

CITY OF PEORIA, ILLINOIS

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

YEAR ENDING DECEMBER 31, 2006



CITY OF PEORIA, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2006

Prepared By:

James R. Scroggins, CPA
Finance Director/Comptroller
City Finance

Patricia A. Mason
Accounting Coordinator
City Finance

Bruce K. Johnson
Accountant
City Finance

Robert G. Golden II
Finance Manager
City Finance

Angela M. Washington
Accountant
City Finance

CITY OF PEORIA, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| | PAGE |
|---|-------------|
| INTRODUCTORY SECTION | |
| Table of Contents | i |
| Letter of Transmittal | v |
| Elected Officials..... | xi |
| Organizational Chart..... | xii |
| Certificate of Achievement for Excellence in Financial Reporting | xiii |
| FINANCIAL SECTION | |
| Independent Auditor’s Report..... | I |
| Management’s Discussion and Analysis (Unaudited) | III |
| EXHIBIT | |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Assets | A 1 |
| Statement of Activities..... | B 3 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds..... | C 5 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds..... | D 9 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | E 13 |
| Statement of Fiduciary Net Assets | F 15 |
| Statement of Changes in Fiduciary Net Assets..... | G 16 |
| Notes to the Financial Statements..... | 17 |
| Required Supplemental Information: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Peoria Public Library Fund, and Police and Fire Pension Levy Fund..... | H 72 |
| Pension Funds - Analysis of Funding Progress (Unaudited) | I 74 |

CITY OF PEORIA, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| FINANCIAL SECTION (CONTINUED) | SCHEDULE | PAGE |
|---|-----------------|-------------|
| Supplemental Information: | | |
| Combining and Individual Fund Statements and Schedules: | | |
| Combining Balance Sheet - Nonmajor Governmental Funds..... | 1 | 75 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds | 2 | 81 |
| Individual Fund Financial Statements: | | |
| General Fund: | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | 3 | 88 |
| Special Revenue Funds: | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Peoria Public Library Fund | 4 | 91 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Motor Fuel Tax Fund | 5 | 92 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Community Development Block Grant Fund..... | 6 | 93 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State & Local Auto Theft Enforcement Grant Fund | 7 | 94 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Multi-County MEG Grant Fund | 8 | 95 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Home Investment Partnership Program Fund..... | 9 | 96 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Illinois Municipal Retirement Fund | 10 | 97 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Solid Waste Fund | 11 | 98 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Workforce Development Fund | 12 | 99 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Police and Fire Pension Levy Fund | 13 | 100 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Peoria Foreign Fire Insurance Board | 14 | 101 |

CITY OF PEORIA, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| | SCHEDULE | PAGE |
|---|-----------------|-------------|
| FINANCIAL SECTION (CONTINUED) | | |
| Supplemental Information (Continued): | | |
| Individual Fund Financial Statements (Continued): | | |
| Debt Service Funds: | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Downtown Parking Bond Fund..... | 15 | 103 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - 2005A General Obligation Bond Fund..... | 16 | 104 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - WeaverRidge Debt Service Fund..... | 17 | 105 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Obligation Bonds Debt Service Master Fund | 18 | 106 |
| Capital Projects Funds: | | |
| Schedules of Revenues, Expenditures, and Changes in Fund Balance: | | |
| Capital Improvements Fund..... | 19 | 109 |
| Southtown TIF Project Fund..... | 20 | 111 |
| Downtown TIF Project Fund | 21 | 112 |
| Campustown TIF Project Fund..... | 22 | 113 |
| Northside TIF Project Fund | 23 | 114 |
| Midtown Plaza TIF Project Fund..... | 24 | 115 |
| Northside Business Park TIF Project Fund..... | 25 | 116 |
| Downtown Stadium TIF Project Fund..... | 26 | 117 |
| 2000B General Obligation Bond Project Fund..... | 27 | 118 |
| 2001A General Obligation Bond Project Fund..... | 28 | 119 |
| 2001C General Obligation Bond Project Fund..... | 29 | 120 |
| 2003A General Obligation Bond Project Fund..... | 30 | 121 |
| 2004B General Obligation Bond Project Fund..... | 31 | 122 |
| 2005A General Obligation Bond Project Fund..... | 32 | 123 |
| 2006 Special Assessment Bond Project Fund..... | 33 | 124 |
| City of Peoria Designated Zone Organization | 34 | 125 |
| Fiduciary Funds: | | |
| Combining Schedule of Fiduciary Net Assets | 35 | 127 |
| Combining Schedule of Changes in Fiduciary Net Assets | 36 | 128 |

CITY OF PEORIA, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| | TABLE | PAGE |
|--|--------------|-------------|
| STATISTICAL SECTION (UNAUDITED) | | |
| Net Assets by Component..... | I | 131 |
| Changes in Net Assets | II | 132 |
| Fund Balances, Governmental Funds | III | 134 |
| Changes in Fund Balances, Governmental Funds..... | IV | 135 |
| Assessed Value and Estimated Actual Value of | | |
| Taxable Property | V | 136 |
| Direct and Overlapping Property Tax Rates | VI | 137 |
| Principal Property Taxpayers | VII | 139 |
| Property Tax Levies and Collections | VIII | 140 |
| Ratios of Outstanding Debt by Type..... | IX | 141 |
| Ratios of Net General Bonded Debt Outstanding..... | X | 142 |
| Direct and Overlapping Governmental Activities Debt..... | XI | 143 |
| Pledged-Revenue Coverage | XII | 144 |
| Demographic and Economic Statistics | XIII | 145 |
| Principal Employers | XIV | 146 |
| Full-Time Equivalent City Government Employees by | | |
| Function/Program | XV | 147 |
| Operating Indicators by Function/Program..... | XVI | 148 |
| Capital Asset Statistics by Function/Program..... | XVII | 149 |
| Glossary of Terms in Statistical Section | | 150 |

DEPARTMENT OF FINANCE



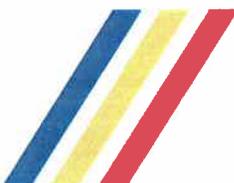
June 28, 2007

The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
419 Fulton Street
Peoria, IL 61602-1276

State law requires that all general-purpose, local governments, publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Peoria, Illinois for the year ended December 31, 2006.

The report consists of management's representations concerning the finances of the City of Peoria, Illinois. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Peoria has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Peoria's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Peoria's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Clifton Gunderson LLP, a firm of licensed certified public accountants, has audited the City of Peoria, Illinois's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Peoria's financial



The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
June 28, 2007

statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Peoria was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Peoria's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the letter. The City of Peoria, Illinois's MD&A can be found immediately following the report of the independent auditors on page III.

PROFILE OF THE CITY OF PEORIA

The City of Peoria was chartered on April 12, 1845 and is a home rule unit of government under the 1970 Illinois Constitution. The City is located on the Illinois River, midway between Chicago and St. Louis and is the largest urban area within the Peoria-Pekin Metropolitan Statistical Area. According to the 2000 Census, the City has a population of 112,936, ranking as the fifth largest city in the State of Illinois. In the fall of 2004, a Special Census was conducted by the United States Census Bureau. The Special Census resulted in an increase in population of 5,199, for a total population of 118,135.

The City is governed by a City Council elected on a non-partisan basis composed of ten Council members and a Mayor. Five of the Council members are elected from districts, while the other five and the Mayor are elected at large. Council members serve four-year terms with elections staggered every two years. The City Clerk and City Treasurer are also elected at large. A professional City Manager supervises day-to-day operations of the City. The City provides public safety, (police, fire and emergency medical) highway and street maintenance, public improvements, planning and zoning, and general administrative services. The City has no proprietary fund, although its component units; the Peoria Civic Center Authority and the Springdale Cemetery Management Authority are discretely presented component units. The Civic Center operates as a convention, sports, and entertainment facility. The Springdale Cemetery Management Authority operates and maintains the Springdale Cemetery. Additional information on these legally separate entities can be found in Notes 1, 2, 4, 7 and 15 in the notes to the financial statements.

The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
June 28, 2007

The annual budget serves as the foundation to the City of Peoria's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in August each year. These are used as the starting point for developing a proposed budget. The Illinois Compiled Statutes require that a public hearing be held prior to adoption and that it be adopted by the last Tuesday in December. The Peoria County Clerk requires that the annual budget and tax levy be filed by the last Tuesday in December. The appropriated budget is prepared by fund and department. The Budget Officer is authorized to make transfers within a department. Transfers between departments or funds, however, require the special approval of the City Council.

Budget-to-actual comparisons are provided in this report for each governmental fund for which an annual appropriated budget has been adopted. For the General Fund, this comparison is presented on pages 88 - 89 as part of the basic financial statements for the governmental funds. For governmental funds other than the General Fund, with appropriated annual budgets, this comparison is presented in the special revenue funds and debt service funds sections of the report, which start on page 90.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Peoria operates.

Local economy. Built on a base of heavy manufacturing and best known as the "home" of Caterpillar, Inc., Peoria's primary economic activity has long been associated with the manufacturing of earthmoving equipment, such as Caterpillar and Komatsu-America International Co. Other prominent manufacturing firms in other industrial classifications include Keystone Steel & Wire Company, L. R. Nelson and O'Brien Steel. However, manufacturing has given way to the services and trade sectors, such as health services, insurance, retail and telemarketing, which provide more than two out of every three jobs.

The City continues to be the regional shopping venue of choice with the opening of the Shoppes at Grand Prairie in the spring of 2003 and an eighteen-screen theatre at the Shoppes in the spring of 2004. The Shoppes at Grand Prairie is a 500,000 square-foot retail center anchored by a Bergner's, Borders Books & Music, Dick's Sporting Goods and Linen-N-Things and includes numerous restaurants and specialty shops, as well as out-lots for further development.

As a result, the City of Peoria's current economic environment has been favorable. With continued construction of private businesses in the growth cells, on the Riverfront, and in other parts of the City, local indicators point to continued stability.

The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
June 28, 2007

Long-term financial planning. During 2002, several studies were done to develop a downtown museum. This endeavor also obtained a state grant in the amount of \$1.2 million. In the fall of 2003, the City entered into a redevelopment agreement with the Lakeview Museum of Arts and Sciences to construct a museum on part of a downtown block previously known as the Sears block. In December 2004, the City entered into a new redevelopment agreement with the Lakeview Museum of Arts and Sciences and Caterpillar Inc, for the construction of a museum block. The agreement outlines the development of a 5.3-acre parcel of real estate located in the heart of downtown. This project will be home to the Central Illinois Regional Museum, a \$60 million project, as well as the Caterpillar Visitor Center, a \$35 million private development.

In October 2004, the City Council authorized the renovation and the expansion of the exhibit hall and arena of The Peoria Civic Center, at a capital cost not-to-exceed \$55 million. The renovation and expansion will include improvement of locker rooms for the arena; improvement of truck loading and servicing for the exhibition hall and the arena; relocation of staff offices; increase in restrooms and concession space; relocation of Club Lounge for arena spectators; a ballroom and expansion of the exhibit hall.

During 2003, the City Council authorized the creation of the Medical & Technology District along the West Main Street corridor. This collaborative effort between Caterpillar, the University of Illinois College of Medicine, Bradley University, the National Center for Agriculture Utilization and Research, Methodist Medical Center, and OSF Saint Francis Medical Center, the City of Peoria and Peoria NEXT seeks to capture and cultivate the medical and technology research companies born from other areas' institutional partners. Peoria NEXT, acting through the Heartland Foundation, purchased one city block along West Main Street that will house a \$13 million, 50,000 square-foot research incubator providing necessary lab space for such companies. This research incubator will be completed by Autumn 2007.

The State of Illinois is undertaking the largest road project in its history. The project began in 2002 and is expected to be complete in 2007. The project encompasses the I-74 corridor from Galesburg to Bloomington, running directly through Peoria. The roadway is being completely renovated, including new bridges, ramps and accesses. This will provide major construction jobs for about a 5-year period.

Cash management policies and practices. Excess cash during the year was invested in demand deposits, certificates of deposit, the State Treasurer's investment pool and obligations of the U.S. Treasury and Agencies. The average yield on investments was 4.60% for 2006 as compared to 3.26% for 2005. The City's 2006 benchmark was either the Federal Funds Rate of 4.94% or the 6-month T-bill of 4.81%. The City's return on investments did not meet the 2006 benchmark due to significant balances maintained in bond guaranteed investment contracts and bond trust accounts earning under 4.00% annually during 2006. The City entered into banking and investment services contractual agreements, providing competitive variable interest rates, effective January 1, 2006.

The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
June 28, 2007

The City's investment objectives are to minimize credit and market risk and maintain a competitive yield on its portfolio, while complying with the City's investment policy. The Municipal Treasurers' Association of the United States and Canada has certified the City's investment policy.

Risk Management. The City is self-insured for first party property, third party liability and workers compensation claims. The City, however, did purchase an excess policy for General and Automobile Liability and Public Official Liability effective Spring 2006. In addition, the City is self-insured for the provision of health and dental benefits to its employees and retirees and maintains stop loss insurance for specific and aggregate claims.

Pension and other post retirement benefits. The City of Peoria sponsors a single-employer defined benefit pension plan for both police and fire personnel. Each year, an independent actuary engaged by the City and the Pension Plans calculates the amount of the annual contribution that the City of Peoria must make to each pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. As a result of the City's conservative funding policy, Peoria has funded 88.12% and 73.34%, respectively, of the present value of the projected benefits earned by employees of the Police and Firefighters Pension Funds. The remaining unfunded amount is being systematically funded over 40 years, which started July 1, 1993 as part of the annual required contribution calculated by the actuary.

The City of Peoria also provides pension benefits to its non-public-safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Board. The City of Peoria has no obligation in connection with the employee benefits offered through this plan beyond its annual contractual payment of 15.39% of payroll for 2006.

The City of Peoria also provides post-retirement health and dental benefits for certain retirees and their dependents. As of the end of the current year there were 477 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. For all City fiscal years ending after December 31, 2006, GASB 45 requires the City to report an annual liability in the financial statements in connection with an employer's obligation to provide these other post-employment benefits.

Additional information on the City of Peoria's pension arrangements and post-employment benefits can be found in Note 11 in the notes to the financial statements.

The Honorable James E. Ardis III, Mayor
Members of the City Council
The Citizens of the City of Peoria
June 28, 2007

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Peoria, Illinois for its comprehensive annual financial report (CAFR) for the fiscal year ending December 31, 2005. This was the sixth consecutive year that the City has received this prestigious award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its 2006 annual budget document adopted December 13, 2005. In order to qualify for the distinguished Budget Presentation Award, the City of Peoria's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. This was the fourteenth consecutive year the City has received the award.

The preparation of this report, on a timely basis, would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed in the preparation of the report. Credit must also be given to the Mayor and City Council for their dedication in maintaining the highest standards of professionalism in the management of the City of Peoria's finances.

Respectfully submitted,



Charles R. Oliver, CPA, PE
City Manager



James R. Scroggins, CPA
Finance Director/Comptroller

CITY OF PEORIA, ILLINOIS
ELECTED OFFICIALS

As of December 31, 2006

MAYOR

James E. Ardis III

CITY COUNCIL MEMBERS

Barbara S. Van Auken
Charles V. Grayeb
Clyde E. Gulley, Jr.
George F. Jacob
Robert D. Manning
John D. Morris
Patrick A. Nichting
Gary V. Sandberg
William R. Spears
W. Eric Turner

CITY CLERK

Mary L. Haynes

CITY TREASURER

Reginald A. Willis

As of May 1, 2007

MAYOR

James E. Ardis III

CITY COUNCIL MEMBERS

Barbara S. Van Auken
Clyde E. Gulley, Jr.
George F. Jacob
Robert D. Manning
Jim Montelongo
Patrick A. Nichting
Gary V. Sandberg
Ryan M. Spain
William R. Spears
W. Eric Turner

CITY CLERK

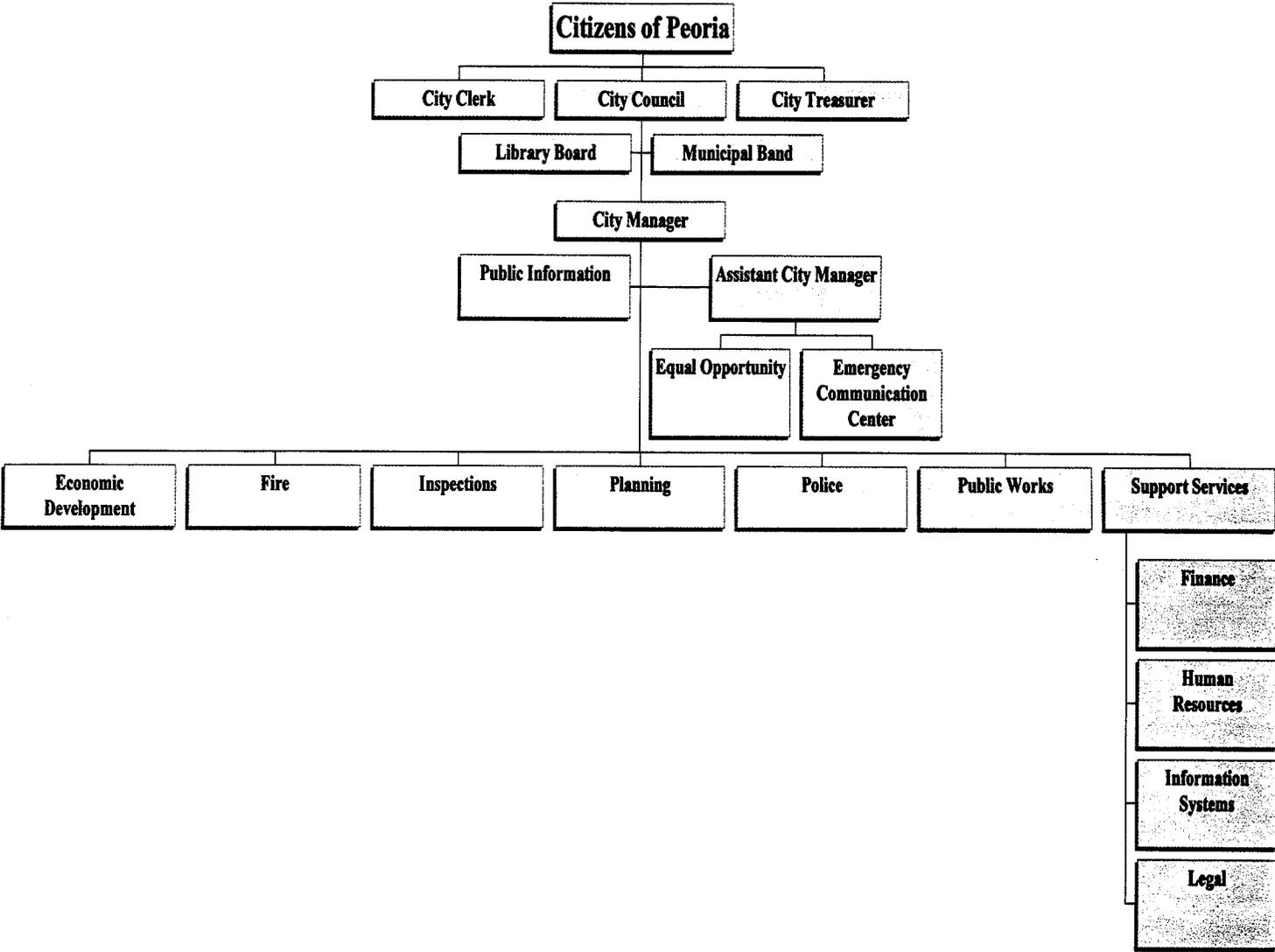
Mary L. Haynes

CITY TREASURER

Reginald A. Willis

Organizational Chart

City of Peoria 2006



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Peoria
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Independent Auditor's Report

To the Honorable Mayor and City Council
City of Peoria, Illinois

We have audited the accompanying financial statements of the total primary government - governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Peoria, Illinois (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Peoria, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Peoria Foreign Fire Insurance Board, which represents \$343,504 (.10 percent) and \$109,897 (.07 percent) of the assets and revenues, respectively, of the total primary government - governmental activities, and .86 percent and .52 percent of the assets and revenues, respectively, of the aggregate remaining other governmental funds. We also did not audit the statement of fiduciary net assets and the statement of changes in fiduciary net assets (comprised of the Police Pension Fund of Peoria and the Firemen's Pension Fund of Peoria, component units of the City of Peoria, Illinois), the financial statements of the Springdale Historic Preservation Foundation, which as a component unit of the discretely presented component unit, Springdale Management Authority, represents \$115,476 (5.23 percent) and \$143,606 (13.45 percent) of the assets and revenues, respectively, of the discretely presented Springdale Cemetery Management Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions insofar as they relate to amounts included for the Peoria Foreign Fire Insurance Board, the Police Pension Fund of Peoria, the Firemen's Pension Fund of Peoria, and the Springdale Historic Preservation Foundation are based on the reports of other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the total primary government - governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Peoria, Illinois, as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress for Illinois Municipal Retirement Fund, Police Pension Fund of Peoria, and Firemen's Pension Fund of Peoria on pages III through XV and pages 72 through 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Peoria, Illinois' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section, listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Peoria, Illinois
June 28, 2007

Management's Discussion and Analysis

As management of the City of Peoria, we offer readers of the City of Peoria's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages v thru x of this report. All monetary amounts in this analysis, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights: Primary Government

- Assets of the City of Peoria exceeded liabilities by \$115.6 million at December 31, 2006.
- The City's total net assets decreased \$19.9 million during 2006; 87.0% of this total net assets decrease is attributable to the combined effects of: a) \$9.5 million increase in total governmental activities revenues b) \$20.5 million increase in 2005(A) G.O. Bond project expenses for Peoria Civic Center capital improvements; recorded as capital assets by the Civic Center c) \$6.3 million increase in depreciation expense on the City's capital assets.
- The City's January 1, 2006 total beginning net assets increased \$69.6 million due to prior period adjustments; 84.4% of this total beginning net assets increase is attributable to retroactive recognition of 1980-2001 infrastructure assets, per GASB Statement 34 requirements, including \$43.3 million infrastructure assets purchased by the City and \$15.5 million infrastructure assets annexed into the City.
- As of December 31, 2006, the City of Peoria's governmental funds reported combined fund balances of \$91.3 million, a decrease of \$29.0 million in comparison with the prior year. Approximately 17.4% of this \$91.3 million amount, \$15.9 million, is available for spending at the City's discretion (*undesignated fund balance*).
- The undesignated general fund balance increased \$2.2 million during 2006 to \$8.7 million total as of December 31, 2006; equivalent to 9.8% of total general fund expenditures.
- The City's total outstanding debt decreased \$4.0 million during 2006.
- During 2006, the City issued \$5.2 million special assessment revenue bonds for major road construction improvements plus \$4.6 million special service area refunding bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Peoria's basic financial statements. The City of Peoria's basic financial statements are comprised of four primary components: 1) government-wide financial statements 2) fund financial statements 3) notes to the financial statements 4) required supplemental information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Peoria's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 1 - 4 of this report.

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

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in future fiscal periods' cash flows (e.g. uncollected taxes, unused accrued vacation leave).

Under GASB 34 reporting requirements, government-wide financial statements distinguish functions of a governmental entity principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The primary governmental activities of the City include general government, public safety, public works and community development. The City of Peoria has no business-type activities.

The government-wide financial statements include not only the City of Peoria (classified as the *primary government*), but also the legally separate Peoria Civic Center Authority and Springdale Cemetery Management Authority for which the City of Peoria is financially accountable. Financial information for these *discretely presented component units* is reported in separate government-wide statement columns from financial data presented for the primary government. Audited, separately issued financial statements are available for all types of component units.

Blended component units, although legally separate entities, are considered part of the City's operations and consequently combined with data of the primary government for government-wide statements presentation. The Designated Zone Organization (DZO) and Foreign Fire Insurance Board are classified as blended component units in the government-wide statements. Police & Fire Pension Trust Funds, classified as fiduciary funds, are presented in separate statements. Police & Fire Pension Trust Funds are excluded from government-wide statements.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Peoria, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Peoria's primary government funds can be categorized as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Peoria has presented thirty-two (32) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Peoria Public Library Fund, Capital Improvements Fund, Police/Fire Pension Levy Fund and 2005(A) GO Bonds Project Fund, all of which are considered to be major funds. The Workforce Development Fund is presented separately as a major fund because this entity is administered by an independent governing board. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of *combining statements* elsewhere in this report. Basic governmental fund financial statements can be found on pages 5 - 12 of this report.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among an entity's various functions. The City has no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Peoria's own programs. The accounting used for fiduciary funds is similar to accounting for proprietary funds. Combined Police/Fire pension trust funds, classified as fiduciary funds, are reported separately from the City's government-wide statements in pages 15 – 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City of Peoria's budgetary comparison schedules for major funds and progress in funding its obligation to provide pension benefits to its employees. Required supplemental information regarding budgetary comparisons and pension funding can be found in pages 72 - 74 of this report.

Combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Required Supplemental Information section. Combining and individual funds statements plus statistical data are located on pages 75 – 153 of this report.

Infrastructure Assets

Per GASB Statement 34 requirements, the City: a) initially reported depreciation expense, accumulated depreciation and infrastructure additions/deletions for the fiscal year ending December 31, 2002 b) included retroactive infrastructure reporting for fiscal years 1980-2001 in annual financial statements commencing with the fiscal year ending December 31, 2006.

Historically, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, street lights, sewers, sidewalks, etc.) has not been reported or depreciated in governmental financial statements. The current GASB 34 standard requires that these assets be valued and reported within the governmental column of the government-wide statements.

Additionally, the government must elect to either (a) depreciate these assets over their useful lives or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. This information about the condition and maintenance of condition of the government infrastructure assets could assist financial statement users in evaluating a local government and its performance over time.

The City currently depreciates capital assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City primary government's assets exceeded liabilities by \$115.6 million at December 31, 2006. *Restricted net assets* represent resources that are subject to external usage restrictions. The City's (\$124.5) million deficit balance for *unrestricted net assets* represents additional future resources required to fulfill municipal government's obligations to citizens and creditors.

A significant portion of the City's total assets (54.8%) features capital assets (e.g., land, buildings, equipment and infrastructure). The City of Peoria uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt in the Net Assets section below, it should be noted that the resources to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the City 's Net Assets at December 31, 2006 is presented on the next page.

**City of Peoria's Net Assets
(\$ Millions)**

| | Governmental Activities 2006 | Governmental Activities 2005 (Restated) |
|---|------------------------------------|---|
| Current & Other Assets | \$156.0 | \$175.9 |
| Capital Assets | \$188.7 | \$185.7 |
| Total Assets | \$344.7 | \$361.6 |
| Long-Term Liabilities | \$176.8 | \$180.3 |
| Other Liabilities | \$52.3 | \$45.8 |
| Total Liabilities | \$229.1 | \$226.1 |
| Net Assets: | \$115.6 | \$135.5 |
| Invested in Capital Assets, net of related debt | \$171.7 | \$171.9 |
| Restricted | \$68.4 | \$95.1 |
| Unrestricted | (\$124.5) | (\$131.5) |
| Total Net assets | \$115.6 | \$135.5 |

Normal Impact Factors: Net Assets

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment of Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

Governmental Activities. Significant administrative decisions and major economic fluctuations impacted the City of Peoria's 2006 governmental activities. Highlights included:

- \$33.6 million of 2005(A) General Obligation Bond proceeds were spent during 2006 to finance major, multi-year Peoria Civic Center expansion improvements. These significant Civic Center costs constituted 67.7% of \$49.6 million total 2006 Community Development expenses. This \$33.6 million City expense was not recorded as capital assets by the City, however. The Peoria Civic Center recorded these expansion improvements as capital assets.
- Economic conditions continued to improve during 2006 as manifested by a \$2.3 million increase in total combined state-shared tax revenues including state sales tax, state use tax, state income tax, corporate personal property replacement tax, motor fuel tax allotment, auto lease/rental tax and library per capita allotment.
- \$43.4 million combined total state-shared revenues constituted 27.1% of total 2006 revenues for governmental activities.
- \$63.4 million combined total Police, Fire and Public Safety (ESDA, Emergency Communications Center, Inspections and Animal Shelter) expenses represented 35.1% of total 2006 governmental activities expenses.
- The City paid \$58.1 million gross wages to City employees including year-end accrual adjustments.
- In addition to gross wages, the City paid \$26.3 million net employer portions of employee benefits costs for pension plan contributions, healthcare costs, payroll taxes, workers compensation disability claims, termination pay for accrued leave, unemployment compensation and employee allowances.
- \$5.1 million total investment interest income including a \$1.1 million increase primarily attributable to competitive, guaranteed interest rates provided in new contractual agreements for banking services and investment services effective January 1, 2006.
- \$0.8 million Police fees and charges including a \$0.6 million increase due to establishment of a \$500 per vehicle impoundment fee for drugs/weapons charges and dui/suspended licenses violations plus a \$25 per vehicle administrative fee pertaining to all towed vehicles.

City of Peoria's Changes In Net Assets
(\$ Millions)

| | Governmental Activities 2006 | Governmental Activities 2005 (Restated) |
|--|------------------------------------|---|
| | <u>2006</u> | <u>2005 (Restated)</u> |
| Revenues: | | |
| Program Revenues: | | |
| Charge for services | \$20.9 | \$19.8 |
| Operating Grants and Contributions | \$11.2 | \$10.7 |
| Capital Grants and Contributions | \$2.1 | \$1.7 |
| General Revenues: | | |
| Property taxes | \$26.3 | \$24.7 |
| Hotel, Restaurant & Amusement Tax | \$7.4 | \$7.1 |
| Other Taxes & Fees | \$78.3 | \$74.6 |
| Unrestricted Grants & Contributions | \$4.8 | \$6.2 |
| Other Revenues | \$9.5 | \$8.9 |
| Total Revenues | <u>\$160.5</u> | <u>\$153.7</u> |
| Expenses: | | |
| Elected Officials | \$1.9 | \$1.7 |
| City Administration | \$7.0 | \$6.8 |
| Police | \$30.5 | \$29.2 |
| Fire | \$24.4 | \$22.3 |
| Public Works | \$27.8 | \$25.3 |
| Community Development | \$49.6 | \$28.6 |
| Library | \$6.8 | \$6.2 |
| Public Safety | \$8.4 | \$8.1 |
| (excluding Police & Fire) | | |
| General Government | \$16.0 | \$9.4 |
| Other Expenses | \$8.0 | \$7.5 |
| Total Expenses | <u>\$180.4</u> | <u>\$145.1</u> |
| Increase in Net Assets | (\$19.9) | \$8.6 |
| Beginning Net Assets 1/1 | <u>\$135.5</u> | <u>\$126.9</u> |
| Ending Net Assets 12/31 | <u><u>\$115.6</u></u> | <u><u>\$135.5</u></u> |

Normal Impacts: Changes in Net Assets

Listed below are various influences on change in revenue or expense.

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and have a substantial impact on property, sales, gas or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Rates Approved By City Council – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (parking, permitting, licensing, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state revenue sharing, block grant, etc.) may experience changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment Income – market conditions may cause the investment income to fluctuate depending on average maturity.

Expenses:

Introduction of New Program – within the functional expense categories (Police, Fire, Public Works, etc.) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Council to increase/decrease authorized staffing. Staffing costs (gross wages plus net employer-paid benefits) represent 70% of the City's operating cost.

Salary Increases (cost of living, merit and market adjustment) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals and supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Peoria's governmental funds reported combined ending fund balances of \$91.3 million. Approximately \$15.9 million constitutes undesignated fund balance available for discretionary spending. The remainder of fund balance is reserved or designated and consequently unavailable for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of prior period 2) pay debt 3) provide for general liability & health insurance 4) provide for other restricted or other designated purposes.

The General Fund is the chief operating fund of the City of Peoria. At the end of the current fiscal year, the undesignated General Fund balance was \$8.7 million while total fund balance reached \$29.3 million. As a measure of the general fund liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures (e.g. 12/31/06 total fund balance in the General Fund represented 32.7% of 2006 general fund expenditures).

The City's total General Fund balance increased \$4.0 million during 2006. Key reasons were:

- Due to continuing economic improvement, the City's...
 - a) State of Illinois income tax allocation increased \$0.8 million
 - b) State of Illinois sales tax revenues increased \$1.3 million
 - c) Home rule sales tax revenues increased \$1.0 million
 - d) Service charges, fines and fees revenues increased \$1.3 million
- \$1.2 million decrease in general government healthcare expenses was primarily attributable to lower healthcare costs incurred for retired former employees during 2006 versus 2005.

The City's combined Capital Improvements (Capital/Local Motor Fuel Tax/Riverfront) Fund balance increased \$0.4 million in 2006. This fund balance increase was primarily due to:

- \$ 2.9 million decrease in capital outlay for infrastructure projects.

The City's employer portion of employees' pension benefits costs increased in 2006 due to:

- \$1.1 million firemen's pension funding increase, for the Police & Fire Pension Levy Fund, attributable to actuarially determined increases in the City's firemen's pension contributions plus increased benefits for surviving spouses of deceased firefighters per Illinois statute.

For payment of future debt service, the City currently maintains \$4.9 million combined fund balances in all bond debt service funds, plus \$14.1 million combined designated fund balances for debt service in other governmental funds.

The City continues to abate property tax levies relating to general obligation bond debt due to reliance upon alternative funding sources. Primary alternative debt service funding sources include utility taxes plus hotel, restaurant and amusement (H.R.A.) taxes.

General Fund Budgetary Highlights

The City Council's 2003-2004 Budget Restructure Plan featured movement from program-based budgeting to activity-based budgeting. Department budgets have been reformatted to allocate costs and measure performance outcome for each activity.

During 2006, the \$1.2 million final budget estimated revenues increase over original budget estimated revenues, primarily comprised of budget amendments for the state income tax allocation and governmental grants, represented 1.2% of the total original budget estimated revenues. The corresponding \$2.0 million final budget increase to original budget appropriations, including increases in workers compensation claims settlements and police overtime pay accounts, constituted 2.3% of original budget appropriations.

Other General Fund budgetary highlights included:

- \$3.8 million increase in total final budget estimated revenues in comparison with prior year.
- \$4.5 million increase in total final budget appropriations in comparison with the prior year.

Management's
Discussion
and
Analysis
Continues
on
the
Next
Page

Capital Asset and Debt Administration

Capital assets. As of December 31, 2006, the City maintained \$188.7 million in capital assets (net of depreciation) representing a 1.6% increase in net capital assets over the prior year for governmental activities. The January 1, 2006 beginning net capital assets balance increased \$70.3 million due to retroactive recording of infrastructure assets acquired in prior years. The City's capital assets include land, land improvements, buildings, equipment, vehicles, library media and infrastructure (e.g. roads, sewers, sidewalks, street lights, traffic signals).

