588,235	\$ 5,422,307	\$ 11,023,343
3,724,736	-	1,721,843	791,426	28,023,776
-	-	-	-	1,309,173
211,849	-	-	2,204,985	2,647,803
20,813	1,127	18,932	35,621	319,564
-	-	-	-	192,262
400	-	1,665,417	352,552	3,800,512
<u>3,957,798</u>	<u>784,627</u>	<u>7,994,427</u>	<u>8,806,891</u>	<u>47,316,433</u>
1,890,822	136,025	-	1,853,173	10,477,850
-	-	-	2,930,772	8,564,585
-	-	-	2,252,797	7,465,829
-	-	-	-	860,732
-	-	-	1,055,103	3,073,777
-	-	-	5,142	261,124
-	-	2,145,827	-	2,145,827
-	-	191,148	351,300	1,707,073
250,899	-	15,906,702	80,000	16,773,364
17,088	-	3,334,575	13,675	3,391,940
<u>2,158,809</u>	<u>136,025</u>	<u>21,578,252</u>	<u>8,541,962</u>	<u>54,722,101</u>
1,798,989	648,602	(13,583,825)	264,929	(7,405,668)
-	-	26,440,000	-	26,440,000
-	-	(16,382,704)	-	(16,382,704)
-	-	69,696	-	69,696
-	-	3,402,455	7,665	3,419,493
(2,076,000)	(640,000)	-	(9,373)	(3,419,493)
<u>(2,076,000)</u>	<u>(640,000)</u>	<u>13,529,447</u>	<u>(1,708)</u>	<u>10,126,992</u>
(277,011)	8,602	(54,378)	263,221	2,721,324
<u>7,772,015</u>	<u>(3,199,720)</u>	<u>(3,763,544)</u>	<u>6,690,867</u>	<u>17,758,245</u>
<u>\$ 7,495,004</u>	<u>\$ (3,191,118)</u>	<u>\$ (3,817,922)</u>	<u>\$ 6,954,088</u>	<u>\$ 20,479,569</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2020**

Net Change in Fund Balances - Governmental Funds \$ 2,721,324

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	\$ 1,245,469	
Depreciation Expense	<u>(6,953,033)</u>	(5,707,564)

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	(355,135)	
Net Change in Intergovernmental	(89,617)	
Net Change in Notes Receivable	<u>(54,696)</u>	(499,448)

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 Capital Lease Receivable		(656,238)
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The issuance of long-term debt (e.g., bonds, notes, 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	(26,440,000)	
Repayment of Bond Principal	31,095,000	
Repayment of Notes Payable Principal	1,323,363	
Interest Payable	207,802	
Deferred Charge on Refunding	737,704	
Amortization Deferred Charge on Refunding	(116,382)	
Amortization of Premiums and Discounts	<u>57,726</u>	6,865,213

**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, 2020**

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	\$	(173,127)
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows of related to pensions, deferred inflows related to pensions, and the investment experience.

Pension Contributions	\$	4,595,109
Pension Expense		<u>(5,240,025)</u>
		(644,916)

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

OPEB Payments		1,787,453
OPEB Expense		<u>(2,620,055)</u>
		(832,602)

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.

292,803

Change in Net Position of Governmental Activities	\$	<u><u>1,365,445</u></u>
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**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund	Total	Internal Service Fund
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 6,806,766	\$ 294,096	\$ 60,483	\$ 7,161,345	\$ 225,520
Water and Sewer Revenue Receivables (Net Where Applicable of Allowance for Uncollectible Amounts):					
Billed	338,436	-	-	338,436	-
Unbilled Charges	1,761,283	-	-	1,761,283	-
Customer Charges (Net of Allowance)	-	-	233,572	233,572	-
Advanced to Other Funds	-	226,550	-	226,550	-
Inventory, at Cost	93,188	-	8,824	102,012	-
Total Current Assets	<u>8,999,673</u>	<u>520,646</u>	<u>302,879</u>	<u>9,823,198</u>	<u>225,520</u>
<b>CAPITAL ASSETS</b>					
Nondepreciable:					
Land	456,274	341,408	2,850,000	3,647,682	-
Construction-in-Progress	20,938,031	-	511,188	21,449,219	-
Depreciable:					
Land Improvements	1,668,483	2,840,483	3,170,619	7,679,585	-
Buildings	16,306,975	6,095,217	2,356,287	24,758,479	-
Machinery, Equipment, and Vehicles	13,910,442	1,182,322	525,868	15,618,632	-
Infrastructure	40,833,694	-	-	40,833,694	-
Less Accumulated Depreciation	<u>(50,771,079)</u>	<u>(6,250,061)</u>	<u>(4,794,121)</u>	<u>(61,815,261)</u>	<u>-</u>
Net Capital Assets	<u>43,342,820</u>	<u>4,209,369</u>	<u>4,619,841</u>	<u>52,172,030</u>	<u>-</u>
Total Assets	52,342,493	4,730,015	4,922,720	61,995,228	225,520
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Amounts Related to Pensions	588,293	425,013	-	1,013,306	-
Deferred Amounts Related to OPEB	<u>935,949</u>	<u>170,112</u>	<u>-</u>	<u>1,106,061</u>	<u>-</u>
Total Deferred Outflows of Resources	1,524,242	595,125	-	2,119,367	-

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund	Total	Internal Service Fund
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 2,544,669	\$ 7,007	\$ -	\$ 2,551,676	\$ -
Retainage Payable	1,736,373	-	-	1,736,373	-
Wages Payable	27,999	3,211	2,575	33,785	-
Interest Payable	3,945	49	-	3,994	-
Deposits, Customers	82,054	-	-	82,054	-
Compensated Absences	94,542	24,307	-	118,849	-
Unearned Revenue	-	-	286,080	286,080	-
Accrued Health Claims	-	-	-	-	287,831
Other Postemployment Benefits Liability	257,144	46,754	-	303,898	-
Current Portion of Long-Term Debt	882,275	18,450	-	900,725	-
Total Current Liabilities	<u>5,629,001</u>	<u>99,778</u>	<u>288,655</u>	<u>6,017,434</u>	<u>287,831</u>
<b>LONG-TERM LIABILITIES</b>					
Compensated Absences	150,787	107,235	-	258,022	-
Advanced from Other Funds	364,217	32,000	144,293	540,510	-
Other Postemployment Benefits Liability	8,293,913	1,507,433	-	9,801,346	-
Net Pension Liability	200,353	144,745	-	345,098	-
General Obligation Bonds, Plus Bond Premiums, Noncurrent	183,922	-	-	183,922	-
Notes Payable, Noncurrent	12,429,831	13,003	-	12,442,834	-
Total Long-Term Liabilities	<u>21,623,023</u>	<u>1,804,416</u>	<u>144,293</u>	<u>23,571,732</u>	<u>-</u>
Total Liabilities	27,252,024	1,904,194	432,948	29,589,166	287,831
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Amounts Related to Pensions	860,937	621,984	-	1,482,921	-
Deferred Amounts Related to OPEB	1,754,768	318,936	-	2,073,704	-
Total Deferred Inflows of Resources	<u>2,615,705</u>	<u>940,920</u>	<u>-</u>	<u>3,556,625</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets Unrestricted	30,481,548 (6,482,542)	4,177,916 (1,697,890)	4,619,841 (130,069)	39,279,305 (8,310,501)	- (62,311)
Total Net Position	<u>\$ 23,999,006</u>	<u>\$ 2,480,026</u>	<u>\$ 4,489,772</u>	<u>\$ 30,968,804</u>	<u>\$ (62,311)</u>
Total Enterprise Funds Net Position				\$ 30,968,804	
Amounts reported for business-type activities in the statement of net position are different because an internal service fund is used by management to charge the cost of certain services to individual funds. A portion of the assets and liabilities of the internal service fund are included in business-type activities in the statement of net position.				<u>(20,092)</u>	
Net Position of Business-Type Activities				<u>\$ 30,948,712</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund		Internal Service Fund
<b>OPERATING REVENUES</b>					
Water Sales	\$ 3,563,394	\$ -	\$ -	\$ 3,563,394	\$ -
Sewer Service Charges	5,249,220	-	-	5,249,220	-
Fuel Sales	-	-	120,366	120,366	-
Storage and Rentals	-	-	869,581	869,581	-
Fees for Services	-	316,168	-	316,168	-
Tap-In Charges	16,475	-	-	16,475	-
Water Assessments	3,600	-	-	3,600	-
Sewer Assessments	4,400	-	-	4,400	-
Penalties	191,182	-	-	191,182	-
Individual Sewer Permits	770	-	-	770	-
Contractors' Sewer Permits	1,120	-	-	1,120	-
Sewer Inspection Fees	740	-	-	740	-
Sewer Connection Fees	5,775	-	-	5,775	-
Concession Sales	-	174,914	-	174,914	-
Charges for Coverage	-	-	-	-	4,335,938
Miscellaneous	28,729	66,483	-	95,212	-
Total Operating Revenues	9,065,405	557,565	989,947	10,612,917	4,335,938
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	2,249,873	933,913	327,942	3,511,728	-
Contractual Services	242,883	40,989	87,330	371,202	-
Utilities	599,347	21,503	58,604	679,454	-
Repair and Maintenance	374,732	121,767	67,485	563,984	-
Insurance	734,580	32,000	46,154	812,734	-
Other Supplies and Expenses	739,184	112,696	414,726	1,266,606	-
Depreciation	1,227,631	198,559	72,324	1,498,514	-
Insurance Claims	-	-	-	-	3,985,144
Total Operating Expenses	6,168,230	1,461,427	1,074,565	8,704,222	3,985,144
<b>OPERATING INCOME (LOSS)</b>	2,897,175	(903,862)	(84,618)	1,908,695	350,794

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund		Internal Service Fund
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	\$ 79,942	\$ 4,597	\$ 1,172	\$ 85,711	\$ 502
Nonexchange Loan Forgiveness	6,247,367	-	-	6,247,367	-
Reimbursements	71,952	-	511,188	583,140	-
Municipal Sales Tax	-	13,636	-	13,636	-
Interest, Fiscal Charges, and Amortization	(99,196)	(915)	-	(100,111)	-
Total Nonoperating Revenues (Expenses)	<u>6,300,065</u>	<u>17,318</u>	<u>512,360</u>	<u>6,829,743</u>	<u>502</u>
<b>CHANGE IN NET POSITION</b>	9,197,240	(886,544)	427,742	8,738,438	351,296
Total Net Position - Beginning of Year	<u>14,801,766</u>	<u>3,366,570</u>	<u>4,062,030</u>	<u>22,230,366</u>	<u>(413,607)</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 23,999,006</u>	<u>\$ 2,480,026</u>	<u>\$ 4,489,772</u>	<u>\$ 30,968,804</u>	<u>\$ (62,311)</u>
Total Enterprise Funds Change in Net Position				\$ 8,738,438	
Amounts reported for business-type activities in the statement of activities are different because an internal service fund is used by management to charge the cost of certain services to individual funds. A portion of the activity of the internal service fund is included in business-type activities in the statement of activities.				<u>58,493</u>	
Change in Net Position of Business-Type Activities				<u>\$ 8,796,931</u>	

See accompanying Notes to Basic Financial Statements.



**CITY OF EAST PEORIA, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 8,789,705	\$ 557,565	\$ 904,521	\$ 10,251,791	\$ 4,335,938
Payments to Suppliers	(2,668,079)	(345,765)	(654,556)	(3,668,400)	(4,250,278)
Payments to Benefit Employees	(2,527,086)	(330,127)	(325,367)	(3,182,580)	-
Net Cash Provided (Used) by Operating Activities	3,594,540	(118,327)	(75,402)	3,400,811	85,660
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Reimbursements	71,952	-	511,188	583,140	-
Municipal Sales Tax	-	13,636	-	13,636	-
Net Cash Provided by Noncapital Financing Activities	71,952	13,636	511,188	596,776	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Nonexchange Loan Forgiveness	6,247,367	-	-	6,247,367	-
Proceeds from Issuance of Notes Payable	9,471,800	-	-	9,471,800	-
Principal Payment on Bonds	(150,000)	-	-	(150,000)	-
Principal Payments on Notes Payable	(855,997)	(17,990)	-	(873,987)	-
Interest and Fiscal Charges Paid on Bonds and Notes Payable	(101,632)	(915)	-	(102,547)	-
Purchase of Capital Assets	(14,201,123)	-	(511,188)	(14,712,311)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	410,415	(18,905)	(511,188)	(119,678)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	79,942	4,597	1,172	85,711	502
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,156,849	(118,999)	(74,230)	3,963,620	86,162
Cash and Cash Equivalents - Beginning of Year	2,649,917	413,095	134,713	3,197,725	139,358
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,806,766</u>	<u>\$ 294,096</u>	<u>\$ 60,483</u>	<u>\$ 7,161,345</u>	<u>\$ 225,520</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Eastside Centre Fund	Nonmajor Fund: Eastport Marina Fund		Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 2,897,175	\$ (903,862)	\$ (84,618)	\$ 1,908,695	\$ 350,794
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,227,631	198,559	72,324	1,498,514	-
Change in Assets and Liabilities:					
Customer Charges and Receivables	(274,835)	-	(135,467)	(410,302)	-
Prepaid Expenses	-	-	22,777	22,777	-
Inventory	5,966	-	(3,034)	2,932	-
Accounts Payable, Claims, Retainage, and Wages Payable	(3,834)	(22,820)	2,575	(24,079)	(265,134)
Deposits	(865)	-	-	(865)	-
Unearned Revenue	-	-	50,041	50,041	-
Compensated Absences	(57,590)	109,516	-	51,926	-
Deferred Outflows of Resources - OPEB	(935,949)	(170,112)	-	(1,106,061)	-
Deferred Inflows of Resources - OPEB	(95,246)	34,400	-	(60,846)	-
OPEB Liability	798,703	361,862	-	1,160,565	-
Deferred Outflows of Resources - Pensions	1,468,195	(108,846)	-	1,359,349	-
Deferred Inflows of Resources - Pensions	506,087	567,429	-	1,073,516	-
Net Pension Liability	(1,940,898)	(184,453)	-	(2,125,351)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,594,540</u>	<u>\$ (118,327)</u>	<u>\$ (75,402)</u>	<u>\$ 3,400,811</u>	<u>\$ 85,660</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>
Purchases of Capital Assets Included in Accounts Payable as of April 30, 2020	<u>\$ 4,159,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,159,578</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**APRIL 30, 2020**

	Pension Trusts	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,294,534	\$ 31,769
Receivables:		
Accrued Interest and Dividends	124,304	-
Investments, at Fair Value:		
Money Market Funds	2,301,050	-
Municipal Bonds	310,441	-
Corporate Bonds	8,770,559	-
U.S. Government Notes and Bonds	7,060,898	-
U.S. Government Agency Obligations	2,474,635	-
Mutual Funds	11,103,107	-
Common Stocks	23,323,706	-
Total Investments	55,344,396	-
Total Assets	56,763,234	\$ 31,769
<b>LIABILITIES</b>		
Accounts Payable and Accrued Payroll Taxes	3,539	\$ -
Amounts Held for Others	-	31,769
Total Liabilities	3,539	\$ 31,769
Net Position Held in Trust for Pension Benefits	\$ 56,759,695	

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, 2020**

**ADDITIONS**

Contributions:

Plan Members' Contributions	\$ 774,653
Employer Contributions	<u>4,287,783</u>
Total Contributions	5,062,436

Net Investment Income:

Net Depreciation in Fair Value of Investments	(652,314)
Dividends and Interest	<u>1,386,924</u>
Total Investment Income	734,610
Less: Investment Expenses	<u>292,261</u>
Net Investment Income	<u>442,349</u>

Total Additions	5,504,785
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**DEDUCTIONS**

Benefits Paid	4,549,232
Refunds of Contributions	31,865
Administrative Expenses	<u>98,715</u>
Total Deductions	<u>4,679,812</u>

Change in Net Position	824,973
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**NET POSITION HELD IN TRUST FOR PENSION BENEFITS**

Beginning of Year	<u>55,934,722</u>
End of Year	<u><u>\$ 56,759,695</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**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, 2020**

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

**Reporting Entity (Continued)**

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

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

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

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

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

City of East Peoria Police Pension Fund 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 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, 2020.

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, 2020**

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

**Basis of Presentation**

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

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

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

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

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

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

Riverboat Gaming Tax Fund (A Special Revenue Fund): This fund is used to collect and disburse riverboat gaming taxes. The gaming taxes are restricted for capital purposes.

Special Tax Allocation Fund (A Special Revenue Fund): This fund is used to account for the activities of the various tax increment financing districts in the City.

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



**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

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

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

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

The City reports the following major proprietary funds:

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

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, 2020**

**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 2020 represent the 2018 tax levy which was received by the City during the months of July 2019 through November 2019. The general property taxes receivable and the related deferred inflow of resources at April 30, 2020 are based on the City's 2019 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, 2020, the City had no investments qualified as cash equivalents.

**Investments**

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

**Interfund Transactions**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Interfund Transactions (Continued)**

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

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

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

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

**Inventory**

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

**Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of investment income on project specific debt service expenditures, is included as part of the capitalized value of the assets constructed in the enterprise funds. There was no interest capitalized for the year ended April 30, 2020.

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Unearned Revenue**

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

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three 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 and other postemployment benefits expense to be recognized in future periods and for pension contributions made after the measurement dates.

**Deferred Inflows of Resources**

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

**Pensions**

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Compensated Absences — Primary Government**

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

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

**Long-Term Liabilities**

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

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

**Fund Balance**

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Fund Balance (Continued)**

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

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

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

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

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

**Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) was \$-0- at April 30, 2020. 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 \$164,477 for audit, \$100,386 for employee benefits, \$49,430 for sewer chlorination, \$10,501,542 for capital improvements and equipment, and \$181,293 for emergency services.

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Use of Estimates**

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

**NOTE 2 CASH AND INVESTMENTS**

**Authorized Investments**

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

As of April 30, 2020, the City had the following cash and investments:

Cash and Investments - Statement of Net Position	\$ 22,223,089
Restricted Cash and Investments -	
Statement of Net Position	735,900
Cash and Cash Equivalents - Fiduciary Funds	1,326,303
Investments - Fiduciary Funds	<u>55,344,396</u>
Total	<u><u>\$ 79,629,688</u></u>
Deposits	\$ 22,806,963
Illinois Funds Money Market Fund	114,668
Mutual Funds	37,358
Deposits Held by Fiduciary Funds	1,326,303
Investments Held by Fiduciary Funds	<u>55,344,396</u>
Total Primary Government	<u><u>\$ 79,629,688</u></u>

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

The City has no recurring fair value measurements as of April 30, 2020.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Custodial Credit Risk, Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2020, \$288,981 of the City's bank balance of \$24,080,387 was uncollateralized; \$23,094,754 of the bank balance was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution.

**Interest Rate Risk**

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

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices.

Illinois Funds — The fair value of the City's position in this fund is equal to the value of the City's fund shares. The portfolio is regulated by oversight of the Treasurer of the state of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The carrying amount of these deposits at April 30, 2020 was \$114,668.

**Cash and Investments, Pension Trust Funds (The Funds)**

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

**Deposits**

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

As of April 30, 2020, none of the deposits of the City of East Peoria Police Pension and the City of East Peoria Firefighter's Pension Plans were exposed to custodial credit risk.



**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Investments**

As of April 30, 2020, 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	\$ 3,201,049	N/A	11.12	11 %
U.S. Government Agencies	1,263,321	Aa1	18.97	4
Money Market Funds	1,049,131	N/A	-	4
Municipal Bonds	142,161	Aa1 to Aa3	1.26	0
Corporate Bonds	5,161,360	Aaa to Baa3	8.57	17
Common Stock	16,592,490	N/A	N/A	56
Mutual Funds, Equities	2,512,892	N/A	N/A	8
Total Investments	<u>\$ 29,922,404</u>			

As of April 30, 2020, 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	\$ 3,859,849	Aaa	4.74	15 %
U.S. Government Agencies	1,211,314	Aaa	18.33	5
Money Market Funds	1,251,919	N/A	-	6
Municipal Bonds	168,280	Aa2 to Aa3	7.78	1
Corporate Bonds	3,609,199	Aa1 to Baa3	4.92	14
Common Stock	6,731,216	N/A	N/A	26
Mutual Funds, Equities	8,590,215	N/A	N/A	33
Total Investments	<u>\$ 25,421,992</u>			

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

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

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

(1) Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the board of trustees complying with Illinois Compiled Statutes. Funds may only be invested in permitted investments as authorized in Chapter 40, Article 5/1, Paragraphs 113.1 through 113.10 of the Illinois Compiled Statutes.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Investments (Continued)**

The following was the Firefighter's Pension Fund Board's adopted allocated policy as of April 30, 2020:

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

The following was the Police Pension Fund Board's adopted allocated policy as of April 30, 2020:

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

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

**Fair Value Measurements**

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Investments (Continued)**

**Fair Value Measurements (Continued)**

Level 2 — Inputs to the valuation methodology include:

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2020 from prior year.

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

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

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

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Investments (Continued)**

**Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Firefighter's Pension Fund's assets at fair value as of April 30, 2020:

	Fair Values	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 3,859,849	\$ -	\$ 3,859,849	\$ -
U.S. Government Agencies	1,211,314	-	1,211,314	-
Mutual Funds - Equities	8,590,215	8,590,215	-	-
Common Stock	6,731,216	6,731,216	-	-
Corporate Bonds	3,609,199	-	3,609,199	-
Municipal Bonds	168,280	-	168,280	-
Total	<u>24,170,073</u>	<u>\$ 15,321,431</u>	<u>\$ 8,848,642</u>	<u>\$ -</u>
Money Market Funds	1,251,919			
Total Investments	<u>\$ 25,421,992</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, 2020:

	Fair Values	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Notes and Bonds				
Explicitly Guaranteed	\$ 3,201,049	\$ -	\$ 3,201,049	\$ -
U.S. Government Agencies	1,263,321	-	1,263,321	-
Municipal Bonds	142,161	-	142,161	-
Corporate Bonds	5,161,360	-	5,161,360	-
Common Stock	16,592,490	16,592,490	-	-
Mutual Funds - Equities	2,512,892	2,512,892	-	-
Total	<u>28,873,273</u>	<u>\$ 19,105,382</u>	<u>\$ 9,767,891</u>	<u>\$ -</u>
Money Market Funds	1,049,131			
Total Investments	<u>\$ 29,922,404</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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.42%. 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, 2020**

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

**Investments (Continued)**

**Fair Value Measurements (Continued)**

For the Police Pension Fund for the year ended April 30, 2020, 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 -0.05%. 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 2.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the District's bank balance of \$76,856 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, 2020 is as follows:

Total Special Assessments Receivable	\$ 9,174
Less Amounts Not Receivable Within One Year	-
Current Special Assessments Receivable	<u>\$ 9,174</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, 2020**

**NOTE 4 LEASE RECEIVABLE (CONTINUED)**

As of April 30, 2020, components of the lease receivable were as follows:

Total Lease Receivable Payments	\$ 8,027,040
Amount Representing Interest	<u>1,561,809</u>
Net	<u><u>\$ 6,465,231</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, 2020, future minimum lease revenue expected to be received were as follows:

<u>Fiscal Year Ending April 30,</u>	
2021	\$ 1,077,960
2022	1,100,880
2023	1,123,800
2024	1,146,720
2025	1,169,640
2026-2027	<u>2,408,040</u>
Total Lease Receivable Payments	8,027,040
Less: Amount Representing Interest	<u>(1,561,809)</u>
Lease Receivable	<u><u>\$ 6,465,231</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, 2020, lease revenues from this lease were \$407,323. As of April 30, 2020, there was a lease receivable of \$65,340 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, 2020**

**NOTE 5 CAPITAL ASSETS, PRIMARY GOVERNMENT**

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balance April 30, 2019	Additions	Deductions/ Transfers	Balance April 30, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 10,106,412	\$ -	\$ -	\$ 10,106,412
Construction in Progress	71,005	404,718	188,922	286,801
Total Capital Assets Not Being Depreciated	10,177,417	404,718	188,922	10,393,213
Capital Assets, Being Depreciated:				
Land Improvements	5,680,007	-	-	5,680,007
Buildings	53,713,181	114,932	-	53,828,113
Machinery, Equipment, and Vehicles	18,957,945	691,954	-	19,649,899
Infrastructure Assets	122,826,945	222,787	-	123,049,732
Total Capital Assets Being Depreciated	201,178,078	1,029,673	-	202,207,751
Less Accumulated Depreciation for:				
Land Improvements	2,849,539	231,329	-	3,080,868
Buildings	17,664,503	1,978,460	-	19,642,963
Machinery, Equipment, and Vehicles	14,958,102	1,137,298	-	16,095,400
Infrastructure Assets	57,017,865	3,605,946	-	60,623,811
Total Accumulated Depreciation	92,490,009	6,953,033	-	99,443,042
Total Capital Assets Being Depreciated, Net	108,688,069	(5,923,360)	-	102,764,709
Governmental Activities Capital Assets, Net	\$ 118,865,486	\$ (5,518,642)	\$ 188,922	\$ 113,157,922

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

	Balance April 30, 2019	Additions	Deductions/ Transfers	Balance April 30, 2020
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,647,682	\$ -	\$ -	\$ 3,647,682
Construction in Progress	2,853,654	18,595,565	-	21,449,219
Total Capital Assets Not Being Depreciated	6,501,336	18,595,565	-	25,096,901
Capital Assets, Being Depreciated:				
Land Improvements	7,679,585	-	-	7,679,585
Buildings	24,746,940	11,539	-	24,758,479
Machinery, Equipment, and Vehicles	15,378,771	239,861	-	15,618,632
Infrastructure Assets	40,808,770	24,924	-	40,833,694
Total Capital Assets Being Depreciated	88,614,066	276,324	-	88,890,390
Less Accumulated Depreciation for:				
Land Improvements	6,718,525	71,204	-	6,789,729
Buildings	13,038,357	495,746	-	13,534,103
Machinery, Equipment, and Vehicles	13,591,011	355,180	-	13,946,191
Infrastructure Assets	26,968,854	576,384	-	27,545,238
Total Accumulated Depreciation	60,316,747	1,498,514	-	61,815,261
Total Capital Assets Being Depreciated, Net	28,297,319	(1,222,190)	-	27,075,129
Business-Type Activities Capital Assets, Net	<u>\$ 34,798,655</u>	<u>\$ 17,373,375</u>	<u>\$ -</u>	<u>\$ 52,172,030</u>