Major capital asset events during the current fiscal year included:

- \$10.3 million capital assets additions for significant 2006 infrastructure improvements.
- \$58.8 million retroactive recording of 1980-2001 purchased and annexed infrastructure to comply with GASB Statement 34 financial reporting requirements.
- \$11.5 million retroactive recording of 2002-2005 annexed infrastructure for consistency with required retroactive recording of annexed infrastructure for years prior to 2002.

City of Peoria's Capital Assets Net of Depreciation (\$ Millions)

| | Governmental Activities 2006 | Governmental Activities 2005 (Restated) |
|--------------------------|------------------------------------|---|
| Land & Land Improvements | \$15.3 | \$15.0 |
| Buildings | 44.1 | 45.8 |
| Vehicles & Equipment | 4.8 | 4.8 |
| Library Media | 2.4 | 2.3 |
| Infrastructure | 120.1 | 117.8 |
| Construction in Progress | 2.0 | 0.0 |
| Total | <u>\$188.7</u> | <u>\$185.7</u> |

Additional information regarding the City's capital assets is located in note 7 on pages 53 - 56 and note 17 on pages 69 - 70 of this report.

Long-term debt. The City of Peoria owed total bonded debt of \$162.8 million at December 31, 2006; \$151.3 million of the preceding total comprised debt backed by the full faith and credit of the government and \$6.9 million comprised revenue bonds secured by specific revenues. The remaining \$4.6 million comprised special service area debt for which the government is liable in the event of default by the property owners subject to the assessment.

Standard & Poor’s Rating Service has currently assigned a “AA” rating for the City’s general obligation bonds. Moody’s Investor Service has currently assigned a “Aa3” rating for the City’s general obligation bonds.

The City received a Standard & Poor’s upgrade from “AA” to “AA+” rating during 2006 for the previously issued 2004(A) Downtown Parking Revenue Refunding Bonds.

All bonds issued by the City during 2006, including \$5.2 million special assessment revenue bonds for road construction improvements plus special service area refunding bonds, were issued as “unrated.”

The City exercises home rule authority and has no external statutory limitation on the amount of general obligation debt. The City’s self-imposed debt limit is equivalent to 10% of equalized assessed valuation. This self-imposed debt limit does not apply to debt with pledged revenues other than property tax as a repayment source.

**City of Peoria’s Bonded Debt
(Bond Principal Portion Only)
Governmental Activities
(\$ Millions)**

| | 2006 | 2005 |
|----------------------------|----------------|----------------|
| General Obligation Bonds | \$151.3 | \$160.7 |
| Special Service Area Bonds | 4.6 | 4.5 |
| Revenue Bonds | 6.9 | 2.3 |
| Total | <u>\$162.8</u> | <u>\$167.5</u> |

Additional information on the City of Peoria’s long-term debt can be found in note 6 on pages 39 - 52 of this report.

Economic Conditions and Next Year's Budgets

The City administration continues to grapple with balancing services with limited resources. The City Council approved the 2007 City budget with provisions for prioritizing essential services, increasing public safety services and increasing service efficiency. In order to efficiently and effectively reduce 2007 service delivery costs, City officials have implemented the "Six Sigma" management approach to solving problems, featuring a disciplined and structured methodology. City officials continued to utilize a five-year operating budget forecasting model and a corresponding ten-year capital budget program.

Actuarial consultants continued to coordinate with City officials and the Labor/Management Healthcare Committee to assess financial impacts of GASB 45 Other Post-Employment Benefits (OPEB) reporting for 2007 & thereafter. The City subsequently replaced the 2006 health insurance plan with three new 2007 health insurance plans, including a modified version of the 2006 health plan, an HMO plan and a high deductible health plan. In addition, the City anticipates establishment of a GASB 43 trust during 2007 for annually funding OPEB liability.

The City's next water utility purchase option will be during 2008 with a similar purchase option every 5 years thereafter.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact: Finance Department, City of Peoria, 419 Fulton Street, Peoria, Illinois 61602.

CITY OF PEORIA, ILLINOIS
STATEMENT OF NET ASSETS
December 31, 2006

| ASSETS | Total Primary Government - Governmental Activities | Component Units | |
|--|---|--|---|
| | | Peoria Civic Center Authority | Springdale Cemetery Management Authority |
| CURRENT ASSETS | | | |
| Cash | \$ 14,335,873 | \$ 1,601,875 | \$ 221,567 |
| Restricted cash | - | 131,219 | 237,495 |
| Cash with trustee | 27,384,769 | - | - |
| Investments | 49,982,834 | 1,353,984 | - |
| Taxes receivable: | | | |
| Property taxes | 26,908,600 | - | - |
| Corporate personal property replacement taxes | 903,877 | - | - |
| State sales and income taxes | 7,718,937 | - | - |
| Home rule sales taxes | 6,519,276 | - | - |
| Hotel, restaurant, and amusement taxes | 848,428 | - | - |
| Utility taxes | 1,731,601 | - | - |
| Local motor fuel taxes | 101,880 | - | - |
| Governmental grants and reimbursements receivable | 1,003,352 | - | - |
| Riverboat gaming revenue receivable | 660,561 | - | - |
| Loans receivable, net | 419,190 | - | - |
| Other receivables, net | 2,132,971 | 5,342,991 | 381,724 |
| Accrued interest receivable, net | 885,799 | 13,970 | - |
| Special assessments receivable | 63,818 | - | - |
| Inventory, prepaid items, and other | 405,154 | 149,031 | 40,675 |
| Total current assets | 142,006,920 | 8,593,070 | 881,461 |
| NONCURRENT ASSETS | | | |
| Loans receivable, net | 1,015,071 | - | - |
| Other receivable | 100,000 | 403,060 | 25,471 |
| Special assessments receivable | 355,206 | - | - |
| Unamortized bond issue costs | 1,667,628 | - | - |
| Net pension assets | 10,793,104 | - | - |
| Capital assets: | | | |
| Land | 10,021,626 | 10,247,918 | - |
| Infrastructure | 229,793,520 | - | - |
| Buildings and land improvements | 78,929,475 | 92,832,768 | 1,121,574 |
| Major equipment and vehicles | 22,436,472 | 8,323,999 | 339,848 |
| Media assets | 28,497,088 | - | - |
| Accumulated depreciation | (182,932,494) | (57,893,500) | (263,949) |
| Construction in progress | 1,993,850 | 32,316,458 | 103,136 |
| Total capital assets | 188,739,537 | 85,827,643 | 1,300,609 |
| Total noncurrent assets | 202,670,546 | 86,230,703 | 1,326,080 |
| TOTAL ASSETS | \$ 344,677,466 | \$ 94,823,773 | \$ 2,207,541 |

| TOTAL LIABILITIES AND NET ASSETS | Total Primary Government - Governmental Activities | Component Units | |
|--|--|-------------------------------------|---|
| | | Peoria Civic Center Authority | Springdale Cemetery Management Authority |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 16,352,828 | \$ 4,940,584 | \$ 18,964 |
| Accrued payroll | 2,382,883 | - | - |
| Accrued interest | 166,814 | - | - |
| Other payables | 371,641 | 233,476 | 6,797 |
| Advance ticket sales | - | 739,312 | - |
| Estimated payable for claims and losses incurred but not reported | 385,566 | - | - |
| Unearned revenue - property taxes | 26,908,600 | - | - |
| Unearned revenue - other | 3,838,259 | 505,215 | 130,920 |
| Tax rebates payable | 15,727 | - | - |
| Accrued compensated absences | 530,000 | - | - |
| Bonds and loans payable, current portion | 1,268,036 | 287,003 | - |
| Other long-term obligations, current portion | 61,748 | - | - |
| Total current liabilities | <u>52,282,102</u> | <u>6,705,590</u> | <u>156,681</u> |
| LONG-TERM LIABILITIES | | | |
| Accrued compensated absences | 8,008,047 | - | - |
| Bonds and loans payable, noncurrent | 164,976,735 | 1,937,809 | - |
| Other long-term obligations, noncurrent | 1,335,294 | - | - |
| Unamortized bond premium | 3,688,670 | - | - |
| Deferred amount on bonds refunded | (1,261,026) | - | - |
| Deferred revenue and deposits | - | 319,866 | - |
| Asset held for Tourism Reserve Fund - payable from restricted assets | - | 131,219 | - |
| Total long-term liabilities | <u>176,747,720</u> | <u>2,388,894</u> | <u>-</u> |
| Total liabilities | <u>229,029,822</u> | <u>9,094,484</u> | <u>156,681</u> |
| NET ASSETS | | | |
| Investment in capital assets, net of related debt | 171,655,101 | 83,602,831 | 1,300,609 |
| Restricted for: | | | |
| Law enforcement | 687,278 | - | - |
| Animal shelter trust | 145,390 | - | - |
| Future road projects | 7,193,314 | - | - |
| Debt service | 4,833,519 | - | - |
| Peoria Public Library | 2,307,849 | - | - |
| Revolving loan fund | 220,491 | - | - |
| Riverfront development | 33,333 | - | - |
| Compensated absences | 180,971 | - | - |
| Employees' pension benefits (Schedule of Funding Progress on page 73) | 10,953,382 | - | - |
| Capital projects | 41,962,582 | - | - |
| Cemetery | - | - | 288,406 |
| Unrestricted | (124,525,566) | 2,126,458 | 461,845 |
| Total net assets | <u>115,647,644</u> | <u>85,729,289</u> | <u>2,050,860</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 344,677,466</u> | <u>\$ 94,823,773</u> | <u>\$ 2,207,541</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

| | <u>Expenses</u> | <u>Charges for Services</u> |
|--|-------------------------|-----------------------------|
| FUNCTIONS/PROGRAMS | | |
| Primary government: | | |
| Governmental activities: | | |
| Elective offices, boards, commissions, and agencies | \$ (1,926,997) | \$ - |
| City administration | (6,950,987) | - |
| Police | (30,538,723) | 1,020,290 |
| Fire | (24,408,676) | 275,658 |
| Public works | (27,838,925) | 5,635,552 |
| Community development | (49,626,179) | - |
| Public safety | (8,412,090) | 2,373,167 |
| General government | (16,019,134) | 11,442,837 |
| Library | (6,833,270) | 132,559 |
| Interest on long-term debt | (7,809,463) | - |
| Total primary government | <u>\$ (180,364,444)</u> | <u>\$ 20,880,063</u> |
| Component units: | | |
| Peoria Civic Center Authority | \$ (23,429,143) | \$ 18,950,295 |
| Springdale Cemetery Management Authority | (965,302) | 442,238 |
| Total component units | <u>\$ (24,394,445)</u> | <u>\$ 19,392,533</u> |
| GENERAL REVENUES | | |
| Property taxes | | |
| Corporate personal property replacement taxes | | |
| State sales taxes, unrestricted | | |
| State income tax allocation, unrestricted | | |
| Home rule sales taxes | | |
| Hotel, restaurant and amusement taxes | | |
| Local motor fuel taxes | | |
| Riverboat gaming revenue | | |
| Utility taxes | | |
| Grants and contributions not restricted to specific programs | | |
| Payment from City of Peoria | | |
| Interest/investment income | | |
| Franchise fees, based on gross receipts | | |
| Other | | |
| Total general revenues | | |
| Change in net assets | | |
| Net assets - beginning, as previously reported | | |
| Prior period adjustments | | |
| Net assets - beginning, as restated | | |
| Net assets - ending | | |

| | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|---|--|--|---|
| <u>Program Revenues</u> | | <u>Total</u> | <u>Component Units</u> | |
| <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Governmental Activities</u> | <u>Peoria Civic Center Authority</u> | <u>Springdale Cemetery Management Authority</u> |
| \$ - | \$ - | \$ (1,926,997) | \$ - | \$ - |
| - | - | (6,950,987) | - | - |
| 1,373,059 | - | (28,145,374) | - | - |
| 145,197 | - | (23,987,821) | - | - |
| - | 37,572 | (22,165,801) | - | - |
| 9,505,077 | 33,333 | (40,087,769) | - | - |
| 39,930 | - | (5,998,993) | - | - |
| - | 1,955,973 | (2,620,324) | - | - |
| 135,412 | 106,364 | (6,458,935) | - | - |
| - | - | (7,809,463) | - | - |
| <u>\$ 11,198,675</u> | <u>\$ 2,133,242</u> | <u>\$ (146,152,464)</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ 26,700,740 | | \$ 22,221,892 | \$ - |
| 440,242 | 150,968 | | - | 68,146 |
| <u>\$ 440,242</u> | <u>\$ 26,851,708</u> | | <u>\$ 22,221,892</u> | <u>\$ 68,146</u> |
| | | \$ 26,334,488 | \$ - | \$ - |
| | | 6,825,112 | - | - |
| | | 23,274,038 | - | - |
| | | 9,679,194 | - | - |
| | | 22,888,067 | - | - |
| | | 7,449,766 | - | - |
| | | 894,898 | - | - |
| | | 3,965,791 | - | - |
| | | 8,568,744 | - | - |
| | | 4,810,762 | - | - |
| | | - | 1,536,653 | - |
| | | 5,077,067 | 118,257 | 28,225 |
| | | 2,071,893 | - | - |
| | | 4,450,806 | - | 6,413 |
| | | <u>126,290,626</u> | <u>1,654,910</u> | <u>34,638</u> |
| | | (19,861,838) | 23,876,802 | 102,784 |
| | | 65,873,500 | 61,852,487 | 1,948,076 |
| | | <u>69,635,982</u> | - | - |
| | | <u>135,509,482</u> | <u>61,852,487</u> | <u>1,948,076</u> |
| | | <u>\$ 115,647,644</u> | <u>\$ 85,729,289</u> | <u>\$ 2,050,860</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2006

| ASSETS | <u>General Fund</u> | <u>Peoria Public Library Fund</u> |
|---|-----------------------------|---|
| Cash | \$ 687,269 | \$ 472,005 |
| Cash with trustee | - | - |
| Investments | 19,543,039 | 2,171,664 |
| Property taxes receivable | 5,381,100 | 5,771,100 |
| Corporate personal property replacement taxes | 903,877 | - |
| State sales and income taxes receivable | 7,666,069 | - |
| Home rule sales taxes | 6,519,276 | - |
| Hotel, restaurant, and amusement taxes | 848,428 | - |
| Utility taxes | 1,731,601 | - |
| Local motor fuel taxes receivable | - | - |
| Governmental grants and reimbursements receivable | 298,958 | - |
| Riverboat gaming revenue receivable | - | - |
| Loans receivable, net | - | - |
| Other receivables, net | 988,909 | - |
| Accrued interest receivable, net | 233,900 | - |
| Special assessments receivable | - | - |
| Due from other funds | 939 | - |
| Inventory and other | <u>365,384</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 45,168,749</u> | <u>\$ 8,414,769</u> |

EXHIBIT C

| Workforce Development Fund | Police and Fire Pension Levy Fund | Capital Improvements Fund | 2005A General Obligation Bond Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|--|---|---|---|
| \$ 182,353 | \$ - | \$ 2,722,160 | \$ 15,545 | \$ 10,256,541 | \$ 14,335,873 |
| - | - | - | 17,481,214 | 9,903,555 | 27,384,769 |
| 172,047 | - | 18,666,613 | - | 9,429,471 | 49,982,834 |
| - | 6,327,800 | 60,600 | - | 9,368,000 | 26,908,600 |
| - | - | - | - | - | 903,877 |
| - | - | - | - | 52,868 | 7,718,937 |
| - | - | - | - | - | 6,519,276 |
| - | - | - | - | - | 848,428 |
| - | - | - | - | - | 1,731,601 |
| - | - | 101,880 | - | - | 101,880 |
| - | - | 417,078 | - | 287,316 | 1,003,352 |
| - | - | 660,561 | - | - | 660,561 |
| - | - | 1,022,435 | - | 411,826 | 1,434,261 |
| 266,800 | - | 931,567 | - | 45,695 | 2,232,971 |
| - | - | 63,550 | 492,175 | 96,174 | 885,799 |
| - | - | 63,818 | - | - | 63,818 |
| - | - | 5,679 | - | 253,547 | 260,165 |
| <u>39,770</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>405,154</u> |
| | | | | | |
| <u>\$ 660,970</u> | <u>\$ 6,327,800</u> | <u>\$ 24,715,941</u> | <u>\$ 17,988,934</u> | <u>\$ 40,104,993</u> | <u>\$ 143,382,156</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2006

| LIABILITIES AND FUND BALANCE | <u>General Fund</u> | <u>Peoria Public Library Fund</u> |
|--|--------------------------------|--|
| LIABILITIES | | |
| Accounts payable | \$ 4,766,268 | \$ 163,996 |
| Accrued payroll | 2,199,357 | 75,551 |
| Estimated payable for claims and losses incurred but not reported | 385,566 | - |
| Due to other funds | 4,221 | - |
| Unearned revenue - property taxes | 5,381,100 | 5,771,100 |
| Unearned revenue - other | 2,768,086 | 96,273 |
| Bonds payable | - | - |
| Tax rebates payable | 15,727 | - |
| Other payables | <u>371,641</u> | <u>-</u> |
| Total liabilities | <u>15,891,966</u> | <u>6,106,920</u> |
| FUND BALANCE | | |
| Reserved for encumbrances | 1,161,433 | - |
| Reserved for law enforcement | 687,278 | - |
| Reserved for animal shelter trust | - | - |
| Reserved for future road projects | - | - |
| Reserved for debt service | - | - |
| Reserved for working cash - library | - | 1,000,279 |
| Reserved for endowment activity - library | - | 446,372 |
| Reserved for revolving loan fund | - | - |
| Reserved for riverfront development | - | - |
| Reserved for compensated absences | - | - |
| Reserved for employees' pension benefits | - | - |
| Reserved for parking deck construction | - | - |
| Unreserved: | | |
| Designated, reported in: | | |
| General Fund | 18,691,956 | - |
| Special Revenue Funds | - | 841,971 |
| Capital Projects Funds | - | - |
| Undesignated, reported in: | | |
| General Fund | 8,736,116 | - |
| Special Revenue Funds | - | 19,227 |
| Capital Projects Funds | <u>-</u> | <u>-</u> |
| Total fund balance | <u>29,276,783</u> | <u>2,307,849</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 45,168,749</u> | <u>\$ 8,414,769</u> |

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Receivables are deferred in the funds if they are not available for use in the current period.

Special assessments receivable are not available to pay current period expenditures and, therefore, are not recognized in the funds.

Net pension asset (obligation) is not recorded in the funds.

Bond issuance costs are reported as expenditures in the funds.

Bond premiums are reported as other financing sources in funds.

Deferred amounts on refunding are not recorded in the funds.

Interest payable on debt is not reported in the funds if payments are due subsequent to reporting date.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

 Accrued compensated absences

 Bonds and loans payable

 Other long-term obligations

NET ASSETS OF GOVERNMENTAL ACTIVITIES

EXHIBIT C
(CONTINUED)

| Workforce Development Fund | Police and Fire Pension Levy Fund | Capital Improvements Fund | 2005A General Obligation Bond Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|--|---|---|---|
| \$ 432,241 47,758 | \$ - - | \$ 1,338,053 19,862 | \$ 6,334,312 - | \$ 3,317,958 40,355 | \$ 16,352,828 2,382,883 |
| - | - | - | - | - | 385,566 |
| - | - | 253,492 | - | 2,452 | 260,165 |
| - | 6,327,800 | 60,600 | - | 9,368,000 | 26,908,600 |
| - | - | 1,410,776 | - | 1,147,980 | 5,423,115 |
| - | - | 6,000 | - | - | 6,000 |
| - | - | - | - | - | 15,727 |
| - | - | - | - | - | 371,641 |
| <u>479,999</u> | <u>6,327,800</u> | <u>3,088,783</u> | <u>6,334,312</u> | <u>13,876,745</u> | <u>52,106,525</u> |
| - | - | 3,207,673 | 6,714,366 | 1,840,161 | 12,923,633 |
| - | - | - | - | - | 687,278 |
| - | - | 145,390 | - | - | 145,390 |
| - | - | - | - | 6,369,985 | 6,369,985 |
| - | - | - | - | 4,866,266 | 4,866,266 |
| - | - | - | - | - | 1,000,279 |
| - | - | - | - | - | 446,372 |
| - | - | 220,491 | - | - | 220,491 |
| - | - | - | - | 33,333 | 33,333 |
| 180,971 | - | - | - | - | 180,971 |
| - | - | - | - | 160,278 | 160,278 |
| - | - | - | - | 3,621,932 | 3,621,932 |
| - | - | - | - | - | 18,691,956 |
| - | - | - | - | - | 841,971 |
| - | - | 18,053,604 | 4,940,256 | 2,186,783 | 25,180,643 |
| - | - | - | - | - | 8,736,116 |
| - | - | - | - | 1,058,939 | 1,078,166 |
| - | - | - | - | 6,090,571 | 6,090,571 |
| <u>180,971</u> | <u>-</u> | <u>21,627,158</u> | <u>11,654,622</u> | <u>26,228,248</u> | <u>91,275,631</u> |
| <u>\$ 660,970</u> | <u>\$ 6,327,800</u> | <u>\$ 24,715,941</u> | <u>\$ 17,988,934</u> | <u>\$ 40,104,993</u> | |
| | | | | | 188,739,537 |
| | | | | | 1,584,856 |
| | | | | | 355,206 |
| | | | | | 10,793,104 |
| | | | | | 1,667,628 |
| | | | | | (3,688,670) |
| | | | | | 1,261,026 |
| | | | | | (166,814) |
| | | | | | (8,538,047) |
| | | | | | (166,238,771) |
| | | | | | <u>(1,397,042)</u> |
| | | | | | <u>\$ 115,647,644</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

Year Ended December 31, 2006

| | <u>General Fund</u> | <u>Peoria Public Library Fund</u> |
|--|--------------------------------|--|
| REVENUES | | |
| Property taxes | \$ 5,720,355 | \$ 5,517,325 |
| Corporate personal property replacement taxes | 4,348,093 | 400,335 |
| State sales taxes | 22,858,382 | - |
| State income tax allocation | 9,679,194 | - |
| Home rule sales taxes | 22,888,067 | - |
| Hotel, restaurant, and amusement taxes | 7,449,766 | - |
| Local motor fuel taxes | - | - |
| Riverboat gaming revenue | - | - |
| Utility taxes | 8,568,744 | - |
| Governmental grants and reimbursements | 813,093 | 121,559 |
| Licenses and permits | 1,743,658 | - |
| Service charges/fines/fees | 17,361,153 | 132,559 |
| Special assessments | - | - |
| Contributions | - | 120,217 |
| Loan repayment | - | - |
| Rental | 261,019 | - |
| Interest | 1,420,313 | 61,553 |
| Other | 3,093,511 | 74,944 |
| | <hr/> | <hr/> |
| Total revenues | 106,205,348 | 6,428,492 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Current: | | |
| Elective offices, boards, commissions and agencies | 1,715,055 | - |
| City administration | 5,586,982 | - |
| Police | 26,691,022 | - |
| Fire | 18,457,643 | - |
| Public works | 19,102,629 | - |
| Community development | 5,645,665 | - |
| Public safety | 6,583,724 | - |
| General government | 4,931,665 | - |
| Library | 682,069 | 4,866,003 |
| Capital outlay | - | 605,890 |
| Debt service: | | |
| Principal | 37,611 | - |
| Interest | 37,829 | - |
| | <hr/> | <hr/> |
| Total debt service | 75,440 | - |
| | <hr/> | <hr/> |
| Total expenditures | 89,471,894 | 5,471,893 |
| | <hr/> | <hr/> |
| Excess (deficiency) of revenues over expenditures | 16,733,454 | 956,599 |
| | <hr/> | <hr/> |

EXHIBIT D

| Workforce Development Fund | Police and Fire Pension Levy Fund | Capital Improvements Fund | 2005A General Obligation Bond Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|--|---|---|---|
| \$ - | \$ 5,866,601 | \$ 57,984 | \$ - | \$ 9,172,223 | \$ 26,334,488 |
| - | 1,138,252 | - | - | 938,432 | 6,825,112 |
| - | - | - | - | 415,656 | 23,274,038 |
| - | - | - | - | - | 9,679,194 |
| - | - | - | - | - | 22,888,067 |
| - | - | - | - | - | 7,449,766 |
| - | - | 894,898 | - | - | 894,898 |
| - | - | 3,965,791 | - | - | 3,965,791 |
| - | - | - | - | - | 8,568,744 |
| 5,098,581 | - | 1,967,428 | - | 8,281,734 | 16,282,395 |
| - | - | - | - | - | 1,743,658 |
| - | - | 3,345,934 | - | 368,650 | 21,208,296 |
| - | - | 155,281 | - | - | 155,281 |
| - | - | - | - | 386,051 | 506,268 |
| - | - | 255,482 | - | 134,262 | 389,744 |
| - | - | 39,510 | - | - | 300,529 |
| - | 16,716 | 990,930 | 1,294,672 | 1,282,323 | 5,066,507 |
| 211,818 | - | 617,954 | - | 132,656 | 4,130,883 |
| <u>5,310,399</u> | <u>7,021,569</u> | <u>12,291,192</u> | <u>1,294,672</u> | <u>21,111,987</u> | <u>159,663,659</u> |
| - | - | - | - | 199,647 | 1,914,702 |
| - | - | 332,071 | - | 834,028 | 6,753,081 |
| - | 2,872,192 | 683,083 | - | 1,058,684 | 31,304,981 |
| - | 4,149,377 | 348,111 | - | 340,542 | 23,295,673 |
| - | - | 1,212,529 | - | 4,897,934 | 25,213,092 |
| 5,195,580 | - | 297,015 | 33,581,290 | 4,769,922 | 49,489,472 |
| - | - | 174,687 | - | 1,531,528 | 8,289,939 |
| - | - | 2,584,209 | - | 1,469,467 | 8,985,341 |
| - | - | - | - | 670,296 | 6,218,368 |
| 105,778 | - | 8,302,897 | - | 5,446,569 | 14,461,134 |
| - | - | 12,353 | - | 10,491,140 | 10,541,104 |
| - | - | 2,380 | - | 8,017,393 | 8,057,602 |
| <u>-</u> | <u>-</u> | <u>14,733</u> | <u>-</u> | <u>18,508,533</u> | <u>18,598,706</u> |
| <u>5,301,358</u> | <u>7,021,569</u> | <u>13,949,335</u> | <u>33,581,290</u> | <u>39,727,150</u> | <u>194,524,489</u> |
| <u>9,041</u> | <u>-</u> | <u>(1,658,143)</u> | <u>(32,286,618)</u> | <u>(18,615,163)</u> | <u>(34,860,830)</u> |

CITY OF PEORIA, ILLINOIS

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

Year Ended December 31, 2006

| | <u>General Fund</u> | <u>Peoria Public Library Fund</u> |
|--|--------------------------------|--|
| OTHER FINANCING SOURCES (USES) | | |
| Issued bonds | \$ - | \$ - |
| Premium on issued bonds | - | - |
| Proceeds from sale of property | - | - |
| Payment to refunding bond escrow agent | - | - |
| Transfers in | 379,589 | - |
| Transfers out | <u>(13,124,964)</u> | <u>(661,488)</u> |
| Total other financing sources (uses) | <u>(12,745,375)</u> | <u>(661,488)</u> |
| Net change in fund balance | 3,988,079 | 295,111 |
| FUND BALANCE | | |
| Beginning of year | <u>25,288,704</u> | <u>2,012,738</u> |
| End of year | <u>\$ 29,276,783</u> | <u>\$ 2,307,849</u> |

EXHIBIT D
(CONTINUED)

| Workforce Development Fund | Police and Fire Pension Levy Fund | Capital Improvements Fund | 2005A General Obligation Bond Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|--|---|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ 9,775,000 | \$ 9,775,000 |
| - | - | - | - | 121,590 | 121,590 |
| - | - | 465,131 | - | - | 465,131 |
| - | - | - | - | (4,453,083) | (4,453,083) |
| - | - | 7,268,275 | - | 17,126,213 | 24,774,077 |
| - | - | (5,716,017) | - | (5,271,608) | (24,774,077) |
| <u>-</u> | <u>-</u> | <u>2,017,389</u> | <u>-</u> | <u>17,298,112</u> | <u>5,908,638</u> |
| 9,041 | - | 359,246 | (32,286,618) | (1,317,051) | (28,952,192) |
| <u>171,930</u> | <u>-</u> | <u>21,267,912</u> | <u>43,941,240</u> | <u>27,545,299</u> | <u>120,227,823</u> |
| <u>\$ 180,971</u> | <u>\$ -</u> | <u>\$ 21,627,158</u> | <u>\$ 11,654,622</u> | <u>\$ 26,228,248</u> | <u>\$ 91,275,631</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2006

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

| | |
|--|-----------------|
| Net change in fund balances - total governmental funds (page 12) | \$ (28,952,192) |
|--|-----------------|

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. This is the amount by which capital outlays exceeded depreciation in the current period.

| | |
|-------------------------------|------------------|
| Capital outlay | 14,461,134 |
| Depreciation expense | (12,399,684) |
| Donated infrastructure assets | <u>1,200,639</u> |
| | <u>3,262,089</u> |

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets:

| | |
|------------------------------------|------------------|
| Proceeds from sale of fixed assets | (465,131) |
| Net gain on sale of fixed assets | <u>233,372</u> |
| | <u>(231,759)</u> |

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

| | |
|---|------------------|
| Loans receivable repaid | (489,744) |
| New loans receivable | 451,216 |
| Increase in interest income for accrued interest | 10,557 |
| Net change in long-term special assessment receivable | (159,096) |
| Bad debt expense | <u>(50,504)</u> |
| | <u>(237,571)</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2006

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:

| | |
|--|----------------|
| Issuance of general obligation and revenue bonds | \$ (9,775,000) |
| Premium on issued bonds | (121,590) |
| Less bond issuance costs | 447,765 |
| Principal repayments: | |
| General obligation and revenue bonds | 9,940,000 |
| Other debt | 601,104 |
| Payment to refunding bond escrow agent | 4,453,083 |
| Increase in compensated absences | (521,971) |
| Decrease in landfill - postclosure costs | 138,142 |
| | 5,161,533 |

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.

| | |
|--|-----------|
| Amortization of bond issue costs | (124,946) |
| Decrease in accrued interest payable | 6,343 |
| Amortization of bond premium | 258,791 |
| Amortization of deferred amount on refunding | (201,946) |
| Accrued interest on refunded debt at date of refunding | (16,995) |
| | (78,753) |

| | |
|---|-----------|
| Increase in net pension assets are not reported in governmental funds | 1,214,815 |
|---|-----------|

| | |
|--|-----------------|
| Change in net assets of governmental activities (page 4) | \$ (19,861,838) |
|--|-----------------|

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2006

ASSETS

| | |
|---|---------------------|
| Cash and short-term investments | <u>\$ 5,815,857</u> |
| Receivables: | |
| Employer contributions: | |
| Property taxes | 6,334,967 |
| Corporate personal property taxes | 696,487 |
| Less allowance for uncollectible taxes | <u>(37,300)</u> |
| | 6,994,154 |
| Plan members' contributions | 25,369 |
| Accrued interest and dividends | <u>1,447,373</u> |
| | <u>8,466,896</u> |
| Investments, at fair value: | |
| U.S. government obligations | 91,273,361 |
| Municipal obligations | 4,049,157 |
| Illinois Public Treasurers' Investment Pool | 1,198,542 |
| Mutual funds | 45,569,763 |
| Corporate bonds | 2,602,062 |
| Stocks | 32,212,989 |
| Equity investments | <u>46,045,291</u> |
| | <u>222,951,165</u> |
| Total assets | 237,233,918 |

LIABILITIES

| | |
|--------------------------------------|------------------|
| Accounts payable and accrued payroll | <u>1,137,532</u> |
|--------------------------------------|------------------|

**NET ASSETS HELD IN TRUST
FOR PENSION BENEFIT
OBLIGATION**

\$ 236,096,386

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended December 31, 2006

ADDITIONS

Contributions:

| | |
|--------------------------------|---------------|
| Plan members' contributions | \$ 2,664,323 |
| Employer contributions | 7,520,567 |
| Transfer of creditable service | 194,531 |
| Other income | <u>31,578</u> |

Total contributions 10,410,999

Investment income:

| | |
|--|------------------|
| Net realized and unrealized gains on investments | 15,013,809 |
| Dividends | 1,791,932 |
| Interest | <u>4,620,982</u> |

Total investment income 21,426,723

Less investment expenses 928,842

Net investment income 20,497,881

Total additions 30,908,880

DEDUCTIONS

| | |
|-------------------------|---------------|
| Benefits paid | 15,859,723 |
| Administrative expenses | 316,464 |
| Refunds | <u>84,210</u> |

Total deductions 16,260,397

NET INCREASE 14,648,483

NET ASSETS HELD IN TRUST FOR PENSION**BENEFITS**

Beginning of year 221,447,903

End of year \$ 236,096,386

The notes to the financial statements are an integral part of this statement.

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Peoria, Illinois (City) is a municipality located in Central Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, income, purchase, utility, motor fuel, hotel, restaurant, and amusement taxes), 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 entitlements at the State and Federal Government level. Taxable industry within the area is 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 City.

The following is a summary of the more significant accounting policies of the City of Peoria, Illinois.

Financial Reporting Entity

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

The City has developed criteria to determine whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City of Peoria are financially accountable. The City of 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 burdens on the City of 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, or is obligated in some manner for the debt of the organization).

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each 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.

Entities which meet criteria as a component unit of the City are as follows:

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Blended Component Units

Police and Firemen's Pension Funds of Peoria

The Police and Firemen's Pension Funds of Peoria 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 State Statutes and may be amended only by the Illinois legislature.

Sources of revenue to the funds are primarily through investment earnings, employee contributions, and employer contributions, which are generated via specific property taxes levied by City Council to meet the employer contribution requirements.

The year end for both the Police and Firemen's Pension Funds is December 31 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:

Police Pension Board
Treasurer for the Pension Board
City of Peoria
419 Fulton Street
Peoria, Illinois 61602

Firemen's Pension Board
Treasurer for the Pension Board
City of Peoria
419 Fulton Street
Peoria, Illinois 61602

City of Peoria Designated Zone Organization

The City of Peoria Designated Zone Organization (DZO) is a not-for-profit organization located in Central Illinois, established to receive contributions to supplement the City's funding of rehabilitation efforts within the Peoria Enterprise Zone, which is located within the City of Peoria. Revenues are substantially generated as a result of contributions received from the private sector and funding received from the City of Peoria. The DZO is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The City significantly subsidizes the projects of the DZO and has agreed to indemnify and hold harmless the DZO from any and all claims arising out of the performance of projects under agreement. The DZO provides services almost entirely to the City and, therefore, has been presented as a blended component unit of the City.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Blended Component Units (Continued)

City of Peoria Designated Zone Organization (Continued)

The DZO has a fiscal year end of December 31 and has been reported as a Capital Projects Fund and is included in the governmental funds of the City.