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

Governmental Activities:	
Police	\$ 309,053
Fire	317,008
Sanitation	178,324
Public Works	3,519,415
General Government	2,629,233
Total Depreciation Expense, Governmental Activities	<u>\$ 6,953,033</u>
Business-Type Activities:	
Water and Sewer Fund	\$ 1,227,631
Eastside Centre Fund	198,559
Nonmajor Enterprise Fund	72,324
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,498,514</u>



**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

The following is a summary of changes in long-term liabilities for the year ended April 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 77,145,000	\$ 26,440,000	\$ 31,095,000	\$ 72,490,000	\$ 5,965,000
Issuance Premiums (Discounts)	337,297	-	57,726	279,571	58,545
Total Bonds Payable	<u>77,482,297</u>	<u>26,440,000</u>	<u>31,152,726</u>	<u>72,769,571</u>	<u>6,023,545</u>
Notes Payable	5,095,652	-	1,323,363	3,772,289	1,249,323
Compensated Absences	<u>3,484,478</u>	<u>3,694,854</u>	<u>3,484,478</u>	<u>3,694,854</u>	<u>833,145</u>
 Governmental Activities Long-Term Liabilities	 <u>\$ 86,062,427</u>	 <u>\$ 30,134,854</u>	 <u>\$ 35,960,567</u>	 <u>\$ 80,236,714</u>	 <u>\$ 8,106,013</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 475,000	\$ -	\$ 150,000	\$ 325,000	\$ 160,000
Issuance Premiums (Discounts)	44,152	-	12,615	31,537	12,615
Total Bonds Payable	<u>519,152</u>	<u>-</u>	<u>162,615</u>	<u>356,537</u>	<u>172,615</u>
Notes Payable	4,561,867	9,471,800	862,723	13,170,944	728,110
Compensated Absences	<u>324,945</u>	<u>376,871</u>	<u>324,945</u>	<u>376,871</u>	<u>118,849</u>
 Business-Type Activities Long-Term Liabilities	 <u>\$ 5,405,964</u>	 <u>\$ 9,848,671</u>	 <u>\$ 1,350,283</u>	 <u>\$ 13,904,352</u>	 <u>\$ 1,019,574</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, 2020**

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

Long-term debt payable as of April 30, 2020 is comprised of the following individual issues:

**Governmental Activities - General Obligation Bonds**

\$23,695,000, General Obligation Refunding Bonds, Series 2007, due in annual installments of \$370,000 to \$2,915,000, through January 2027; interest at rates of 4.85% to 5.5%	\$ 14,180,000
\$25,270,000, General Obligation Bonds, Series 2010A, due in annual installments of \$855,000 to \$1,740,000, through January 2033; interest at rates of 2.00% to 4.50%	2,175,000
\$3,920,000 General Obligation Bonds, Series 2012A, due in annual installments of \$170,000 to \$265,000, through January 2032, interest at rates of 1.076% to 3.575%	2,680,000
\$3,920,000, General Obligation Bonds, Series 2012B, due in annual installments of \$170,000 to \$265,000, through January 2032; interest at rates of 1.076% to 3.575%	2,680,000
\$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%	1,795,000
\$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%	710,000
\$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%	585,000
\$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%	360,000
\$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%	3,675,000

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**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%	\$ 15,845,000
\$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%	1,610,000
\$16,620,000, General Obligation Refunding Bonds, Series 2019, due in annual installments of \$1,155,000 to \$1,740,000, through January 2033; interest at rates of 2.05% to 3.40%	16,375,000
\$7,030,000, General Obligation Refunding Bonds, Series 2020A, due in annual installments of \$15,000 to \$875,000, through January 2032; interest at rates of 2.40% to 3.39%	7,030,000
\$2,790,000, General Obligation Refunding Bonds, Series 2020B, due in annual installments of \$5,000 to \$350,000, through January 2032; interest at rates of 2.40% to 3.39%	<u>2,790,000</u>
Total General Obligation Bonds, Governmental Activities	<u><u>\$ 72,490,000</u></u>

**Governmental Activities - 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)	\$ 654,278
Note payable to bank, due in semiannual installments of \$31,893, including interest at 2.50%, through August 2023 (Steak-N-Shake Property)	218,625
Note payable to bank, due in annual installments of \$572,094, including interest at 2.50%, through January 2024 (Camp Street Property)	2,175,882
Note payable to bank, due in monthly installments of \$44,017, including interest at 2.15%, through December 2022 (Early Retirement Incentive)	<u>723,504</u>
Total Notes Payable, Governmental Activities	<u><u>\$ 3,772,289</u></u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Business-Type Activities - 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%	<u>\$ 325,000</u>
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**Business-Type Activities - Notes Payable**

Water and Sewer Fund Long-Term Debt:

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%	\$ 219,946
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$122,694 through November 2027, including interest at 2.5%	1,637,692
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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%	469,434
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Note payable to bank, due in monthly installments of \$15,593 through July 2023, including interest at 2.45%	601,640
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Note payable to bank, due in monthly installments of \$6,730 through July 2021, including interest at 1.83%	92,964
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Note payable to bank, due in monthly installments of \$44,017, including interest at 2.15%, through December 2022 (Early Retirement Incentive)	646,020
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Note payable to the State of Illinois Environmental Protection Agency, due in semiannual installments of \$269,922 through April 2041, including interest at 1.83%	9,471,800
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Eastside Centre Long-Term Debt:

Note payable to bank, due in annual installments of \$1,575, including interest at 1.99%, through December 2021 with the remaining principal balance due at maturity (Backhoe)	<u>31,448</u>
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Total Notes Payable, Business-Type Activities	<u><u>\$ 13,170,944</u></u>
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**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

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

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,965,000	\$ 2,705,278	\$ 160,000	\$ 13,000
2022	6,135,000	2,594,767	165,000	6,600
2023	6,335,000	2,345,846	-	-
2024	6,655,000	2,097,209	-	-
2025	7,005,000	1,837,944	-	-
2026-2030	27,550,000	5,262,574	-	-
2031-2033	12,845,000	958,311	-	-
Total	<u>\$ 72,490,000</u>	<u>\$ 17,801,929</u>	<u>\$ 325,000</u>	<u>\$ 19,600</u>

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

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,249,323	\$ 85,930	\$ 728,110	\$ 85,619
2022	1,106,749	54,873	1,251,147	129,966
2023	794,891	31,406	1,096,729	171,145
2024	621,326	14,534	796,295	152,123
2025	-	-	711,849	138,706
2026-2030	-	-	3,094,797	504,085
2031-2035	-	-	2,393,661	305,563
2066-2040	-	-	2,564,047	135,176
2041	-	-	534,309	5,534
Total	<u>\$ 3,772,289</u>	<u>\$ 186,743</u>	<u>\$ 13,170,944</u>	<u>\$ 1,627,917</u>

**Governmental Activities**

On December 19, 2019, the City issued \$16,620,000 of General Obligation Refunding Bonds, Series 2019 with an interest rate varying from 2.05% to 3.40% to advance refund a portion of General Obligation Refunding Bonds, Series 2010A with an interest rate varying from 2.00% to 4.50%. The refunding resulted in a deferred charge of \$737,704. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in future cash flow savings of \$993,748 and an economic gain of \$836,304.

On April 1, 2020, the City issued \$7,030,000 of General Obligation Refunding Bonds, Series 2020A with an interest rate varying from 2.40% to 3.39% to current refund General Obligation Refunding Bonds, Series 2016A with an interest rate varying from 2.90% to 4.00%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in future cash flow savings of \$250,510 and an economic gain of \$215,519.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

**Governmental Activities (Continued)**

On April 1, 2020, the City issued \$2,790,000 of General Obligation Refunding Bonds, Series 2020B with an interest rate varying from 2.40% to 3.39% to current refund General Obligation Refunding Bonds, Series 2016B with an interest rate varying from 2.90% to 4.00%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in future cash flow savings of \$94,441 and an economic gain of \$83,963.

**Business-Type Activities**

Throughout fiscal year 2020, the City received \$15,719,167 of loan proceeds from the Illinois Environmental Protection Agency (IEPA) to fund wastewater treatment plant upgrades. \$6,247,367 of the proceeds were forgiven and will be recognized in the City's financial statements as nonexchange revenue. \$9,471,800 of the proceeds will be paid back at an interest rate of 1.38%. As of April 30, 2020, payments in the amount of \$269,922 are due semiannually through fiscal year 2041. The note payable is recorded in the Water and Sewer Fund.

The City expects to receive additional loan proceeds from the IEPA in future fiscal years until the wastewater treatment plant upgrades are complete. As of April 30, 2020, the City had incurred \$4,158,522 of project expenditures for which they had not yet requested loan proceeds from the IEPA.

**Legal Debt Margin**

As of April 30, 2020, the legal debt limit of the City was \$43,916,398 and the debt margin was \$38,783,301.

**Pledged Revenues**

The City has pledged a portion of future sales tax and lease revenues related 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. In December 2019, the Series 2010A bonds were partially refunded with the issuance of \$16,620,000 in General Obligation Refunding bonds, Series 2019. The 2010A, 2014, and 2019 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 \$44,080,198. Principal and interest of the 2010A, 2014, and 2019 bonds paid for the current year and total sales tax and lease income revenues were \$19,036,144 and \$407,323, respectively.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Pledged Revenues (Continued)**

The 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 Refunding bonds, Series 2016A and 2016B, as well as pay the costs of the issuance of the bonds. In April 2020, the Series 2016A and 2016B bonds were fully refunded with the issuance of \$9,820,000 in General Obligation Refunding bonds, Series 2020A and 2020B. The 2020A and 2020B bonds are payable from a portion of business district tax and sales tax revenues and are payable through January 2032. The total principal and interest remaining to be paid on the bonds is \$12,207,054. Principal and interest of the 2020A and 2020B bonds paid for the current year and total business district tax and sales tax revenues were \$0 and \$899,867, respectively.

**Debt Covenants**

Bond indentures sometimes contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. As of April 30, 2020, none of the City's long-term liabilities had any such debt covenants requiring the restriction of assets.

**Conduit Debt**

The City has issued certain limited obligation revenue refunding bonds to provide financial assistance for student housing at a local community college. The debt is secured by the property financed, revenues from the housing facility, and a guarantee by the College Foundation. The City is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as a liability in the accompanying financial statements. The amount outstanding of the conduit debt obligation as of April 30, 2020 was \$16,115,000.

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

The individual fund interfund advance receivable and payable balances as of April 30, 2020 were:

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**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	\$ 9,373	\$ 694,120
Riverboat Gaming Tax Fund	-	2,076,000
Special Tax Allocation Fund	-	640,000
Capital Projects Fund	3,402,455	-
Nonmajor Funds	7,665	9,373
Total	\$ 3,419,493	\$ 3,419,493

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

**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 April 30, 2020
Major Governmental Funds:	
Special Tax Allocation Fund	\$ 3,191,118
Capital Projects Fund	3,817,922
Nonmajor Proprietary Fund:	
Internal Service Fund	62,311

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



**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

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

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

The City uses an Internal Service Fund to account for and finance its uninsured risk of loss associated with medical and dental claims of its employees and their dependents. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated payables for claims and losses for medical and hospital claims include an amount for claims incurred but not reported based upon actuarial estimates and prior experience. The City is responsible for the first \$100,000 of qualifying medical expenses per individual employee and unlimited aggregate claims on an annual basis. The City maintains a stop-loss insurance contract which covers up to \$1,000,000 on an annual basis.

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

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 \$287,830, included in accrued health claims on the financial statements in the Internal Service Fund, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which require that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the health claims liability in fiscal years 2020 and 2019 were:

Balance - April 30, 2018	\$ 356,181
Current Year Claims and Changes in Estimates	4,095,184
Claims Paid	<u>(4,017,435)</u>
Balance - April 30, 2019	433,930
Current Year Claims and Changes in Estimates	2,886,709
Claims Paid	<u>(3,095,437)</u>
Balance - April 30, 2020	<u><u>\$ 225,202</u></u>

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

Changes in workers compensation and general liability in fiscal years 2020 and 2019 were:

Balance - April 30, 2018	\$	173,277
Current Year Claims and Changes in Estimates		410,575
Claims Paid		<u>(464,817)</u>
Balance - April 30, 2019		119,035
Current Year Claims and Changes in Estimates		832,723
Claims Paid		<u>(889,130)</u>
Balance - April 30, 2020	\$	<u><u>62,628</u></u>

**NOTE 10 PENSION PLANS**

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

**A. IMRF**

**Plan Description**

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

**Benefits Provided**

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

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**NOTE 10 PENSION PLANS (CONTINUED)**

**Benefits Provided (Continued)**

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, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	134
Inactive, Nonretired Members	49
Active Members	<u>82</u>
Total	<u><u>265</u></u>

**Contributions**

As set by statute, the City's Regular Plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar years 2020 and 2019 was 11.78% and 9.32%, respectively. For the fiscal year ended April 30, 2020, the City contributed \$519,052 to the Regular and SLEP plans.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

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, 2019. 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, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Nondisabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 10 PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Actuarial Assumptions (Continued)**

- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.00 %	5.75 %
International Equity	18.00	6.50
Fixed Income	28.00	3.25
REITS	9.00	5.20
Alternatives	7.00	3.60-7.60
Cash	1.00	1.85
Total	<u>100.00 %</u>	

**Single Discount Rate**

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**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, 2018	\$ 45,898,806	\$ 40,027,739	\$ 5,871,067
Changes for the Year:			
Service Cost	515,418	-	515,418
Interest on the Total Pension Liability	3,245,448	-	3,245,448
Differences Between Expected and Experience of the Total Pension	409,295	-	409,295
Changes of Assumptions	-	-	-
Contributions - Employer	-	481,642	(481,642)
Contributions - Employees	-	355,150	(355,150)
Investment Income	-	8,423,333	(8,423,333)
Benefit Payments, Including Refunds of Employee Contributions	(2,917,548)	(2,917,548)	-
Administrative Expenses	-	(42,733)	42,733
Other	-	16	(16)
Net Changes	<u>1,252,613</u>	<u>6,299,860</u>	<u>(5,047,247)</u>
Balances at December 31, 2019	<u>\$ 47,151,419</u>	<u>\$ 46,327,599</u>	<u>\$ 823,820</u>

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

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

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.25 %	7.25 %	8.25 %
Net Pension Liability	\$ 4,332,572	\$ 823,820	\$ (2,071,132)

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**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, 2020, the City recognized pension expense of \$1,239,530. At April 30, 2020, 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>	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Expense in Future Periods:		
Differences Between Expected and Actual Experience	\$ 1,552,512	\$ (5,788)
Changes of Assumptions	660,251	(459,502)
Net Difference Between Projected and Actual Earnings	-	(3,074,745)
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	2,212,763	(3,540,035)
Pension Contributions Made Subsequent to the Measurement Date	206,205	-
Total Deferred Amounts Related to Pensions	\$ 2,418,968	\$ (3,540,035)

\$206,205 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2021.

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:

Year Ending April 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 1,375,926	\$ (1,166,072)
2022	654,884	(987,582)
2023	181,953	(265,135)
2024	-	(1,121,246)
Total	\$ 2,212,763	\$ (3,540,035)

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**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, 2020, the Firefighters' Pension and Police Pension membership consisted of:

	Municipal Firemen's	Police Officers'
Retirees and Beneficiaries	31	45
Inactive, Nonretired Members	3	13
Active Members	49	45
Total	83	103

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, 2020**

**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, 2020:

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

**Concentrations**

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

**Net Pension Liability**

The components of the net pension liability of the Plans as of April 30, 2020 were as follows:

	Municipal Firemen's	Police Officers'
Total Pension Liability	\$ 47,654,653	\$ 54,200,595
Plan Fiduciary Net Position	26,183,108	30,576,587
Net Pension Liability	\$ 21,471,545	\$ 23,624,008
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.94 %	56.41 %

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**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, 2020 using the following actuarial assumptions applied to all measurement periods:

	Municipal Firemen's	Police Officers'
Valuation Date	4/30/2020	4/30/2020
Measurement Date	4/30/2020	4/30/2020
Inflation Rate	2.50%	2.50%
Projected Salary Increases	3.5%-12.5%	3.5%-11.0%
	Varying by Service	Varying by Service
Investment Rate of Return	6.50%	6.50%
Mortality Rate	RP-2014 Mortality Table with a blue collar adjustment with generational improvement scale MP-2019 applied to 2006.	RP-2014 Mortality Table with a blue collar adjustment with generational improvement scale MP-2019 applied to 2006.
Date of Actuarial Experience Study	10/5/2017	10/5/2017

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**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, 2020 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	3.12 %	– %
International Equity	1.07	5.00
Fixed Income	1.33	–
REITS	0.26	–
Short-Term Bonds	–	0.80
Government - Intermediate	–	0.80
Investment Grade - Intermediate	–	0.80
Investment Grade - Long	–	0.80
Large Cap Growth	–	4.20
Large Cap Value	–	4.40
Mid Cap Growth	–	5.20
Mid Cap Value	–	5.20
Mid Cap Blend	–	5.20
Small Cap Growth	–	5.00
Small Cap Value	–	5.00
Small Cap Blend	–	5.00
Emerging Markets	–	6.00
Cash	0.05	(1.25)
<b>The Commerce Trust Company</b>		
U.S. Large-Cap	–	5.48
International Stocks	–	6.48
Aggregate Bonds	–	1.59

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

**Discount Rate**

Municipal Firemen's

A single discount rate of 6.50% was used to measure the total pension liability as of April 30, 2020 and 2019. This single discount rate was based on the expected rate of return of 6.50%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments was applied to all benefit payments to determine total pension liability.

Police Officers'

A single discount rate of 6.50% was used to measure the total pension liability as of April 30, 2020 and 2019. This single discount rate was based on the expected rate of return of 6.50%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments was applied to all benefit payments to determine total pension liability.

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

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

	1% Decrease	Current Rate	1% Increase
<u>Municipal Firemen's</u>			
Discount Rate	5.50 %	6.50 %	7.50 %
Net Pension Liability	\$ 28,771,126	\$ 21,471,545	\$ 15,574,508
 <u>Police Officers'</u>			
Discount Rate	5.50 %	6.50 %	7.50 %
Net Pension Liability	\$ 31,486,436	\$ 23,624,008	\$ 17,278,247

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**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	\$ 1,053,132	\$ 1,062,624
Interest on Total Pension Liability	2,951,647	3,360,862
Change of Benefit Terms	144,035	134,728
Difference Between Expected and Actual Experience of the Total Pension Liability	261,080	565,219
Changes of Assumptions	(163,961)	(223,343)
Benefit Payments, Including Refunds	(1,896,214)	(2,684,883)
Net Change in Total Pension Liability	2,349,719	2,215,207
Total Pension Liability - Beginning	45,304,934	51,985,388
Total Pension Liability - Ending (A)	\$ 47,654,653	\$ 54,200,595
 Plan Fiduciary Net Position:		
Contributions - Employer	\$ 2,020,537	\$ 2,267,246
Contributions - Member	380,372	394,281
Investment Income	117,729	324,620
Benefit Payments, Including Refunds	(1,896,214)	(2,684,883)
Administrative Expenses	(42,660)	(56,055)
Net Change in Fiduciary Net Position	579,764	245,209
Plan Fiduciary Net Position - Beginning	25,603,344	30,331,378
Plan Fiduciary Net Position - Ending (B)	\$ 26,183,108	\$ 30,576,587
 Net Pension Liability (A) - (B)	\$ 21,471,545	\$ 23,624,008
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.94 %	56.41 %
 Covered Employee Payroll	\$ 4,110,218	\$ 4,008,057
 Net Pension Liability as a Percentage of Covered Employee Payroll	522.39 %	589.41 %

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**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, 2020, the City recognized pension expense of \$4,519,734. Total pension expense recognized for all three plans for the year ended April 30, 2020 was \$5,759,264. On April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Municipal Firemen's	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 701,725	\$ (829,886)
Changes of Assumptions	1,337,430	(5,089,572)
Net Difference Between Projected and Actual Earnings	1,254,987	-
Total Deferred Amounts Related to Pensions	\$ 3,294,142	\$ (5,919,458)
	Police Officers'	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 953,467	\$ (638,110)
Changes of Assumptions	344,319	(3,346,474)
Net Difference Between Projected and Actual Earnings	677,537	-
Total Deferred Amounts Related to Pensions	\$ 1,975,323	\$ (3,984,584)

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

Year Ending April 30,	Municipal Firemen's Net Deferred Inflows of Resources
2021	\$ (295,804)
2022	(224,133)
2023	(351,399)
2024	(767,447)
2025	(1,035,297)
Thereafter	48,764
Total	\$ (2,625,316)

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

**NOTE 10 PENSION PLANS (CONTINUED)**

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

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

<u>Year Ending April 30,</u>	<u>Police Officers' Net Deferred Inflows of Resources</u>
2021	\$ (574,135)
2022	(812,475)
2023	(833,379)
2024	210,728
Total	<u>\$ (2,009,261)</u>

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

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

**Membership**

At April 30, 2020, membership consisted of:

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

**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.

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Total OPEB Liability**

The City's total OPEB liability of \$71,262,564 was measured as of April 30, 2020 and was determined by an actuarial valuation dated April 30, 2019 but rolled forward using a measurement date of April 30, 2020.

**Actuarial Assumptions and Other Inputs**

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

A discount rate of 2.92% was used, which is the Fidelity 20-Year Go Municipal Bond Index as of April 30, 2020.

Valuation Date	April 30, 2019
Measurement Date	April 30, 2020
Inflation Rate	2.50 %
Salary Increase Rate	3.25 %
Healthcare Cost Trend Rate	7.50%, Decreasing to 4.50%
Actuarial Cost Method	Entry Age Normal
Mortality	RPH-2018 Total Dataset Headcount Weighted Mortality Fully Generational with Scale MP-2018

**Changes in the Total OPEB Liability**

Balance at April 30, 2019	\$ 62,164,846
Changes for the Year:	
Service Cost	1,372,346
Interest on Total OPEB Liability	2,367,827
Differences Between Expected and Actual Experience of Total OPEB Liability	(1,794,515)
Changes of Assumptions	9,295,157
Benefit Payments	(2,143,097)
Balance at April 30, 2020	<u>\$ 71,262,564</u>

**Sensitivity Analysis**

The following presents the total OPEB liability, calculated using the discount rate of 2.92% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.92%) or 1 percentage point higher (3.92%) than the current rate.

	1% Lower (1.92%)	Discount Rate (2.92%)	1% Higher (3.92%)
Total OPEB Liability	<u>\$ 84,768,075</u>	<u>\$ 71,262,564</u>	<u>\$ 60,738,035</u>



**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2020**

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

**Sensitivity Analysis (Continued)**

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

	1% Lower (Varies)	Current Trend Rate (Varies)	1% Higher (Varies)
Total OPEB Liability	\$ 59,552,981	\$ 71,262,564	\$ 86,660,650

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

For the year ended April 30, 2020, the City recognized OPEB expense of \$2,969,356. At April 30, 2020, the City reported deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods:		
Differences Between Expected and Actual Experience	\$ -	\$ (13,276,144)
Changes of Assumptions	8,133,262	(252,837)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	\$ 8,133,262	\$ (13,528,981)

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

<u>Fiscal Year Ending April 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 1,161,895	\$ (1,932,711)
2022	1,161,895	(1,932,711)
2023	1,161,895	(1,932,711)
2024	1,161,895	(1,932,711)
2025	1,161,895	(1,932,711)
Thereafter	2,323,787	(3,865,426)
Total	\$ 8,133,262	\$ (13,528,981)

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 12 CONTINGENT LIABILITIES**

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

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

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 13 FUND BALANCES**

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

	General Fund	Riverboat Gaming Tax Fund	Special Tax Allocation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>						
Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ 298,025	\$ 298,025
Advanced to Other Funds	2,601,157	-	-	-	-	2,601,157
Total Nonspendable	2,601,157	-	-	-	298,025	2,899,182
<b>Restricted:</b>						
Employee Benefits	-	-	-	-	100,386	100,386
Debt Service	-	-	-	-	2,098,909	2,098,909
Audit	-	-	-	-	164,477	164,477
Sewer	-	-	-	-	49,430	49,430
Streets	-	-	-	-	34,990	34,990
Emergency Services	-	-	-	-	181,293	181,293
Tourism	-	-	-	-	400,925	400,925
Revolving Loan	-	-	-	-	601,419	601,419
IHDA	-	-	-	-	7,916	7,916
Capital Improvements and Equipment	-	6,196,579	3,941,631	-	363,332	10,501,542
Total Restricted	-	6,196,579	3,941,631	-	4,003,077	14,141,287
<b>Assigned:</b>						
Employee Benefits	-	-	-	-	144,991	144,991
Debt Service	-	-	-	-	188,168	188,168
Audit	-	-	-	-	417	417
Sewer	-	-	-	-	98	98
Streets	-	-	-	-	257	257
Emergency Services	-	-	-	-	283	283
Tourism	-	-	-	-	2,114,222	2,114,222
Revolving Loan	-	-	-	-	72,036	72,036
IHDA	-	-	-	-	681	681
Firemen's Pension	-	-	-	-	3,297	3,297
Police Pension	-	-	-	-	3,415	3,415
Capital Improvements and Equipment	-	1,298,425	-	-	129,786	1,428,211
Total Assigned	-	1,298,425	-	-	2,657,651	3,956,076
Unassigned	10,438,360	-	(7,132,749)	(3,817,922)	(4,665)	(516,976)
Total Fund Balances	<u>\$ 13,039,517</u>	<u>\$ 7,495,004</u>	<u>\$ (3,191,118)</u>	<u>\$ (3,817,922)</u>	<u>\$ 6,954,088</u>	<u>\$ 20,479,569</u>

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 14 INTERGOVERNMENTAL AGREEMENT**

In January 1991, the City entered into an intergovernmental agreement with the City of Peoria in order to share in the benefits of a riverboat gambling operation. Gambling tax revenues collected from the operation shall be distributed with 45% paid to the City of East Peoria, 45% paid to the City of Peoria, and 10% paid to a joint development fund to be evenly distributed for projects on either side of the Illinois River. The City of Peoria's gambling tax revenue portion flows through the City of East Peoria on a monthly basis. For the fiscal year ended April 30, 2020, gambling tax revenues distributed from the City of East Peoria to the City of Peoria totaled \$1,862,323.