Complete financial statements for the DZO may be obtained from the following address:

City of Peoria Designated Zone Organization
Finance Department
City of Peoria
419 Fulton
Peoria, Illinois 61602

Peoria Foreign Fire Insurance Board

The Peoria Foreign Fire Insurance Board is statutorily established for the purpose of expending funds received for the maintenance and benefit of the Peoria Fire Department.

Foreign Fire Insurance Company fees are assessed on insurance companies who are not incorporated under the laws of Illinois and sell fire insurance within the City of Peoria.

The use of the Foreign Fire Insurance Company fees is restricted to expenditures for the maintenance, use, and benefit of the Peoria Fire Department.

Due to the financial benefit of the City as the sole purpose of the organization and as the Board was created by City ordinance, the Peoria Foreign Fire Insurance Board is considered a blended component unit of the City.

The Peoria Foreign Fire Insurance Board has a year end of December 31 and has been reported as a Special Revenue Fund and is included in the governmental funds of the City. Complete financial statements of the Peoria Foreign Fire Insurance Board can be obtained from the following address:

Peoria Foreign Fire Insurance Board
City of Peoria
419 Fulton
Peoria, Illinois 61602

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Discretely Presented Component Units

Peoria Civic Center Authority of Peoria, Illinois

The Peoria Civic Center Authority of Peoria, Illinois (Civic Center) is a special governmental unit which operates as a convention, sports, and entertainment facility located in Peoria, Illinois. Revenues are substantially generated as a result of event ticket sales, conventions, and hotel, restaurant, and amusement taxes distributed to the Civic Center from the City.

The intergovernmental agreement between the City and the Civic Center titled "1996 Intergovernmental Agreement Between the City of Peoria and the Peoria Civic Center Authority," establishes a consistent mechanism for a flow of funds from the City to the Civic Center in order to provide funding for operations and capital improvements. This is accomplished by allocating hotel, restaurant, and amusement (HRA) taxes levied by the City to the Civic Center in a stipulated formula. Under this agreement the City has the responsibility to fund deficits of the Civic Center. The City also appoints a voting majority of the Civic Center's governing body. Therefore, the Civic Center is considered a component unit of the City.

The Civic Center has a fiscal year end of August 31 and is presented as a single-purpose business-type activity.

Complete financial statements for the Civic Center may be obtained from the following address:

Peoria Civic Center Authority
201 S.W. Jefferson Street
Peoria, Illinois 61602

Springdale Cemetery Management Authority

The Springdale Cemetery Management Authority (Springdale) was established September 16, 2002 by the Springdale Cemetery Intergovernmental Agreement between the City, the County of Peoria, Illinois (County), and the Pleasure Driveway and Park District (Park District) of Peoria, Illinois. Under the agreement, the County and Park District are responsible for fixed amounts of losses by Springdale, and the City is responsible for deficits exceeding these amounts. Additionally, the City has an equity interest in the joint agreement as ownership of the Cemetery was conveyed to the City as part of the terms to effectuate the intergovernmental agreement. In addition to ownership of Cemetery assets, the City can impose its will on Springdale. However, per the terms of the agreement, operating surpluses shall be retained for the betterment of Springdale Cemetery. Based on these criteria, Springdale is considered a component unit of the City.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Springdale Cemetery Management Authority (Continued)

Springdale has a fiscal year end of December 31, is considered a special-purpose government engaged only in business type activities, and also includes its component unit, Springdale Historic Preservation Foundation (Foundation). Springdale is presented as a special purpose entity in its separately issued financial statements, and financial reporting for the Foundation is in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Springdale has been discretely presented.

Complete financial statements of Springdale may be obtained from the following address:

Springdale Cemetery Management Authority
3014 N. Prospect
Peoria, Illinois 61603

Other Appointments

The Mayor and City Council make appointments of the governing boards of a number of special districts. Even though the City may appoint a majority of the members of the respective districts, the members do not serve at the discretion of the City Council, that is, they can be removed only for cause. There are no indications that the City Council can impose its will over these districts and therefore there is no financial accountability. These units are not considered component units of the City of Peoria, Illinois.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its components units. For the most part, the effect of interfund activity has been removed from these statements. 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 City, primary government, does not have any business-type activities. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for budgetary purposes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within approximately 90 days of the end of the current fiscal period, except for property taxes, which must be collected within 60 days to be considered available. Other taxes, licenses, 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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

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 - This fund is used to account for normal recurring activities of the City not included in any other specific fund. General Fund activities consist of such things as police, fire, public works, and general government. These activities are funded primarily by sales taxes, general property taxes, state income tax allocations, corporate personal property replacement taxes, home rule sales taxes, utility taxes, hotel, restaurant, and amusement taxes, licenses, fees, user charges, and fines.

Peoria Public Library Fund - This fund is used to account for the activities of the Peoria Public Library.

Workforce Development Fund - This fund is used to collect and disburse federal Workforce Development Grant funds. All expenditures of this fund must be for grant eligible activities, programs, and projects.

Police and Fire Pension Levy Fund - This fund is used to recognize the taxes levied for the employer contribution to the Police Pension Fund and Firemen's Pension Fund.

Capital Improvements Fund - This fund is used to account for revenue sources dedicated for acquisition and improvement of land, buildings, equipment, and infrastructure.

2005A General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to the Peoria Civic Center expansion.

Additional governmental fund types which are combined as nonmajor funds are as follows:

Special Revenue Funds - These funds are used to account for City activities which are primarily financed by special revenue sources such as governmental grants or general property taxes levied for specific purposes.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Debt Service Funds - These funds are used to account for principal and interest payments with respect to the general long-term debt of the City.

Capital Projects Funds - These funds are used to account for general construction or renovation projects being carried out by the City. Such projects are financed by proceeds from general obligation bonds, tax increment financing district property taxes, sales taxes, utility taxes, governmental grants, and user charges.

The City also reports the following pension trust funds, component units of the City:

Pension Trust Funds - The pension trust funds account for the assets of the City's Police and Firemen's pension plans. These funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting.

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. Certificates of deposit are stated at cost, which approximates fair value.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Inventories and Prepaids

Inventories are valued at cost using the first-in, first-out method and are accounted for using the consumption method whereby acquisitions are initially recorded in inventory accounts and charged to expenditures when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Unamortized Bond Issue Costs

Bond issue costs are capitalized and amortized over the life of the bonds using the straight-line method.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Amount on Bonds Refunded

The deferred amount on bonds refunded represents the difference between the reacquisition price and the carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. Such amount is deferred and amortized as a component of interest expense in the government-wide financial statements on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Capital Assets

Capital assets, which include property, plant, equipment, media, 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 \$25,000. The City utilized a capitalization threshold of \$5,000 prior to 2002, and there is no capitalization threshold for media (library) assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets were accounted for prospectively beginning in 2002, as required by Governmental Accounting Standards Board Statement No. 34. All major general infrastructure assets purchased in 1980 or subsequently, but prior to 2002, were retroactively reported in fiscal year 2006, as required by Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City bond expenditures for capital improvements to the Peoria Civic Center become property of the Peoria Civic Center Authority and consequently are not recorded as capital assets by the City.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Land improvements | 15 |
| Buildings | 15-40 |
| Machinery and equipment | 3-10 |
| Vehicles | 5-7 |
| Media | 10 |
| Infrastructure assets | 15-40 |

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets including discretely presented component units. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Compensated Absences - Primary Government

It is the City's policy to permit employees to accumulate earned but unused vacation and vested sick pay benefits. Sick pay benefits vest based on longevity of the employee. All vacation and sick pay benefits are accrued when incurred in the government-wide 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.

Budgetary Data - Primary Government

The City administration, between May and August of each year, begins preparation of the following year's budget. After internal review and analysis, a proposed budget is presented to the City Council. The City Council must conduct public hearings and adopt the budget and tax levy ordinance by December 31 of that year. The City's budget is prepared on the modified accrual basis for the budgeted funds.

The legal level of control is the fund level. Transfers of budgeted line items within funds can be approved by the Comptroller. Budget increases by means of an emergency or supplemental appropriation require proceedings and approval of the City Council, in the same manner as the original budget. The original budget and the amended budget are both reflected in the fund financial statements.

All unencumbered appropriations lapse at year end.

Budgets for various funds are not adopted or budgets are approved on a project/grant length which differs from the City year end. These funds are as follows:

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data - Primary Government (Continued)

| <u>Fund</u> | <u>Budget Deviation</u> |
|--|--|
| Special Revenue Funds: | |
| Community Development Block Grant Fund | - Budget is for the length of the project not the calendar year. |
| Home Investment Partnership Program Fund | - Budget is for the length of the project not the calendar year. |
| Multi-County MEG Grant Fund | - Budget is for the length of the grant not the calendar year. |
| Workforce Development Fund | - Budget is for the length of the grant not the calendar year. |
| Peoria Foreign Fire Insurance Board | - Formal budget is not adopted by blended component unit. |
| Capital Projects Funds | - Budgets adopted on a project-length budget. |

Encumbrances - Primary Government

An encumbrance system is maintained in the governmental funds to account for commitments resulting from approved purchase orders and contracts. Encumbrances at year end represent the estimated amount of expenditures ultimately to result if approved purchase orders and unperformed contracts are completed. Encumbrances at year end do not constitute expenditures or liabilities. Encumbrances at year end for unfulfilled obligations of the current year's budget were not reappropriated in the succeeding year. Amounts reserved for encumbrances as of December 31, 2006 are disclosed in Note 5.

Net Assets/Fund Equity

In the government-wide financial statements, the City reports as restricted net assets amounts that are subject to restrictions externally imposed either by grantors, contributors, or laws.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Expenditures/expenses are first applied to reserved resources when both reserved and unreserved resources are available. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and Investments - Primary Government, Excluding Pension Trust Funds

According to the City's investment policy, the City is authorized to invest in obligations of the U.S. Treasury or agencies of the U.S. Government, excluding collateralized mortgage obligations, real estate mortgage investment conduits, and other principal only and interest only obligations that are secured with mortgages issued by any federal agency, instrumentality, or private firm.

In addition, the City is authorized to invest in non-negotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories, the State of Illinois Treasurer's Investment Pool, prime bankers' acceptances purchased on the secondary market with ratings of A1/P1, and repurchase agreements for securities listed above, provided the transaction is structured so that the City obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the banker or dealer.

The City is also authorized to invest in bonds of the State of Illinois and any local government in the State of Illinois, which bonds have at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency. Any investments must be authorized within the State of Illinois Public Funds Investment Act.

Collateralization is required on all deposits, certificates of deposit, investments, and repurchase agreements. So as to anticipate market changes and provide an adequate level of security for all funds, the collateralization level is 105 percent of market value of principal and accrued interest. Collateral is limited to U.S. Treasuries or, as an alternative, insurance/surety bonds may be used as collateral to ensure certificates of deposit payments of principal and interest at the date of maturity. Insurance/surety bonds may also be used to ensure replacement on checking and money market accounts in case of a financial institution's default.

Custodial Credit Risk. Custodial credit risk is the potential for a financial institution or counterparty to fail such that the City would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. As of December 31, 2006, \$3,662,595 of the City's bank balance of \$14,607,235 was exposed to custodial credit risk as uninsured and uncollateralized.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and Investments - Primary Government, Excluding Pension Trust Funds
(Continued)

At December 31, 2006, the carrying amount of the City's deposits (includes checking, savings, and money market accounts) was \$14,338,634 (excludes petty cash in the amount of \$11,814 which is included in the cash balance in the statement of net assets/balance sheet).

As of December 31, 2006, the City had the following investments and maturities:

| | <u>Fair Value</u> | <u>Investment Maturities</u> <u>(In Years)</u> | |
|--|----------------------|---|---------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> |
| Repurchase agreements | \$ 8,354,000 | \$ 8,354,000 | \$ - |
| Guaranteed Investment Contracts (GICs) | 17,481,214 | 17,481,214 | - |
| Illinois Funds | 32,402,591 | 32,402,591 | - |
| Certificates of deposit | 12,496,558 | 10,458,442 | 2,038,116 |
| Federal Home Loan Bank bonds/discount note | 5,636,933 | 5,321,933 | 315,000 |
| Commercial paper | <u>981,732</u> | <u>981,732</u> | <u>-</u> |
| | <u>\$ 77,353,028</u> | <u>\$ 74,999,912</u> | <u>\$ 2,353,116</u> |

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investments to maturities of three years from the date of purchase. Reserve or capital improvement project monies are limited to maturities of five years.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the City's \$8,354,000 investment in repurchase agreements, the underlying securities are held by the investment's counterparty, not in the name of the City.

The investment in GICs is held at Trinity Funding Company, LLC. These types of investments are not subject to custodial credit risk disclosure because they are direct contractual investments and are not securities.

Investment in Illinois Funds is the City's portion of an investment pool which is collateralized in total but no collateral is specifically pledged to the City. The Illinois Funds are State-approved, professionally managed investment funds which enable municipalities in Illinois to pool available funds for investment in various state-approved investments. The fair value of the City's position in the pool is the same as the value of the pool shares.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and Investments - Primary Government, Excluding Pension Trust Funds
(Continued)

Concentration Risk. Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. With the exception of U.S. Treasury securities and authorized pools, the City's policy requires that not more than 25 percent of the City's total investment portfolio be invested in a single security type or with a single financial institution. More than 5 percent of the City's investments are in the Federal Home Loan Bank, which is 7.29 percent of the City's total investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The City's investment policy requires that securities may only be purchased from broker/dealers selected based on credit-worthiness who qualify under Securities and Exchange Commission Rule 15C3-1. Also, securities may only be purchased from financial institutions which meet one which meet the following criteria:

- 1) Financial institutions (banks with FDIC insurance) must maintain asset ratio of 3.0 or better with minimum assets of \$5,000,000, verified using the most recent quarterly results at time of purchase.
- 2) Savings and loans (FSLIC insurance) must maintain a capital asset ratio of 5.0 or better with minimum net capital assets of \$5,000,000, verified using the most recent quarterly results at time of purchase.

City assets subject to credit risk are shown with a credit rating below:

| <u>Deposit or Investment Type</u> | <u>Credit Risk Quality Rating (S&P's)</u> | <u>Balance</u> |
|---------------------------------------|---|----------------|
| Money market account | AAAm | \$ 2,534,325 |
| GICs | AAA | 17,481,214 |
| Illinois Funds | AAAm | 32,402,591 |
| FHLB bonds | AAA | 5,636,933 |
| Commercial paper | A-1 | 981,732 |

Deposits and Investments - Pension Trust Funds

The Pension Trust Funds may invest funds as authorized by Illinois Compiled Statutes, generally in obligations of the United States, the State of Illinois and its local districts, certain insurance contracts, insured deposits of federal and state savings and loans, banks, and credit unions, and certain common and preferred stocks.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund (Fund)

The Fund's deposit policy provides that all deposits be guaranteed by the U.S. Government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the Fund or its agent in the Fund's name or by its counterparty's trust department or agent in the Fund's name.

The Fund's cash and cash equivalents at December 31, 2006 consisted of deposits with a financial institution and the Northern Institutional Funds: Government Select Portfolio Money Market Fund. Deposits with a financial institution are covered by FDIC insurance. The money market funds have a credit rating of AAAM, by an independent rating agency, indicating a strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks. The money market funds have weighted average days to maturity of 32 days.

The Fund's deposits are insured or collateralized with securities held by the Fund, its agent, or by the pledging financial institution's trust department or agent in the name of the Fund at December 31, 2006.

As of December 31, 2006, the 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.S. Government notes and bonds: | | | |
| Explicitly guaranteed | \$ 15,763,845 | N/A | 9.34 |
| Implicitly guaranteed | 9,357,526 | Aaa | 6.37 |
| U.S. Government agencies | 18,686,693 | Aaa | 11.57 |
| Corporate bonds | 1,850,187 | Aaa | 6.05 |
| Mutual funds - bonds | 19,039,313 | Aaa | 3.97 |
| Mutual funds - equities | 26,530,450 | N/A | N/A |
| Stocks | <u>32,212,989</u> | N/A | N/A |
| Total investments | <u>\$123,441,003</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.

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

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Police Pension Fund (Fund) (Continued)

The Fund's policy provides that investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Investment guidelines have been established for each investment manager to evaluate performance of the Fund's investments compared to industry benchmarks.

At December 31, 2006, investments are held by the counterparty's trust department in the Fund's name.

Firemen's Pension Fund (Fund)

The Fund's deposit policy provides that all deposits be guaranteed by the U.S. Government, insured by the Federal Deposits Insurance Corporation (FDIC), or fully collateralized with securities held by the Fund or its agent in the Fund's name or by its counterparty's trust department or agent in the Fund's name.

The Fund's cash and cash equivalents at December 31, 2006 consisted of deposits with multiple financial institutions. Deposits with financial institutions are covered by FDIC insurance.

The Fund's deposits are insured or collateralized with securities held by the Fund, its agent, or by the pledging financial institution's trust department or agent in the name of the Fund at December 31, 2006.

As of December 31, 2006, the 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.S. Government obligations | \$ 47,465,297 | N/A | 8.97 |
| Municipal obligations | 4,049,157 | Aaa | 4.38 |
| Illinois public treasurers investment pool | 1,198,542 | Aaa | N/A |
| Corporate obligations | 751,875 | Aaa | 5.59 |
| Equity investments | <u>46,045,291</u> | N/A | N/A |
| Total investments | <u>\$ 99,510,162</u> | | |

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

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

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Firemen's Pension Fund (Fund) (Continued)

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

The Fund's policy provides that investments are diversified to minimize the risk of loss resulting from an over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Investment guidelines have been established for each investment manager to evaluate performance of the Fund's investments compared to industry benchmarks.

At December 31, 2006, investments are held by the counterparty's trust department in the Fund's name.

There were no individual investments at December 31, 2006 and 2005 that represent 5 percent or more of the Fund's net assets.

Deposits and Investments - Discretely Presented Component Units

Peoria Civic Center Authority of Peoria, Illinois

In accordance with Illinois Compiled Statutes, the Civic Center is authorized to invest in direct or fully guaranteed obligations of the United States Government or in certificates of deposit of banks or savings and loan associations eligible as depositories of funds of the Civic Center and fully secured by such obligations.

Custodial Credit Risk - Deposits

The Civic Center does not have a deposit policy for custodial credit risk. As of August 31, 2006, \$491,396 of the Civic Center's bank balance of \$1,986,683 was exposed to custodial credit risk. The balance is made up as follows at August 31, 2006:

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|---|--------------------------------|-----------------------------------|
| Demand deposits and money market accounts | \$ 632,699 | \$ 642,130 |
| Certificates of deposit | <u>1,353,984</u> | <u>1,353,984</u> |
| | <u>\$ 1,986,683</u> | <u>\$ 1,996,114</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and Investments - Discretely Presented Component Units (Continued)

Peoria Civic Center Authority of Peoria, Illinois (Continued)

Sweep Account

The Civic Center had amounts in a bank sweep account as follows at August 31, 2006:

| <u>Type</u> | <u>Fair Value</u> | <u>Maturities (In Years) Less Than One</u> |
|---------------|---------------------|--|
| Sweep Account | \$ <u>1,071,314</u> | \$ <u>1,071,314</u> |

Interest Rate Risk

The Civic Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under the terms of the sweep agreement, funds are reinvested daily.

Custodial Credit Risk on Investments

Regarding the Civic Center's investment in the sweep account, all of the underlying securities are held by the financial institution, but not in the name of the Civic Center.

Reconciliation to Statement of Net Assets

| | |
|---|------------------------|
| | <u>Carrying Amount</u> |
| Cash on hand | \$ 19,650 |
| Demand deposits and money market accounts | 642,130 |
| Sweep account | <u>1,071,314</u> |
| | <u>\$ 1,733,094</u> |
| Cash and cash equivalents | \$ 1,601,875 |
| Restricted assets - cash | <u>131,219</u> |
| | <u>\$ 1,733,094</u> |

Springdale Cemetery Management Authority

Custodial Credit Risk. At December 31, 2006, the carrying amount of the Authority's deposits (including checking, savings, and money market accounts) was \$18,516 and the bank balance was \$17,274. The Authority also had cash on hand of \$200. None of the bank balance of \$17,274 was exposed to custodial credit risk.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and Investments - Discretely Presented Component Units (Continued)

Springdale Cemetery Management Authority (Continued)

Investments at December 31 are comprised of the following at fair value:

| | <u>Average of Maturity of Funds in Portfolio</u> | <u>Morningstar Rating</u> | <u>Fair Value/ Carrying Amount</u> |
|-------------------------|--|-------------------------------|--|
| Money market funds | < 1 year | N/A | \$ 226,185 |
| U.S. Treasuries | 2.5 years | N/A | 98,035 |
| Certificates of deposit | < 1 year | N/A | <u>21,407</u> |
| | | | <u>\$ 345,627</u> |

Interest Rate Risk. The Authority does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Authority does not have an investment policy that limits investment ratings as a means of managing its exposure to losses arising from credit risk.

Custodial Credit Risk. The Authority's entire investment in money markets and mutual funds is held by a third-party agent in the Authority's agent's name.

Concentration Risk. The Authority does not have a concentration risk policy.

The cash and cash equivalents of the Springdale Historic Preservation Foundation, component unit of the Springdale Cemetery Management Authority, have not been categorized as that organization does not report in accordance with the American Institute of Certified Public Accountants Industry Audit Guide, *Audits of State and Local Government Units*. Accordingly, risk categorization is not required. Total cash and cash equivalents of the Foundation at December 31, 2006 were \$94,719.

NOTE 3 - 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.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 3 - PROPERTY TAXES (CONTINUED)

Property taxes are accrued as a receivable in the period in which the City has an enforceable lien on property. However, recognition of the revenue is deferred until the property taxes are both measurable and available. Property tax revenue recorded by the City for the year ended December 31, 2006 represents installments of the 2005 property taxes which were received during 2006.

The amount of the property tax receivable deferred at year end represents the tax levied in the latter portion of 2006, for which an enforceable lien exists at year end, but is levied for the 2007 budget and will be collected from taxpayers in June and September 2007.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Restricted Cash - Primary Government

In accordance with the appropriate bond ordinances, as of December 31, 2006, the City has paid to its respective paying agents the following:

The lesser of: (a) ten percent of the aggregate original principal amount of the 2004 Downtown Redevelopment Parking Revenue Refunding Bonds, Series A (the Bonds); or (b) the maximum annual debt service on the Bonds. \$306,983 of cash in the Downtown Parking Bond Fund, a Debt Service Fund, is held by the paying agent, as trustee, for future debt service.

An amount to fund capitalized interest, less interest paid to date, on the 2005 General Obligation Bonds, Series A. \$5,058,150 of cash in the 2005A General Obligation Bond Fund, a Debt Service Fund, is held by the paying agent, as trustee, for this purpose.

Ten percent of the aggregate original principal amount of the WeaverRidge Special Service Area Bonds along with amount necessary to make interest payments on February 1 and August 1, 2006. \$916,490 of cash and investments in the WeaverRidge Debt Service Fund, a Debt Service Fund, is held by the paying agent, as trustee, for future debt service and/or for making any required payments to be rebated to the Federal Government in accordance with provisions of the bond document.

Amounts are not shown specifically restricted in the funds as the respective funds are held for special purposes which comply with the restriction of the trustee.

Additionally, the City has \$17,481,214 held with a trustee that is restricted for the Peoria Civic Center expansion within the 2005A General Obligation Bond Project Fund.

The City also has \$3,621,932 that is restricted for the design, engineering, and construction costs of a parking deck in connection with the Medical School Campus Redevelopment Agreement within the Southtown TIF Project Fund.

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 4 - RESTRICTED CASH AND INVESTMENTS (CONTINUED)

Restricted Cash - Component Units

At August 31, 2006, the Civic Center carried \$131,219 in cash restricted for use by the Tourism Reserve Fund established by the 1996 Intergovernmental Agreement between the City of Peoria and the Peoria Civic Center Authority.

An amount equal to the balance of restricted cash has been reflected as an asset held for the Tourism Reserve Fund payable from restricted assets.

The Tourism Reserve Fund is operated by a committee made up of representatives from the Peoria Civic Center Authority, the Peoria City Council, and the Peoria Area Convention and Visitors Bureau. Use of funds is subject to approval by this committee.

Springdale Cemetery Management Authority has restrictions on the following funds from restrictive donations and related earnings at December 31:

| | |
|---|-------------------|
| Contribution corpus - nonexpendable | \$ 208,112 |
| Restricted - expendable earnings on contributions | <u>29,383</u> |
| | <u>\$ 237,495</u> |

NOTE 5 - DESIGNATIONS AND FUND BALANCE RESERVES - PRIMARY GOVERNMENT

Reserved for Encumbrances

The City reserves a part of fund balance for certain obligations outstanding at year end. Payments made in the subsequent fiscal period, when goods or services are received, are recorded as expenditures in that period. Remaining unused reserves are reinstated to unreserved fund balance in the following fiscal year. At December 31, 2006, fund balances in the amounts of \$1,161,433, \$3,207,673, \$6,714,366, and \$1,840,161 have been reserved for encumbrances in the General Fund, Capital Improvements Fund, 2005A General Obligation Bond Project Fund, and other nonmajor governmental funds, respectively.

Reserved for Law Enforcement

The reserve for law enforcement represents amounts statutorily restricted for specific purposes of monies collected.

Reserved for Animal Shelter Trust

The reserve for animal shelter trust represents amounts reserved for the animal shelter as requested by donors.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 5 - DESIGNATIONS AND FUND BALANCE RESERVES - PRIMARY GOVERNMENT (CONTINUED)

Reserved for Future Road Projects

The reserve for future road projects represents the balance in the Motor Fuel Tax Fund, a Special Revenue Fund, restricted by law for the purpose of road projects as approved by the State of Illinois.

Reserved for Debt Service

The reserve for debt service represents the balance in the debt service funds which is restricted by the terms of the bond agreements.

Reserved for Working Cash - Library

The reserve for library working cash is statutorily established for the sole purpose of enabling the library board to have in its funds, at all times, sufficient money to meet demands thereon for ordinary and necessary and committed expenditures for library purposes.

Reserved for Endowment Activity - Library

The reserve for endowment activity represents amounts reserved for specific purposes as requested by the donors.

Reserved for Revolving Loan Fund

The reserve for revolving loan fund represents principal and interest received on previous loans required to be used to make future loans.

Reserved for Riverfront Development

The reserve for riverfront development represents amounts reserved by donors for construction of the Central Illinois Regional Museum.

Reserved for Compensated Absences

The reserve for compensated absences represents the balance of vested vacation and sick leave restricted for employees working within the workforce development grant funds. Such amount has been set aside by the grantor to meet those obligations when they become due.

Reserved for Employees' Pension Benefits

The reserve for employees' pension benefits is the balance in the Illinois Municipal Retirement Fund, a Special Revenue Fund, restricted to pay pension benefits to Illinois Municipal Retirement on behalf of City employees.

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 5 - DESIGNATIONS AND FUND BALANCE RESERVES - PRIMARY GOVERNMENT (CONTINUED)

Reserved for Parking Deck Construction

The reserve for parking deck construction is the balance held with trustee for the design, engineering, and construction costs of a parking deck in connection with the Medical School Campus Redevelopment Agreement.

Designated, Reported in General Fund

The City has designated funds for health insurance, general insurance, contingencies, working capital, and debt service within the General Fund.

Designated, Reported in Special Revenue Funds

The City has designated funds for capital expansion projects within the Special Revenue Funds.

Designated, Reported in Capital Projects Funds

The City has designated funds for capital projects within the Capital Projects Funds.

Council action is necessary to appropriate any of these designated fund balances.

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT

General Obligation Bonds

In 1998, the City issued \$1,225,000 and \$3,345,000 (known as 1998C and 1998D, respectively) of general obligation bonds to finance the cost of improvements to an existing parking lot, construction of an elevated plaza in the Riverfront Area, and to pay the cost of issuing the bonds; \$5,095,000 (known as 1998E) of general obligation bonds to finance the cost of constructing various municipal improvements, including sewer line extensions, drainage system improvements, and neighborhood curbs, lighting, and sidewalks; and \$2,820,000 (known as 1998F) of general obligation bonds to finance the cost of installing a new seating system in the Peoria Civic Center, to fund capitalized interest, and to pay the cost of issuing the bonds. All of the outstanding bonds related to the 1998E and 1998F issues, except for \$700,000 and \$390,000, respectively, were advance refunded in 2005 with the issuance of the 2005B General Obligation Bonds. Of the amounts related to the 1998E and 1998F issues not advance refunded, \$245,000 and \$135,000, respectively, is outstanding at December 31, 2006 and is included in long-term debt. The 1998C and 1998D issues also reflect amounts outstanding in accordance with the original retirement schedule.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

General Obligation Bonds (Continued)

In 1999, the City issued \$4,445,000 (known as 1999A) of general obligation bonds to finance various municipal improvements. All of the outstanding bonds related to the 1999A issue, except for \$590,000, were advance refunded in 2005 with the issuance of the 2005B General Obligation Bonds. Of the \$590,000 not advance refunded, \$205,000 is outstanding at December 31, 2006 and is included in long-term debt.

In 2000, the City issued \$4,190,000 (known as 2000A) of general obligation bonds to finance public improvements within the Southtown Redevelopment Project Area for redevelopment of the Colonel John Warner Homes, to construct street improvements, and to pay the cost of issuing the bonds. The City also issued \$9,985,000 (known as 2000B) of general obligation bonds to finance various capital improvements and to pay the cost of issuing the bonds. Also in 2000, the City issued \$5,500,000 (known as 2000C) of general obligation bonds to finance improvements within the Midtown Plaza Redevelopment Project Area and to pay the costs of issuing the bonds. All of the outstanding bonds related to the 2000A, 2000B, and 2000C issues, except for \$380,000, \$1,815,000, and \$820,000, respectively, were advance refunded in 2005 with the issuance of the 2005B General Obligation Bonds. Of the amounts not advance refunded, \$205,000, \$960,000, and \$435,000, respectively, is outstanding at December 31, 2006 and is included in long-term debt.

In 2001, the City issued \$4,175,000 of general obligation bonds (known as 2001A) to finance various City capital improvements, land acquisition, and to pay the cost of issuing the bonds. The City also issued \$21,750,000 of general obligation bonds (known as 2001B) to advance refund a portion of certain Series 1993, Series 1996C, and Series 1996D bonds of the City, and to pay the costs of issuing the bonds. Also in 2001, the City issued \$4,170,000 of general obligation bonds (known as 2001C) to finance various City capital improvements, including public sewer and street rehabilitation, land acquisition, public parking improvements, and to pay the cost of issuing the bonds. The City also issued \$3,280,000 of general obligation bonds (known as 2001D) to pay the cost of purchasing property, demolishing buildings, and environmental cleanup at the site of a proposed stadium within the City, utility relocation in the Southtown area, to fund capitalized interest, and to pay the costs of issuing the bonds.

In 2002, the City issued \$2,060,000 of general obligation bonds (known as 2002A) to finance improvements to the Civic Center and to pay the cost of issuing the bonds. The City also issued \$3,385,000 of general obligation bonds (known as 2002B) to pay the cost of financing various City capital improvements and to pay the cost of issuing the bonds.

In 2003, the City issued \$4,110,000 of general obligation bonds (known as 2003A) to finance construction of the Charter Oak Road Extension Project Phases I and II and to pay the cost of issuing the bonds. The City also issued \$5,485,000 of general obligation bonds (known as 2003B) to advance refund the remainder of the Series 1996C bonds of the City and to pay the cost of issuing the bonds.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

General Obligation Bonds (Continued)

In 2004, the City issued \$5,390,000 of general obligation bonds (known as 2004B) to finance various City capital improvements, land acquisition, and pay the cost of issuing the 2004B bonds. The City also issued \$11,985,000 of general obligation refunding bonds (known as 2004C) to advance refund a portion of the general obligation bonds, series 1997B, due January 1, 2007-2018 and to pay the costs of issuing the bonds.

In 2005, the City issued \$62,605,000 of general obligation bonds (known as 2005A) to pay the costs of constructing an expansion and certain capital improvements to the Peoria Civic Center and to pay the cost of issuing the bonds. The City also issued \$36,880,000 of general obligation bonds (known as 2005B) to refund portions of the City's outstanding general obligation bonds, Series 1997A and 1997B, and to advance refund portions of the City's general obligation bonds, Series 1998A, 1998B, 1998E, 1998F, 1999A, 2000A, 2000B, and 2000C, and to pay the costs of issuing the bonds.

These bonds are general obligations of the City and contain a pledge of its full faith and credit for the payment of principal and interest. The City anticipates that it will use revenues received from incremental property and sales tax, HRA taxes (hotel, restaurant, and amusement taxes), utility taxes, motor fuel taxes, and parking rentals to pay the majority of the principal and interest. Property taxes are anticipated to be abated to the extent that these aforementioned revenues are sufficient to meet the debt service payments. However, the City has the power and may levy ad valorem taxes on all taxable property, without limitation as to rate or amount, sufficient to pay principal and interest on the bonds.

In 2006, the Council abated 2005 property taxes previously levied to pay the interest and a portion of the principal due on these bonds. Accordingly, property tax revenue has not been recognized for the original levy.

2004A Downtown Redevelopment Parking Revenue Refunding Bonds

In 2004, the City issued \$2,875,000 of Downtown Redevelopment Parking Revenue Refunding Bonds to refund a portion of the City's outstanding Downtown Redevelopment Parking Revenue Bonds, Series 1996A, due December 1, 2005 through 2009 and its outstanding Downtown Redevelopment Parking Revenue Bonds, Series 1996B, due December 1, 2005 through 2009 and to pay the costs of issuing the 2004A Bonds.

Sanitary Sewer Loan

On June 8, 1990, the City signed a loan agreement with the State of Illinois Environmental Protection Agency for \$208,248 with an interest rate of 3.745 percent due in 40 semi-annual payments of \$7,367, which includes interest. The principal and interest on the loan is payable from the collection of revenue derived from sewer charges.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Promissory Note

On March 7, 1995, the City signed a loan agreement with an individual for \$850,000 with an interest rate of 7.00 percent due in monthly installments of \$7,640, including interest, through May 2010. The purpose of the loan was to purchase riverfront property.