**NOTE 15 TAX ABATEMENTS**

The City enters into tax abatement agreements with local businesses under the Tax Increment Financing Act in order to create economic development in certain districts. For the fiscal year ended April 30, 2020, the City abated property taxes totaling \$935,384 under this program.

- A 100% abatement to a developer.
- A 97% 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, 2020, the City abated sales tax totaling \$769,921 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, 83% abatement of nonhome rule sales tax, and 100% abatement of hotel-motel tax to a developer.

**NOTE 16 COMMITMENTS**

On June 18, 2019, the City entered into a contract with Williams Brothers Construction, Inc. for phases A, B, and C of the wastewater treatment plant upgrades. The total contract value as of April 30, 2020, after multiple change orders, was approximately \$36,800,000. Future payments on the contract as of April 30, 2020 were approximately \$21,200,000.

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**NOTE 17 UNCERTAINTIES**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**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,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>						
Service Cost	\$ 1,053,132	\$ 1,068,094	\$ 1,237,586	\$ 1,323,542	\$ 1,180,633	\$ 1,063,708
Interest	2,951,647	2,811,757	3,104,867	2,903,692	2,506,090	2,374,686
Change in Benefit Terms	144,035	-	-	-	-	-
Difference in Expected and Actual Experiences	261,080	258,861	(1,236,425)	(123,924)	762,808	-
Changes of Assumptions/Methods	(163,961)	(148,696)	(7,240,970)	(661,395)	3,751,560	497,730
Benefit Payments, Including Refunds	<u>(1,896,214)</u>	<u>(1,749,565)</u>	<u>(1,536,965)</u>	<u>(1,451,859)</u>	<u>(1,410,276)</u>	<u>(1,334,865)</u>
Net Change in Total Pension Liability	2,349,719	2,240,451	(5,671,907)	1,990,056	6,790,815	2,601,259
Total Pension Liability - Beginning	45,304,934	43,064,483	48,736,390	46,746,334	39,955,519	37,354,260
Total Pension Liability - Ending (A)	<u>\$ 47,654,653</u>	<u>\$ 45,304,934</u>	<u>\$ 43,064,483</u>	<u>\$ 48,736,390</u>	<u>\$ 46,746,334</u>	<u>\$ 39,955,519</u>
<b>Plan Fiduciary Net Position:</b>						
Contributions - Employer	\$ 2,020,537	\$ 2,189,864	\$ 1,967,095	\$ 1,534,761	\$ 1,533,659	\$ 1,398,175
Contributions - Employee	380,372	358,731	360,145	351,674	337,628	322,840
Investment Income	117,729	1,398,997	1,400,573	1,625,568	(14,203)	1,165,948
Benefit Payments, Including Refunds	(1,896,214)	(1,749,565)	(1,536,965)	(1,451,859)	(1,410,276)	(1,334,865)
Administrative Expense	<u>(42,660)</u>	<u>(60,784)</u>	<u>(43,327)</u>	<u>(45,881)</u>	<u>(46,502)</u>	<u>(42,699)</u>
Net Change in Plan Fiduciary Net Position	579,764	2,137,243	2,147,521	2,014,263	400,306	1,509,399
Plan Fiduciary Net Position - Beginning, as Restated	25,603,344	23,466,101	21,318,580	19,304,317	19,645,999	18,136,600
Plan Fiduciary Net Position - Ending (B)	<u>\$ 26,183,108</u>	<u>\$ 25,603,344</u>	<u>\$ 23,466,101</u>	<u>\$ 21,318,580</u>	<u>\$ 20,046,305</u>	<u>\$ 19,645,999</u>
<b>Net Pension Liability (A) - (B)</b>	<u>\$ 21,471,545</u>	<u>\$ 19,701,590</u>	<u>\$ 19,598,382</u>	<u>\$ 27,417,810</u>	<u>\$ 26,700,029</u>	<u>\$ 20,309,520</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	54.94 %	56.51 %	54.49 %	43.74 %	42.88 %	49.17 %
<b>Covered Payroll</b>	\$ 4,110,218	\$ 3,908,744	\$ 3,839,747	\$ 3,749,681	\$ 3,651,088	\$ 3,259,379
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	522.39 %	504.04 %	510.41 %	731.20 %	731.29 %	623.11 %

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

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

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

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

Fiscal Year Ended, April 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>						
Service Cost	\$ 1,062,624	\$ 1,085,073	\$ 1,048,642	\$ 1,144,862	\$ 1,032,806	\$ 975,927
Interest	3,360,862	3,313,142	3,517,512	3,290,038	2,941,644	2,826,691
Change in Benefit Terms	134,728	-	-	-	-	-
Difference in Expected and Actual Experiences	565,219	(950,844)	585,899	729,203	(48,124)	-
Changes of Assumptions/Methods	(223,343)	(168,251)	(5,807,371)	(531,815)	3,930,974	532,966
Benefit Payments, Including Refunds	(2,684,883)	(2,360,144)	(2,193,146)	(2,133,259)	(2,068,236)	(1,953,757)
Net Change in Total Pension Liability	2,215,207	918,976	(2,848,464)	2,499,029	5,789,064	2,381,827
Total Pension Liability - Beginning	51,985,388	51,066,412	53,914,876	51,415,847	45,626,783	43,244,956
Total Pension Liability - Ending (A)	<u>\$ 54,200,595</u>	<u>\$ 51,985,388</u>	<u>\$ 51,066,412</u>	<u>\$ 53,914,876</u>	<u>\$ 51,415,847</u>	<u>\$ 45,626,783</u>
<b>Plan Fiduciary Net Position:</b>						
Contributions - Employer	\$ 2,267,246	\$ 2,096,266	\$ 1,811,005	\$ 1,454,833	\$ 1,452,077	\$ 1,363,308
Contributions - Employee	394,281	414,819	416,303	387,450	372,068	370,786
Investment Income	324,620	2,664,912	1,692,658	2,192,567	(180,316)	1,530,846
Benefit Payments, Including Refunds	(2,684,883)	(2,360,144)	(2,193,146)	(2,133,259)	(2,068,236)	(1,953,757)
Administrative Expense	(56,055)	(67,900)	(57,300)	(60,268)	(57,866)	(46,021)
Other	-	-	-	-	18,650	-
Net Change in Plan Fiduciary Net Position	245,209	2,747,953	1,669,520	1,841,323	(463,623)	1,265,162
Plan Fiduciary Net Position - Beginning, as Restated	30,331,378	27,583,425	25,913,905	24,072,582	25,426,704	24,161,542
Plan Fiduciary Net Position - Ending (B)	<u>\$ 30,576,587</u>	<u>\$ 30,331,378</u>	<u>\$ 27,583,425</u>	<u>\$ 25,913,905</u>	<u>\$ 24,963,081</u>	<u>\$ 25,426,704</u>
<b>Net Pension Liability (A) - (B)</b>	<u>\$ 23,624,008</u>	<u>\$ 21,654,010</u>	<u>\$ 23,482,987</u>	<u>\$ 28,000,971</u>	<u>\$ 26,452,766</u>	<u>\$ 20,200,079</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	56.41 %	58.35 %	54.01 %	48.06 %	48.55 %	55.73 %
<b>Covered Payroll</b>	\$ 4,008,057	\$ 4,144,092	\$ 4,174,678	\$ 3,999,497	\$ 3,804,870	\$ 3,601,207
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	589.41 %	522.53 %	562.51 %	700.11 %	695.23 %	560.93 %

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

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

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

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

Calendar Year Ended, December 31,	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 515,418	\$ 553,465	\$ 612,718	\$ 678,762	\$ 671,499
Interest	3,245,448	3,175,001	3,175,410	2,795,820	2,770,972
Difference in Expected and Actual Experiences	409,295	362,662	366,635	4,204,926	(1,145,802)
Changes of Assumptions/Methods	-	1,242,436	(1,252,649)	(54,676)	48,418
Benefit Payments, Including Refunds	<u>(2,917,548)</u>	<u>(2,877,504)</u>	<u>(2,931,671)</u>	<u>(2,283,962)</u>	<u>(1,652,047)</u>
Net Change in Total Pension Liability	1,252,613	2,456,060	(29,557)	5,340,870	693,040
Total Pension Liability - Beginning	45,898,806	43,442,746	43,472,303	38,131,433	37,438,393
Total Pension Liability - Ending (A)	<u>\$ 47,151,419</u>	<u>\$ 45,898,806</u>	<u>\$ 43,442,746</u>	<u>\$ 43,472,303</u>	<u>\$ 38,131,433</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 481,642	\$ 623,052	\$ 3,130,282	\$ 691,435	\$ 697,158
Contributions - Employee	355,150	362,699	424,166	647,437	336,032
Investment Income	8,423,333	(1,074,396)	5,423,318	3,016,397	(402,248)
Benefit Payments, Including Refunds	(2,917,548)	(2,877,504)	(2,931,671)	(2,283,962)	(1,652,047)
Administrative Expense	(42,733)	(24,732)	(30,212)	(60,069)	57,529
Other	16	(1,296)	13	20	(930)
Net Change in Plan Fiduciary Net Position	6,299,860	(2,992,177)	6,015,896	2,011,258	(964,506)
Plan Fiduciary Net Position - Beginning	40,027,739	43,019,916	37,004,020	34,992,762	35,957,268
Plan Fiduciary Net Position - Ending (B)	<u>\$ 46,327,599</u>	<u>\$ 40,027,739</u>	<u>\$ 43,019,916</u>	<u>\$ 37,004,020</u>	<u>\$ 34,992,762</u>
Net Pension Liability (A) - (B)	<u>\$ 823,820</u>	<u>\$ 5,871,067</u>	<u>\$ 422,830</u>	<u>\$ 6,468,283</u>	<u>\$ 3,138,671</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.25 %	87.21 %	99.03 %	85.12 %	91.77 %
Covered Payroll	\$ 5,167,834	\$ 5,592,707	\$ 5,906,838	\$ 6,359,506	\$ 6,274,254
Net Pension Liability as a Percentage of Covered Payroll	15.94 %	104.98 %	7.16 %	101.71 %	50.02 %

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



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

**LAST 10 FISCAL YEARS**

**IMRF**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2016	\$ 697,697	\$ 676,350	\$ 21,347	\$ 6,274,254	10.78 %
2017	689,370	657,230	32,140	6,359,506	10.33
2018	577,689	3,180,517	(2,602,828)	5,906,838	53.84
2019	861,277	550,632	310,645	5,592,707	9.85
2020	481,642	519,052	(37,410)	5,167,834	10.04

**Firefighter's Pension Plan**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2011	\$ 1,231,513	\$ 1,305,136	\$ (73,623)	\$ 2,387,396	54.67 %
2012	1,189,171	1,396,644	(207,473)	2,516,887	55.49
2013	1,297,317	1,204,896	92,421	2,772,563	43.46
2014	1,484,030	1,305,609	178,421	2,878,446	45.36
2015	1,530,040	1,398,175	131,865	3,259,379	42.90
2016	1,886,252	1,533,659	352,593	3,651,088	42.01
2017	2,006,864	1,534,761	472,103	3,749,681	40.93
2018	1,958,460	1,967,095	(8,635)	3,839,747	51.23
2019	2,185,736	2,189,864	(4,128)	3,908,744	56.02
2020	2,019,497	2,020,537	(1,040)	4,110,218	49.16

**Police Pension Plan**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Payroll
2011	\$ 1,174,708	\$ 1,221,371	\$ (46,663)	\$ 2,608,531	46.82 %
2012	1,169,543	1,330,790	(161,247)	2,650,355	50.21
2013	1,241,069	1,237,716	3,353	2,860,312	43.27
2014	1,344,592	1,268,764	75,828	2,998,823	42.31
2015	1,423,257	1,363,308	59,949	3,601,207	37.86
2016	1,712,134	1,452,077	260,057	3,804,870	38.16
2017	1,861,680	1,454,833	406,847	3,999,497	36.38
2018	1,802,442	1,811,005	(8,563)	4,174,678	43.38
2019	2,099,064	2,096,266	2,798	4,144,092	50.58
2020	2,266,567	2,267,246	(679)	4,008,057	56.57

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

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

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

<u>Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>
Service Cost	\$ 1,372,346	\$ 1,920,641
Interest on Total OPEB Liability	2,367,827	3,004,252
Difference Between Expected and Actual Experience	(1,794,515)	(15,050,499)
Changes of Assumptions	9,295,157	(325,075)
Benefit Payments	(2,143,097)	(2,253,451)
Total OPEB Liability - Beginning	<u>62,164,846</u>	<u>74,868,978</u>
 Total OPEB Liability - Ending	 <u>\$ 71,262,564</u>	 <u>\$ 62,164,846</u>
 Covered Payroll	 \$ 14,523,393	 \$ 10,603,307
 Total OPEB Liability as a Percentage of Covered Payroll	 490.67 %	 586.28 %

The actuarial cost method used is the Entry Age Normal Level Percentage of Salary. The discount rate has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of April 20, 2020. The current valuation uses a discount rate of 3.79% as of May 1, 2019 and 2.92% as of April 30, 2020. Additionally, the mortality tables used are SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. Health care trend rates have been updated to an initial rate of 7.5% for fiscal 2020 decreasing by 0.5% annually to an ultimate ratio of 4.5%. There were no additional changes in assumptions or benefit terms in the actuarial valuation.