Promissory Note

On November 21, 1995, the City signed a loan agreement with a corporation for advances of up to \$2,500,000 with an interest rate of 7.00 percent due in annual payments beginning December 1, 1998 through December 1, 2015. At December 31, 2006, the City had been advanced \$2,484,812. The purpose of this loan was to purchase the acquisition site and pay certain relocation costs to the current owners of the acquisition site pursuant to the Peoria, Illinois, Northside Riverfront Redevelopment Area Tax Redevelopment Plan.

Of the \$2,500,000 available, no more than \$1,800,000 could be used to fund the cost of the Acquisition Site (the "Acquisition Loan"); and no more than \$700,000 could be used to fund the Relocation Costs (the "Relocation Loan"); and no more than \$400,000 of the Relocation Loan could be used for relocation to the current owners of Parcel 1 as defined in the Redevelopment Agreement; and no more than \$300,000 of the Relocation Loan could be used for relocation to the current owners of Parcel 2 as defined in the Redevelopment Agreement. The City is required, for a period of twenty-three years commencing with the date of the adoption of the Northside Riverfront Redevelopment Area, to promptly deposit the incremental real estate taxes when received as follows: 50 percent into the "Principal and Interest Account - Acquisition Loan" and 50 percent into the "Principal and Interest Account - Relocation Loan" accounts. The monies in these accounts shall be used solely for the payment of principal and interest on these two loans as they become due. Payments on the Acquisition Loan began on December 1, 1998, and continue thereafter December 1 of each year until and including December 1, 2015, from the funds available in the Principal and Interest Account - Acquisition Loan based on an amortization schedule which sets forth annual principal and interest payments necessary to pay the loan in full plus accrued interest by December 1, 2015. The City shall have no obligation for the payment of any remaining principal and interest on the Acquisition Loan after May 1, 2018. Payments on the Relocation Loan began on December 1, 1998, and are due thereafter on December 1 of each year until and including December 1, 2015, from the funds available in the Principal and Interest Account - Relocation Loan based on a level payment schedule sufficient to fully amortize both principal and accrued interest on the loan over a 20-year period. The City shall have no obligation for the payment of any remaining principal and interest on the Relocation Loan after December 1, 2018.

WeaverRidge Special Service Area Bonds

In 1996, the City issued \$4,915,000 of Special Tax Bonds to finance the costs of acquisition of certain public improvements to be constructed by the developer and acquired by the City, including streets and related grading, storm and sanitary sewers, and certain earthwork that are required in connection with the development of the special service area. All of the outstanding bonds were advance refunded in 2006 with the issuance of Special Tax Bonds, Series 2006.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

WeaverRidge Special Service Area Bonds (Continued)

The City, in 2006, issued \$4,575,000 of Special Tax Bonds to advance refund the City's Special Tax Bonds, Series 1996 in their entirety; fund a Debt Service Reserve Fund; and pay costs associated with the issuance of the bonds. These bonds are limited obligations of the City and carry a pledge of the special tax to be imposed and collected on all the real property within the Special Service Area subject to the special tax and the proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of special tax. The net effect of the advance refunding is an economic gain of \$388,602 and a decrease in cash flows from the old debt to the new debt of \$521,270.

Promissory Note

In accordance with the Wal-Mart Super Center Development Agreement, the City agreed to reimburse \$600,000 of costs paid by Wal-Mart Stores, Inc. in December 2002 for construction of improvements to portions of Allen Road adjoining the new Wal-Mart site. An additional \$87,788 loan interest accrued between July 2003 and January 2006 on the original \$600,000 loan principal amount. Beginning January 30, 2006, the City commenced annual repayments of \$75,440 on the \$687,788 adjusted loan principal amount, including interest at a 5.50 percent annual interest rate. The final payment to Wal-Mart Stores, Inc. will be due January 30, 2018.

This note is a limited obligation of the City and carries a pledge of the City's entire portion of all property taxes on all property within the project site.

2006 Special Assessment Bonds

In 2006, the City issued \$5,200,000 of Radnor Road/Alta Road/Wilhelm Road and Bridge Improvements Special Assessment Bonds to finance the costs of improvements for street, curb and gutter, street lighting, traffic signalization, related parkways and boulevards, and sidewalks; landscaping; storm water retention system, including retention basins; and bridge improvements; and all related costs to such improvements and generally located on said roads within the City; capitalized interest for two years; deposits to reserves; and the costs of issuance. The bonds are payable solely from proceeds received from the special assessment payments from the properties benefited.

Other Long-Term Obligations

Board of Education of the City of Peoria

The City entered into an agreement, dated October 1983 and amended May 1991, with the Board of Education of the City of Peoria, School District #150 (District #150), requiring the City to provide funds to construct and furnish a new school building. Under the amended agreement, the City agreed to share in the cost of the new building to the extent of \$2,573,192 to be repaid in twenty annual installments with interest at 6.7127 percent.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Postclosure Costs - Landfill

State and federal laws and regulations require the City/County to perform certain postclosure maintenance and monitoring functions at City/County Landfill #1 for thirty years after the facility stops accepting waste and is certified for closure by the Illinois Environmental Protection Agency. The City of Peoria and County of Peoria have an agreement to split these postclosure costs equally. The City will report these expenditures to the extent that they will be liquidated with expendable available resources. Expenditures in the amount of \$138,142 were recognized in 2006. The balance due reported represents the estimate of what it would cost to perform all postclosure care at December 31, 2006 over thirty years for Landfill #1, which discontinued accepting waste in 1998. Actual cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

Landfill #2 was opened during 1998, but the City has no responsibility for closure or postclosure care of this landfill.

Compensated Absences

The City's personnel policies allow for the accumulation and vesting of unused vacation and sick days, within certain limits. At December 31, 2006, the City has accrued an associated liability of \$8,538,047. The liability for compensated absences is funded primarily through the General Fund and the Workforce Development Fund.

Other Special Assessment Debt

Additionally, the City has Special Assessment Improvement Bonds which are reflected as current obligations of the Capital Projects Funds. These bonds represent bearer bonds which have matured but have not been presented for payment. The additional debt outstanding at December 31, 2006 is as follows:

| <u>Warrant Number</u> | <u>Balance</u> |
|-----------------------|-----------------|
| 552 | \$ 500 |
| 587 | 500 |
| 1360 | <u>5,000</u> |
| | <u>\$ 6,000</u> |

Repayment

Repayment of debt has typically been funded through debt service funds from general revenue sources other than property tax revenues.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Summary of Long-term Debt

Terms of the debt issues and annual requirements to amortize all long-term bonds, notes, and other outstanding long-term obligations, except compensated absences, and landfill closure and postclosure care costs are as follows:

Description of issues:

| | | | |
|-------------------------|-----------------------------|--|-----------------------------|
| Amount of issue | \$1,225,000 | | \$5,095,000 |
| Date of issue | September 1, 1998 | | August 1, 1998 |
| Dates interest payable | January 1 and July 1 | | January 1 and July 1 |
| Dates principal payable | January 1 | | January 1 |
| Interest rates | 5.70 to 6.05% | | 4.625 to 5.00% |

| | 1998C Taxable Riverfront Village General Obligation Bonds | | 1998E Corporate Purpose General Obligation Bonds | |
|---------------|--|-------------------|---|------------------|
| | Principal | Interest | Principal | Interest |
| Year payable: | | | | |
| 2007 | \$ - | \$ 22,683 | \$ - | \$ 5,880 |
| 2008 | 25,000 | 44,646 | 245,000 | 5,880 |
| 2009 | 35,000 | 42,921 | - | - |
| 2010 | 40,000 | 40,765 | - | - |
| 2011 | 50,000 | 38,178 | - | - |
| 2012-2016 | 380,000 | 133,622 | - | - |
| 2017-2021 | 230,000 | 14,218 | - | - |
| 2022-2026 | - | - | - | - |
| 2027-2031 | - | - | - | - |
| | \$ 760,000 | \$ 337,033 | \$ 245,000 | \$ 11,760 |

Description of issues:

| | | | |
|-------------------------|-----------------------------|--|-----------------------------|
| Amount of issue | \$4,190,000 | | \$9,985,000 |
| Date of issue | April 15, 2000 | | April 15, 2000 |
| Dates interest payable | January 1 and July 1 | | January 1 and July 1 |
| Dates principal payable | January 1 | | January 1 |
| Interest rates | 5.125 to 5.50% | | 5.00 to 5.625% |

| | 2000A General Obligation Bonds | | 2000B General Obligation Bonds | |
|---------------|---|------------------|---|------------------|
| | Principal | Interest | Principal | Interest |
| Year payable: | | | | |
| 2007 | \$ - | \$ 5,381 | \$ - | \$ 25,800 |
| 2008 | 100,000 | 8,138 | 465,000 | 39,103 |
| 2009 | 105,000 | 2,756 | 495,000 | 13,304 |
| 2010 | - | - | - | - |
| 2011 | - | - | - | - |
| 2012-2016 | - | - | - | - |
| 2017-2021 | - | - | - | - |
| 2022-2026 | - | - | - | - |
| 2027-2031 | - | - | - | - |
| | \$ 205,000 | \$ 16,275 | \$ 960,000 | \$ 78,207 |

\$2,820,000
November 15, 1998
January 1 and July 1
January 1
4.25 to 5.00%

| 1998F General Obligation Bonds | |
|---|-----------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 3,038 |
| 135,000 | 3,037 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>\$ 135,000</u> | <u>\$ 6,075</u> |

\$3,345,000
September 1, 1998
January 1 and July 1
January 1
4.35 to 4.90%

| 1998D Riverfront Village General Obligation Bonds | |
|--|-------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 55,655 |
| 165,000 | 107,721 |
| 175,000 | 100,326 |
| 185,000 | 92,450 |
| 195,000 | 83,993 |
| 1,130,000 | 270,866 |
| 535,000 | 26,586 |
| - | - |
| - | - |
| <u>\$ 2,385,000</u> | <u>\$ 737,597</u> |

\$4,445,000
June 8, 1999
January 1 and July 1
January 1
4.90 to 5.20%

| 1999A General Obligation Bonds | |
|---|------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 5,125 |
| 205,000 | 5,125 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>\$ 205,000</u> | <u>\$ 10,250</u> |

\$5,500,000
November 15, 2000
January 1 and July 1
January 1
5.10 to 5.50%

| 2000C General Obligation Bonds | |
|---|------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 11,147 |
| 210,000 | 16,913 |
| 225,000 | 5,766 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>\$ 435,000</u> | <u>\$ 33,826</u> |

\$4,175,000
March 1, 2001
January 1 and July 1
January 1
4.375 to 5.20%

| 2001A General Obligation Bonds | |
|---|---------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 83,216 |
| 170,000 | 168,207 |
| 180,000 | 154,733 |
| 190,000 | 146,407 |
| 200,000 | 137,632 |
| 1,175,000 | 533,881 |
| 1,515,000 | 202,571 |
| - | - |
| - | - |
| <u>\$ 3,430,000</u> | <u>\$ 1,426,647</u> |

\$21,750,000
March 1, 2001
January 1 and July 1
January 1
4.50 to 5.00%

| 2001B General Obligation Bonds | |
|---|---------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 270,800 |
| 3,010,000 | 473,875 |
| 1,060,000 | 382,300 |
| 760,000 | 341,350 |
| 1,635,000 | 285,419 |
| 5,025,000 | 647,908 |
| - | - |
| - | - |
| <u>\$ 11,490,000</u> | <u>\$ 2,401,652</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Summary of Long-term Debt (Continued)

Description of issues:

| | | |
|-------------------------|-----------------------------|-----------------------------|
| Amount of issue | \$4,170,000 | \$3,280,000 |
| Date of issue | August 1, 2001 | August 1, 2001 |
| Dates interest payable | January 1 and July 1 | January 1 and July 1 |
| Dates principal payable | January 1 | January 1 |
| Interest rates | 4.50 to 5.05% | 4.30 to 5.00% |

| | 2001C General Obligation Bonds | | 2001D General Obligation Bonds | |
|---------------|---|----------------------------|---|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| Year payable: | | | | |
| 2007 | \$ - | \$ 82,093 | \$ - | \$ 54,838 |
| 2008 | 175,000 | 160,248 | 235,000 | 104,617 |
| 2009 | 190,000 | 152,035 | 245,000 | 94,297 |
| 2010 | 200,000 | 143,260 | 255,000 | 83,547 |
| 2011 | 205,000 | 134,020 | 270,000 | 71,989 |
| 2012-2016 | 1,235,000 | 508,687 | 700,000 | 234,717 |
| 2017-2021 | 1,160,000 | 204,406 | 670,000 | 87,500 |
| 2022-2026 | 250,000 | 6,312 | - | - |
| 2027-2031 | - | - | - | - |
| | <u>\$ 3,415,000</u> | <u>\$ 1,391,061</u> | <u>\$ 2,375,000</u> | <u>\$ 731,505</u> |

Description of issues:

| | | |
|-------------------------|-----------------------------|-----------------------------|
| Amount of issue | \$5,485,000 | \$5,390,000 |
| Date of issue | October 1, 2003 | September 1, 2004 |
| Dates interest payable | January 1 and July 1 | January 1 and July 1 |
| Dates principal payable | January 1 | January 1 |
| Interest rates | 2.50 to 4.00% | 3.00 to 4.75% |

| | 2003B General Obligation Bonds | | 2004B General Obligation Bonds | |
|---------------|---|--------------------------|---|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| Year payable: | | | | |
| 2007 | \$ - | \$ 56,784 | \$ - | \$ 106,192 |
| 2008 | 935,000 | 98,375 | 180,000 | 209,684 |
| 2009 | 965,000 | 65,691 | 190,000 | 203,896 |
| 2010 | 1,005,000 | 28,100 | 200,000 | 197,409 |
| 2011 | 200,000 | 4,000 | 210,000 | 190,228 |
| 2012-2016 | - | - | 1,210,000 | 812,206 |
| 2017-2021 | - | - | 1,535,000 | 527,550 |
| 2022-2026 | - | - | 1,530,000 | 147,986 |
| 2022-2026 | - | - | - | - |
| | <u>\$ 3,105,000</u> | <u>\$ 252,950</u> | <u>\$ 5,055,000</u> | <u>\$ 2,395,151</u> |

\$2,060,000
June 1, 2002
January 1 and July 1
January 1
3.50 to 4.40%

| 2002A General Obligation Bonds | |
|---|-------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 27,714 |
| 200,000 | 51,727 |
| 210,000 | 43,959 |
| 220,000 | 35,435 |
| 230,000 | 26,150 |
| 490,000 | 21,660 |
| - | - |
| - | - |
| - | - |
| <u>\$ 1,350,000</u> | <u>\$ 206,645</u> |

\$3,385,000
June 1, 2002
January 1 and July 1
January 1
4.25 to 5.00%

| 2002B General Obligation Bonds | |
|---|---------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 69,007 |
| 120,000 | 135,464 |
| 130,000 | 130,152 |
| 135,000 | 124,520 |
| 140,000 | 118,677 |
| 835,000 | 491,501 |
| 1,080,000 | 268,343 |
| 515,000 | 26,126 |
| - | - |
| <u>\$ 2,955,000</u> | <u>\$ 1,363,790</u> |

\$4,110,000
August 1, 2003
January 1 and July 1
January 1
4.00 to 4.75%

| 2003A General Obligation Bonds | |
|---|---------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 76,390 |
| 170,000 | 149,380 |
| 175,000 | 142,480 |
| 180,000 | 135,380 |
| 185,000 | 128,080 |
| 1,025,000 | 521,980 |
| 1,240,000 | 281,028 |
| 570,000 | 27,312 |
| - | - |
| <u>\$ 3,545,000</u> | <u>\$ 1,462,030</u> |

\$11,985,000
September 16, 2004
January 1 and July 1
January 1
3.00 to 5.00%

| 2004C General Obligation Refunding Bonds | |
|---|---------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 223,913 |
| 825,000 | 435,450 |
| 850,000 | 409,263 |
| 875,000 | 381,231 |
| 905,000 | 351,175 |
| 5,085,000 | 1,168,331 |
| 2,390,000 | 102,450 |
| - | - |
| - | - |
| <u>\$ 10,930,000</u> | <u>\$ 3,071,813</u> |

\$62,605,000
March 15, 2005
January 1 and July 1
January 1
4.00 to 5.00%

| 2005A General Obligation Bonds | |
|---|----------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 1,470,944 |
| - | 2,941,888 |
| - | 2,941,887 |
| 100,000 | 2,939,887 |
| 100,000 | 2,935,888 |
| 4,780,000 | 14,389,237 |
| 16,795,000 | 12,105,369 |
| 27,380,000 | 6,972,162 |
| 13,450,000 | 686,250 |
| <u>\$ 62,605,000</u> | <u>\$ 47,383,512</u> |

\$36,880,000
May 12, 2005
January 1 and July 1
January 1
3.00 to 5.00%

| 2005B General Obligation Bonds | |
|---|----------------------|
| <u>Principal</u> | <u>Interest</u> |
| \$ - | \$ 847,448 |
| 2,230,000 | 1,658,657 |
| 1,505,000 | 1,596,083 |
| 2,445,000 | 1,520,845 |
| 2,560,000 | 1,407,945 |
| 15,870,000 | 4,567,975 |
| 11,130,000 | 1,184,002 |
| - | - |
| - | - |
| <u>\$ 35,740,000</u> | <u>\$ 12,782,955</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Summary of Long-term Debt (Continued)

Description of issues:

| | | |
|-------------------------|------------------------------|-----------------------------|
| Amount of issue | \$2,875,000 | \$208,248 |
| Date of issue | September 1, 2004 | April 9, 1991 |
| Dates interest payable | June 1 and December 1 | January 9 and July 9 |
| Dates principal payable | December 1 | January 9 and July 9 |
| Interest rates | 2.25 to 3.25% | 3.745% |

| | Downtown Redevelopment Parking Revenue Refunding Bonds, Series 2004A | | Sanitary Sewer Loan | |
|-----------|---|-------------------|----------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| | Year payable: | | | |
| 2007 | \$ 565,000 | \$ 53,138 | \$ 6,351 | \$ 1,016 |
| 2008 | 580,000 | 37,600 | 13,060 | 1,673 |
| 2009 | 600,000 | 18,750 | 13,554 | 1,180 |
| 2010 | - | - | 14,066 | 667 |
| 2011 | - | - | 7,231 | 135 |
| 2012-2016 | - | - | - | - |
| 2017-2021 | - | - | - | - |
| 2022-2026 | - | - | - | - |
| 2027-2031 | - | - | - | - |
| | \$ 1,745,000 | \$ 109,488 | \$ 54,262 | \$ 4,671 |

Description of issues:

| | | |
|-------------------------|---------------------|-------------------------|
| Amount of issue | \$2,573,192 | \$687,788 |
| Date of issue | May 20, 1991 | January 30, 2006 |
| Dates interest payable | December 1 | January 30 |
| Dates principal payable | December 1 | January 30 |
| Interest rates | 6.7127% | 5.50% |

| | Board of Education City of Peoria | | Wal-Mart Promissory Note | |
|-----------|--|-------------------|-------------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| | Year payable: | | | |
| 2007 | \$ 181,887 | \$ 54,113 | \$ 39,680 | \$ 35,760 |
| 2008 | 194,097 | 41,903 | 41,862 | 33,577 |
| 2009 | 207,126 | 28,874 | 44,165 | 31,275 |
| 2010 | 223,013 | 14,970 | 46,594 | 28,846 |
| 2011 | - | - | 49,156 | 26,283 |
| 2012-2016 | - | - | 289,435 | 87,763 |
| 2017-2021 | - | - | 139,285 | 11,594 |
| 2022-2026 | - | - | - | - |
| 2027-2031 | - | - | - | - |
| | \$ 806,123 | \$ 139,860 | \$ 650,177 | \$ 255,098 |

\$850,000
March 7, 1995
Monthly
Monthly
7.00%

\$2,500,000
November 21, 1995
December 1
December 1
7.00%

\$4,575,000
July 15, 2006
February 1 and August 1
February 1
5.00%

| Promissory Note | |
|------------------------|------------------|
| Principal | Interest |
| \$ 74,592 | \$ 17,089 |
| 79,984 | 11,697 |
| 85,766 | 5,914 |
| 31,521 | 660 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>\$ 271,863</u> | <u>\$ 35,360</u> |

| Promissory Note | |
|------------------------|-------------------|
| Principal | Interest |
| \$ 134,526 | \$ 112,794 |
| 143,943 | 103,378 |
| 154,018 | 93,302 |
| 164,799 | 82,520 |
| 176,335 | 70,984 |
| 837,725 | 151,554 |
| - | - |
| - | - |
| - | - |
| <u>\$ 1,611,346</u> | <u>\$ 614,532</u> |

| WeaverRidge Special Service Area Bonds | |
|---|---------------------|
| Principal | Interest |
| \$ 260,000 | \$ 232,417 |
| 300,000 | 208,250 |
| 330,000 | 192,500 |
| 350,000 | 175,500 |
| 385,000 | 157,125 |
| 2,425,000 | 451,375 |
| 525,000 | 13,125 |
| - | - |
| - | - |
| <u>\$ 4,575,000</u> | <u>\$ 1,430,292</u> |

\$5,200,000
December 20, 2006
March 1 and September 1
March 1
5.00 to 5.65%

| 2006 Special Assessment Bond | |
|-------------------------------------|---------------------|
| Principal | Interest |
| \$ - | \$ 194,783 |
| - | 279,370 |
| - | 279,370 |
| - | 279,370 |
| - | 279,370 |
| 1,310,000 | 1,239,850 |
| 1,690,000 | 854,702 |
| 2,200,000 | 324,875 |
| - | - |
| <u>\$ 5,200,000</u> | <u>\$ 3,731,690</u> |

| Total | |
|--------------------|----------------------|
| Principal | Interest |
| \$ 1,262,036 | \$ 4,205,158 |
| 11,152,946 | 7,535,583 |
| 8,169,629 | 7,133,014 |
| 7,619,993 | 6,793,119 |
| 7,702,722 | 6,447,271 |
| 43,802,160 | 26,233,113 |
| 40,634,285 | 15,883,444 |
| 32,445,000 | 7,504,773 |
| 13,450,000 | 686,250 |
| <u>166,238,771</u> | <u>\$ 82,421,725</u> |

Postclosure costs - landfill 1,397,042
 Compensated absences 8,538,047
 Other special assessment debt 6,000

\$ 176,179,860

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Summary of Long-term Debt (Continued)

A summary of the changes in long-term debt is as follows:

| | Balance December 31, <u>2005</u> |
|---|---|
| General obligation bonds | \$ 160,710,000 |
| Revenue/special assessment bonds | 2,300,000 |
| Special assessment bond - matured | 6,000 |
| Special service area bonds | 4,490,000 |
| Loans payable | 2,145,518 |
| Board of Education of the City of Peoria obligation | 976,569 |
| Landfill closure and postclosure care costs | 1,535,184 |
| Compensated absences | <u>8,016,076</u> |
| | <u>\$ 180,179,347</u> |

The City is a home-rule municipality and accordingly is not subject to any constitutional debt limit.

Debt Covenants

The various bond indentures contain 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.

Advance Refunding

In 2001, the City defeased a portion of the 1993, 1996C, and 1996D general obligation bonds with the issuance of the 2001B general obligation bonds. In 2003, the City defeased the remaining 1996C general obligation bonds with the issuance of the 2003B general obligation bonds. In 2004, the City defeased the 1996A & B Downtown Redevelopment Parking Revenue Bonds with the issuance of the 2004A Downtown Redevelopment Parking Revenue Refunding Bonds and a portion of the 1997B general obligation bonds with the issuance of the 2004C general obligation bonds. In 2005, the City defeased a portion of the 1997A, 1997B, 1998A, 1998B, 1998E, 1998F, 1999A, 2000A, 2000B, and 2000C general obligation bonds with the issuance of the 2005B General Obligation Bonds. In 2006, the City defeased the 1996 WeaverRidge Special Service Area Bonds with the issuance of the 2006 WeaverRidge Special Service Area Bonds. Portions of the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The balance remaining outstanding on these advance refunded bonds at December 31, 2006 is \$36,925,000.

| <u>Additions</u> | <u>Deletions</u> | Balance December 31, 2006 | Current Portion | Long-term Portion |
|----------------------|----------------------|--|----------------------------|------------------------------|
| \$ - | \$ 9,385,000 | \$ 151,325,000 | \$ - | \$ 151,325,000 |
| 5,200,000 | 555,000 | 6,945,000 | 565,000 | 6,380,000 |
| 4,575,000 | 4,490,000 | 4,575,000 | 260,000 | 4,315,000 |
| - | - | 6,000 | 6,000 | - |
| 687,788 | 245,658 | 2,587,648 | 255,149 | 2,332,499 |
| - | 170,446 | 806,123 | 181,887 | 624,236 |
| - | 138,142 | 1,397,042 | 61,748 | 1,335,294 |
| <u>5,211,178</u> | <u>4,689,207</u> | <u>8,538,047</u> | <u>530,000</u> | <u>8,008,047</u> |
| <u>\$ 15,673,966</u> | <u>\$ 19,673,453</u> | <u>\$ 176,179,860</u> | <u>\$ 1,859,784</u> | <u>\$ 174,320,076</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 7 - CAPITAL ASSETS

A summary of the changes in capital assets follows:

| | Cost | | | | Balance at December 31, 2006 | |
|--------------------------|---|-----------------------------|-----------------------------|--------------------|---|--|
| | Balance at December 31, 2005 | Additions | Deletions | Transfers | | |
| Not depreciated: | | | | | | |
| Land | \$ 11,173,278 | \$ 517,422 | \$ (122,417) | \$(1,546,657) | \$ 10,021,626 | |
| Construction in progress | - | 1,993,850 | - | - | 1,993,850 | |
| Depreciated: | | | | | | |
| Land improvements | 4,995,304 | 235,499 | (19,589) | 1,546,657 | 6,757,871 | |
| Buildings | 72,112,074 | 341,081 | (281,551) | - | 72,171,604 | |
| Machinery and equipment | 6,170,554 | 377,783 | - | - | 6,548,337 | |
| Vehicles | 15,496,281 | 1,277,737 | (885,883) | - | 15,888,135 | |
| Media | 28,309,328 | 605,890 | (418,130) | - | 28,497,088 | |
| Infrastructure assets | <u>219,481,009</u> | <u>10,312,511</u> | <u>-</u> | <u>-</u> | <u>229,793,520</u> | |
| Total | <u>\$ 357,737,828</u> | <u>\$ 15,661,773</u> | <u>\$(1,727,570)</u> | <u>\$ -</u> | <u>\$ 371,672,031</u> | |

| | Accumulated Depreciation | | | | Balance at December 31, 2006 | Net Capital Assets at December 31, 2006 |
|--------------------------|---|-----------------------------|-----------------------------|--------------------|---|--|
| | Balance at December 31, 2005 | Additions | Deletions | Transfers | | |
| Not depreciated: | | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,021,626 |
| Construction in progress | - | - | - | - | - | 1,993,850 |
| Depreciated: | | | | | | |
| Land improvements | 1,144,435 | 350,646 | (4,489) | - | 1,490,592 | 5,267,279 |
| Buildings | 26,356,517 | 1,949,476 | (246,301) | - | 28,059,692 | 44,111,912 |
| Machinery and equipment | 4,619,130 | 442,784 | - | - | 5,061,914 | 1,486,423 |
| Vehicles | 12,280,030 | 1,090,503 | (826,890) | - | 12,543,643 | 3,344,492 |
| Media | 25,945,282 | 519,780 | (418,130) | - | 26,046,932 | 2,450,156 |
| Infrastructure assets | <u>101,683,226</u> | <u>8,046,495</u> | <u>-</u> | <u>-</u> | <u>109,729,721</u> | <u>120,063,799</u> |
| Total | <u>\$ 172,028,620</u> | <u>\$ 12,399,684</u> | <u>\$(1,495,810)</u> | <u>\$ -</u> | <u>\$ 182,932,494</u> | <u>\$ 188,739,537</u> |

The December 31, 2005 balance of infrastructure assets was restated to retroactively report the major general infrastructure assets purchased and annexed in 1980 or subsequently, but prior to 2002, as required by Governmental Accounting Standards Board Statement No. 34. The December 31, 2005 balance of infrastructure assets was restated to retroactively report infrastructure assets annexed into the City from 2002 through 2005.

Construction in progress consists of various projects in the classification of infrastructure assets.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 7 - CAPITAL ASSETS (CONTINUED)

| | <u>Cost</u> | <u>Accumulated Depreciation</u> |
|---|-----------------------|-------------------------------------|
| Infrastructure assets, December 31, 2005, as previously reported | \$ 51,091,883 | \$ 3,617,870 |
| Restatement for retroactive reporting of infrastructure assets from 1980 through 2001 | 155,321,742 | 96,540,450 |
| Restatement for retroactive reporting of infrastructure assets annexed into the City from 2002 through 2005 | <u>13,067,384</u> | <u>1,524,906</u> |
| Infrastructure assets, December 31, 2005, as restated | <u>\$ 219,481,009</u> | <u>\$ 101,683,226</u> |

The source of acquisitions in 2006 follows:

| | |
|--|----------------------|
| Expenditures from Special Revenue Funds | \$ 2,641,323 |
| Expenditures from Capital Projects Funds | 11,819,811 |
| Donated infrastructure assets (annexed property) | <u>1,200,639</u> |
| | <u>\$ 15,661,773</u> |

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

| | |
|---|----------------------|
| Governmental activities: | |
| Elective offices, boards, commissions, and agencies | \$ 2,787 |
| City administration | 137,165 |
| Police | 433,941 |
| Fire | 802,579 |
| Public works | 2,557,391 |
| Community development | 172,220 |
| Public safety | 79,614 |
| General government | 7,599,085 |
| Library | <u>614,902</u> |
| Total depreciation expense | <u>\$ 12,399,684</u> |

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 7 - CAPITAL ASSETS (CONTINUED)

A summary of land, building, and equipment of the Peoria Civic Center Authority and Springdale Cemetery Management Authority follows:

| | <u>Peoria Civic Center Authority</u> | | | |
|--|--|----------------------|-----------------------|--|
| | <u>Balance</u> <u>August 31,</u> <u>2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>August 31,</u> <u>2006</u> |
| Historical cost: | | | | |
| Land | \$ 10,234,750 | \$ 13,168 | \$ - | \$ 10,247,918 |
| Land improvements | 7,277,836 | - | - | 7,277,836 |
| Building and improvements | 84,257,316 | 1,297,616 | - | 85,554,932 |
| Furniture, fixtures, and equipment | 8,182,685 | 141,314 | - | 8,323,999 |
| Construction in process | <u>6,484,967</u> | <u>27,077,252</u> | <u>(1,245,761)</u> | <u>32,316,458</u> |
| Total cost | <u>116,437,554</u> | <u>28,529,350</u> | <u>(1,245,761)</u> | <u>143,721,143</u> |
| Accumulated depreciation: | | | | |
| Land improvements | 3,455,676 | 329,166 | - | 3,784,842 |
| Building and improvements | 44,481,404 | 2,839,067 | - | 47,320,471 |
| Furniture, fixtures, and equipment | <u>6,237,368</u> | <u>550,819</u> | <u>-</u> | <u>6,788,187</u> |
| Total accumulated depreciation | <u>54,174,448</u> | <u>3,719,052</u> | <u>-</u> | <u>57,893,500</u> |
| Net land, building, and equipment | <u>\$ 62,263,106</u> | <u>\$ 24,810,298</u> | <u>\$ (1,245,761)</u> | <u>\$ 85,827,643</u> |

| | <u>Springdale Cemetery Management Authority</u> | | | | |
|--------------------------|---|-------------------|------------------|------------------|---|
| | <u>Balance at</u> <u>December 31,</u> <u>2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance at</u> <u>December 31,</u> <u>2006</u> |
| Cost: | | | | | |
| Assets depreciated: | | | | | |
| Maintenance building | \$ 326,809 | \$ 141 | \$ - | \$ - | \$ 326,950 |
| Building improvements | 350,075 | 16,139 | - | 28,584 | 394,798 |
| Land improvements | 399,594 | 232 | - | - | 399,826 |
| Furniture and equipment | 325,083 | 4,512 | - | 10,253 | 339,848 |
| Assets not depreciated: | | | | | |
| Construction in progress | <u>38,837</u> | <u>103,136</u> | <u>-</u> | <u>(38,837)</u> | <u>103,136</u> |
| Total | <u>\$ 1,440,398</u> | <u>\$ 124,160</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,564,558</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 7 - CAPITAL ASSETS (CONTINUED)

| Springdale Cemetery Management Authority | | | | | |
|---|-------------------------------------|-------------------------|--------------------|-------------------------------------|--|
| Accumulated depreciation: | Balance at December 31, 2005 | Additions | Deletions | Balance at December 31, 2006 | Net Capital Assets at December 31, 2006 |
| Maintenance building | \$ 16,630 | \$ 8,337 | \$ - | \$ 24,967 | \$ 301,983 |
| Building improvements | 9,543 | 11,857 | - | 21,400 | 373,398 |
| Land improvements | 41,238 | 19,992 | - | 61,230 | 338,596 |
| Furniture and equipment | 105,228 | 51,124 | - | 156,352 | 183,496 |
| Construction in progress | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>103,136</u> |
| Total | <u>\$ 172,639</u> | <u>\$ 91,310</u> | <u>\$ -</u> | <u>\$ 263,949</u> | <u>\$ 1,300,609</u> |

Construction in process consists of various projects in the following classifications:

| | <u>Peoria Civic Center Authority</u> | <u>Springdale Cemetery Management Authority</u> |
|----------------------------|---|--|
| Buildings and improvements | <u>\$ 32,316,458</u> | <u>\$ 103,136</u> |

NOTE 8 - RECEIVABLES

Loans receivable and accrued interest receivable at December 31, 2006 are net of allowance for uncollectible accounts in the amounts of \$546,548 and \$123,610, respectively.

Other current receivables at December 31, 2006 consist of the following:

| | |
|---|---------------------|
| Charges for services and reimbursements | \$ 1,048,425 |
| Note receivable | 100,000 |
| Franchise fees | 304,409 |
| Other fines, fees, and taxes | 341,833 |
| Other | <u>430,657</u> |
| | 2,225,324 |
| Less allowance for uncollectible accounts | <u>(92,353)</u> |
| | <u>\$ 2,132,971</u> |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 9 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

| | <u>Final Budget</u> | <u>Actual</u> | <u>Overage</u> |
|------------------------------------|-------------------------|---------------|----------------|
| Motor Fuel Tax Fund | \$ 4,546,010 | \$ 4,667,550 | \$ 121,540 |
| Illinois Municipal Retirement Fund | 5,803,535 | 5,828,024 | 24,489 |
| Downtown Parking Bond Fund | 620,625 | 621,925 | 1,300 |
| 2005A General Obligation Bond Fund | 2,941,888 | 2,943,388 | 1,500 |
| WeaverRidge Debt Service Fund | 552,072 | 823,537 | 271,465 |

(b) No funds had deficit fund balances as of December 31, 2006.