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

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

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

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

**Firefighter's Pension Plan**

Fiscal Year Ended April 30,	Rate
2015	6.73 %
2016	(0.08)
2017	8.57
2018	6.56
2019	5.94
2020	0.42

**Police Pension Plan**

Fiscal Year Ended April 30,	The Commerce Company Rate	Benjamin F. Edwards & Co. Rate
2015	N/A	6.90 %
2016	0.29 %	(2.48)
2017	10.04	8.64
2018	7.57	5.77
2019	10.05	9.58
2020	2.21	(0.05)

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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (CASH BASIS) — GENERAL FUND**  
**YEAR ENDED APRIL 30, 2020**

	Original/Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes and Special Assessments	\$ 20,303,500	\$ 22,441,800	\$ 2,138,300
Charges for Services	987,500	1,349,369	361,869
Intergovernmental	875,000	230,969	(644,031)
Investment Earnings	120,000	243,071	123,071
Licenses and Permits	231,450	192,262	(39,188)
Miscellaneous	1,514,000	1,841,132	327,132
Total Revenues	<u>24,031,450</u>	<u>26,298,603</u>	<u>2,267,153</u>
<b>EXPENDITURES</b>			
Current:			
General Government	6,501,608	6,672,504	(170,896)
Police	6,153,595	5,633,813	519,782
Fire	5,038,800	5,213,032	(174,232)
Sanitation	869,603	860,732	8,871
Public Works	2,269,073	2,018,674	250,399
Community Development	235,250	255,982	(20,732)
Capital Outlay	2,112,000	1,164,625	947,375
Debt Service:			
Principal Payments	-	535,763	(535,763)
Interest and Fiscal Charges	-	26,602	(26,602)
Total Expenditures	<u>23,179,929</u>	<u>22,381,727</u>	<u>798,202</u>
Excess of Revenues over Expenditures	851,521	3,916,876	3,065,355
<b>OTHER FINANCING SOURCES USES</b>			
Net Transfers	<u>(686,455)</u>	<u>(684,747)</u>	<u>1,708</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 165,066</u></u>	3,232,129	<u><u>\$ 3,067,063</u></u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>			
		(451,239)	
Fund Balance, Modified Accrual Basis - Beginning of Year		<u>10,258,627</u>	
<b>FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<u><u>\$ 13,039,517</u></u>	

**CITY OF EAST PEORIA, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CASH BASIS) — RIVERBOAT GAMING TAX FUND  
YEAR ENDED APRIL 30, 2020**

	Original/Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 4,550,000	\$ 4,053,071	\$ (496,929)
Intergovernmental	640,000	211,849	(428,151)
Investment Earnings	7,500	20,813	13,313
Miscellaneous	-	400	400
Total Revenues	<u>5,197,500</u>	<u>4,286,133</u>	<u>(911,367)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	2,481,500	2,049,119	432,381
Debt Service:			
Principal Payments	-	250,899	(250,899)
Interest and Fiscal Charges	-	17,088	(17,088)
Total Expenditures	<u>2,481,500</u>	<u>2,317,106</u>	<u>164,394</u>
Excess of Revenues over Expenditures	2,716,000	1,969,027	(746,973)
<b>OTHER FINANCING USES</b>			
Net Transfers	<u>(2,716,000)</u>	<u>(2,076,000)</u>	<u>640,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>(106,973)</u>	<u>\$ (106,973)</u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>		(170,038)	
Fund Balance, Modified Accrual Basis - Beginning of Year		<u>7,772,015</u>	
<b>FUND BALANCE, MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<u>\$ 7,495,004</u>	

**CITY OF EAST PEORIA, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT  
BUDGET AND ACTUAL (CASH BASIS) — SPECIAL TAX ALLOCATION FUND  
YEAR ENDED APRIL 30, 2020**

	Original/Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 774,000	\$ 783,500	\$ 9,500
Investment Earnings	250	1,127	877
Total Revenues	774,250	784,627	10,377
<b>EXPENDITURES</b>			
Current:			
General Government	134,000	136,025	(2,025)
Excess of Revenues over Expenditures	640,250	648,602	8,352
<b>OTHER FINANCING USES</b>			
Net Transfers	(640,000)	(640,000)	-
<b>NET CHANGE IN FUND DEFICIT</b>	<b>\$ 250</b>	<b>8,602</b>	<b>\$ 8,352</b>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING OF ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS</b>		-	
Fund Deficit, Modified Accrual Basis - Beginning of Year		(3,199,720)	
<b>FUND DEFICIT, MODIFIED ACCRUAL BASIS - END OF YEAR</b>		<b>\$ (3,191,118)</b>	

**CITY OF EAST PEORIA, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**APRIL 30, 2020**

**NOTE 1 BASIS OF ACCOUNTING**

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

**NOTE 2 BUDGETARY DATA, PRIMARY GOVERNMENT**

Through the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, various Special Revenue Funds were reclassified and are now included with the General Fund. These funds have been included with the General Fund budgetary comparison schedule.

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

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

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

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

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

	Final Budget	Actual	Overage
Special Tax Allocation Fund	\$ 134,000	\$ 136,025	\$ (2,025)

**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2020**

**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 2019 Contribution Rates\*:**

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24-year closed period
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality	For Non-Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2017 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2017 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-2017 (base year 2015). 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, 2017 actuarial valuation.



**CITY OF EAST PEORIA, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2020**

**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, 2020  
Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 3.50% payroll growth assumption over the period ending on April 30, 2040.
Remaining Amortization Period	21-year amortization in 2019
Asset Valuation Method	5-year smoothing of assets gain and losses
Inflation	2.50%
Salary Increases	3.50% to 12.50% (varies by service)
Investment Rate of Return	6.50%, net of investment expenses
Retirement Rate	Recommended rates from the 2017 IDOI experience study
Mortality	For healthy retirees, RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2006; for disabled retirees, 115% of RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2006; 20% of deaths are assumed to be service-related.
Ad-hoc Cost-of-Living Increases	3.0% (1.25% for those hired on or after January 1, 2011)

**Police Officers' Pension Plan**

**Valuation Date:** April 30, 2020  
Statutory contribution rates are calculated as of April 30, which is 24 months prior to the end of the fiscal year in which contributions are reported.

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 3.50% payroll growth assumption over the period ending on April 30, 2040.
Remaining Amortization Period	21-year amortization in 2019
Asset Valuation Method	5-year smoothing of assets gain and losses
Inflation	2.50%
Salary Increases	3.50% to 11.00% (varies by service)
Investment Rate of Return	6.50%, net of investment expenses
Retirement Rate	Recommended rates from the 2017 IDOI experience study
Mortality	For healthy retirees, RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2006; for disabled retirees, 115% of RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2006; 10% of deaths are assumed to be service-related.
Ad-hoc Cost-of-Living Increases	3.0% (1.25% for those hired on or after January 1, 2011)

**CITY OF EAST PEORIA, ILLINOIS  
CONSOLIDATED YEAR-END FINANCIAL REPORT  
YEAR ENDED APRIL 30, 2020**

CSFA Number	Program Name	State	Federal	Other	Total
494-10-0343	State and Community Highway Safety/ National Priority Safety Program	\$ -	\$ 26,783	\$ -	\$ 26,783
494-00-1488	Motor Fuel Tax Program	627,590	-	-	627,590
	Other Grant Programs and Activities	14,034,922	5,899,573	-	19,934,495
	All Other Costs Not Allocated	-	-	33,017,872	33,017,872
	<b>Total</b>	<u>\$ 14,662,512</u>	<u>\$ 5,926,356</u>	<u>\$ 33,017,872</u>	<u>\$ 53,606,740</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET  
GENERAL FUND — BY ACCOUNT  
APRIL 30, 2020**

	General
<b>ASSETS</b>	
Cash and Investments	\$ 6,916,217
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):	
Property Taxes	-
Sales Tax	3,856,446
State Income Tax	446,450
Personal Property Replacement Tax	178,491
Customer Charges	-
Intergovernmental	13,233
Fines	5,940
Other	196,342
Advanced to Other Funds	2,593,736
 Total Assets	 \$ 14,206,855
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	
Liabilities:	
Accounts Payable	\$ 13,555
Wages Payable	19,378
Liquor License Bonds Held	18,000
Compensated Absences	-
Due to Other Governmental Entities	645,818
Advanced from Other Funds	217,628
Total Liabilities	914,379
Deferred Inflows of Resources:	
Subsequent Year's Property Taxes	-
Unavailable Revenue - Other Taxes	1,294,005
Unavailable Revenue - Intergovernmental	-
Total Deferred Inflows of Resources	1,294,005
Fund Balances (Deficits):	
Nonspendable	2,593,736
Unassigned	9,404,735
Total Fund Balances (Deficits)	11,998,471
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	 \$ 14,206,855

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET (CONTINUED)  
GENERAL FUND — BY ACCOUNT  
APRIL 30, 2020**

Police Protection	Fire Protection	Garbage Collection and Disposal	Street and Bridge	Combining General Fund
\$ 204,359	\$ 1,053,265	\$ 31,089	\$ 420	\$ 8,205,350
-	-	-	217,522	217,522
-	-	-	-	3,856,446
-	-	-	-	446,450
-	-	-	-	178,491
-	350,129	-	-	350,129
-	-	-	193,274	206,507
4,640	-	-	-	10,580
-	-	-	-	196,342
-	-	-	7,421	2,601,157
<u>\$ 208,999</u>	<u>\$ 1,403,394</u>	<u>\$ 31,089</u>	<u>\$ 418,637</u>	<u>\$ 16,268,974</u>
\$ 5,503	\$ 19,034	\$ 33,920	\$ 75,502	\$ 147,514
94,392	74,278	3,312	15,094	206,454
-	-	-	-	18,000
19,736	106,085	-	-	125,821
-	-	-	-	645,818
-	59,000	59,421	45,000	381,049
<u>119,631</u>	<u>258,397</u>	<u>96,653</u>	<u>135,596</u>	<u>1,524,656</u>
-	-	-	217,522	217,522
-	-	-	-	1,294,005
-	-	-	193,274	193,274
-	-	-	410,796	1,704,801
-	-	-	7,421	2,601,157
<u>89,368</u>	<u>1,144,997</u>	<u>(65,564)</u>	<u>(135,176)</u>	<u>10,438,360</u>
<u>89,368</u>	<u>1,144,997</u>	<u>(65,564)</u>	<u>(127,755)</u>	<u>13,039,517</u>
<u>\$ 208,999</u>	<u>\$ 1,403,394</u>	<u>\$ 31,089</u>	<u>\$ 418,637</u>	<u>\$ 16,268,974</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (DEFICITS)  
 GENERAL FUND — BY ACCOUNT  
 YEAR ENDED APRIL 30, 2020**

	General	Police Protection
<b>REVENUES</b>		
Property Taxes	\$ 15,000	\$ -
Other Taxes and Special Assessments	21,785,771	-
Charges for Services	-	-
Intergovernmental	-	147,487
Investment Earnings	223,528	1,962
Licenses and Permits	192,262	-
Miscellaneous	1,450,672	157,606
Total Revenues	23,667,233	307,055
<b>EXPENDITURES</b>		
Current:		
General Government	6,597,830	-
Police	-	5,633,813
Fire	-	-
Sanitation	-	-
Public Works	-	-
Community Development	255,982	-
Capital Outlay	147,481	73,051
Debt Service:		
Principal Payments	397,321	-
Interest and Fiscal Charges	24,638	-
Total Expenditures	7,423,252	5,706,864
Excess (Deficiency) of Revenues over Expenditures	16,243,981	(5,399,809)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	9,373	5,497,135
Transfers Out	(14,105,847)	-
Total Other Financing Sources (Uses)	(14,096,474)	5,497,135
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	2,147,507	97,326
Fund Balances (Deficits) - Beginning of Year	9,850,964	(7,958)
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	\$ 11,998,471	\$ 89,368

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)  
GENERAL FUND — BY ACCOUNT  
YEAR ENDED APRIL 30, 2020**

Fire Protection	Garbage Collection and Disposal	Street and Bridge	Eliminations	Combining General Fund
\$ -	\$ -	\$ 214,301	\$ -	\$ 229,301
-	-	-	-	21,785,771
1,266,038	42,295	840	-	1,309,173
39,514	-	43,968	-	230,969
15,184	2,397	-	-	243,071
-	-	-	-	192,262
23,631	148,287	1,947	-	1,782,143
<u>1,344,367</u>	<u>192,979</u>	<u>261,056</u>	<u>-</u>	<u>25,772,690</u>
-	-	-	-	6,597,830
-	-	-	-	5,633,813
5,213,032	-	-	-	5,213,032
-	860,732	-	-	860,732
-	-	2,018,674	-	2,018,674
-	-	-	-	255,982
166,844	68,693	708,556	-	1,164,625
-	138,442	-	-	535,763
-	1,964	-	-	26,602
<u>5,379,876</u>	<u>1,069,831</u>	<u>2,727,230</u>	<u>-</u>	<u>22,307,053</u>
(4,035,509)	(876,852)	(2,466,174)	-	3,465,637
4,697,452	766,714	2,450,426	(13,411,727)	9,373
-	-	-	13,411,727	(694,120)
<u>4,697,452</u>	<u>766,714</u>	<u>2,450,426</u>	<u>-</u>	<u>(684,747)</u>
661,943	(110,138)	(15,748)	-	2,780,890
483,054	44,574	(112,007)	-	10,258,627
<u>\$ 1,144,997</u>	<u>\$ (65,564)</u>	<u>\$ (127,755)</u>	<u>\$ -</u>	<u>\$ 13,039,517</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2020**