(c) Interfund receivable and payable balances are as follows:

| | | |
|-----------------------------|--|---------------|
| Due to General Fund from: | | |
| Nonmajor governmental funds | | <u>\$ 939</u> |

This balance resulted from allocation of administrative costs and reimbursements of copy and postage charges.

| | | |
|--|--|--------------|
| Due to Capital Improvements Fund from: | | |
| General Fund | | \$ 4,166 |
| Nonmajor governmental funds | | <u>1,513</u> |

Total due to Capital Improvements Fund from other funds \$ 5,679

These balances resulted from allocations of revenue.

| | | |
|--|--|------------|
| Due to nonmajor governmental funds from: | | |
| Capital Improvements Fund | | \$ 253,492 |
| General Fund | | <u>55</u> |

Total due to nonmajor governmental funds from other funds \$ 253,547

These balances resulted primarily from expenditure corrections.

(d) Interfund transfers for the year ended December 31, 2006 consisted of the following:

| | | |
|---------------------------------|--|----------------|
| Transfers to General Fund from: | | |
| Capital Improvements Fund | | \$ 157,500 |
| Nonmajor governmental funds | | <u>222,089</u> |

Total transfers to General Fund \$ 379,589

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 9 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

(d) (Continued)

| | |
|---|-----------------------------|
| Transfers to Capital Improvements Fund from: | |
| General Fund | \$ 7,106,743 |
| Nonmajor governmental funds | <u>161,532</u> |
| Total transfers to Capital Improvements Fund | <u>\$ 7,268,275</u> |
| Transfers to nonmajor governmental funds from: | |
| General Fund | \$ 6,018,221 |
| Capital Improvements Fund | 5,558,517 |
| Peoria Public Library Fund | 661,488 |
| All others | <u>4,887,987</u> |
| Total transfers to nonmajor governmental funds | <u>\$ 17,126,213</u> |

Transfers are used to (1) move revenues from the fund collecting them to the fund that statute or budget reflects to expend them, (2) move receipts restricted to debt service from the funds collecting them to the Debt Service 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 10 - SELF-INSURANCE - PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets, natural disasters, workmen's compensation, and medical and dental claims of its employees and their dependents. The City currently reports all of its risk management activities in its General Fund. 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. At December 31, 2006, the estimate of health and dental claims incurred but not reported provided by the claims administrator, amounted to \$385,566. The City does not anticipate any amount to be incurred but not reported related to liability coverage. The City is not covered by excess liability insurance for workers' compensation claims. The City has coverage for medical and hospital when individual claims exceed \$185,000 individually and approximately \$9,000,000 in the aggregate for claims paid over an annual liability period.

During 2006, the City obtained a two year contract for major general liability coverage with an insurance carrier.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 10 - SELF-INSURANCE - PRIMARY GOVERNMENT (CONTINUED)

The City's major liability insurance coverages include:

- * \$1,000,000/\$2,000,000 limits for general liability
- * \$1,000,000/\$1,000,000 limits for auto, law enforcement, and public officials liability
- * \$5,000,000/\$5,000,000 limits for employment practices liability
- * \$4,000,000 primary umbrella liability
- * Self-insured retention limits apply to all coverages

Annual appropriation is made for the estimated expenditures of each program and claims are expended as incurred. In addition, the City has designated a portion of the General Fund's fund balance to cover future claims which may exceed appropriated amounts in any given year.

Within the General Fund, \$3,000,000 has been designated for general insurance and \$2,900,000 for health insurance. The unpaid reported claims of \$1,798,733 are included in accounts payable on the financial statements in the General Fund. Governmental Accounting Standards Board Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability which include unpaid reported claims and amounts incurred but not reported in fiscal years 2006 and 2005 were:

| | |
|--|----------------------------|
| Balance at December 31, 2004 | \$ 1,400,603 |
| Current year claims and changes in estimates | 11,123,523 |
| Claims paid | <u>(11,078,318)</u> |
| Balance at December 31, 2005 | 1,445,808 |
| Current year claims and changes in estimates | 10,744,190 |
| Claims paid | <u>(10,005,699)</u> |
| Balance at December 31, 2006 | <u>\$ 2,184,299</u> |

NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Plan Descriptions

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

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(CONTINUED)

Pension Plan Descriptions (Continued)

The Illinois Pension Code establishes the benefit provisions of IMRF that can only be amended by the Illinois General Assembly. Additionally, the employer contributions levels of the Police Pension Fund and the Firemen’s Pension Fund are mandated by Illinois State Statute (Chapter 40, Article 3 and Chapter 108-1/2, Article 4, respectively) and may also be amended only by the Illinois legislature.

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

| | | |
|--|---|---|
| Illinois Municipal Retirement Fund 2211 York Road, Suite 500 Oak Brook, Illinois 60523 | Police Pension Board City of Peoria 419 Fulton Street Peoria, Illinois 61602 | Fire Pension Board City of Peoria 419 Fulton Street Peoria, Illinois 61602 |
|--|---|---|

Funding Policy and Annual Pension Cost - Pension Plans

The member rate for IMRF and the employee and employer levels are statutorily dictated and can only be amended with legislative action. The IMRF employee contribution requirements are established and may be amended by the IMRF Board of Trustees. Benefits and refunds of the Police and Firemen’s Pension Funds are recognized when due and payable in accordance with the Plans.

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

| | <u>Illinois Municipal Retirement Fund (4)</u> | <u>Police Pension Fund of Peoria</u> | <u>Firemen’s Pension Fund of Peoria</u> |
|---------------------|--|---|--|
| Contribution rates: | | | |
| City | 15.39% | (1) | (1) |
| Plan members | 4.50% | 9.91% | 9.455% |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(CONTINUED)

Funding Policy and Annual Pension Cost - Pension Plans (Continued)

| | <u>Illinois Municipal Retirement Fund (4)</u> | <u>Police Pension Fund of Peoria</u> | <u>Firemen's Pension Fund of Peoria</u> |
|--|--|---|--|
| Annual pension cost (3): | | | |
| Annual required contribution | \$ 3,646,549 | \$ 1,874,667 | \$ 4,159,859 |
| Interest on net pension obligation | - | (701,736) | (60,494) |
| Adjustment to ARC | <u>-</u> | <u>409,882</u> | <u>44,447</u> |
| Total annual pension cost | 3,646,549 | 1,582,813 | 4,143,812 |
| Contributions made (3) | <u>3,646,549</u> | <u>2,806,118</u> | <u>4,135,322</u> |
| Increase (decrease) in net pension obligation (3) | - | (1,223,305) | 8,490 |
| Net pension obligation (asset) (3): | | | |
| Beginning of period | <u>-</u> | <u>(8,771,696)</u> | <u>(806,593)</u> |
| End of year | <u>\$ -</u> | <u>\$ (9,995,001)</u> | <u>\$ (798,103)</u> |
| Actuarial valuation date | December 31, 2004 | January 1, 2006 | January 1, 2006 |
| Actuarial cost method | Entry age | Entry age | Entry age |
| Amortization method | Level percent closed | Level percent open | Level percent closed |
| Remaining amortization period | 26 years | 27 years, 6 months | 27 years, 6 months |
| Asset valuation method | 5-year smoothed market | Actuarially smoothed market | 4-year smoothed market |
| Actuarial assumptions: | | | |
| Investment rate of return* | 7.50% | 8.00% | 7.5% |
| Projected salary increases* | 4.00% (2) | 6.00% | 5.0% |
| *Includes inflation at | 4.00% | 3.00% | 4.0% |
| Post-retirement benefit increases | 3.00% | - | - |

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

**NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(CONTINUED)**

Funding Policy and Annual Pension Cost - Pension Plans (Continued)

- (1) Proceeds from a tax levy equal to the sum of: (a) annual normal cost plus (b) amortization of unfunded liability as a level percent of pay between now and July 1, 2033 plus (c) interest on (a) and (b) to date of payment.
- (2) Additional salary increases ranging from .4 to 11.6 percent per year depending on age and service, attributable to seniority/merit.
- (3) Data is for the latest actuarial information available which is as of December 31, 2006 for the Illinois Municipal Retirement Fund and as of December 31, 2005 for the Police Pension Fund of Peoria and the Firemen's Pension Fund of Peoria.
- (4) The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study. The principal changes were:
 - The 1994 Group Annuity Mortality implemented.
 - For regular members, fewer normal and more early retirements are expected to occur.

Trend Information - Pension Plans

| <u>Fund</u> | <u>Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------------------|-------------|----------------------------------|--------------------------------------|-------------------------------|
| Illinois Municipal Retirement Fund | 2006 | \$ 3,646,549 | 100.0% | \$0 |
| | 2005 | \$ 3,355,093 | 100.0% | \$0 |
| | 2004 | \$ 1,737,297 | 100.0% | \$0 |
| Police Pension Fund of Peoria | 2006 | To be determined | To be determined | To be determined |
| | 2005 | \$ 1,582,813 | 100.0% | \$ (9,995,001) |
| | 2004 | \$ 1,371,070 | 189.1% | \$ (8,771,696) |
| Firemen's Pension Fund of Peoria | 2006 | To be determined | To be determined | To be determined |
| | 2005 | \$ 4,143,812 | 100.0% | \$ (798,103) |
| | 2004 | \$ 3,132,331 | 99.7% | \$ (806,593) |

CITY OF PEORIA, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits

The City also has a postemployment benefit plan covering substantially all of its retirees. Currently, there are 477 retirees that participate in this plan. The plan is a pay-as-you-go contributory health insurance program with retirees' contributions making up 80 percent of the funding (less age/service discounts). The City's contributions are established by the Joint Labor/Management Healthcare Committee, which was established in 1994 by various unions representing City employees and representative nonunion City employees. The Committee is made up of 16 voting members appointed by these parties. The provisions of this plan may only be modified upon the unanimous agreement of all of the voting members of the Committee and approval by the City Council. During the year, the City recognized \$1,332,697 as the City's employer portion of retirees' total annual health insurance premiums.

NOTE 12 - COMMITMENTS - PRIMARY GOVERNMENT

Peoria Civic Center Authority

The intergovernmental agreement between the City and the Peoria Civic Center Authority (the Civic Center) titled "1996 Intergovernmental Agreement Between the City of Peoria and the Peoria Civic Center Authority" was entered into on January 1, 1996 and replaced the previous 1990 Civic Center Agreement in its entirety. The agreement establishes a consistent mechanism for a flow of funds from the City to the Civic Center in order to provide funding for operations and capital improvements. This is accomplished by allocating Hotel, Restaurant, and Amusement (HRA) taxes, levied by the City, to the Civic Center in a stipulated formula after meeting the debt service on bonds issued for the purpose of capital improvements to the Peoria Civic Center. During the year ended December 31, 2006, the City recognized approximately \$1,708,000 as subsidies to the Civic Center, exclusive of the amounts provided from bond proceeds and to cover debt payments for debt issued to fund improvements of the Authority.

Peoria Area Convention and Visitors Bureau, Inc.

Under City Council agreement, an allotted portion of hotel taxes is distributed directly to the Peoria Area Convention and Visitors Bureau, Inc. (Convention Bureau) from the City. During the year ended December 31, 2006, the City recognized approximately \$855,500 as subsidies to the Convention Bureau. These amounts have been reflected as expenditures within the General Fund.

Arts Partners

Per City Council agreement, effective August 2002, 2 percent of restaurant taxes are being distributed to the non-profit organization, Arts Partners, for the time period August 2004 through August 2006. During the year ended December 31, 2006, the City recognized approximately \$116,500 as subsidies to the organization.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 12 - COMMITMENTS - PRIMARY GOVERNMENT (CONTINUED)

Tourism Reserve Fund

This fund was established on January 1, 1996 by the “1996 Intergovernmental Agreement between the City of Peoria and the Peoria Civic Center Authority.” The agreement not only establishes a consistent mechanism for a flow of funds from the City to the Authority in order to provide funding for operations and capital improvements by allocating hotel, restaurant, and amusement taxes, levied by the City, to the Authority in a stipulated formula, but also established an allocation of hotel taxes, increases in hotel, restaurant, and amusement taxes, and a stipulated amount from the Authority to fund the Tourism Reserve Fund. It is operated by a committee made up of representatives from the Peoria Civic Center Authority, the Peoria City Council, and the Peoria Area Convention and Visitors Bureau. During the year ended December 31, 2006, the City recognized approximately \$499,000 as subsidies to this fund.

Lease Commitments

The City leases office space under a noncancelable operating lease expiring in 2009. Future minimum lease payments under this lease are as follows:

| | |
|--------------|--------------------------|
| 2007 | \$ 294,775 |
| 2008 | 303,373 |
| 2009 | <u>128,964</u> |
| Total | <u>\$ 727,112</u> |

Total rent expense on the above lease was approximately \$301,000 for the year ended December 31, 2006.

Various Contract Commitments

The City has commitments on various contracts for the purposes noted as follows to be expended after year end:

| <u>Purpose</u> | <u>Amount</u> |
|----------------------|---------------|
| Special assessments | \$ 156,213 |
| Street improvements | 990,488 |
| Economic development | 210,717 |
| Traffic grant | 97,311 |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 13 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2006, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$7,994,000.

NOTE 14 - CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, based on information provided by the City's counsel, resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a 60 percent guarantor on a \$750,000 commercial mortgage loan issued August 16, 1994. The City's contingent liability in the event of borrower default includes 60 percent of combined totals for unpaid loan principal, unpaid interest, plus the lender's related fees, costs, and expenses.

NOTE 15 - OTHER COMPONENT UNIT DISCLOSURES

Peoria Civic Center Authority of Peoria, Illinois

All disclosures for the Civic Center are as of and for the year ended August 31, 2006.

SMG as Agent for the Civic Center

The Civic Center has contracted with SMG whereby SMG will manage the operations of the Civic Center. In May 2005, the Authority executed a contract with SMG to manage the operations of the Authority from September 1, 2005 to August 31, 2008. In accordance with that agreement, SMG is paid a base rate and an incentive rate based on risk management, maintenance of facility, client satisfaction, and diversity of programming.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives, which range from 3 to 19 years, on the straight-line basis.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 15 - OTHER COMPONENT UNIT DISCLOSURES (CONTINUED)

Peoria Civic Center Authority of Peoria, Illinois (Continued)

Compensated Absences

Employees are annually granted vacation and sick leave in varying amounts depending upon the length of employment. All employees are 100 percent vested for vacation leave. Certain employees under union contract are paid for unused sick time which exceeds a certain threshold; however, unused sick time is not compensable at termination. Vested accumulated unpaid compensated absences are accrued.

Long-Term Debt

Long-term debt consists of an unsecured note payable to a bank in the original amount of \$1,575,000, requiring monthly installments of \$22,745, including interest at 5.55 percent per year, with final payment due in November 2007, and two similar unsecured promissory notes, each in the original amount of \$775,000, both requiring monthly installments of \$5,144, including interest at 5.0 percent per year, with final payments due in November 2023.

Future maturities of long-term debt are as follows:

| | |
|------------------------|---------------------|
| Year ending August 31: | |
| 2007 | \$ 287,003 |
| 2008 | 627,194 |
| 2009 | 59,262 |
| 2010 | 62,294 |
| 2011 | 65,482 |
| 2012-2016 | 381,222 |
| 2017-2021 | 489,245 |
| 2022-2024 | <u>253,110</u> |
| | <u>\$ 2,224,812</u> |

Employee Benefit Plan

The Civic Center's trade employees are primarily covered by a union-sponsored pension plan. The Civic Center contributed and charged to expense amounts determined in accordance with the provisions of negotiated labor contracts which are generally based on the number of man-hours worked. Pension expense was approximately \$32,000 for fiscal year 2006.

A 401(k) savings plan is also provided for all full-time employees age 21 or older with one year of service not covered by the union-sponsored plan. Under the provisions of the plan, 66 percent of the first 5 percent of the employee's contributions to the plan are matched by the employer and 1 percent of the employee's compensation is contributed by the employer. Employer contributions are 100 percent vested after three years of continuous service. The expense for the plan to the Civic Center was approximately \$65,000 in fiscal year 2006.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 15 - OTHER COMPONENT UNIT DISCLOSURES (CONTINUED)

Peoria Civic Center Authority of Peoria, Illinois (Continued)

Risk Management

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

Commitments

The Civic Center entered into architectural and construction contracts related to potential building improvements. As of August 31, 2006, the amount of the contract for architectural services is \$3,998,750 and the amount for various construction contracts is \$45,920,883. At August 31, 2006, the services were in the construction phase related to the project, and \$26,430,273 of costs related to the contracts had been incurred. The Civic Center is obligated to pay the remainder of the costs under the contracts as the work is completed. Significant portions of such construction are funded by bonds issued by the City.

Springdale Cemetery Management Authority

Capital Assets

Capital assets include buildings, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the Authority as assets with an initial unit cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and equipment of the Authority are depreciated using the straight-line method over the following useful lives.

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 39 |
| Land improvements | 20 |
| Furniture and equipment | 5-7 |

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 15 - OTHER COMPONENT UNIT DISCLOSURES (CONTINUED)

Springdale Cemetery Management Authority (Continued)

Unearned Revenue

Unearned revenue at December 31, 2006 consists of pre-need service revenue that has not yet been earned as the service has not yet been performed.

Restricted Net Assets

This includes resources that the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed. Restricted net assets at December 31, 2006 amount to \$237,495 and are comprised of amounts endowed to the Cemetery, earnings on which are designated to be used for purposes specified by the donor, such as purchase and placement of flowers on individual graves.

In-kind Contributions and Donated Services

In-kind contributions are recorded as revenue and expense (or capitalized, if applicable) in the statement of activities. The Authority received inventory and equipment in the amounts of \$9,225 and \$141,743, respectively, from the Springdale Historic Preservation Foundation during the year ended December 31, 2006. The Authority receives donated services from volunteer workers who assist the staff in mowing and related services. No monetary value for these services is reflected in the financial statements as they do not require specialized skill.

Risk Management

The Authority purchases commercial insurance for worker's compensation, general liability, and property loss. Settled claims have not exceeded this commercial coverage during the past three years.

The Springdale Historic Preservation Foundation, Component Unit

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Restrictions on net assets of the Springdale Historic Preservation Foundation at December 31, 2006 relate to contributions received from donors with restrictions or designations for specific use of the funds. The restrictions include funding for equipment purchases, repair projects, and specific portions of the cemetery. Temporarily restricted net assets are available for the following purposes at December 31, 2006:

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 15 - OTHER COMPONENT UNIT DISCLOSURES (CONTINUED)

Springdale Cemetery Management Authority (Continued)

The Springdale Historic Preservation Foundation, Component Unit (Continued)

| | |
|--------------------|------------------|
| Stone family plots | \$ 655 |
| Cemetery projects | 722 |
| Record retention | 50 |
| Soldiers Hill | 9,234 |
| Lawn maintenance | 5,000 |
| Special projects | 20,000 |
| Tractor | <u>15,250</u> |
| | <u>\$ 50,911</u> |

NOTE 16 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will generally require the costs of postemployment benefits other than pension benefits to be recognized over a period that approximates an employee's years of service rather than on a pay-as-you-go basis, as is current practice. The City will adopt this new standard beginning in 2007, the year in which adoption is first required by the City. The impact of adopting this standard has not yet been fully determined.

An actuarial valuation of the City's GASB 45 annual required contribution for 2007 OPEB has been performed and a GASB 43 funding plan is currently under consideration by the City. To further address GASB 45 OPEB liability issues, the City replaced the 2006 health insurance plan with three new 2007 health plans available to retirees and current City employees.

NOTE 17 - RESTATEMENT OF BEGINNING NET ASSETS

Net assets of the governmental activities at December 31, 2005 were restated to retroactively report the major general infrastructure assets purchased by the City and annexed into the City in 1980 or subsequently, but prior to 2002, as required by Governmental Accounting Standards Board Statement No. 34.

Net assets of the governmental activities at December 31, 2005 were restated to report infrastructure assets annexed into the City during the years 2002 through 2005. Prior to this restatement, the City's accounting system did not capture infrastructure assets contributed by developers in the City's growth cell areas. Due to this accounting oversight, all infrastructure assets annexed by the City from 2002 through 2005 were previously omitted from the City's records.

CITY OF PEORIA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE 17 - RESTATEMENT OF BEGINNING NET ASSETS (CONTINUED)

Additionally, net assets of the governmental activities at December 31, 2005 were restated to report a promissory note payable to Wal-Mart Stores, Inc. for reimbursement of a portion of the costs paid by Wal-Mart for the construction and improvements to portions of Allen road adjoining the new Wal-Mart site. In December 2002, the City received \$600,000 reimbursable principal amount from Wal-Mart which was utilized for the construction and improvements. The liability was not recognized by the City at that time.

The effect and restatement to correct the balances at December 31, 2005 is as follows:

| | <u>Net Assets</u> | <u>Change in Net Assets</u> |
|---|------------------------------|---------------------------------|
| Balance, as previously reported at December 31, 2005 | \$ 65,873,500 | \$ 5,836,647 |
| Retroactive reporting of infrastructure purchased in 1980 or subsequently, but prior to 2002 | 43,303,126 | - |
| Retroactive reporting of infrastructure annexed in 1980 or subsequently, but prior to 2002 | 15,478,166 | - |
| Record infrastructure annexed during 2002 through 2005 | 11,542,478 | 2,768,942 |
| Record promissory note payable to Wal-Mart Stores, Inc. | <u>(687,788)</u> | <u>-</u> |
| Balances, as restated at December 31, 2005 | <u>\$ 135,509,482</u> | <u>\$ 8,605,589</u> |

NOTE 18 - SUBSEQUENT EVENT

During May 2007, the Council approved a pledge of \$3,300,000 of utility tax revenues as a guarantee for a loan from National City Bank for costs associated with the relocation to the City and costs of expansion of an energy company.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF PEORIA, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND, PEORIA PUBLIC LIBRARY FUND,
AND POLICE AND FIRE PENSION LEVY FUND**

Year Ended December 31, 2006

| | <u>General Fund</u> | | | |
|--|----------------------------|-------------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
| REVENUES | | | | |
| Property taxes | \$ 5,751,063 | \$ 5,751,063 | \$ 5,720,355 | \$ (30,708) |
| Corporate personal property replacement taxes | 3,395,681 | 3,395,681 | 4,348,093 | 952,412 |
| State sales taxes | 22,043,600 | 22,043,600 | 22,858,382 | 814,782 |
| State income tax allocation | 8,509,900 | 9,085,340 | 9,679,194 | 593,854 |
| Home rule sales taxes | 22,352,600 | 22,352,600 | 22,888,067 | 535,467 |
| Hotel, restaurant, and amusement taxes | 7,163,449 | 7,163,449 | 7,449,766 | 286,317 |
| Utility taxes | 8,546,100 | 8,546,100 | 8,568,744 | 22,644 |
| Governmental grants and reimbursements | 108,200 | 420,932 | 813,093 | 392,161 |
| Licenses and permits | 1,918,100 | 1,918,100 | 1,743,658 | (174,442) |
| Service charges/fines/fees | 17,325,643 | 17,611,143 | 17,361,153 | (249,990) |
| Contributions | - | - | - | - |
| Rental | 50,570 | 50,570 | 261,019 | 210,449 |
| Interest | 674,390 | 674,390 | 1,420,313 | 745,923 |
| Other | 2,513,906 | 2,507,318 | 3,093,511 | 586,193 |
| Total revenues | <u>100,353,202</u> | <u>101,520,286</u> | <u>106,205,348</u> | <u>4,685,062</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Elective offices, boards, commissions and agencies | 1,527,545 | 1,830,848 | 1,715,055 | (115,793) |
| City administration | 5,476,128 | 6,188,170 | 5,586,982 | (601,188) |
| Benefits | 19,994,907 | - | - | - |
| Police | 21,417,893 | 27,781,413 | 26,691,022 | (1,090,391) |
| Fire | 14,995,316 | 19,004,534 | 18,457,643 | (546,891) |
| Public works | 16,323,332 | 19,015,043 | 19,102,629 | 87,586 |
| Community development | 4,091,615 | 5,162,401 | 5,645,665 | 483,264 |
| Public safety | 5,549,030 | 7,052,434 | 6,583,724 | (468,710) |
| General government | 91,888 | 4,583,746 | 4,931,665 | 347,919 |
| Library | - | 812,093 | 682,069 | (130,024) |
| Debt Service - Principal | - | 37,612 | 37,611 | (1) |
| Debt Service - Interest | - | 37,828 | 37,829 | 1 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>89,467,654</u> | <u>91,506,122</u> | <u>89,471,894</u> | <u>(2,034,228)</u> |
| Excess of revenues over expenditures | <u>10,885,548</u> | <u>10,014,164</u> | <u>16,733,454</u> | <u>6,719,290</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 247,985 | 377,073 | 379,589 | 2,516 |
| Transfers out | (10,788,383) | (10,822,883) | (13,124,964) | (2,302,081) |
| Total other financing uses | <u>(10,540,398)</u> | <u>(10,445,810)</u> | <u>(12,745,375)</u> | <u>(2,299,565)</u> |
| Net change in fund balance | <u>\$ 345,150</u> | <u>\$ (431,646)</u> | <u>3,988,079</u> | <u>\$ 4,419,725</u> |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>25,288,704</u> | |
| End of year | | | <u>\$ 29,276,783</u> | |

Notes to Required Supplemental Information

Basis of Accounting - The City of Peoria, Illinois budget is prepared on the modified accrual basis for all budgeted funds, including the major funds, General, Peoria Public Library, and Police and Fire Pension Levy, as presented in Exhibit H of the Required Supplemental Information.

Exclusion of Workforce Development Fund in Budget to Actual Comparison - This fund operates primarily with grants that are adopted for a period other than the calendar year. The budget to actual comparison for this fund has not been included because the budget is for the length of the grants, not the calendar year, therefore, presentation of such is not meaningful.

| Peoria Public Library Fund | | | | Police and Fire Pension Levy Fund | | | |
|----------------------------|---------------------|---------------------|----------------------------|-----------------------------------|------------------|------------------|----------------------------|
| Original Budget | Final Budget | Actual | Variance With Final Budget | Original Budget | Final Budget | Actual | Variance With Final Budget |
| \$ 5,548,178 | \$ 5,548,178 | \$ 5,517,325 | \$ (30,853) | \$ 5,901,032 | \$ 5,901,032 | \$ 5,866,601 | \$ (34,431) |
| 400,335 | 400,335 | 400,335 | - | 1,138,252 | 1,138,252 | 1,138,252 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 141,057 | 178,972 | 121,559 | (57,413) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 126,148 | 126,148 | 132,559 | 6,411 | - | - | - | - |
| - | - | 120,217 | 120,217 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 17,533 | 17,533 | 61,553 | 44,020 | - | - | 16,716 | 16,716 |
| 5,152 | 134,146 | 74,944 | (59,202) | - | - | - | - |
| <u>6,238,403</u> | <u>6,405,312</u> | <u>6,428,492</u> | <u>23,180</u> | <u>7,039,284</u> | <u>7,039,284</u> | <u>7,021,569</u> | <u>(17,715)</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 2,879,425 | 2,879,425 | 2,872,192 | (7,233) |
| - | - | - | - | 4,159,859 | 4,159,859 | 4,149,377 | (10,482) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 4,934,219 | 5,237,105 | 4,866,003 | (371,102) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 642,696 | 643,360 | 605,890 | (37,470) | - | - | - | - |
| <u>5,576,915</u> | <u>5,880,465</u> | <u>5,471,893</u> | <u>(408,572)</u> | <u>7,039,284</u> | <u>7,039,284</u> | <u>7,021,569</u> | <u>(17,715)</u> |
| <u>661,488</u> | <u>524,847</u> | <u>956,599</u> | <u>431,752</u> | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (661,488) | (661,488) | (661,488) | - | - | - | - | - |
| <u>(661,488)</u> | <u>(661,488)</u> | <u>(661,488)</u> | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ (136,641)</u> | 295,111 | <u>\$ 431,752</u> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| | | <u>2,012,738</u> | | | | - | |
| | | <u>\$ 2,307,849</u> | | | | <u>\$ -</u> | |

CITY OF PEORIA, ILLINOIS
PENSION FUNDS - ANALYSIS OF FUNDING PROGRESS

(Unaudited - See Accompanying Independent Auditor's Report)

Required Supplementary Information
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| <u>Illinois Municipal Retirement Fund</u> | | | | | | |
| 12/31/06 | \$ 60,215,014 | \$ 73,666,247 | \$ 13,451,233 | 81.74% | \$ 23,694,274 | 56.77% |
| 12/31/05 | 51,763,284 | 67,849,024 | 16,085,740 | 76.29 | 22,412,111 | 71.77 |
| 12/31/04 | 45,181,442 | 62,039,008 | 16,857,566 | 72.83 | 21,238,355 | 79.37 |
| On a market value basis, the actuarial value of assets as of December 31, 2006 is \$66,425,498. On a market basis, the funded ratio would be 90.17 percent. | | | | | | |
| <u>Police Pension Fund of Peoria</u> | | | | | | |
| 1/1/06 | \$ 132,885,471 | \$ 150,801,697 | \$ 17,916,226 | 88.1% | \$ 13,826,899 | 129.58% |
| 1/1/05 | 126,819,715 | 145,366,358 | 18,546,643 | 87.2 | 13,144,754 | 141.10 |
| 1/1/04 | 121,371,509 | 136,807,622 | 15,436,113 | 88.7 | 12,250,838 | 126.00 |
| <u>Firemen's Pension Fund of Peoria</u> | | | | | | |
| 1/1/06 | \$ 102,605,299 | \$ 139,904,151 | \$ 37,298,852 | 73.3% | \$ 12,135,431 | 307.35% |
| 1/1/05 | 99,177,902 | 136,552,931 | 37,375,029 | 72.6 | 11,456,975 | 326.22 |
| 1/1/04 | 96,453,542 | 119,297,054 | 22,843,512 | 80.9 | 11,058,525 | 206.57 |

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2006

| ASSETS | Motor Fuel Tax Fund | Community Development Block Grant Fund |
|--|------------------------------------|---|
| Cash | \$ 233,130 | \$ 686,949 |
| Cash with trustee | - | - |
| Investments | 7,445,517 | - |
| Property taxes receivable | - | - |
| State sales taxes receivable | - | - |
| Governmental grants and reimbursements receivable | 287,316 | - |
| Loans receivable, net | 69,377 | 118,423 |
| Other receivables, net | 1,500 | - |
| Accrued interest receivable | 47,772 | 9,150 |
| Due from other funds | <u>-</u> | <u>55</u> |
| TOTAL ASSETS | <u>\$ 8,084,612</u> | <u>\$ 814,577</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ 820,498 | \$ 86,630 |
| Accrued payroll | 1,423 | 30,307 |
| Due to other funds | - | 603 |
| Unearned revenue - property taxes | - | - |
| Unearned revenue - other | <u>69,377</u> | <u>697,037</u> |
| Total liabilities | <u>891,298</u> | <u>814,577</u> |
| FUND BALANCE | | |
| Reserved for encumbrances | 823,329 | - |
| Reserved for future road projects | 6,369,985 | - |
| Reserved for debt service | - | - |
| Reserved for riverfront development | - | - |
| Reserved for employees' pension benefits | - | - |
| Reserved for parking deck construction | - | - |
| Unreserved: | | |
| Designated for debt service | - | - |
| Undesignated | <u>-</u> | <u>-</u> |
| Total fund balance | <u>7,193,314</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 8,084,612</u> | <u>\$ 814,577</u> |

Special Revenue Funds

| State & Local Auto Theft Enforcement Grant Fund | Multi-County MEG Grant Fund | Home Investment Partnership Program Fund | Illinois Municipal Retirement Fund | Solid Waste Fund | Peoria Foreign Fire Insurance Board |
|--|--|---|---|---------------------------------|--|
| \$ 62,584 | \$ 25,000 | \$ 97,524 | \$ 729,763 | \$ 139,759 | \$ 28,221 |
| - | - | - | - | - | - |
| 557 | - | - | 1,741 | 617,770 | 309,121 |
| - | - | - | 4,303,200 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 143,017 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 6,162 |
| - | - | 3,208 | - | - | - |
| <u>\$ 63,141</u> | <u>\$ 25,000</u> | <u>\$ 243,749</u> | <u>\$ 5,034,704</u> | <u>\$ 757,529</u> | <u>\$ 343,504</u> |
| \$ 21,440 | \$ 17,795 | \$ 18,434 | \$ 571,226 | \$ 12,060 | \$ - |
| 1,279 | - | 1,926 | - | - | - |
| - | - | - | - | 315 | - |
| - | - | - | 4,303,200 | - | - |
| 28,060 | 7,205 | 223,389 | - | - | - |
| <u>50,779</u> | <u>25,000</u> | <u>243,749</u> | <u>4,874,426</u> | <u>12,375</u> | <u>-</u> |
| 8,705 | - | - | - | 33,376 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 160,278 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,657 | - | - | - | 711,778 | 343,504 |
| <u>12,362</u> | <u>-</u> | <u>-</u> | <u>160,278</u> | <u>745,154</u> | <u>343,504</u> |
| <u>\$ 63,141</u> | <u>\$ 25,000</u> | <u>\$ 243,749</u> | <u>\$ 5,034,704</u> | <u>\$ 757,529</u> | <u>\$ 343,504</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2006

| | Downtown Parking Bond Fund | Debt Service 2005A General Obligation Debt Service Bonds |
|--|---|---|
| ASSETS | | |
| Cash | \$ - | \$ - |
| Cash with trustee | 306,983 | 5,058,150 |
| Investments | - | - |
| Property taxes receivable | - | - |
| State sales taxes receivable | - | - |
| Governmental grants and reimbursements receivable | - | - |
| Loans receivable, net | - | - |
| Other receivables, net | - | - |
| Accrued interest receivable | - | 27,873 |
| Due from other funds | - | - |
| | - | - |
| TOTAL ASSETS | \$ 306,983 | \$ 5,086,023 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ - | \$ 1,470,944 |
| Accrued payroll | - | - |
| Due to other funds | - | - |
| Unearned revenue - property taxes | - | - |
| Unearned revenue - other | - | - |
| Total liabilities | - | 1,470,944 |
| FUND BALANCE | | |
| Reserved for encumbrances | - | - |
| Reserved for future road projects | - | - |
| Reserved for debt service | 306,983 | 3,615,079 |
| Reserved for riverfront development | - | - |
| Reserved for employees' pension benefits | - | - |
| Reserved for parking deck construction | - | - |
| Unreserved: | | |
| Designated for debt service | - | - |
| Undesignated | - | - |
| Total fund balance | 306,983 | 3,615,079 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 306,983 | \$ 5,086,023 |

**SCHEDULE 1
(CONTINUED)**

| <u>Funds</u> | | <u>Capital Projects Funds</u> | | | |
|--|--|---|--|--|---|
| <u>WeaverRidge Debt Service Fund</u> | <u>General Obligation Bonds Debt Service Master Fund</u> | <u>Southtown TIF Project Fund</u> | <u>Downtown TIF Project Fund</u> | <u>Campustown TIF Project Fund</u> | <u>Northside TIF Project Fund</u> |
| \$ - | \$ 32,747 | \$ 344,024 | \$ 1,495,918 | \$ 72,315 | \$ 561,358 |
| 916,490 | - | 3,621,932 | - | - | - |
| - | - | 164,072 | 488,425 | 1,103 | 340,707 |
| 100,000 | - | 1,889,900 | 1,760,400 | 99,000 | 588,500 |
| - | - | 13,438 | - | 39,430 | - |
| - | - | - | - | - | - |
| - | - | 81,009 | - | - | - |
| - | - | 2,528 | - | - | - |
| - | - | 5,217 | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 1,016,490</u> | <u>\$ 32,747</u> | <u>\$ 6,122,120</u> | <u>\$ 3,744,743</u> | <u>\$ 211,848</u> | <u>\$ 1,490,565</u> |
| | | | | | |
| \$ 5,033 | \$ - | \$ 31,863 | \$ - | \$ - | \$ 90,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 100,000 | - | 1,889,900 | 1,760,400 | 99,000 | 588,500 |
| - | - | 81,245 | - | - | - |
| <u>105,033</u> | <u>-</u> | <u>2,003,008</u> | <u>1,760,400</u> | <u>99,000</u> | <u>678,500</u> |
| | | | | | |
| - | - | 19,085 | - | - | 624,035 |
| - | - | - | - | - | - |
| 911,457 | 32,747 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 3,621,932 | - | - | - |
| - | - | 478,095 | 1,325,003 | 112,848 | 188,030 |
| - | - | - | 659,340 | - | - |
| <u>911,457</u> | <u>32,747</u> | <u>4,119,112</u> | <u>1,984,343</u> | <u>112,848</u> | <u>812,065</u> |
| | | | | | |
| <u>\$ 1,016,490</u> | <u>\$ 32,747</u> | <u>\$ 6,122,120</u> | <u>\$ 3,744,743</u> | <u>\$ 211,848</u> | <u>\$ 1,490,565</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2006

| ASSETS | Midtown Plaza TIF Project Fund | Northside Business Park TIF Project Fund |
|--|---|---|
| Cash | \$ 21,596 | \$ 7,255 |
| Cash with trustee | - | - |
| Investments | 29,884 | 28,635 |
| Property taxes receivable | 110,800 | 118,900 |
| State sales taxes receivable | - | - |
| Governmental grants and reimbursements receivable | - | - |
| Loans receivable, net | - | - |
| Other receivables, net | - | - |
| Accrued interest receivable | - | - |
| Due from other funds | - | - |
| | - | - |
| TOTAL ASSETS | <u>\$ 162,280</u> | <u>\$ 154,790</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ - | \$ - |
| Accrued payroll | - | - |
| Due to other funds | - | - |
| Unearned revenue - property taxes | 110,800 | 118,900 |
| Unearned revenue - other | - | - |
| Total liabilities | <u>110,800</u> | <u>118,900</u> |
| FUND BALANCE | | |
| Reserved for encumbrances | - | - |
| Reserved for future road projects | - | - |
| Reserved for debt service | - | - |
| Reserved for riverfront development | - | - |
| Reserved for employees' pension benefits | - | - |
| Reserved for parking deck construction | - | - |
| Unreserved: | | |
| Designated for debt service | 51,480 | - |
| Undesignated | - | 35,890 |
| Total fund balance | <u>51,480</u> | <u>35,890</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 162,280</u> | <u>\$ 154,790</u> |

**SCHEDULE 1
(CONTINUED)**

| Capital Projects Funds | | | | |
|--|---|--|--|--|
| Downtown Stadium TIF Project Fund | 2004B General Obligation Bond Project Fund | 2006 Special Assessment Bond Project Fund | City of Peoria Designated Zone Organization | Total Nonmajor Governmental Funds |
| \$ 30,630 | \$ 1,742,646 | \$ 3,878,266 | \$ 66,856 | \$ 10,256,541 |
| - | - | - | - | 9,903,555 |
| 697 | - | - | 1,242 | 9,429,471 |
| 397,300 | - | - | - | 9,368,000 |
| - | - | - | - | 52,868 |
| - | - | - | - | 287,316 |
| - | - | - | - | 411,826 |
| - | - | - | 41,667 | 45,695 |
| - | - | - | - | 96,174 |
| - | 236,799 | - | 13,485 | 253,547 |
| <u>\$ 428,627</u> | <u>\$ 1,979,445</u> | <u>\$ 3,878,266</u> | <u>\$ 123,250</u> | <u>\$ 40,104,993</u> |
| \$ - | \$ 99,658 | \$ 24,127 | \$ 48,250 | \$ 3,317,958 |
| - | 5,420 | - | - | 40,355 |
| - | 1,534 | - | - | 2,452 |
| 397,300 | - | - | - | 9,368,000 |
| - | - | - | 41,667 | 1,147,980 |
| <u>397,300</u> | <u>106,612</u> | <u>24,127</u> | <u>89,917</u> | <u>13,876,745</u> |
| - | 156,213 | 175,418 | - | 1,840,161 |
| - | - | - | - | 6,369,985 |
| - | - | - | - | 4,866,266 |
| - | - | - | 33,333 | 33,333 |
| - | - | - | - | 160,278 |
| - | - | - | - | 3,621,932 |
| 31,327 | - | - | - | 2,186,783 |
| - | 1,716,620 | 3,678,721 | - | 7,149,510 |
| <u>31,327</u> | <u>1,872,833</u> | <u>3,854,139</u> | <u>33,333</u> | <u>26,228,248</u> |
| <u>\$ 428,627</u> | <u>\$ 1,979,445</u> | <u>\$ 3,878,266</u> | <u>\$ 123,250</u> | <u>\$ 40,104,993</u> |

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006

| | Motor Fuel Tax Fund | Community Development Block Grant Fund |
|--|------------------------------------|---|
| REVENUES | | |
| Property taxes | \$ - | \$ - |
| Corporate personal property replacement taxes | - | - |
| State sales taxes | - | - |
| Governmental grants and reimbursements | 3,662,265 | 1,871,147 |
| Service charges/fines/fees | - | - |
| Contributions | - | - |
| Loan repayment | - | 51,495 |
| Interest | 382,891 | 674 |
| Other | 4,818 | 81,262 |
| Total revenues | 4,049,974 | 2,004,578 |
| EXPENDITURES | | |
| Current: | | |
| Elective offices, boards, commissions and agencies | - | - |
| City administration | - | 22,503 |
| Police | - | - |
| Fire | - | - |
| Public works | 2,737,845 | - |
| Community development | - | 1,414,792 |
| Public safety | - | 421,995 |
| General government | 50 | - |
| Library | - | - |
| Capital outlay | 1,929,655 | - |
| Debt service: | | |
| Principal | - | - |
| Interest | - | - |
| Total debt service | - | - |
| Total expenditures | 4,667,550 | 1,859,290 |
| Excess (deficiency) of revenues over expenditures | (617,576) | 145,288 |
| OTHER FINANCING SOURCES (USES) | | |
| Issued bonds | - | - |
| Premium on issued bonds | - | - |
| Payment to refunding bond escrow agent | - | - |
| Transfers in | - | - |
| Transfers out | - | (145,288) |
| Total other financing sources (uses) | - | (145,288) |
| Net change in fund balance | (617,576) | - |
| FUND BALANCE | | |
| Beginning of year | 7,810,890 | - |
| End of year | \$ 7,193,314 | \$ - |

Special Revenue Funds

| State & Local Auto Theft Enforcement Grant Fund | Multi- County MEG Grant Fund | Home Investment Partnership Program Fund | Illinois Municipal Retirement Fund | Solid Waste Fund | Peoria Foreign Fire Insurance Board |
|--|---|---|---|---------------------------------|--|
| \$ - | \$ - | \$ - | \$ 4,174,129 | \$ - | \$ - |
| - | - | - | 938,432 | - | - |
| - | - | - | - | - | - |
| - | 115,302 | 2,535,349 | - | - | 97,671 |
| - | - | - | - | 352,959 | - |
| 352,718 | - | - | - | - | - |
| - | - | 52,580 | - | - | - |
| 27 | - | - | 38,316 | 32,464 | 12,226 |
| 85 | - | 14,164 | 8,525 | - | - |
| <u>352,830</u> | <u>115,302</u> | <u>2,602,093</u> | <u>5,159,402</u> | <u>385,423</u> | <u>109,897</u> |
| - | - | - | 199,647 | - | - |
| - | - | - | 808,590 | - | - |
| 337,059 | 115,302 | - | 606,323 | - | - |
| - | - | - | 240,516 | - | 100,026 |
| - | - | - | 1,501,632 | - | - |
| - | - | 2,602,093 | 691,487 | - | - |
| - | - | - | 1,109,533 | - | - |
| 8,482 | - | - | - | 170,585 | - |
| - | - | - | 670,296 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>345,541</u> | <u>115,302</u> | <u>2,602,093</u> | <u>5,828,024</u> | <u>170,585</u> | <u>100,026</u> |
| <u>7,289</u> | <u>-</u> | <u>-</u> | <u>(668,622)</u> | <u>214,838</u> | <u>9,871</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 661,488 | - | - |
| - | - | - | - | (76,801) | - |
| - | - | - | <u>661,488</u> | <u>(76,801)</u> | - |
| 7,289 | - | - | (7,134) | 138,037 | 9,871 |
| <u>5,073</u> | <u>-</u> | <u>-</u> | <u>167,412</u> | <u>607,117</u> | <u>333,633</u> |
| <u>\$ 12,362</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 160,278</u> | <u>\$ 745,154</u> | <u>\$ 343,504</u> |

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006

| | Debt Service Funds | | |
|--|---|---|--|
| | Downtown Parking Bond Fund | 2005A General Obligation Bond Fund | WeaverRidge Debt Service Fund |
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ 145,392 |
| Corporate personal property replacement taxes | - | - | - |
| State sales taxes | - | - | - |
| Governmental grants and reimbursements | - | - | - |
| Service charges/fines/fees | - | - | - |
| Contributions | - | - | - |
| Loan repayment | - | - | - |
| Interest | 13,160 | 190,734 | 23,550 |
| Other | - | - | - |
| Total revenues | <u>13,160</u> | <u>190,734</u> | <u>168,942</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Elective offices, boards, commissions and agencies | - | - | - |
| City administration | - | - | - |
| Police | - | - | - |
| Fire | - | - | - |
| Public works | - | - | - |
| Community development | - | - | - |
| Public safety | - | - | - |
| General government | 1,300 | 1,500 | 301,480 |
| Library | - | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | 555,000 | - | 185,000 |
| Interest | 65,625 | 2,941,888 | 337,057 |
| Total debt service | <u>620,625</u> | <u>2,941,888</u> | <u>522,057</u> |
| Total expenditures | <u>621,925</u> | <u>2,943,388</u> | <u>823,537</u> |
| Excess (deficiency) of revenues over expenditures | <u>(608,765)</u> | <u>(2,752,654)</u> | <u>(654,595)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Issued bonds | - | - | 4,575,000 |
| Premium on issued bonds | - | - | 121,590 |
| Payment to refunding bond escrow agent | - | - | (4,453,083) |
| Transfers in | 620,121 | - | 417,330 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | <u>620,121</u> | <u>-</u> | <u>660,837</u> |
| Net change in fund balance | 11,356 | (2,752,654) | 6,242 |
| FUND BALANCE | | | |
| Beginning of year | <u>295,627</u> | <u>6,367,733</u> | <u>905,215</u> |
| End of year | <u>\$ 306,983</u> | <u>\$ 3,615,079</u> | <u>\$ 911,457</u> |

| General Obligation Bonds Debt Service Master Fund | Capital Projects Funds | | | | | |
|--|---|--|--|---|---|---|
| | Southtown TIF Project Fund | Downtown TIF Project Fund | Campustown TIF Project Fund | Northside TIF Project Fund | Midtown Plaza TIF Project Fund | Northside Business Park TIF Project Fund |
| \$ - | \$ 1,906,464 | \$ 1,708,794 | \$ 96,726 | \$ 560,577 | \$ 105,438 | \$ 94,404 |
| - | - | - | - | - | - | - |
| - | 155,501 | - | 260,155 | - | - | - |
| - | - | - | - | - | - | - |
| - | 15,691 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 30,187 | - | - | - | - | - |
| 20,646 | 219,105 | 113,936 | 9,805 | 43,943 | 3,875 | 3,465 |
| - | 23,802 | - | - | - | - | - |
| <u>20,646</u> | <u>2,350,750</u> | <u>1,822,730</u> | <u>366,686</u> | <u>604,520</u> | <u>109,313</u> | <u>97,869</u> |
| - | - | - | - | - | - | - |
| - | 420 | 420 | 419 | 419 | 419 | 419 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 54,881 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 12,005 | 254,614 | - | 101,998 | - | 100,000 |
| - | - | - | - | - | - | - |
| - | 181,642 | - | - | 32,644 | - | - |
| 9,510,725 | 170,446 | - | - | - | - | - |
| 4,585,556 | 65,555 | - | - | - | - | - |
| <u>14,096,281</u> | <u>236,001</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 14,096,281 | 484,949 | 255,034 | 419 | 135,061 | 419 | 100,419 |
| <u>(14,075,635)</u> | <u>1,865,801</u> | <u>1,567,696</u> | <u>366,267</u> | <u>469,459</u> | <u>108,894</u> | <u>(2,550)</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 13,927,831 | - | - | - | - | - | - |
| - | (1,427,713) | (1,262,352) | (391,502) | (341,954) | (95,000) | - |
| <u>13,927,831</u> | <u>(1,427,713)</u> | <u>(1,262,352)</u> | <u>(391,502)</u> | <u>(341,954)</u> | <u>(95,000)</u> | <u>-</u> |
| (147,804) | 438,088 | 305,344 | (25,235) | 127,505 | 13,894 | (2,550) |
| 180,551 | 3,681,024 | 1,678,999 | 138,083 | 684,560 | 37,586 | 38,440 |
| <u>\$ 32,747</u> | <u>\$ 4,119,112</u> | <u>\$ 1,984,343</u> | <u>\$ 112,848</u> | <u>\$ 812,065</u> | <u>\$ 51,480</u> | <u>\$ 35,890</u> |

CITY OF PEORIA, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended December 31, 2006

| | <u>Downtown Stadium TIF Project Fund</u> | <u>2000B General Obligation Bond Project Fund</u> | <u>2001A General Obligation Bond Project Fund</u> |
|--|--|---|---|
| REVENUES | | | |
| Property taxes | \$ 380,299 | \$ - | \$ - |
| Corporate personal property replacement taxes | - | - | - |
| State sales taxes | - | - | - |
| Governmental grants and reimbursements | - | - | - |
| Service charges/fines/fees | - | - | - |
| Contributions | - | - | - |
| Loan repayment | - | - | - |
| Interest | 5,468 | 438 | 119 |
| Other | - | - | - |
| Total revenues | <u>385,767</u> | <u>438</u> | <u>119</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Elective offices, boards, commissions and agencies | - | - | - |
| City administration | 419 | - | - |
| Police | - | - | - |
| Fire | - | - | - |
| Public works | - | - | - |
| Community development | - | - | - |
| Public safety | - | - | - |
| General government | 243,927 | - | - |
| Library | - | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total debt service | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>244,346</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>141,421</u> | <u>438</u> | <u>119</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Issued bonds | - | - | - |
| Premium on issued bonds | - | - | - |
| Payment to refunding bond escrow agent | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (137,769) | (4,872) | (38,296) |
| Total other financing sources (uses) | <u>(137,769)</u> | <u>(4,872)</u> | <u>(38,296)</u> |
| Net change in fund balance | 3,652 | (4,434) | (38,177) |
| FUND BALANCE | | | |
| Beginning of year | <u>27,675</u> | <u>4,434</u> | <u>38,177</u> |
| End of year | <u>\$ 31,327</u> | <u>\$ -</u> | <u>\$ -</u> |

**SCHEDULE 2
(CONTINUED)**

| Capital Projects Funds | | | | | |
|---|---|---|--|--|--|
| 2001C General Obligation Bond Project Fund | 2003A General Obligation Bond Project Fund | 2004B General Obligation Bond Project Fund | 2006 Special Assessment Bond Project Fund | City of Peoria Designated Zone Organization | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,172,223 |
| - | - | - | - | - | 938,432 |
| - | - | - | - | - | 415,656 |
| - | - | - | - | - | 8,281,734 |
| - | - | - | - | - | 368,650 |
| - | - | - | - | 33,333 | 386,051 |
| - | - | - | - | - | 134,262 |
| 3,921 | 1,029 | 160,828 | - | 1,703 | 1,282,323 |
| - | - | - | - | - | 132,656 |
| <u>3,921</u> | <u>1,029</u> | <u>160,828</u> | <u>-</u> | <u>35,036</u> | <u>21,111,987</u> |
| - | - | - | - | - | 199,647 |
| - | - | - | - | - | 834,028 |
| - | - | - | - | - | 1,058,684 |
| - | - | - | - | - | 340,542 |
| - | - | 658,457 | - | - | 4,897,934 |
| - | - | - | - | 6,669 | 4,769,922 |
| - | - | - | - | - | 1,531,528 |
| - | - | - | 160,873 | 112,653 | 1,469,467 |
| - | - | - | - | - | 670,296 |
| 298,692 | - | 1,818,948 | 1,184,988 | - | 5,446,569 |
| - | - | - | - | 69,969 | 10,491,140 |
| - | - | - | - | 21,712 | 8,017,393 |
| - | - | - | - | 91,681 | 18,508,533 |
| <u>298,692</u> | <u>-</u> | <u>2,477,405</u> | <u>1,345,861</u> | <u>211,003</u> | <u>39,727,150</u> |
| <u>(294,771)</u> | <u>1,029</u> | <u>(2,316,577)</u> | <u>(1,345,861)</u> | <u>(175,967)</u> | <u>(18,615,163)</u> |
| - | - | - | 5,200,000 | - | 9,775,000 |
| - | - | - | - | - | 121,590 |
| - | - | - | - | - | (4,453,083) |
| - | - | - | - | 1,499,443 | 17,126,213 |
| (16,327) | (43,130) | - | - | (1,290,604) | (5,271,608) |
| <u>(16,327)</u> | <u>(43,130)</u> | <u>-</u> | <u>5,200,000</u> | <u>208,839</u> | <u>17,298,112</u> |
| (311,098) | (42,101) | (2,316,577) | 3,854,139 | 32,872 | (1,317,051) |
| <u>311,098</u> | <u>42,101</u> | <u>4,189,410</u> | <u>-</u> | <u>461</u> | <u>27,545,299</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,872,833</u> | <u>\$ 3,854,139</u> | <u>\$ 33,333</u> | <u>\$ 26,228,248</u> |

GENERAL FUND

A fund used to account for all transactions of a governmental unit which are not accounted for in another fund.

CITY OF PEORIA, ILLINOIS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005**

| | <u>2006</u> | | | <u>2005 Actual</u> |
|--|----------------------------|-------------------------|--------------------|------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Property taxes | \$ 5,751,063 | \$ 5,751,063 | \$ 5,720,355 | \$ 5,973,966 |
| Corporate personal property replacement taxes | 3,395,681 | 3,395,681 | 4,348,093 | 4,375,524 |
| State sales taxes | 22,043,600 | 22,043,600 | 22,858,382 | 21,670,497 |
| State income tax allocation | 8,509,900 | 9,085,340 | 9,679,194 | 8,888,641 |
| Home rule sales taxes | 22,352,600 | 22,352,600 | 22,888,067 | 21,930,700 |
| Hotel, restaurant, and amusement taxes | 7,163,449 | 7,163,449 | 7,449,766 | 7,067,524 |
| Utility taxes | 8,546,100 | 8,546,100 | 8,568,744 | 8,455,737 |
| Governmental grants and reimbursements | 108,200 | 420,932 | 813,093 | 1,277,699 |
| Licenses and permits | 1,918,100 | 1,918,100 | 1,743,658 | 1,956,622 |
| Service charges/fines/fees | 17,325,643 | 17,611,143 | 17,361,153 | 16,102,638 |
| Rental | 50,570 | 50,570 | 261,019 | 84,454 |
| Interest | 674,390 | 674,390 | 1,420,313 | 732,060 |
| Other | 2,513,906 | 2,507,318 | 3,093,511 | 3,887,327 |
| | <u>100,353,202</u> | <u>101,520,286</u> | <u>106,205,348</u> | <u>102,403,389</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Elective offices, boards, commissions, and agencies | 1,527,545 | 1,830,848 | 1,715,055 | 1,499,539 |
| City administration | 5,476,128 | 6,188,170 | 5,586,982 | 5,417,503 |
| Benefits | 19,994,907 | - | - | - |
| Police | 21,417,893 | 27,781,413 | 26,691,022 | 25,403,272 |
| Fire | 14,995,316 | 19,004,534 | 18,457,643 | 17,664,044 |
| Public works | 16,323,332 | 19,015,043 | 19,102,629 | 18,447,378 |
| Community development | 4,091,615 | 5,162,401 | 5,645,665 | 5,922,322 |
| Public safety | 5,549,030 | 7,052,434 | 6,583,724 | 6,466,410 |
| General government | 91,888 | 4,583,746 | 4,931,665 | 6,156,176 |
| Library | - | 812,093 | 682,069 | 439,674 |
| Debt service - principal | - | 37,612 | 37,611 | - |
| Debt service - interest | - | 37,828 | 37,829 | - |
| | <u>89,467,654</u> | <u>91,506,122</u> | <u>89,471,894</u> | <u>87,416,318</u> |
| Excess of revenues over expenditures | <u>10,885,548</u> | <u>10,014,164</u> | <u>16,733,454</u> | <u>14,987,071</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005**

| | 2006 | | | |
|---|----------------------------|-------------------------|----------------------|------------------------|
| | Original Budget | Final Budget | Actual | 2005 Actual |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 247,985 | \$ 377,073 | \$ 379,589 | \$ 276,746 |
| Transfers out | <u>(10,788,383)</u> | <u>(10,822,883)</u> | <u>(13,124,964)</u> | <u>(13,192,115)</u> |
| Total other financing uses | <u>(10,540,398)</u> | <u>(10,445,810)</u> | <u>(12,745,375)</u> | <u>(12,915,369)</u> |
| Net change in fund balance | <u>\$ 345,150</u> | <u>\$ (431,646)</u> | 3,988,079 | 2,071,702 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>25,288,704</u> | <u>23,217,002</u> |
| End of year | | | <u>\$ 29,276,783</u> | <u>\$ 25,288,704</u> |

SPECIAL REVENUE FUNDS

Funds used to account for revenues from specific taxes or other ear-marked revenue sources which, by federal or state statute, local ordinance, or administrative prerogative, are designated to finance particular functions or activities of the City.

Following are the individual Special Revenue Funds:

Peoria Public Library Fund - This fund is used to account for the activities of the Peoria Public Library.

Motor Fuel Tax Fund - This fund collects the City's share of motor fuel taxes and supports eligible capital projects.

Community Development Block Grant Fund - This fund is used to obtain, collect, and disburse federal grant funds. All disbursements must be for grant eligible activities, programs, and projects.

State & Local Auto Theft Enforcement Grant Fund - This fund is used to obtain, collect, and disburse grant funds. All disbursements must be for grant eligible activities, programs, and projects.

Multi-County MEG Grant Fund - This fund reflects financial activity in accordance with the terms of the grants.

Home Investment Partnership Program Fund - This fund reflects financial activity of the Home Investment Partnership Program in accordance with the grant terms.

Illinois Municipal Retirement Fund - This fund is used to account for the employer and employee contributions made to the Illinois Municipal Retirement Fund.

Solid Waste Fund - This fund is used to account for user fees which relate to the operation of the City-County landfill.

Workforce Development Fund - This fund is used to collect and disburse federal Workforce Development grant funds. All expenditures of this fund must be for grant eligible activities, programs, and projects.

Police and Fire Pension Levy Fund - This fund is used to recognize the taxes levied for the employer contribution of the Police and Firemen's Pension Fund.

Peoria Foreign Fire Insurance Board - This fund is used to collect Foreign Fire Insurance Company fees and expend them for the maintenance, use, and benefit of the Peoria Fire Department.

CITY OF PEORIA, ILLINOIS

PEORIA PUBLIC LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | | | |
|--|----------------------------|-------------------------|---------------------|------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>2005 Actual</u> |
| REVENUES | | | | |
| Property taxes | \$ 5,548,178 | \$ 5,548,178 | \$ 5,517,325 | \$ 4,655,752 |
| Corporate personal property replacement taxes | 400,335 | 400,335 | 400,335 | 339,374 |
| Governmental grants and reimbursements | 141,057 | 178,972 | 121,559 | 172,906 |
| Service charges/fines/fees | 126,148 | 126,148 | 132,559 | 131,886 |
| Contributions | - | - | 120,217 | 5,378 |
| Interest | 17,533 | 17,533 | 61,553 | 45,096 |
| Other | 5,152 | 134,146 | 74,944 | 106,277 |
| | <u>6,238,403</u> | <u>6,405,312</u> | <u>6,428,492</u> | <u>5,456,669</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 3,173,748 | 3,173,748 | 3,020,928 | 2,902,394 |
| Contractual services | 1,404,895 | 1,480,958 | 1,325,870 | 1,254,918 |
| Supplies and materials | 355,576 | 582,399 | 519,205 | 402,286 |
| | <u>4,934,219</u> | <u>5,237,105</u> | <u>4,866,003</u> | <u>4,559,598</u> |
| Total current | | | | |
| Capital outlay | 642,696 | 643,360 | 605,890 | 544,360 |
| | <u>5,576,915</u> | <u>5,880,465</u> | <u>5,471,893</u> | <u>5,103,958</u> |
| Total expenditures | | | | |
| Excess of revenues over expenditures | 661,488 | 524,847 | 956,599 | 352,711 |
| OTHER FINANCING USES | | | | |
| Transfers out | (661,488) | (661,488) | (661,488) | - |
| | <u>(661,488)</u> | <u>(661,488)</u> | <u>(661,488)</u> | <u>-</u> |
| Net change in fund balance | \$ - | \$ (136,641) | 295,111 | 352,711 |
| | <u>\$ -</u> | <u>\$ (136,641)</u> | <u>295,111</u> | <u>352,711</u> |
| FUND BALANCE | | | | |
| Beginning of year | | | 2,012,738 | 1,660,027 |
| End of year | | | <u>\$ 2,307,849</u> | <u>\$ 2,012,738</u> |

CITY OF PEORIA, ILLINOIS

MOTOR FUEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>Original Budget</u> | <u>2006 Final Budget</u> | <u>Actual</u> | <u>2005 Actual</u> |
|---|----------------------------|----------------------------------|---------------------|------------------------|
| REVENUES | | | | |
| Governmental grants and reimbursements | \$ 3,461,400 | \$ 3,481,331 | \$ 3,662,265 | \$ 3,570,434 |
| Interest | 200,000 | 200,000 | 382,891 | 237,791 |
| Other - miscellaneous | <u>-</u> | <u>-</u> | <u>4,818</u> | <u>12,076</u> |
| Total revenues | <u>3,661,400</u> | <u>3,681,331</u> | <u>4,049,974</u> | <u>3,820,301</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works: | | | | |
| Road construction and general maintenance | 2,608,850 | 2,611,579 | 2,737,845 | 2,665,255 |
| General government | - | - | 50 | 50,900 |
| Capital outlay | <u>1,276,000</u> | <u>1,934,431</u> | <u>1,929,655</u> | <u>1,015,225</u> |
| Total expenditures | <u>3,884,850</u> | <u>4,546,010</u> | <u>4,667,550</u> | <u>3,731,380</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ (223,450)</u> | <u>\$ (864,679)</u> | (617,576) | 88,921 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>7,810,890</u> | <u>7,721,969</u> |
| End of year | | | <u>\$ 7,193,314</u> | <u>\$ 7,810,890</u> |

CITY OF PEORIA, ILLINOIS

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCEYear Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| REVENUES | | |
| Governmental grants and reimbursements | \$ 1,871,147 | \$ 2,085,982 |
| Loan repayment | 51,495 | 43,086 |
| Interest | 674 | 854 |
| Other | <u>81,262</u> | <u>85,171</u> |
| Total revenues | <u>2,004,578</u> | <u>2,215,093</u> |
| EXPENDITURES | | |
| Current: | | |
| City administration | <u>22,503</u> | <u>23,882</u> |
| Community development: | | |
| Administration | 201,924 | 167,096 |
| Project costs | 268,478 | 333,128 |
| Public services | | 23,783 |
| Rehabilitation | 568,908 | 566,351 |
| Payments to subrecipients | <u>375,482</u> | <u>545,046</u> |
| Total community development | <u>1,414,792</u> | <u>1,635,404</u> |
| Public safety | <u>421,995</u> | <u>384,061</u> |
| Total expenditures | <u>1,859,290</u> | <u>2,043,347</u> |
| Excess of revenues over expenditures | 145,288 | 171,746 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(145,288)</u> | <u>(171,746)</u> |
| Net change in fund balance | - | - |
| FUND BALANCE | | |
| Beginning of year | <u>-</u> | <u>-</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> |

CITY OF PEORIA, ILLINOIS

STATE & LOCAL AUTO THEFT ENFORCEMENT GRANT FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | 2006 | | Actual | 2005 Actual |
|--|--------------------|-----------------|------------|----------------|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Contributions | \$ - | \$ 380,778 | \$ 352,718 | \$ 302,485 |
| Interest | - | - | 27 | 76 |
| Other | - | - | 85 | 168 |
| | | | | |
| Total revenues | - | 380,778 | 352,830 | 302,729 |
| | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police: | | | | |
| Personnel | - | 318,588 | 276,211 | 244,549 |
| Contractual | - | 54,465 | 54,608 | 41,217 |
| Travel | - | 3,500 | 2,999 | 2,411 |
| Commodities | - | 3,175 | 2,827 | 2,938 |
| Other | - | 50 | 414 | 719 |
| | | | | |
| Total police | - | 379,778 | 337,059 | 291,834 |
| General government | - | - | 8,482 | 12,270 |
| Capital outlay | - | 2,886 | - | - |
| | | | | |
| Total expenditures | - | 382,664 | 345,541 | 304,104 |
| | | | | |
| Excess (deficiency) of revenues over expenditures | \$ - | \$ (1,886) | 7,289 | (1,375) |
| | | | | |
| FUND BALANCE | | | | |
| Beginning of year | | | 5,073 | 6,448 |
| End of year | | | \$ 12,362 | \$ 5,073 |

CITY OF PEORIA, ILLINOIS

MULTI-COUNTY MEG GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|----------------|----------------|
| REVENUES | | |
| Governmental grants and reimbursements | \$ 115,302 | \$ 142,116 |
| EXPENDITURES | | |
| Current: | | |
| Police: | | |
| Narcotics enforcement | <u>115,302</u> | <u>142,116</u> |
| Excess of revenues over expenditures | - | - |
| FUND BALANCE | | |
| Beginning of year | <u>-</u> | <u>-</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> |

CITY OF PEORIA, ILLINOIS

HOME INVESTMENT PARTNERSHIP PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| REVENUES | | |
| Governmental grants and reimbursements | \$ 2,535,349 | \$ 1,249,174 |
| Loan repayment | 52,580 | 60,556 |
| Other - miscellaneous | <u>14,164</u> | <u>45,505</u> |
| Total revenues | <u>2,602,093</u> | <u>1,355,235</u> |
| EXPENDITURES | | |
| Current: | | |
| Community development: | | |
| Administration | 76,300 | 62,874 |
| Public services | 828,288 | - |
| Rehabilitation | 1,172,299 | 646,283 |
| Payments to subrecipients | <u>525,206</u> | <u>646,078</u> |
| Total expenditures | <u>2,602,093</u> | <u>1,355,235</u> |
| Excess of revenues over expenditures | - | - |
| FUND BALANCE | | |
| Beginning of year | <u>-</u> | <u>-</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> |

CITY OF PEORIA, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | | | <u>2005</u> <u>Actual</u> |
|--|----------------------------------|-------------------------------|-------------------|------------------------------|
| | <u>Original</u> <u>Budget</u> | <u>Final</u> <u>Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Property taxes | \$ 4,198,615 | \$ 4,198,615 | \$ 4,174,129 | \$ 4,525,595 |
| Corporate personal property replacement taxes | 938,432 | 938,432 | 938,432 | 880,262 |
| Interest | 5,000 | 5,000 | 38,316 | 21,458 |
| Other revenue | <u>-</u> | <u>-</u> | <u>8,525</u> | <u>350</u> |
| Total revenues | <u>5,142,047</u> | <u>5,142,047</u> | <u>5,159,402</u> | <u>5,427,665</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Elective offices, boards, commissions, and agencies | - | 198,805 | 199,647 | 188,430 |
| City administration | - | 794,664 | 808,590 | 770,553 |
| Police | - | 602,694 | 606,323 | 567,690 |
| Fire | - | 241,483 | 240,516 | 216,974 |
| Public works | - | 1,490,085 | 1,501,632 | 1,383,765 |
| Community development | - | 696,232 | 691,487 | 632,400 |
| Public safety | - | 1,105,851 | 1,109,533 | 1,059,222 |
| General government | 5,803,535 | 6,473 | - | 28,542 |
| Library | <u>-</u> | <u>667,248</u> | <u>670,296</u> | <u>627,967</u> |
| Total expenditures | <u>5,803,535</u> | <u>5,803,535</u> | <u>5,828,024</u> | <u>5,475,543</u> |
| Deficiency of revenues over expenditures | (661,488) | (661,488) | (668,622) | (47,878) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>661,488</u> | <u>661,488</u> | <u>661,488</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (7,134) | (47,878) |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>167,412</u> | <u>215,290</u> |
| End of year | | | <u>\$ 160,278</u> | <u>\$ 167,412</u> |

CITY OF PEORIA, ILLINOIS

SOLID WASTE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | | | |
|--|---------------------|---------------------|-------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>2005</u> |
| | <u>Budget</u> | <u>Budget</u> | | <u>Actual</u> |
| REVENUES | | | | |
| Service charges/fines/fees | \$ 300,000 | \$ 300,000 | \$ 352,959 | \$ 295,821 |
| Interest | <u>7,500</u> | <u>7,500</u> | <u>32,464</u> | <u>10,778</u> |
| Total revenues | <u>307,500</u> | <u>307,500</u> | <u>385,423</u> | <u>306,599</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 334,906 | 334,906 | 170,585 | 80,880 |
| Capital outlay | <u>-</u> | <u>30,770</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>334,906</u> | <u>365,676</u> | <u>170,585</u> | <u>80,880</u> |
| Excess (deficiency) of revenues over expenditures | (27,406) | (58,176) | 214,838 | 225,719 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(74,285)</u> | <u>(74,285)</u> | <u>(76,801)</u> | <u>(70,000)</u> |
| Net change in fund balance | <u>\$ (101,691)</u> | <u>\$ (132,461)</u> | 138,037 | 155,719 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>607,117</u> | <u>451,398</u> |
| End of year | | | <u>\$ 745,154</u> | <u>\$ 607,117</u> |

CITY OF PEORIA, ILLINOIS

WORKFORCE DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| REVENUES | | |
| Governmental grants and reimbursements | \$ 5,098,581 | \$ 4,248,372 |
| Other | <u>211,818</u> | <u>192,783</u> |
| Total revenues | <u>5,310,399</u> | <u>4,441,155</u> |
| EXPENDITURES | | |
| Current: | | |
| Community development | 5,195,580 | 4,385,864 |
| Capital outlay | <u>105,778</u> | <u>-</u> |
| Total expenditures | <u>5,301,358</u> | <u>4,385,864</u> |
| Excess of revenues over expenditures | 9,041 | 55,291 |
| FUND BALANCE | | |
| Beginning of year | <u>171,930</u> | <u>116,639</u> |
| End of year | <u>\$ 180,971</u> | <u>\$ 171,930</u> |

CITY OF PEORIA, ILLINOIS

POLICE AND FIRE PENSION LEVY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | 2006 | | | |
|--|----------------------------|-------------------------|---------------|------------------------|
| | Original Budget | Final Budget | Actual | 2005 Actual |
| REVENUES | | | | |
| Property taxes | \$ 5,901,032 | \$ 5,901,032 | \$ 5,866,601 | \$ 4,732,742 |
| Corporate personal property replacement taxes | 1,138,252 | 1,138,252 | 1,138,252 | 920,218 |
| Interest | - | - | 16,716 | 8,978 |
| | 7,039,284 | 7,039,284 | 7,021,569 | 5,661,938 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | 2,879,425 | 2,879,425 | 2,872,192 | 2,586,069 |
| Fire | 4,159,859 | 4,159,859 | 4,149,377 | 3,075,869 |
| | 7,039,284 | 7,039,284 | 7,021,569 | 5,661,938 |
| Excess of revenues over expenditures | \$ - | \$ - | - | - |
| FUND BALANCE | | | | |
| Beginning of year | | | - | - |
| End of year | | | \$ - | \$ - |

CITY OF PEORIA, ILLINOIS

PEORIA FOREIGN FIRE INSURANCE BOARD

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

**Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005**

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| REVENUES | | |
| Governmental grants and reimbursements | \$ 97,671 | \$ 111,953 |
| Interest | <u>12,226</u> | <u>7,075</u> |
| Total revenues | 109,897 | 119,028 |
| EXPENDITURES | | |
| Current: | | |
| Miscellaneous | <u>100,026</u> | <u>116,467</u> |
| Excess of revenues over expenditures | 9,871 | 2,561 |
| FUND BALANCE | | |
| Beginning of year | <u>333,633</u> | <u>331,072</u> |
| End of year | <u>\$ 343,504</u> | <u>\$ 333,633</u> |

DEBT SERVICE FUNDS

Funds used to account for principal and interest payments with respect to long-term debt of the City.