	<u>Debt Service</u>	<u>Special Revenue</u>
	Bond and Interest Fund	Illinois Municipal Retirement
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,990,674	\$ 21,955
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	-	120,003
Personal Property Replacement Tax	-	12,800
Motor Fuel Tax Allotments	-	-
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Advanced to Other Funds	269,400	-
Prepaid Expenses	-	-
	<u>\$ 2,260,074</u>	<u>\$ 154,758</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	-	5,580
Advanced from Other Funds	250,000	-
Total Liabilities	<u>250,000</u>	<u>5,580</u>
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	-	120,003
Unavailable Revenue - Notes Receivable	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>120,003</u>
Fund Balances:		
Nonspendable	-	-
Restricted	1,894,436	59
Assigned	115,638	29,116
Unassigned	-	-
Total Fund Balances	<u>2,010,074</u>	<u>29,175</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,260,074</u>	<u>\$ 154,758</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2020**

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ 423,711	\$ 32,086	\$ -	\$ 164,894	\$ -	\$ 49,528	\$ 36,515
-	-	841,771	70,013	-	-	85,019
-	-	-	-	-	-	-
69,407	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	120,000	136,700	-	-	-	-
-	-	298,025	-	-	-	-
<u>\$ 493,118</u>	<u>\$ 152,086</u>	<u>\$ 1,276,496</u>	<u>\$ 234,907</u>	<u>\$ -</u>	<u>\$ 49,528</u>	<u>\$ 121,534</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,268
-	7,720	-	-	-	-	-
-	-	141,365	-	-	-	-
-	7,720	141,365	-	-	-	1,268
-	-	841,771	70,013	-	-	85,019
-	-	-	-	-	-	-
-	-	841,771	70,013	-	-	85,019
-	-	298,025	-	-	-	-
363,332	28,579	-	164,477	-	49,430	34,990
129,786	115,787	-	417	-	98	257
-	-	(4,665)	-	-	-	-
<u>493,118</u>	<u>144,366</u>	<u>293,360</u>	<u>164,894</u>	<u>-</u>	<u>49,528</u>	<u>35,247</u>
<u>\$ 493,118</u>	<u>\$ 152,086</u>	<u>\$ 1,276,496</u>	<u>\$ 234,907</u>	<u>\$ -</u>	<u>\$ 49,528</u>	<u>\$ 121,534</u>



**CITY OF EAST PEORIA, ILLINOIS  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2020**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 71,836	\$ 173,609
Receivables (Net, Where Applicable, of Allowances for Estimated Uncollectible Amounts):		
Property Taxes	16,036	75,030
Personal Property Replacement Tax	-	-
Motor Fuel Tax Allotments	-	-
Assessments	-	-
Hotel/Motel Taxes	-	-
Notes	-	-
Advanced to Other Funds	-	7,967
Prepaid Expenses	-	-
	<u>\$ 87,872</u>	<u>\$ 256,606</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ -	\$ -
Wages Payable	-	-
Advanced from Other Funds	-	-
Total Liabilities	-	-
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	16,036	75,030
Unavailable Revenue - Notes Receivable	-	-
Total Deferred Inflows of Resources	16,036	75,030
Fund Balances:		
Nonspendable	-	-
Restricted	71,748	181,293
Assigned	88	283
Unassigned	-	-
Total Fund Balances	<u>71,836</u>	<u>181,576</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 87,872</u>	<u>\$ 256,606</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2020**

Special Revenue						Total
Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Nonmajor Governmental Funds
\$ 2,512,893	\$ 669,486	\$ 259,465	\$ 8,597	\$ 3,297	\$ 3,415	\$ 6,421,961
-	-	-	-	2,065,770	2,256,056	5,529,698
-	-	-	-	-	-	12,800
-	-	-	-	-	-	69,407
-	-	9,174	-	-	-	9,174
32,747	-	-	-	-	-	32,747
-	118,230	-	-	-	-	118,230
-	-	8,364	-	-	-	542,431
-	-	-	-	-	-	298,025
<u>\$ 2,545,640</u>	<u>\$ 787,716</u>	<u>\$ 277,003</u>	<u>\$ 8,597</u>	<u>\$ 2,069,067</u>	<u>\$ 2,259,471</u>	<u>\$ 13,034,473</u>
\$ 26,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,405
4,356	-	-	-	-	-	17,656
-	-	-	-	-	-	391,365
<u>30,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,426</u>
-	-	-	-	2,065,770	2,256,056	5,529,698
-	114,261	-	-	-	-	114,261
-	114,261	-	-	2,065,770	2,256,056	5,643,959
-	-	-	-	-	-	298,025
400,925	601,419	204,473	7,916	-	-	4,003,077
2,114,222	72,036	72,530	681	3,297	3,415	2,657,651
-	-	-	-	-	-	(4,665)
<u>2,515,147</u>	<u>673,455</u>	<u>277,003</u>	<u>8,597</u>	<u>3,297</u>	<u>3,415</u>	<u>6,954,088</u>
<u>\$ 2,545,640</u>	<u>\$ 787,716</u>	<u>\$ 277,003</u>	<u>\$ 8,597</u>	<u>\$ 2,069,067</u>	<u>\$ 2,259,471</u>	<u>\$ 13,034,473</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2020**

	<u>Debt Service</u>	<u>Special Revenue</u>
	Bond and Interest Fund	Illinois Municipal Retirement
<b>REVENUES</b>		
Property Taxes	\$ -	\$ 118,021
Other Taxes and Special Assessments	-	-
Intergovernmental	-	210,000
Investment Earnings	6,356	176
Miscellaneous	-	8,067
Total Revenues	6,356	336,264
<b>EXPENDITURES</b>		
Current:		
General Government	-	327,962
Police	-	-
Fire	-	-
Public Works	-	-
Community Development	-	-
Capital Outlay	-	-
Debt Service:		
Principal Payments	80,000	-
Interest and Fiscal Charges	13,675	-
Total Expenditures	93,675	327,962
Excess (Deficiency) of Revenues over Expenditures	(87,319)	8,302
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(87,319)	8,302
Fund Balances - Beginning of Year	2,097,393	20,873
<b>FUND BALANCES - END OF YEAR</b>	\$ 2,010,074	\$ 29,175

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2020**

Special Revenue

Motor Fuel Tax	Social Security	Workmen's Compensation	Audit	School Crossing Guard	Sewer Chlorination	Street Lighting
\$ -	\$ -	\$ 810,601	\$ 78,664	\$ -	\$ 19,697	\$ 83,587
-	-	-	-	-	-	-
863,573	400,000	650,250	-	-	-	81,162
3,494	-	1,207	117	-	30	125
-	5,138	-	-	-	-	-
<u>867,067</u>	<u>405,138</u>	<u>1,462,058</u>	<u>78,781</u>	<u>-</u>	<u>19,727</u>	<u>164,874</u>
-	371,421	262,879	55,685	-	8,818	-
-	-	660,205	-	-	-	-
-	-	229,300	-	-	-	-
590,542	-	310,228	-	-	-	149,735
-	-	5,142	-	-	-	-
37,048	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>627,590</u>	<u>371,421</u>	<u>1,467,754</u>	<u>55,685</u>	<u>-</u>	<u>8,818</u>	<u>149,735</u>
239,477	33,717	(5,696)	23,096	-	10,909	15,139
-	-	7,665	-	-	-	-
-	-	-	-	(9,373)	-	-
-	-	7,665	-	(9,373)	-	-
239,477	33,717	1,969	23,096	(9,373)	10,909	15,139
<u>253,641</u>	<u>110,649</u>	<u>291,391</u>	<u>141,798</u>	<u>9,373</u>	<u>38,619</u>	<u>20,108</u>
<u>\$ 493,118</u>	<u>\$ 144,366</u>	<u>\$ 293,360</u>	<u>\$ 164,894</u>	<u>\$ -</u>	<u>\$ 49,528</u>	<u>\$ 35,247</u>

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2020**

	Special Revenue	
	Unemployment Insurance	Emergency Service and Disaster Assistance
<b>REVENUES</b>		
Property Taxes	\$ 15,750	\$ 74,298
Other Taxes and Special Assessments	-	-
Intergovernmental	-	-
Investment Earnings	23	119
Miscellaneous	-	-
Total Revenues	15,773	74,417
<b>EXPENDITURES</b>		
Current:		
General Government	19,000	8,170
Police	-	-
Fire	-	-
Public Works	-	-
Community Development	-	-
Capital Outlay	-	38,965
Debt Service:		
Principal Payments	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	19,000	47,135
Excess (Deficiency) of Revenues over Expenditures	(3,227)	27,282
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(3,227)	27,282
Fund Balances - Beginning of Year	75,063	154,294
<b>FUND BALANCES - END OF YEAR</b>	\$ 71,836	\$ 181,576

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2020**

Special Revenue							Total
Hotel/Motel Tax	Revolving Loan	Special Assessments	IHDA Grant	Firemen's Pension Levy Fund	Police Pension Levy Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 1,989,408	\$ 2,232,281	\$ 5,422,307	
725,332	-	-	-	31,129	34,965	791,426	
-	-	-	-	-	-	2,204,985	
-	14,770	2,829	94	2,960	3,321	35,621	
284,651	54,696	-	-	-	-	352,552	
<u>1,009,983</u>	<u>69,466</u>	<u>2,829</u>	<u>94</u>	<u>2,023,497</u>	<u>2,270,567</u>	<u>8,806,891</u>	
799,238	-	-	-	-	-	1,853,173	
-	-	-	-	-	2,270,567	2,930,772	
-	-	-	-	2,023,497	-	2,252,797	
-	-	4,598	-	-	-	1,055,103	
-	-	-	-	-	-	5,142	
275,287	-	-	-	-	-	351,300	
-	-	-	-	-	-	80,000	
-	-	-	-	-	-	13,675	
<u>1,074,525</u>	<u>-</u>	<u>4,598</u>	<u>-</u>	<u>2,023,497</u>	<u>2,270,567</u>	<u>8,541,962</u>	
(64,542)	69,466	(1,769)	94	-	-	264,929	
-	-	-	-	-	-	7,665	
-	-	-	-	-	-	(9,373)	
-	-	-	-	-	-	(1,708)	
(64,542)	69,466	(1,769)	94	-	-	263,221	
<u>2,579,689</u>	<u>603,989</u>	<u>278,772</u>	<u>8,503</u>	<u>3,297</u>	<u>3,415</u>	<u>6,690,867</u>	
<u>\$ 2,515,147</u>	<u>\$ 673,455</u>	<u>\$ 277,003</u>	<u>\$ 8,597</u>	<u>\$ 3,297</u>	<u>\$ 3,415</u>	<u>\$ 6,954,088</u>	

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
APRIL 30, 2020**

	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	\$ 711,221	\$ 583,313
Receivables:		
Accrued Interest and Dividends	51,705	72,599
Investments, at Fair Value:		
Money Market Funds	1,251,919	1,049,131
Municipal Bonds	168,280	142,161
Corporate Bonds	3,609,199	5,161,360
U.S. Government Notes and Bonds	3,859,849	3,201,049
U.S. Government Agency Obligations	1,211,314	1,263,321
Mutual Funds	8,590,215	2,512,892
Common Stock	6,731,216	16,592,490
Total Investments	25,421,992	29,922,404
 Total Assets	 26,184,918	 30,578,316
<b>LIABILITIES</b>		
Accounts Payable and Accrued Payroll Taxes	1,810	1,729
Amounts Held for Others	-	-
Total Liabilities	1,810	1,729
 Net Position Held in Trust for Pension Benefit Obligation	 \$ 26,183,108	 \$ 30,576,587

**CITY OF EAST PEORIA, ILLINOIS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION (CONTINUED)  
 APRIL 30, 2020**

Total Pension Trust Funds	Agency Funds			Total Agency Funds
	Levi King Scholarship Fund	Dependent Care Fund	Unreimbursed Medical Fund	
\$ 1,294,534	\$ 7,468	\$ 12,343	\$ 11,958	\$ 31,769
124,304	-	-	-	-
2,301,050	-	-	-	-
310,441	-	-	-	-
8,770,559	-	-	-	-
7,060,898	-	-	-	-
2,474,635	-	-	-	-
11,103,107	-	-	-	-
23,323,706	-	-	-	-
<u>55,344,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
56,763,234	<u>\$ 7,468</u>	<u>\$ 12,343</u>	<u>\$ 11,958</u>	<u>\$ 31,769</u>
3,539	\$ -	\$ -	\$ -	\$ -
-	<u>7,468</u>	<u>12,343</u>	<u>11,958</u>	<u>31,769</u>
<u>3,539</u>	<u>\$ 7,468</u>	<u>\$ 12,343</u>	<u>\$ 11,958</u>	<u>\$ 31,769</u>
<u>\$ 56,759,695</u>				