Following are the individual Debt Service Funds:

Downtown Parking Bond Fund - This fund is used to account for the accumulation of resources for the repayment of principal and interest on the City's Downtown Redevelopment Parking Revenue Bonds.

2005A General Obligation Bond Fund - This fund is used to account for the accumulation of resources for the repayment of principal and interest on the City's 2005A General Obligation Bonds.

WeaverRidge Debt Service Fund - This fund is used to account for the accumulation of resources for the repayment of principal and interest on the City's WeaverRidge Special Service Area Bonds.

General Obligation Bonds Debt Service Master Fund - This fund is used to account for the accumulation of resources for the repayment of principal and interest on various general obligation bonds.

CITY OF PEORIA, ILLINOIS

DOWNTOWN PARKING BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | | | |
|---|----------------------------|-------------------------|-------------------|------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>2005 Actual</u> |
| REVENUES | | | | |
| Interest | \$ 6,000 | \$ 6,000 | \$ 13,160 | \$ 7,015 |
| EXPENDITURES | | | | |
| General government | - | - | 1,300 | 2,100 |
| Downtown redevelopment parking bonds: | | | | |
| Principal | 555,000 | 555,000 | 555,000 | 545,000 |
| Interest | <u>65,625</u> | <u>65,625</u> | <u>65,625</u> | <u>77,888</u> |
| Total expenditures | <u>620,625</u> | <u>620,625</u> | <u>621,925</u> | <u>624,988</u> |
| Deficiency of revenues over expenditures | (614,625) | (614,625) | (608,765) | (617,973) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>620,625</u> | <u>620,625</u> | <u>620,121</u> | <u>619,035</u> |
| Net change in fund balance | <u>\$ 6,000</u> | <u>\$ 6,000</u> | 11,356 | 1,062 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>295,627</u> | <u>294,565</u> |
| End of year | | | <u>\$ 306,983</u> | <u>\$ 295,627</u> |

CITY OF PEORIA, ILLINOIS

2005A GENERAL OBLIGATION BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>Original Budget</u> | <u>2006 Final Budget</u> | <u>Actual</u> | <u>2005 Actual</u> |
|---|----------------------------|----------------------------------|---------------------|------------------------|
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 190,734 | \$ 213,600 |
| EXPENDITURES | | | | |
| General government | - | - | 1,500 | - |
| Peoria Civic Center bond issue: Interest | <u>2,941,888</u> | <u>2,941,888</u> | <u>2,941,888</u> | <u>2,173,728</u> |
| Total expenditures | <u>2,941,888</u> | <u>2,941,888</u> | <u>2,943,388</u> | <u>2,173,728</u> |
| Deficiency of revenues over expenditures | <u>(2,941,888)</u> | <u>(2,941,888)</u> | <u>(2,752,654)</u> | <u>(1,960,128)</u> |
| OTHER FINANCING SOURCES | | | | |
| Issued bonds | - | - | - | 8,308,183 |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,678</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,327,861</u> |
| Net change in fund balance | <u>\$ (2,941,888)</u> | <u>\$ (2,941,888)</u> | (2,752,654) | 6,367,733 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>6,367,733</u> | <u>-</u> |
| End of year | | | <u>\$ 3,615,079</u> | <u>\$ 6,367,733</u> |

CITY OF PEORIA, ILLINOIS

WEAVERRIDGE DEBT SERVICE FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUALYear Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | | <u>Actual</u> | <u>2005 Actual</u> |
|--|----------------------------|-------------------------|-------------------|------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 150,000 | \$ 150,000 | \$ 145,392 | \$ 210,927 |
| Interest | <u>10,000</u> | <u>10,000</u> | <u>23,550</u> | <u>12,671</u> |
| Total revenues | <u>160,000</u> | <u>160,000</u> | <u>168,942</u> | <u>223,598</u> |
| EXPENDITURES | | | | |
| General government | 15,400 | 15,400 | 301,480 | 11,386 |
| WeaverRidge special service area bonds issue: | | | | |
| Principal | 185,000 | 185,000 | 185,000 | 165,000 |
| Interest | <u>351,672</u> | <u>351,672</u> | <u>337,057</u> | <u>365,016</u> |
| Total expenditures | <u>552,072</u> | <u>552,072</u> | <u>823,537</u> | <u>541,402</u> |
| Deficiency of revenues over expenditures | <u>(392,072)</u> | <u>(392,072)</u> | <u>(654,595)</u> | <u>(317,804)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issued bonds | - | - | 4,575,000 | - |
| Premium on issued bonds | - | - | 121,590 | - |
| Payment to refunding bond escrow agent | - | - | (4,453,083) | - |
| Transfers in | <u>402,072</u> | <u>402,072</u> | <u>417,330</u> | <u>365,686</u> |
| Total other financing sources | <u>402,072</u> | <u>402,072</u> | <u>660,837</u> | <u>365,686</u> |
| Net change in fund balance | <u>\$ 10,000</u> | <u>\$ 10,000</u> | 6,242 | 47,882 |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>905,215</u> | <u>857,333</u> |
| End of year | | | <u>\$ 911,457</u> | <u>\$ 905,215</u> |

CITY OF PEORIA, ILLINOIS

GENERAL OBLIGATION BONDS DEBT SERVICE MASTER FUNDSCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALYear Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | 2006 | | Actual | 2005 Actual |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Interest | \$ 2,500 | \$ 2,500 | \$ 20,646 | \$ 30,008 |
| EXPENDITURES | | | | |
| General government | - | - | - | 455,115 |
| General obligation bond issues: | | | | |
| Principal | 9,510,725 | 9,510,725 | 9,510,725 | 9,802,500 |
| Interest | 4,585,556 | 4,585,556 | 4,585,556 | 4,387,469 |
| Total expenditures | <u>14,096,281</u> | <u>14,096,281</u> | <u>14,096,281</u> | <u>14,645,084</u> |
| Deficiency of revenues over expenditures | <u>(14,093,781)</u> | <u>(14,093,781)</u> | <u>(14,075,635)</u> | <u>(14,615,076)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issued bonds | - | - | - | 36,880,000 |
| Premium on issued bonds | - | - | - | 2,282,420 |
| Payment to refunding bond escrow agent | - | - | - | (38,698,399) |
| Transfers in | 14,096,241 | 14,096,241 | 13,927,831 | 13,361,222 |
| Total other financing sources | <u>14,096,241</u> | <u>14,096,241</u> | <u>13,927,831</u> | <u>13,825,243</u> |
| Net change in fund balance | <u>\$ 2,460</u> | <u>\$ 2,460</u> | (147,804) | (789,833) |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>180,551</u> | <u>970,384</u> |
| End of year | | | <u>\$ 32,747</u> | <u>\$ 180,551</u> |

CAPITAL PROJECTS FUNDS

Funds used to account for general construction or renovation projects being carried out by the City.

Following are the individual Capital Projects Funds:

Capital Improvements Fund - This fund is used to account for revenue sources dedicated for various building and equipment improvements.

Southtown TIF Project Fund - This fund is used to account for tax increment financing revenues restricted for projects in the Southtown Tax Increment Financing area.

Downtown TIF Project Fund - This fund is used to account for state sales and use taxes for the improvement of the Downtown Tax Increment Financing area.

Campustown TIF Project Fund - This fund is used to account for state sales and use taxes for the Campustown Tax Increment Financing area.

Northside TIF Project Fund - This fund is used to account for state sales and use taxes for the improvement of the Northside Tax Increment Financing area.

Midtown Plaza TIF Project Fund - This fund is used to account for state sales and use taxes for the Midtown Plaza Tax Increment Financing area.

Northside Business Park TIF Project Fund - This fund is used to account for state sales and use taxes for the Northside Business Park Tax Increment Financing area.

Downtown Stadium TIF Project Fund - This fund is used to account for state sales and use taxes for the Downtown Stadium Tax Increment Financing area.

2000B General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to capital improvements including construction or installation of parking, curbs, lighting, streetlamps, a fire station, sewers, sidewalk improvements, a fire marina, and improvements to the Peoria Civic Center.

2001A General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to capital improvements including drainage system improvements, sidewalk improvements, curbs, lighting and streetscape improvements, sewer extensions, fire station relocation, and property acquisition.

2001C General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to capital improvements including sewer rehabilitation, West Main Street rehabilitation, Southside Bank Plaza improvements, property acquisition, and parking improvements.

CAPITAL PROJECTS FUNDS (CONTINUED)

2003A General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to construction of the Charter Oak Road extension.

2004B General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to various City capital improvements.

2005A General Obligation Bond Project Fund - This fund is used for revenue and expenditures relating to the Peoria Civic Center expansion.

2006 Special Assessment Bond Project Fund - This fund is used for revenue and expenditures relating to various road and bridge improvements.

City of Peoria Designated Zone Organization - This fund is used to receive contributions and promote rehabilitation efforts within the Peoria Enterprise Zone.

CITY OF PEORIA, ILLINOIS

CAPITAL IMPROVEMENTS FUNDSCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| REVENUES | | |
| Property taxes | \$ 57,984 | \$ 57,566 |
| Local motor fuel taxes | 894,898 | 936,573 |
| Riverboat gaming revenue | 3,965,791 | 4,058,749 |
| Governmental grants and reimbursements | 1,967,428 | 2,772,044 |
| Service charges/fines/fees | 3,345,934 | 3,200,342 |
| Special assessments | 155,281 | 272,370 |
| Loan repayment | 255,482 | 181,240 |
| Rental | 39,510 | 37,886 |
| Interest | 990,930 | 693,209 |
| Other - miscellaneous | 617,954 | 331,569 |
| Total revenues | <u>12,291,192</u> | <u>12,541,548</u> |
| EXPENDITURES | | |
| Current: | | |
| City administration | 332,071 | 450,805 |
| Police | 683,083 | 659,186 |
| Fire | 348,111 | 427,303 |
| Public works | 1,212,529 | 953,769 |
| Community development | 297,015 | 765,411 |
| Public safety | 174,687 | - |
| General government | 2,584,209 | 948,675 |
| | <u>5,631,705</u> | <u>4,205,149</u> |
| Capital outlay | <u>8,302,897</u> | <u>11,208,143</u> |
| Debt service: | | |
| Principal | 12,353 | 17,478 |
| Interest | 2,380 | 2,901 |
| | <u>14,733</u> | <u>20,379</u> |

(CONTINUED)

CITY OF PEORIA, ILLINOIS

CAPITAL IMPROVEMENTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

**Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005**

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Total expenditures | \$ 13,949,335 | \$ 15,433,671 |
| Deficiency of revenues over expenditures | <u>(1,658,143)</u> | <u>(2,892,123)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds from sale of property | 465,131 | 36,662 |
| Transfers in | 7,268,275 | 7,837,070 |
| Transfers out | <u>(5,716,017)</u> | <u>(5,900,540)</u> |
| Total other financing sources | <u>2,017,389</u> | <u>1,973,192</u> |
| Net change in fund balance | 359,246 | (918,931) |
| FUND BALANCE | | |
| Beginning of year | <u>21,267,912</u> | <u>22,186,843</u> |
| End of year | <u>\$ 21,627,158</u> | <u>\$ 21,267,912</u> |

CITY OF PEORIA, ILLINOIS

SOUTHTOWN TIF PROJECT FUNDSCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| REVENUES | | |
| Property taxes | \$ 1,906,464 | \$ 1,797,771 |
| State sales taxes | 155,501 | 147,622 |
| Service charges/fines/fees | 15,691 | 21,912 |
| Loan repayment | 30,187 | 29,172 |
| Interest | 219,105 | 124,606 |
| Other - miscellaneous | <u>23,802</u> | <u>12,111</u> |
| Total revenues | <u>2,350,750</u> | <u>2,133,194</u> |
| EXPENDITURES | | |
| Current: | | |
| City administration | 420 | 408 |
| Community development - other - miscellaneous | 54,881 | - |
| General government | <u>12,005</u> | <u>-</u> |
| | <u>67,306</u> | <u>408</u> |
| Capital outlay | <u>181,642</u> | <u>111,252</u> |
| Debt service: | | |
| Principal | 170,446 | 159,724 |
| Interest | <u>65,555</u> | <u>76,276</u> |
| | <u>236,001</u> | <u>236,000</u> |
| Total expenditures | <u>484,949</u> | <u>347,660</u> |
| Excess of revenues over expenditures | 1,865,801 | 1,785,534 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(1,427,713)</u> | <u>(1,510,644)</u> |
| Net change in fund balance | 438,088 | 274,890 |
| FUND BALANCE | | |
| Beginning of year | <u>3,681,024</u> | <u>3,406,134</u> |
| End of year | <u>\$ 4,119,112</u> | <u>\$ 3,681,024</u> |

CITY OF PEORIA, ILLINOIS

DOWNTOWN TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|---------------------|---------------------|
| REVENUES | | |
| Property taxes | \$ 1,708,794 | \$ 1,574,692 |
| Interest | <u>113,936</u> | <u>58,509</u> |
| Total revenues | <u>1,822,730</u> | <u>1,633,201</u> |
| EXPENDITURES | | |
| Current: | | |
| City administration | 420 | 407 |
| General government | <u>254,614</u> | <u>257,134</u> |
| Total expenditures | <u>255,034</u> | <u>257,541</u> |
| Excess of revenues over expenditures | 1,567,696 | 1,375,660 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(1,262,352)</u> | <u>(1,011,232)</u> |
| Net change in fund balance | 305,344 | 364,428 |
| FUND BALANCE | | |
| Beginning of year | <u>1,678,999</u> | <u>1,314,571</u> |
| End of year | <u>\$ 1,984,343</u> | <u>\$ 1,678,999</u> |

CITY OF PEORIA, ILLINOIS

CAMPUSTOWN TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|-------------------|-------------------|
| REVENUES | | |
| Property taxes | \$ 96,726 | \$ 87,700 |
| State sales taxes | 260,155 | 150,832 |
| Interest | <u>9,805</u> | <u>7,234</u> |
| Total revenues | 366,686 | 245,766 |
| EXPENDITURES | | |
| Current: | | |
| City administration | <u>419</u> | <u>407</u> |
| Excess of revenues over expenditures | 366,267 | 245,359 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(391,502)</u> | <u>(402,175)</u> |
| Net change in fund balance | (25,235) | (156,816) |
| FUND BALANCE | | |
| Beginning of year | <u>138,083</u> | <u>294,899</u> |
| End of year | <u>\$ 112,848</u> | <u>\$ 138,083</u> |

CITY OF PEORIA, ILLINOIS

NORTHSIDE TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|-------------------|-------------------|
| REVENUES | | |
| Property taxes | \$ 560,577 | \$ 530,020 |
| Interest | <u>43,943</u> | <u>24,691</u> |
| Total revenues | <u>604,520</u> | <u>554,711</u> |
| EXPENDITURES | | |
| Current: | | |
| City administration | 419 | 407 |
| General government | 101,998 | 95,000 |
| Capital outlay | <u>32,644</u> | <u>36,105</u> |
| Total expenditures | <u>135,061</u> | <u>131,512</u> |
| Excess of revenues over expenditures | 469,459 | 423,199 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(341,954)</u> | <u>(344,429)</u> |
| Net change in fund balance | 127,505 | 78,770 |
| FUND BALANCE | | |
| Beginning of year | <u>684,560</u> | <u>605,790</u> |
| End of year | <u>\$ 812,065</u> | <u>\$ 684,560</u> |

CITY OF PEORIA, ILLINOIS

MIDTOWN PLAZA TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|------------------|------------------|
| REVENUES | | |
| Property taxes | \$ 105,438 | \$ 98,395 |
| Interest | <u>3,875</u> | <u>1,316</u> |
| Total revenues | 109,313 | 99,711 |
| EXPENDITURES | | |
| City administration | <u>419</u> | <u>407</u> |
| Excess of revenues over expenditures | 108,894 | 99,304 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(95,000)</u> | <u>(80,000)</u> |
| Net change in fund balance | 13,894 | 19,304 |
| FUND BALANCE | | |
| Beginning of year | <u>37,586</u> | <u>18,282</u> |
| End of year | <u>\$ 51,480</u> | <u>\$ 37,586</u> |

CITY OF PEORIA, ILLINOIS

NORTHSIDE BUSINESS PARK TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| REVENUES | | |
| Property taxes | \$ 94,404 | \$ 91,709 |
| Interest | <u>3,465</u> | <u>1,951</u> |
| Total revenues | <u>97,869</u> | <u>93,660</u> |
| EXPENDITURES | | |
| City administration | 419 | 407 |
| General government | <u>100,000</u> | <u>100,000</u> |
| Total expenditures | <u>100,419</u> | <u>100,407</u> |
| Deficiency of revenues over expenditures | (2,550) | (6,747) |
| FUND BALANCE | | |
| Beginning of year | <u>38,440</u> | <u>45,187</u> |
| End of year | <u>\$ 35,890</u> | <u>\$ 38,440</u> |

CITY OF PEORIA, ILLINOIS

DOWNTOWN STADIUM TIF PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|------------------|------------------|
| REVENUES | | |
| Property taxes | \$ 380,299 | \$ 361,079 |
| Interest | <u>5,468</u> | <u>2,357</u> |
| Total revenues | <u>385,767</u> | <u>363,436</u> |
| EXPENDITURES | | |
| City administration | 419 | 407 |
| General government | <u>243,927</u> | <u>232,128</u> |
| Total expenditures | <u>244,346</u> | <u>232,535</u> |
| Excess of revenues over expenditures | 141,421 | 130,901 |
| OTHER FINANCING USES | | |
| Transfers out | <u>(137,769)</u> | <u>(130,134)</u> |
| Net change in fund balance | 3,652 | 767 |
| FUND BALANCE | | |
| Beginning of year | <u>27,675</u> | <u>26,908</u> |
| End of year | <u>\$ 31,327</u> | <u>\$ 27,675</u> |

CITY OF PEORIA, ILLINOIS

2000B GENERAL OBLIGATION BOND PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

**Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005**

| | <u>2006</u> | <u>2005</u> |
|---|----------------|-----------------|
| REVENUES | | |
| Interest | \$ 438 | \$ 3,919 |
| EXPENDITURES | | |
| Current: | | |
| Community development: | | |
| Economic development | <u>-</u> | <u>138,589</u> |
| Excess (deficiency) of revenues over expenditures | 438 | (134,670) |
| OTHER FINANCING USES | | |
| Transfers out | <u>(4,872)</u> | <u>-</u> |
| Net change in fund balance | (4,434) | (134,670) |
| FUND BALANCE | | |
| Beginning of year | <u>4,434</u> | <u>139,104</u> |
| End of year | <u>\$ -</u> | <u>\$ 4,434</u> |

CITY OF PEORIA, ILLINOIS

2001A GENERAL OBLIGATION BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| REVENUES | | |
| Interest | \$ 119 | \$ 15,145 |
| | | |
| EXPENDITURES | | |
| Current: | | |
| Community development | - | 320,148 |
| Capital outlay | - | 195,000 |
| Total expenditures | - | 515,148 |
| Excess (deficiency) of revenues over expenditures | 119 | (500,003) |
| | | |
| OTHER FINANCING USES | | |
| Transfers out | (38,296) | - |
| Net change in fund balance | (38,177) | (500,003) |
| | | |
| FUND BALANCE | | |
| Beginning of year | 38,177 | 538,180 |
| End of year | \$ - | \$ 38,177 |

CITY OF PEORIA, ILLINOIS

2001C GENERAL OBLIGATION BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|-----------------|-------------------|
| REVENUES | | |
| Interest | \$ 3,921 | \$ 14,449 |
| EXPENDITURES | | |
| Capital outlay | <u>298,692</u> | <u>180,296</u> |
| Deficiency of revenues over expenditures | (294,771) | (165,847) |
| OTHER FINANCING USES | | |
| Transfers out | <u>(16,327)</u> | <u>(70,518)</u> |
| Net change in fund balance | (311,098) | (236,365) |
| FUND BALANCE | | |
| Beginning of year | <u>311,098</u> | <u>547,463</u> |
| End of year | <u>\$ -</u> | <u>\$ 311,098</u> |

CITY OF PEORIA, ILLINOIS

2003A GENERAL OBLIGATION BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|---|-----------------|------------------|
| REVENUES | | |
| Interest | \$ 1,029 | \$ 12,822 |
| EXPENDITURES | | |
| Capital outlay | <u>-</u> | <u>293,443</u> |
| Excess (deficiency) of revenues over expenditures | 1,029 | (280,621) |
| OTHER FINANCING USES | | |
| Transfers out | <u>(43,130)</u> | <u>-</u> |
| Net change in fund balance | (42,101) | (280,621) |
| FUND BALANCE | | |
| Beginning of year | <u>42,101</u> | <u>322,722</u> |
| End of year | <u>\$ -</u> | <u>\$ 42,101</u> |

CITY OF PEORIA, ILLINOIS

2004B GENERAL OBLIGATION BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| REVENUES | | |
| Interest | \$ 160,828 | \$ 141,621 |
| EXPENDITURES | | |
| Current: | | |
| Public works | 658,457 | - |
| Capital outlay | <u>1,818,948</u> | <u>962,968</u> |
| Total expenditures | <u>2,477,405</u> | <u>962,968</u> |
| Deficiency of revenues over expenditures | (2,316,577) | (821,347) |
| FUND BALANCE | | |
| Beginning of year | <u>4,189,410</u> | <u>5,010,757</u> |
| End of year | <u>\$ 1,872,833</u> | <u>\$ 4,189,410</u> |

CITY OF PEORIA, ILLINOIS

2005A GENERAL OBLIGATION BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Interest | \$ 1,294,672 | \$ 1,481,825 |
| EXPENDITURES | | |
| Current: | | |
| Community development | <u>33,581,290</u> | <u>13,057,027</u> |
| Deficiency of revenues over expenditures | <u>(32,286,618)</u> | <u>(11,575,202)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds from issuance of bonds | - | 54,296,817 |
| Premium on issued bonds | - | 1,239,303 |
| Transfers out | <u>-</u> | <u>(19,678)</u> |
| Total other financing sources | <u>-</u> | <u>55,516,442</u> |
| Net change in fund balance | (32,286,618) | 43,941,240 |
| FUND BALANCE | | |
| Beginning of year | <u>43,941,240</u> | <u>-</u> |
| End of year | <u>\$ 11,654,622</u> | <u>\$ 43,941,240</u> |

CITY OF PEORIA, ILLINOIS
2006 SPECIAL ASSESSMENT BOND PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

Year Ended December 31, 2006

| | | |
|--|--|----------------------------|
| REVENUES | | \$ <u> -</u> |
| EXPENDITURES | | |
| Current: | | |
| General government | | 160,873 |
| Capital outlay | | <u>1,184,988</u> |
| Total expenditures | | <u>1,345,861</u> |
| Deficiency of revenues over expenditures | | <u>(1,345,861)</u> |
| OTHER FINANCING SOURCES | | |
| Issued bonds | | <u>5,200,000</u> |
| Total other financing sources | | <u>5,200,000</u> |
| Net change in fund balance | | 3,854,139 |
| FUND BALANCE | | |
| Beginning of year | | <u> -</u> |
| End of year | | <u><u>\$ 3,854,139</u></u> |

CITY OF PEORIA, ILLINOIS

CITY OF PEORIA DESIGNATED ZONE ORGANIZATION

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006
With Comparative Figures for the Year Ended December 31, 2005

| | <u>2006</u> | <u>2005</u> |
|---|--------------------|--------------------|
| REVENUES | | |
| Contributions | \$ 33,333 | \$ - |
| Interest | <u>1,703</u> | <u>353</u> |
| Total revenues | <u>35,036</u> | <u>353</u> |
| EXPENDITURES | | |
| Current: | | |
| Community development | 6,669 | 333,014 |
| General government | <u>112,653</u> | <u>-</u> |
| | <u>119,322</u> | <u>333,014</u> |
| Capital outlay | <u>-</u> | <u>54,860</u> |
| Debt service: | | |
| Principal | 69,969 | 65,251 |
| Interest | <u>21,712</u> | <u>26,429</u> |
| | <u>91,681</u> | <u>91,680</u> |
| Total expenditures | <u>211,003</u> | <u>479,554</u> |
| Deficiency of revenues over expenditures | <u>(175,967)</u> | <u>(479,201)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 1,499,443 | 1,774,889 |
| Transfers out | <u>(1,290,604)</u> | <u>(1,295,227)</u> |
| Total other financing sources | <u>208,839</u> | <u>479,662</u> |
| Net change in fund balance | 32,872 | 461 |
| FUND BALANCE | | |
| Beginning of year | <u>461</u> | <u>-</u> |
| End of year | <u>\$ 33,333</u> | <u>\$ 461</u> |

PENSION TRUST FUNDS

Funds used to account for the assets of the City's Police and Firemen's pension plans.

Following are the individual Pension Trust Funds:

Police Pension Fund of Peoria - This fund is used to account for the assets of the City's Police Pension Plan.

Firemen's Pension Fund of Peoria - This fund is used to account for the assets of the City's Firemen's Pension Plan.

CITY OF PEORIA, ILLINOIS

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

December 31, 2006

| | Police Pension Fund of Peoria | Firemen's Pension Fund of Peoria | Total |
|--|--|---|-----------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 4,985,834 | \$ 830,023 | \$ 5,815,857 |
| Receivables: | | | |
| Employer contributions: | | | |
| Property taxes | 2,724,178 | 3,610,789 | 6,334,967 |
| Corporate personal property taxes | - | 696,487 | 696,487 |
| Less allowance for uncollectible taxes | - | (37,300) | (37,300) |
| | <u>2,724,178</u> | <u>4,269,976</u> | <u>6,994,154</u> |
| Plan members' contributions | - | 25,369 | 25,369 |
| Accrued interest and dividends | <u>1,080,746</u> | <u>366,627</u> | <u>1,447,373</u> |
| | <u>3,804,924</u> | <u>4,661,972</u> | <u>8,466,896</u> |
| Investments, at fair value: | | | |
| U.S. government obligations | 43,808,064 | 47,465,297 | 91,273,361 |
| Municipal obligations | - | 4,049,157 | 4,049,157 |
| Illinois public treasurers' investment pool | - | 1,198,542 | 1,198,542 |
| Mutual funds | 45,569,763 | - | 45,569,763 |
| Corporate bonds | 1,850,187 | 751,875 | 2,602,062 |
| Stocks | 32,212,989 | - | 32,212,989 |
| Equity investments | - | 46,045,291 | 46,045,291 |
| | <u>123,441,003</u> | <u>99,510,162</u> | <u>222,951,165</u> |
| Total assets | 132,231,761 | 105,002,157 | 237,233,918 |
| LIABILITIES | | | |
| Accounts payable and accrued payroll taxes | <u>942,805</u> | <u>194,727</u> | <u>1,137,532</u> |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFIT OBLIGATION | <u>\$ 131,288,956</u> | <u>\$ 104,807,430</u> | <u>\$ 236,096,386</u> |

CITY OF PEORIA, ILLINOIS

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2006

| | Police Pension Fund of Peoria | Firemen's Pension Fund of Peoria | Total |
|--|--|---|-----------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Plan members' contributions | \$ 1,450,458 | \$ 1,213,865 | \$ 2,664,323 |
| Employer contributions | 3,223,987 | 4,296,580 | 7,520,567 |
| Transfer of creditable service | 194,531 | - | 194,531 |
| Other income | 10,142 | 21,436 | 31,578 |
| | <u>4,879,118</u> | <u>5,531,881</u> | <u>10,410,999</u> |
| Investment income: | | | |
| Net realized and unrealized gains on investments | 9,486,874 | 5,526,935 | 15,013,809 |
| Dividends | 980,136 | 811,796 | 1,791,932 |
| Interest | 2,380,103 | 2,240,879 | 4,620,982 |
| | <u>12,847,113</u> | <u>8,579,610</u> | <u>21,426,723</u> |
| Less investment expenses | <u>605,316</u> | <u>323,526</u> | <u>928,842</u> |
| Net investment income | <u>12,241,797</u> | <u>8,256,084</u> | <u>20,497,881</u> |
| Total additions | <u>17,120,915</u> | <u>13,787,965</u> | <u>30,908,880</u> |
| DEDUCTIONS | | | |
| Benefits paid | 8,325,966 | 7,533,757 | 15,859,723 |
| Administrative expenses | 176,519 | 139,945 | 316,464 |
| Refunds | 84,210 | - | 84,210 |
| | <u>8,586,695</u> | <u>7,673,702</u> | <u>16,260,397</u> |
| NET INCREASE | 8,534,220 | 6,114,263 | 14,648,483 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| Beginning of year | <u>122,754,736</u> | <u>98,693,167</u> | <u>221,447,903</u> |
| End of year | <u>\$ 131,288,956</u> | <u>\$ 104,807,430</u> | <u>\$ 236,096,386</u> |

STATISTICAL SECTION

(Unaudited)

City of Peoria

Statistical Section Contents

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

| Contents | Pages |
|--|---------|
| Financial Trends: Tables I - IV These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 131-135 |
| Revenue Capacity: Tables V - VIII These schedules contain information to help the reader assess a primary local revenue source for the City, the property tax. | 136-140 |
| Debt Capacity: Tables IX - XII These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future. | 141-144 |
| Demographic and Economic Information: Tables XIII - XIV These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 145-146 |
| Operating Information: Tables XV - XVII These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 147-149 |
| Glossary of Terms in Statistical Section | 150-153 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

GASB Statement 34: The City implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component
Last Five Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| | Restated | | | Restated | |
| Governmental activities/primary government: | | | | | |
| Invested in capital assets, net of related debt | \$ 57,878,792 | \$ 73,349,437 | \$ 87,732,295 | \$171,907,375 | \$171,655,101 |
| Restricted | 31,164,107 | 24,774,863 | 44,694,262 | 95,081,143 | 68,518,109 |
| Unrestricted | (63,939,210) | (58,357,001) | (72,389,704) | (131,479,036) | (124,525,566) |
| Total governmental activities/primary government net assets | \$ 25,103,689 | \$ 39,767,299 | \$ 60,036,853 | \$135,509,482 | \$115,647,644 |

Source: City of Peoria comprehensive annual financial reports for fiscal years 2002 through 2006.

GASB Statement 34 Implementation: The City implemented GASB 34 government-wide financial reporting in fiscal year 2002.

Restatement of 2002 Net Assets:

In 2003, the City recorded prior period adjustments producing a \$8,941,078 increase in December 31, 2002 net assets as restated. Pre-paid assets increased \$7,585,742 for recognition of negative police and fire net pension obligations. Fixed assets increased \$1,355,336 for construction in progress and land.

Restatement of 2005 Net Assets:

In 2006, the City recorded prior period adjustments producing a net \$69,635,982 increase in December 31, 2005 net assets as restated. Infrastructure assets increased \$58,781,292 to comply with GASB 34 retroactive infrastructure reporting for fiscal years 1980 through 2001. Infrastructure assets increased \$11,542,478 to recognize growth cells infrastructure annexed to the City from 2002 through 2005. Long-Term Liabilities increased \$687,788 for a promissory note to Wal-Mart; reimbursement for Allen Road construction advances in 2002. See Note 17 in the Notes To Financial Statements section of this report for further details regarding incremental and total increases in December 31, 2005 net assets as restated.