**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED APRIL 30, 2020**

	<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>\$ 10,056</u>	<u>\$ 11,666</u>	<u>\$ 9,379</u>	<u>\$ 12,343</u>
Liabilities, Amounts Held for Others	<u>\$ 10,056</u>	<u>\$ 11,666</u>	<u>\$ 9,379</u>	<u>\$ 12,343</u>
<b>UNREIMBURSED MEDICAL FUND</b>				
Assets, Cash and Cash Equivalents	<u>\$ 11,455</u>	<u>\$ 68,363</u>	<u>\$ 67,860</u>	<u>\$ 11,958</u>
Liabilities, Amounts Held for Others	<u>\$ 11,455</u>	<u>\$ 68,363</u>	<u>\$ 67,860</u>	<u>\$ 11,958</u>
<b>TOTAL</b>				
Assets, Cash and Cash Equivalents	<u>\$ 28,979</u>	<u>\$ 80,029</u>	<u>\$ 77,239</u>	<u>\$ 31,769</u>
Liabilities, Amounts Held for Others	<u>\$ 28,979</u>	<u>\$ 80,029</u>	<u>\$ 77,239</u>	<u>\$ 31,769</u>

**CITY OF EAST PEORIA, ILLINOIS  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED APRIL 30, 2020**

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>City of East Peoria Firefighter's Pension Fund</u>	<u>City of East Peoria Police Pension Fund</u>	
<b>ADDITIONS</b>			
Contributions:			
Plan Members' Contributions	\$ 380,372	\$ 394,281	\$ 774,653
Employer Contributions	<u>2,020,537</u>	<u>2,267,246</u>	<u>4,287,783</u>
Total Contributions	2,400,909	2,661,527	5,062,436
Investment Income:			
Net Depreciation in Fair Value of Investments	(398,983)	(253,331)	(652,314)
Dividends and Interest	<u>646,452</u>	<u>740,472</u>	<u>1,386,924</u>
Total Investment Income	247,469	487,141	734,610
Less: Investment Expenses	<u>129,740</u>	<u>162,521</u>	<u>292,261</u>
Net Investment Income	<u>117,729</u>	<u>324,620</u>	<u>442,349</u>
Total Additions	2,518,638	2,986,147	5,504,785
<b>DEDUCTIONS</b>			
Benefits Paid	1,864,349	2,684,883	4,549,232
Refunds of Contributions	31,865	-	31,865
Administrative Expenses	<u>42,660</u>	<u>56,055</u>	<u>98,715</u>
Total Deductions	<u>1,938,874</u>	<u>2,740,938</u>	<u>4,679,812</u>
Change in Net Position	579,764	245,209	824,973
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of Year	<u>25,603,344</u>	<u>30,331,378</u>	<u>55,934,722</u>
End of Year	<u>\$ 26,183,108</u>	<u>\$ 30,576,587</u>	<u>\$ 56,759,695</u>

**CITY OF EAST PEORIA, ILLINOIS  
 ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,  
 AND TAX COLLECTIONS (UNAUDITED)  
 APRIL 30, 2020**

2019 Tax Levy				
Assessed Valuation, Excluding Tax Increment Financing District Increment				<u>\$ 509,175,626</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, 2020</u>
Illinois Municipal Retirement	\$ 120,000	0.02679	\$ 120,003	\$ -
Workmen's Compensation	841,764	0.18792	841,771	-
Audit	70,000	0.01563	70,013	-
Street Lighting	85,000	0.01898	85,019	-
Unemployment Insurance	16,000	0.00358	16,036	-
Civil Defense	75,000	0.01675	75,030	-
Firemen's Pension	2,065,733	0.46117	2,065,770	-
Police Pension	2,256,053	0.50365	2,256,056	-
Total	<u>\$ 5,529,550</u>	<u>1.23447</u>	<u>\$ 5,529,698</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, 2020**

2018 Tax Levy				
Assessed Valuation, Excluding Tax				
Increment Financing District Increment	<u>\$ 512,460,085</u>			
Fund	Levy	Rate	Amount Extended by County Clerk	Amount Collected
General	\$ -	-	\$ -	\$ -
Police Protection	-	-	-	-
Fire Protection	-	-	-	-
Garbage Collection and Disposal	-	-	-	-
Sewer Chlorination	20,000	0.00444	20,037	19,697
Illinois Municipal Retirement	120,000	0.02660	120,043	118,021
FICA	-	-	-	-
Workmen's Compensation	824,506	0.18270	824,508	810,601
Street and Bridge	-	-	-	-
Audit	80,000	0.01773	80,014	78,664
Street Lighting	85,000	0.01884	85,023	83,587
Unemployment Insurance	16,000	0.00355	16,021	15,750
Civil Defense	75,000	0.01662	75,004	74,298
Firemen's Pension	2,023,497	0.44839	2,023,541	1,989,408
Police Pension	2,270,567	0.50313	2,270,578	2,232,281
	<u>2,270,567</u>	<u>0.50313</u>	<u>2,270,578</u>	<u>2,232,281</u>
Total	<u>\$ 5,514,570</u>	<u>1.22200</u>	<u>\$ 5,514,769</u>	<u>\$ 5,422,307</u>

**CITY OF EAST PEORIA, ILLINOIS**  
**ASSESSED VALUATIONS, TAXES LEVIED, TAX RATES, TAX EXTENSIONS,**  
**AND TAX COLLECTIONS (UNAUDITED) (CONTINUED)**  
**APRIL 30, 2020**

2017 Tax Levy				2016 Tax Levy			
			<u>\$ 508,640,089</u>				<u>\$ 503,512,508</u>
Levy	Rate	Amount Extended by County Clerk	Amount Collected	Levy	Rate	Amount Extended by County Clerk	Amount Collected
\$ -	-	\$ -	\$ -	\$ 200,593	0.04521	\$ 200,605	\$ 198,875
-	-	-	-	625,028	0.14087	625,067	619,645
-	-	-	-	625,028	0.14087	625,067	619,645
-	-	-	-	26,057	0.00588	26,091	25,864
20,000	0.00448	20,029	19,979	20,000	0.00451	20,012	19,837
120,000	0.02685	120,041	119,733	120,000	0.02705	120,026	118,987
-	-	-	-	475,000	0.10705	475,001	470,884
803,728	0.17978	803,758	801,702	600,000	0.13523	600,041	594,837
-	-	-	-	305,000	0.02017	89,498	88,720
80,000	0.01790	80,027	79,824	80,000	0.01803	80,003	79,308
85,000	0.01902	85,034	84,819	85,000	0.01916	85,017	84,280
16,000	0.00358	16,005	15,963	16,000	0.00361	16,018	15,878
50,000	0.01119	50,028	49,899	50,000	0.01127	50,007	49,572
2,195,236	0.49102	2,195,246	2,189,631	1,177,950	0.26548	1,177,985	1,167,769
2,108,564	0.47164	2,108,602	2,103,211	1,272,308	0.28674	1,272,320	1,261,287
<u>\$ 5,478,528</u>	<u>1.22546</u>	<u>\$ 5,478,770</u>	<u>\$ 5,464,761</u>	<u>\$ 5,677,964</u>	<u>1.23113</u>	<u>\$ 5,462,758</u>	<u>\$ 5,415,388</u>

**CITY OF EAST PEORIA, ILLINOIS  
LEGAL DEBT MARGIN (UNAUDITED)  
APRIL 30, 2020**

Assessed Valuation, 2019 Tax Year		<u>\$ 509,175,626</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)		\$ 43,916,398
Total Debt:		
Notes Payable to Banks	\$ 5,133,097	
Notes Payable to Illinois Environment Protection Agency	11,798,872	
General Obligation Bonds (Alternate Revenue Source)	72,815,000	
Deduct Debt Exempt from Debt Limitation Computation:		
Notes Payable to Illinois Environment Protection Agency	(11,798,872)	
General Obligation Bonds (Alternate Revenue Source)	<u>(72,815,000)</u>	<u>5,133,097</u>
Legal Debt Margin		<u>\$ 38,783,301</u>

**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT  
SPECIAL TAX ALLOCATION FUND (UNAUDITED)  
YEAR ENDED APRIL 30, 2020**

	District III
<b>RECEIPTS</b>	
Tax Increment Financing, Property Taxes	\$ 783,500
Interest Income	1,127
Total Receipts	784,627
<b>DISBURSEMENTS</b>	
Distribution to Other Taxing Districts	136,025
Interfund Borrowing	640,000
Total Disbursements	776,025
Deficiency of Receipts over Disbursements	8,602
Cash and Investments - April 30, 2019	2,574
<b>CASH AND INVESTMENTS - APRIL 30, 2020</b>	<b>\$ 11,176</b>

**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT  
CAPITAL PROJECTS FUND (UNAUDITED)  
YEAR ENDED APRIL 30, 2020**

	Camp Street TIF District	W. Washington Street TIF District	Total
<b>RECEIPTS</b>			
Tax Increment Financing:			
Property Taxes	\$ 2,026,619	\$ 2,561,616	\$ 4,588,235
TIF C Taxes	658,166	-	658,166
TIF D Taxes	-	1,138,371	1,138,371
Lease Income	622,939	-	622,939
Rental Income	1,055,040	-	1,055,040
Interest Income	5,362	13,570	18,932
Reimbursements and Property Sales	-	69,696	69,696
Interfund Borrowing	2,515,289	887,166	3,402,455
Total Receipts	<u>6,883,415</u>	<u>4,670,419</u>	<u>11,553,834</u>



**CITY OF EAST PEORIA, ILLINOIS**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY DISTRICT**  
**CAPITAL PROJECTS FUND (UNAUDITED) (CONTINUED)**  
**YEAR ENDED APRIL 30, 2020**

	Camp Street TIF District	W. Washington Street TIF District	Total
<b>DISBURSEMENTS</b>			
2002C Tax Increment Bond Interest	\$ 34,600	\$ -	\$ 34,600
2002C Tax Increment Bond Principal	280,000	-	280,000
2007 Tax Increment Bond Interest	779,900	-	779,900
2010A General Obligation Bond Interest	471,229	-	471,229
2010A General Obligation Bond Principal	1,275,000	-	1,275,000
2014 General Obligation Bond Interest	714,915	-	714,915
2014 General Obligation Bond Principal	930,000	-	930,000
2016C General Obligation Bond Interest	67,385	-	67,385
2016C General Obligation Bond Principal	1,520,000	-	1,520,000
2012A General Obligation Bond Interest	-	86,860	86,860
2012A General Obligation Bond Principal	-	185,000	185,000
2012B General Obligation Bond Interest	-	86,860	86,860
2012B General Obligation Bond Principal	-	185,000	185,000
2012C General Obligation Bond Interest	-	72,306	72,306
2012C General Obligation Bond Principal	-	565,000	565,000
2012D General Obligation Bond Interest	-	28,646	28,646
2012D General Obligation Bond Principal	-	225,000	225,000
2013B General Obligation Bond Interest	-	167,150	167,150
2013B General Obligation Bond Principal	-	535,000	535,000
2016AB General Obligation Bond Interest	-	338,250	338,250
Camp Street Loan Interest	6,742	-	6,742
Camp Street Loan Principal	57,044	-	57,044
Principal Paid on Notes Payable	-	479,658	479,658
Interest Paid on Notes Payable	-	92,436	92,436
Development and Engineering Fees	190,993	3,123	194,116
Other Operating Expenses	66,451	26,920	93,371
Sales Tax Rebate	-	1,592,480	1,592,480
Property Taxes	426,504	-	426,504
Travel, Training, and Meetings	-	10,459	10,459
Attorney Fees	12,658	2,563	15,221
Bass Pro Building	1,527	-	1,527
Total Disbursements	6,834,948	4,682,711	11,517,659
Excess (Deficiency) of Receipts over Disbursements	48,467	(12,292)	36,175
Cash - April 30, 2019	118,855	580,870	699,725
<b>CASH - APRIL 30, 2020</b>	<b>\$ 167,322</b>	<b>\$ 568,578</b>	<b>\$ 735,900</b>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of East Peoria, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 22, 2020. Our report was modified to include a reference to other auditors.

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

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 22, 2020



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of East Peoria, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 22, 2020. Our report includes a reference to other auditors who audited the financial statements of the East Peoria Mass Transit District discretely presented component unit, Police Pension Trust Fund, and Firefighters' Pension Trust Fund, as described in our report on City of East Peoria, Illinois' financial statements. The financial statements of the East Peoria Mass Transit District, Police Pension Trust Fund, and Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Honorable Mayor and Commissioners  
City of East Peoria, Illinois

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **City of East Peoria, Illinois' Responses to Findings**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 22, 2020

**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2020**

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2020-001 — Segregation of Duties**

*Criteria or specific requirement:*

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

*Condition:*

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

*Effect:*

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

*Cause:*

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

*Recommendation:*

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

*Views of responsible officials and planned corrective action:*

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

*Contact person:*

Jeff Becker, Finance Director

**CITY OF EAST PEORIA, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
APRIL 30, 2020**

**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Finding No. 2020-002 — Financial Statement Preparation**

*Criteria or specific requirement:*

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

*Condition:*

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

*Effect:*

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

*Cause:*

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

*Recommendation:*

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

*Views of responsible officials and planned corrective action:*

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

*Contact person:*

Jeff Becker, Finance Director

**CITY OF EAST PEORIA, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
APRIL 30, 2020**

**SEGREGATION OF DUTIES**

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

Status

This material weakness has been repeated in the current year as Finding 2020-001.

**FINANCIAL STATEMENT PREPARATION**

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

Status

This material weakness has been repeated in the current year as Finding 2020-002.