Business-Type Activities:

The City has no business-type activities.

City of Peoria

**Changes In Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| | Restated | | | Restated | |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| Elected Offices, Boards, Commissions, and Agencies | \$ 1,621,563 | \$ 1,526,209 | \$ 1,675,688 | \$ 1,705,216 | \$ 1,926,997 |
| City Administration | 5,723,307 | 6,331,442 | 6,320,691 | 6,824,431 | 6,950,987 |
| Police | 24,513,185 | 26,682,830 | 28,437,820 | 29,168,640 | 30,538,723 |
| Fire | 19,511,192 | 20,405,179 | 21,532,910 | 22,305,856 | 24,408,676 |
| Public Works | 21,534,543 | 22,320,835 | 23,682,707 | 25,328,323 | 27,838,925 |
| Community Development | 16,016,512 | 14,304,503 | 12,941,972 | 28,639,520 | 49,626,179 |
| Public Safety | 7,061,669 | 7,062,024 | 7,755,956 | 8,046,578 | 8,412,090 |
| General Government | 16,549,793 | 11,878,015 | 7,054,084 | 9,382,074 | 16,019,134 |
| Library | 5,922,173 | 5,597,368 | 5,572,748 | 6,218,324 | 6,833,270 |
| Interest on Long-Term Debt | 7,138,134 | 6,572,606 | 5,953,781 | 7,546,228 | 7,809,463 |
| Total governmental activities/primary government expenses | \$ 125,592,071 | \$ 122,681,011 | \$ 120,928,357 | \$ 145,165,190 | \$ 180,364,444 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Elected offices, boards, commissions, and agencies | \$ - | \$ - | \$ - | \$ - | \$ - |
| City administration | - | - | - | - | - |
| Police | 212,834 | 220,805 | 251,506 | 475,862 | 1,020,290 |
| Fire | 533,280 | 511,470 | 461,280 | 412,138 | 275,658 |
| Public works | 3,531,704 | 3,382,465 | 5,482,563 | 5,822,715 | 5,635,552 |
| Community development | - | - | - | - | - |
| Public safety | 1,949,200 | 2,071,844 | 2,366,076 | 2,331,974 | 2,373,167 |
| General government | 5,593,899 | 9,477,456 | 9,384,104 | 10,654,559 | 11,442,837 |
| Library | 194,268 | 132,705 | 139,890 | 131,886 | 132,559 |
| Operating grants and contributions: | | | | | |
| Elected offices, boards, commissions, and agencies | - | - | - | - | - |
| City administration | - | - | - | - | - |
| Police | 888,879 | 1,865,113 | 1,421,077 | 2,420,407 | 1,373,059 |
| Fire | 89,802 | 121,369 | 116,473 | 111,953 | 145,197 |
| Public works | - | - | - | - | - |
| Community development | 7,006,752 | 7,031,803 | 6,617,051 | 7,583,527 | 9,505,077 |
| Public safety | 26,933 | 24,958 | 48,056 | 66,227 | 39,930 |
| General government | 5,131 | - | 80,940 | 520,184 | - |
| Library | 127,675 | 37,887 | 12,933 | 28,707 | 135,412 |
| Capital grants and contributions | | | | | |
| Elected offices, boards, commissions, and agencies | - | - | - | - | - |
| City administration | - | - | - | - | - |
| Police | - | - | - | - | - |
| Fire | - | - | - | - | - |
| Public works | - | - | - | - | 37,572 |
| Community development | - | - | - | - | 33,333 |
| Public safety | - | - | - | - | - |
| General government | 16,741,210 | 1,103,499 | 1,572,574 | 1,559,111 | 1,955,973 |
| Library | - | - | - | 149,577 | 106,364 |
| Total governmental activities/primary government program revenues | 36,901,567 | 25,981,374 | 27,954,523 | 32,268,827 | 34,211,980 |
| Net (expense) revenue: | | | | | |
| Total governmental activities/primary government net expense | \$ (88,690,504) | \$ (96,699,637) | \$ (92,973,834) | \$(112,896,363) | \$(146,152,464) |

(Continued)

Table II

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| | Restated | | | Restated | |
| General Revenues and Other Changes in Net Assets: | | | | | |
| Governmental activities/primary government: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 20,506,212 | \$ 22,463,343 | \$ 23,639,496 | \$ 24,697,914 | \$ 26,334,488 |
| Corporate personal property replacement taxes | 4,029,763 | 4,348,774 | 4,694,841 | 6,515,378 | 6,825,112 |
| State sales taxes, unrestricted | 19,486,600 | 20,217,291 | 21,437,038 | 21,968,951 | 23,274,038 |
| State income tax allocation, unrestricted | 7,458,224 | 6,939,248 | 7,228,580 | 8,888,641 | 9,679,194 |
| Home rule sales taxes | 15,500,845 | 20,237,394 | 21,641,571 | 21,930,700 | 22,888,067 |
| Hotel, restaurant and amusement taxes | 6,376,032 | 6,588,790 | 6,890,626 | 7,067,524 | 7,449,766 |
| Local motor fuel taxes | 872,823 | 898,319 | 938,794 | 936,573 | 894,898 |
| Riverboat gaming revenue | 4,606,887 | 4,353,802 | 4,126,973 | 4,058,749 | 3,965,791 |
| Utility taxes | 7,843,066 | 8,671,172 | 8,421,384 | 8,455,737 | 8,568,744 |
| Grants and contributions not restricted to specific programs | 7,710,737 | 9,691,860 | 3,285,935 | 6,279,957 | 4,810,762 |
| Payment from City of Peoria | - | - | - | - | - |
| Interest/Investment Income | 1,231,044 | 666,596 | 1,026,469 | 3,953,095 | 5,077,067 |
| Franchise Fees, based on gross receipts | 2,093,477 | 2,056,055 | 2,432,185 | 1,880,087 | 2,071,893 |
| Other | 7,627,733 | 4,230,603 | 7,479,496 | 4,868,646 | 4,450,806 |
| Total governmental activities/primary government | \$ 105,343,443 | \$ 111,363,247 | \$ 113,243,388 | \$ 121,501,952 | \$ 126,290,626 |
| Change in net assets: | | | | | |
| Total governmental activities/primary government | \$ 16,652,939 | \$ 14,663,610 | \$ 20,269,554 | \$ 8,605,589 | \$ (19,861,838) |

Source: City of Peoria comprehensive annual financial reports for fiscal years 2002 through 2006.

GASB Statement 34 Implementation: The City implemented GASB 34 government-wide financial reporting in fiscal year 2002.

Restatement of 2002 Change in Net Assets:

In 2003, the City recorded prior period adjustments producing a \$1,619,526 increase in the 2002 change in net assets as restated.

Other revenues increased \$389,190 for recognition of 2002 negative police net pension obligations.

Capital outlay increased \$1,230,336 for 2002 road construction.

Restatement of 2005 Change in Net Assets:

In 2006, the City recorded prior period adjustments producing a \$2,768,942 increase in the 2005 change in net assets as restated.

Unrestricted grants & contributions increased \$2,768,942 to record infrastructure annexed to the City during 2005.

Please see Note 17 in the Notes To Financial Statements section of this report for further details regarding the 2005 change in net assets as restated.

Business-Type Activities:

The City has no business-type activities.

**Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund: | | | | | |
| Reserved | \$ 867,750 | \$ 1,165,375 | \$ 1,408,505 | \$ 932,376 | \$ 1,848,711 |
| Unreserved - Designated | 16,177,476 | 15,849,770 | 16,815,391 | 17,823,988 | 18,691,956 |
| Unreserved - Undesignated | 2,534,924 | 3,312,155 | 4,993,106 | 6,532,340 | 8,736,116 |
| Total General Fund | \$ 19,580,150 | \$ 20,327,300 | \$ 23,217,002 | \$ 25,288,704 | \$ 29,276,783 |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ 30,883,072 | \$ 15,086,532 | \$ 16,647,432 | \$ 28,748,887 | \$ 28,807,497 |
| Unreserved - Designated, reported in: | | | | | |
| Special Revenue Funds | - | - | - | - | 841,971 |
| Capital Project Funds | 7,108,531 | 21,619,171 | 19,270,713 | 58,116,993 | 25,180,643 |
| Unreserved - Undesignated, reported in: | | | | | |
| Special Revenue Funds | 1,547,458 | 830,485 | 950,644 | 1,446,695 | 1,078,166 |
| Debt Service Funds | 2,586,113 | 2,552,687 | 2,122,282 | - | - |
| Capital Project Funds | 5,962,779 | 3,305,862 | 8,324,913 | 6,626,544 | 6,090,571 |
| Total All Other Government Funds | \$ 48,087,953 | \$ 43,394,737 | \$ 47,315,984 | \$ 94,939,119 | \$ 61,998,848 |

Source: City of Peoria comprehensive annual financial reports for fiscal years 2002 through 2006.

Trend: The December 31, 2005 designated fund balances in capital projects funds increased \$38,846,280 primarily due to issuance of the \$62,605,000 Series 2005(A) General Obligation Bonds for major capital expansion and improvements to the Peoria Civic Center.

**Assessed Value and Estimated Actual Value of Taxable Property ^{(1) (2) (3)}
Last Ten Fiscal Years
(dollars in thousands except total direct tax rate)
(Unaudited)**

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Farm Property | Railway Property | Total Taxable Assessed Value | Percent Growth | Total Direct Tax Rate |
|-------------|----------------------|---------------------|---------------------|---------------|------------------|------------------------------|----------------|-----------------------|
| 2006 | \$ 1,125,204 | \$ 544,809 | \$ 44,360 | \$ 904 | \$ 841 | \$ 1,716,118 | 6.14% | \$1.2822 |
| 2005 | 1,057,513 | 514,791 | 42,847 | 765 | 886 | 1,616,802 | 5.22% | 1.2896 |
| 2004 | 1,000,040 | 492,297 | 42,601 | 737 | 933 | 1,536,607 | 3.62% | 1.2723 |
| 2003 | 982,025 | 456,371 | 42,778 | 740 | 985 | 1,482,899 | 5.24% | 1.2649 |
| 2002 | 937,228 | 427,495 | 42,503 | 781 | 997 | 1,409,003 | 6.90% | 1.2578 |
| 2001 | 879,920 | 395,166 | 40,981 | 995 | 983 | 1,318,044 | 6.59% | 1.2479 |
| 2000 | 824,072 | 371,548 | 39,081 | 852 | 987 | 1,236,540 | 5.61% | 1.2572 |
| 1999 | 776,350 | 352,693 | 39,964 | 846 | 1,013 | 1,170,866 | 5.82% | 1.2649 |
| 1998 | 733,423 | 332,043 | 39,449 | 667 | 895 | 1,106,477 | 7.10% | 1.2649 |
| 1997 | 684,348 | 309,675 | 37,587 | 598 | 880 | 1,033,088 | 7.24% | 1.2649 |

Source: Peoria County Clerk.

Notes

⁽¹⁾ Property taxes levies for each year above are collected during the following year.
Property is reassessed annually; assessed values are approximately one-third of fair market value, instead of actual market value.
The City's direct property tax rates are calculated per \$100 of assessed valuation; see Table VI for additional tax rate information.

⁽²⁾ Excludes increased assessed valuation of Redevelopment Areas: Campustown, Central Business District, Downtown Stadium, Midtown Plaza, Northside Business Park, Northside Riverfront and Southtown: 1997 - \$22,822,890; 1998 - \$39,638,830; 1999 - \$33,781,970; 2000 - \$36,526,430; 2001 - \$41,810,950; 2002 - \$55,839,360; 2003 - \$54,516,320; 2004 - \$56,357,000; 2005 - \$57,355,710; 2006 - \$60,044,570

⁽³⁾ Incremental and total taxable assessed values above are net of tax-exempt property.

City of Peoria

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed valuation)
(Unaudited)**

| Fiscal Year | City Direct Tax Rate, By Fund | | | | | Total Direct Tax Rate |
|-------------|-------------------------------|------------------------------------|-----------------|------------------------|---------------------|-----------------------|
| | General Fund | Illinois Municipal Retirement Fund | Library Fund | Firemen's Pension Fund | Police Pension Fund | |
| 2006 | \$0.3167 | \$0.2534 | \$0.3398 | \$0.2104 | \$0.1620 | \$1.2822 |
| 2005 | 0.3217 | 0.2597 | 0.3432 | 0.2157 | 0.1493 | 1.2896 |
| 2004 | 0.3586 | 0.2970 | 0.3061 | 0.1719 | 0.1387 | 1.2723 |
| 2003 | 0.4349 | 0.1979 | 0.2854 | 0.1789 | 0.1678 | 1.2649 |
| 2002 | 0.4929 | 0.1705 | 0.3100 | 0.1449 | 0.1395 | 1.2578 |
| 2001 | 0.4648 | 0.2021 | 0.3003 | 0.1577 | 0.1230 | 1.2479 |
| 2000 | 0.4408 | 0.2246 | 0.3067 | 0.1659 | 0.1192 | 1.2572 |
| 1999 | 0.4118 | 0.2559 | 0.3071 | 0.1497 | 0.1404 | 1.2649 |
| 1998 | 0.3941 | 0.2573 | 0.3223 | 0.1552 | 0.1360 | 1.2649 |
| 1997 | 0.4647 | 0.2059 | 0.2952 | 0.1597 | 0.1394 | 1.2649 |

Source: Peoria County Clerk

Notes:

The City Council levies direct property taxes in accordance with authority granted by Article VII of the Illinois Constitution and the Illinois Municipal Code.

Overlapping rates are taxes levied by local and county governments that apply to property owners within the City.

Not all overlapping rates apply to all City property owners, although the County property tax rates apply to all City property owners; the Airport Authority rates apply to the property owners within that Authority's geographic boundaries.

Table VI

Overlapping Rates

| School Dist. No.150 | Peoria County | Peoria Township | Park District | Airport Authority | ICC Junior College | Mass Transit District | Total Tax Rate |
|------------------------|------------------|--------------------|------------------|----------------------|-----------------------|-----------------------------|----------------------|
| \$4.4846 | \$0.8444 | \$0.1366 | \$0.7134 | \$0.2409 | \$0.4841 | \$0.1727 | \$8.3589 |
| 4.4915 | 0.8489 | 0.1390 | 0.7089 | 0.2039 | 0.4801 | 0.1746 | 8.3365 |
| 4.3233 | 0.8543 | 0.1373 | 0.6874 | 0.2021 | 0.4898 | 0.1750 | 8.1415 |
| 4.2287 | 0.8604 | 0.1324 | 0.6944 | 0.1434 | 0.4771 | 0.1721 | 7.9734 |
| 4.2048 | 0.8578 | 0.1310 | 0.6927 | 0.1463 | 0.4573 | 0.1723 | 7.9200 |
| 4.1920 | 0.8832 | 0.1306 | 0.6882 | 0.1517 | 0.4731 | 0.1752 | 7.9419 |
| 4.2663 | 0.8169 | 0.1310 | 0.6915 | 0.1856 | 0.4324 | 0.1642 | 7.9451 |
| 4.3007 | 0.8187 | 0.1311 | 0.6937 | 0.1367 | 0.4131 | 0.1900 | 7.9489 |
| 4.3421 | 0.8189 | 0.1447 | 0.6936 | 0.1389 | 0.4227 | 0.1672 | 7.9930 |
| 4.4013 | 0.8033 | 0.1528 | 0.7090 | 0.1448 | 0.4345 | 0.1741 | 8.0847 |

**Principal Property Taxpayers ^{(1) (2)}
Current Year and Nine Years Ago
(Unaudited)**

| Taxpayer | 2006 (Taxable Assessed Valuation \$1,716,118,322) | | | 1997 (Taxable Assessed Valuation \$1,033,088,148) | | |
|-----------------------------|--|------|---|--|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Caterpillar Tractor, Inc. | \$ 19,192,490 | 1 | 1.12% | \$ 16,966,280 | 1 | 1.64% |
| MCRIL LLC | 12,533,050 | 2 | 0.73% | - | - | - |
| Willow Knolls Ltd. | 9,140,360 | 3 | 0.53% | 4,739,510 | 4 | 0.46% |
| Northwoods Development Co. | 8,051,730 | 4 | 0.47% | 7,366,480 | 2 | 0.71% |
| Edward Rose Bldg. Co. | 7,264,520 | 5 | 0.42% | - | - | - |
| Wal-Mart Stores, Inc. | 7,263,190 | 6 | 0.42% | 2,790,410 | 9 | 0.27% |
| PMP Fermentation Products | 6,685,760 | 7 | 0.39% | - | - | - |
| Gateway Taylor, Inc. | 5,176,890 | 8 | 0.30% | - | - | - |
| Downtown Stadium, Inc. | 5,157,860 | 9 | 0.30% | - | - | - |
| Lexington House Corporation | 4,816,980 | 10 | 0.28% | - | - | - |
| Methodist Hospital Services | - | - | - | 5,269,210 | 3 | 0.51% |
| Archer Daniels Midland | - | - | - | 4,208,700 | 5 | 0.41% |
| Bradley Real Estate, Inc. | - | - | - | 3,899,670 | 6 | 0.38% |
| Commerce Bank Trust | - | - | - | 3,887,500 | 7 | 0.38% |
| Proctor Hospital | - | - | - | 2,935,330 | 8 | 0.28% |
| Bank One Peoria | - | - | - | 2,684,250 | 10 | 0.26% |
| | \$ 85,282,830 | | 4.97% | \$ 54,747,340 | | 5.30% |

Source: City of Peoria Official Bond Statements & Peoria County Assessor

Notes:

⁽¹⁾ Peoria County reports of Non-Farm Property Exceeding \$999,999 in Assessed Valuation (After Board of Review Action).

⁽²⁾ Every effort has been made to seek out and report the largest taxpayers.

However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

**Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year Ended December 31, | Property Tax Levy Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------------|------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2006 | 2005 | \$ 25,781,794 | \$ 25,668,344 | 99.56% | \$ - | \$ 25,668,344 | 99.56% |
| 2005 | 2004 | 24,276,954 | 23,984,505 | 98.80% | - | \$ 23,984,505 | 98.80% |
| 2004 | 2003 | 23,227,384 | 22,989,719 | 98.98% | - | \$ 22,989,719 | 98.98% |
| 2003 | 2002 | 21,927,744 | 21,737,603 | 99.13% | - | \$ 21,737,603 | 99.13% |
| 2002 | 2001 | 19,954,405 | 19,779,589 | 99.12% | - | \$ 19,779,589 | 99.12% |
| 2001 | 2000 | 18,547,666 | 18,131,737 | 97.76% | - | \$ 18,131,737 | 97.76% |
| 2000 | 1999 | 17,685,592 | 17,490,038 | 98.89% | - | \$ 17,490,038 | 98.89% |
| 1999 | 1998 | 16,394,036 | 16,093,761 | 98.17% | - | \$ 16,093,761 | 98.17% |
| 1998 | 1997 | 15,237,384 | 15,193,547 | 99.71% | - | \$ 15,193,547 | 99.71% |
| 1997 | 1996 | 14,569,641 | 14,380,738 | 98.70% | - | \$ 14,380,738 | 98.70% |

Source: Peoria County Treasurer

Ratios of Outstanding Debt by Type (1) (2) (3)
Last Ten Fiscal Years
(dollars in thousands, except per capita)
(Unaudited)

| Fiscal Year | Governmental Activities | | | | | | Total Primary Government | Percentage of Taxable Property Value | Debt Per Capita |
|-------------|--------------------------|--------------------------------|----------------------------|-------------------------------|---------------------------------------|------------------------------|--------------------------|--------------------------------------|-----------------|
| | General Obligation Bonds | Revenue & Sp. Assessment Bonds | Special Service Area Bonds | Long-Term Loans/Notes Payable | Landfill Closure & Post-Closure Costs | Accrued Compensated Balances | Total Outstanding Debt | | |
| 2006 | \$ 151,325 | \$ 6,951 | \$ 4,575 | \$ 3,394 | \$ 1,397 | \$ 8,538 | \$ 176,180 | 10.27% | \$ 1,491.34 |
| 2005 | 160,710 | 2,306 | 4,490 | 3,122 | 1,535 | 8,016 | 180,179 | 11.14% | 1,525.20 |
| 2004 | 107,835 | 2,851 | 4,655 | 3,483 | 1,482 | 7,782 | 128,088 | 8.34% | 1,084.25 |
| 2003 | 110,600 | 3,241 | 4,795 | 4,463 | 1,541 | 7,715 | 132,355 | 8.93% | 1,171.95 |
| 2002 | 114,035 | 3,911 | 4,915 | 4,615 | 1,773 | 7,970 | 137,219 | 9.74% | 1,215.02 |
| 2001 | 116,360 | 4,551 | 4,915 | 4,505 | 1,807 | 7,516 | 139,654 | 10.60% | 1,236.58 |
| 2000 | 110,945 | 5,150 | 4,915 | 4,810 | 1,905 | 10,169 | 137,894 | 11.15% | 1,220.99 |
| 1999 | 97,350 | 5,730 | 4,915 | 5,115 | 872 | 10,075 | 124,057 | 10.60% | 1,040.59 |
| 1998 | 98,020 | 6,520 | 4,915 | 5,631 | 872 | 9,428 | 125,386 | 11.33% | 1,051.74 |
| 1997 | 78,355 | 7,265 | 4,915 | 5,959 | 532 | 9,134 | 106,160 | 10.28% | 935.22 |

Source:

City of Peoria comprehensive annual financial reports for fiscal years 1997 through 2006.
Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) See Tables V, VI, VII, and VIII for property tax data.

(2) See Table XIII for population data.

(3) In 2006, the City issued the \$5,200,000 Special Assessment Bonds for road improvements.

(3) In 2006, the City issued \$4,575,000 WeaverRidge Special Service Area Refunding Bonds.

Business-Type Activities:

The City has no business-type activities.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**
(dollars in thousands, except per capita)
(Unaudited)

| Fiscal Year | Population | Assessed Value (Thousands) | General Bonded Debt Outstanding | | | Percentage of Actual Property Value | Debt Per Capita | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin |
|-------------|-------------|----------------------------|---------------------------------|---------------------------------------|-------------------------|-------------------------------------|-----------------|------------|------------------------------------|-------------------|
| | | | General Obligation Bonds | Less Amount Available in Debt Service | Net General Bonded Debt | | | | | |
| 2006 | 118,135 (1) | \$1,716,118 | \$ 151,325 | \$ 17,796 | \$ 133,529 | 7.78% | \$1,130.31 | \$171,612 | \$0 | \$171,612 |
| 2005 | 118,135 (1) | 1,616,802 | 160,710 | 21,836 | 138,874 | 8.59% | 1,175.55 | 161,680 | 0 | 161,680 |
| 2004 | 118,135 (1) | 1,536,607 | 107,835 | 16,524 | 91,311 | 5.94% | 772.93 | 153,661 | 0 | 153,661 |
| 2003 | 112,936 | 1,482,899 | 110,600 | 15,687 | 94,913 | 6.40% | 840.41 | 148,290 | 0 | 148,290 |
| 2002 | 112,936 | 1,409,003 | 114,035 | 13,814 | 100,221 | 7.11% | 887.42 | 140,900 | 0 | 140,900 |
| 2001 | 112,936 | 1,318,044 | 116,360 | 12,934 | 103,426 | 7.85% | 915.79 | 131,804 | 0 | 131,804 |
| 2000 | 112,936 | 1,236,540 | 110,945 | 12,773 | 98,172 | 7.94% | 869.27 | 123,654 | 0 | 123,654 |
| 1999 | 119,218 | 1,170,866 | 97,350 | 7,451 | 89,899 | 7.68% | 754.07 | 117,087 | 0 | 117,087 |
| 1998 | 119,218 | 1,106,477 | 98,020 | 7,210 | 90,810 | 8.21% | 761.72 | 110,648 | 0 | 110,648 |
| 1997 | 113,513 | 1,033,088 | 78,355 | 5,407 | 72,948 | 7.06% | 642.64 | 103,309 | 0 | 103,309 |

Notes:

Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) Includes 5,199 additional population identified during 2004 Special Census

As a Home Rule entity, under the State of Illinois Constitution, the City has no statutory debt limit. City Ordinance #10,383 dated January 30, 1979, which is part of the City Code, placed a limit on the general obligation bonding power of the City. This ordinance provides that the principal amount of outstanding GO Bonds at any one time shall not exceed 10% of the total equalized assessed valuation of all taxable property within the City at the time of issuance. City Ordinance #14,557 dated August 18, 1998, which is part of the City Code, amended Ordinance #10,383 by removing from the debt limitation calculation bonds issued for which payments are intended to be derived from a revenue source other than ad valorem property tax.

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|--|------------------|
| Assessed Value (from County Report) | \$1,716,118 |
| Debt Limit (10% of assessed value) | 171,612 |
| Debt Applicable to Limit: | |
| General Obligation Bonds | 151,325 |
| Less: Amount set aside for repayment of general obligation debt | <u>(17,796)</u> |
| Gross Total Debt Applicable to Limit | 133,529 |
| Less: Debt With Alternative Repayment Sources | <u>(133,529)</u> |
| Net Total Debt Applicable to Limit | 0 |
| Legal Debt Margin | <u>\$171,612</u> |

**Direct and Overlapping Governmental Activities Debt (1)
As of December 31, 2006
(Unaudited)**

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable To City | City's Estimated Share of Overlapping Debt |
|--|-----------------------|---|---|
| County of Peoria | \$ 8,876,000 | 61.64% | \$ 5,471,166 |
| Greater Peoria Airport Authority | 6,630,000 | 78.87% | 5,229,081 |
| Pleasure Driveway and Park District | 14,435,000 | 93.73% | 13,529,926 |
| WeaverRidge Special Service Area | 4,575,000 | 100.00% | 4,575,000 |
| School District No. 62, Pleasant Valley | 1,080,000 | 49.83% | 538,164 |
| School District No. 69, Pleasant Hill | 160,000 | 1.24% | 1,984 |
| School District No. 150, City of Peoria | 33,208,239 | 97.60% | 32,411,241 |
| School District No. 310, Limestone | 930,000 | 7.94% | 73,842 |
| School District No. 321, Chillicothe IVC | 2,190,000 | 1.54% | 33,726 |
| School District No. 323, Dunlap | 2,205,000 | 86.88% | 1,915,704 |
| School District No. 325, Peoria Heights | 8,445,000 | 13.65% | 1,152,743 |
| School District No. 321, Chillicothe IVC | <u>14,455,000</u> | 31.14% | <u>4,501,287</u> |
| Subtotal, overlapping debt | 97,189,239 | | 69,433,864 |
| City of Peoria Direct Debt | <u>151,325,000</u> | 100.00% | <u>151,325,000</u> |
| Total direct and overlapping debt | <u>\$ 248,514,239</u> | | <u>\$ 220,758,864</u> |

Sources: Peoria County Clerk

Notes:

Overlapping governments coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Peoria. This process recognizes that, when considering a City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The estimated percentage of overlapping debt applicable to the City is based on proportionate equalized assessed valuation of taxable property. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing by each unit's total taxable assessed value.

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

| Downtown Parking Revenue Bonds | | | | | | | | | |
|--------------------------------|----------------------|----------------------------|----------------------|------------------|-----------------------|---------------|--------------|-------------|--|
| Fiscal Year | Net Parking Revenues | Incremental Property Taxes | UDAG Loan Repayments | Interest Revenue | Net Available Revenue | Debt Service | | Coverage | |
| | | | | | | Principal | Interest | | |
| 2006 | \$ 476 | \$ 563 | \$ - | \$ 13 | \$ 1,052 | \$ 555 | \$ 66 | 1.70 | |
| 2005 | 438 | 531 | - | 7 | 975 | 545 | 78 | 1.57 | |
| 2004 | 411 | 538 | - | 6 | 955 | 475 | 167 | 1.49 | |
| 2003 | 444 | 537 | 129 | 5 | 1,115 | 670 | 200 | 1.28 | |
| 2002 | 444 | 530 | 129 | 10 | 1,113 | 640 | 230 | 1.28 | |
| 2001 | 427 | 513 | 59 | 29 | 1,027 | 605 | 259 | 1.19 | |
| 2000 | 449 | 552 | 81 | 42 | 1,124 | 580 | 285 | 1.30 | |
| 1999 | 499 | 530 | 48 | 40 | 1,116 | 585 | 311 | 1.25 | |
| 1998 | 463 | 471 | 80 | 47 | 1,061 | 555 | 347 | 1.18 | |
| 1997 | 441 | 486 | 106 | 47 | 1,080 | 515 | 379 | 1.21 | |

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

Net Parking Revenues do not include depreciation expense.

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year Ended December 31 | Population ⁽¹⁾ | Personal Income | Per Capita Income | Median Age | School Enrollment ⁽²⁾ | Unemployment Rate ⁽³⁾ |
|--|---------------------------|--------------------|----------------------|---------------|-------------------------------------|-------------------------------------|
| 2006 | 118,135 | N/A | \$ 19,609 | 33.8 | 14,400 | 4.4% |
| 2005 | 118,135 | N/A | 19,609 | 33.8 | 14,701 | 5.2% |
| 2004 | 118,135 | N/A | 19,609 | 33.8 | 15,056 | 6.1% |
| 2003 | 112,936 | N/A | 20,512 | 33.8 | 15,414 | 6.6% |
| 2002 | 112,936 | N/A | 20,512 | 33.8 | 15,736 | 6.1% |
| 2001 | 112,936 | N/A | 20,512 | 33.8 | 15,721 | 5.6% |
| 2000 | 112,936 | N/A | 20,512 | 32.6 | 16,000 | 4.9% |
| 1999 | 119,218 | N/A | 14,039 | 32.6 | 15,929 | 4.5% |
| 1998 | 119,218 | N/A | 14,039 | 32.6 | 16,018 | 4.5% |
| 1997 | 113,513 | N/A | 14,039 | 32.6 | 16,253 | 4.8% |

Sources:

⁽¹⁾ United States Census data for 1997; Special Census Data for 1998 - 1999;
United States Census data for 2000 - 2003; Special Census Data for 2004 - 2006

⁽²⁾ Peoria School District # 150 Administration Offices

⁽³⁾ Illinois Department of Employment Security (IDES) Local Area Unemployment Statistics (LAUS) website [mi.ides.state.il.us]

Note: City Unemployment Rates are the yearly average computed by IDES; reported in previous CAFRs the month of December's rate.

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

| Employer | 2006 | | | 1997 | | |
|--------------------------------------|-----------|------|--|-----------|------|--|
| | Employees | Rank | Percentage of Total City ⁽¹⁾ Employment | Employees | Rank | Percentage of Total City ⁽²⁾ Employment |
| Caterpillar Tractor Company | 17,000 | 1 | 14.39% | 17,635 | 1 | 15.54% |
| OSF St. Francis Medical Center | 5,391 | 2 | 4.56% | 4,070 | 2 | 3.59% |
| Peoria School District No. 150 | 3,000 | 3 | 2.54% | 2,400 | 4 | 2.11% |
| Methodist Medical Center | 2,353 | 4 | 1.99% | 2,500 | 3 | 2.20% |
| Keystone Consolidated Industries | 1,100 | 5 | 0.93% | 1,600 | 5 | 1.41% |
| Bradley University | 992 | 6 | 0.84% | 1,200 | 8 | 1.06% |
| Proctor Hospital | 940 | 7 | 0.80% | 1,050 | 9 | 0.93% |
| City of Peoria | 830 | 8 | 0.70% | 834 | - | 0.73% |
| Affina, LLC (fka: Ruppman Marketing) | 750 | 9 | 0.63% | 959 | 10 | 0.84% |
| Illinois Central College | 565 | 10 | 0.48% | 1,453 | 6 | 1.28% |
| Central Illinois Light Company | - | - | - | 1,419 | 7 | 1.25% |

Sources: City of Peoria Official Statement

Note: ⁽¹⁾ Based on U.S. Special Census conducted in 2004

⁽²⁾ Based on 1990 United States Census

**Full-Time Equivalent City Government Employees By Function/Program
Last Five Fiscal Years
(Unaudited)**

| Function/Program | Full-Time Equivalent Employees as of December 31 | | | | |
|---|--|------------|------------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Elected Offices, Boards, Commissions, and Agencies | | | | | |
| City Council | 1 | 1 | 1 | 1 | 1 |
| City Clerk | 5 | 5 | 4 | 4 | 4 |
| City Treasurer | 8 | 7 | 6 | 6 | 6 |
| Election Commission | 5 | 4 | 4 | 4 | 4 |
| City Administration | | | | | |
| City Manager | 8 | 6 | 8 | 8 | 7 |
| Finance | 22 | 22 | 19 | 19 | 19 |
| Human Resources | 8 | 8 | 6 | 6 | 6 |
| Information Systems | 19 | 18 | 18 | 18 | 18 |
| Legal | 10 | 9 | 8 | 8 | 9 |
| Police | 298 | 283 | 282 | 282 | 287 |
| Fire | 216 | 213 | 199 | 203 | 210 |
| Public Works | 132 | 123 | 105 | 103 | 106 |
| Community Development | | | | | |
| Economic Development | 8 | 7 | 5 | 6 | 6 |
| Planning and Growth Management | 27 | 21 | 23 | 23 | 20 |
| Workforce Development | 23 | 21 | 22 | 25 | 27 |
| Public Safety | | | | | |
| Inspection Services | 54 | 47 | 50 | 50 | 50 |
| Emergency Services | 48 | 46 | 41 | 41 | 41 |
| Library | 71 | 69 | 72 | 71 | 74 |
| Total | 963 | 910 | 873 | 878 | 895 |

Sources: City's annual budget documents and City finance department records.

Notes:

In 2003 and 2004, adverse economic conditions resulted in reduced federal and state revenues available to the City. Special early retirement incentives, usual employee turnover and a minimal number of layoffs produced numerous position vacancies in 2003 and 2004. The majority of these vacant positions were temporarily or permanently cut.

**Operating Indicators By Function/Program
Last Five Fiscal Years
(Unaudited)**

| Function/Program | Fiscal Year | | | | |
|--|-------------|---------|---------|---------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Police: | | | | | |
| Total Number of Calls For Service | 89,439 | 84,735 | 85,937 | 88,661 | 86,909 |
| Total Number of Arrests | 11,388 | 11,420 | 11,486 | 12,176 | 12,651 |
| --Adult arrest - Misdemeanor and Felony | 10,659 | 10,788 | 10,839 | 11,542 | 11,964 |
| --Juvenile arrest - Misdemeanor and Felony | 729 | 632 | 647 | 634 | 687 |
| Property Crime | 8,376 | 7,642 | 7,028 | 7,538 | 6,597 |
| Traffic violations | 29,059 | 28,647 | 29,151 | 29,595 | 31,832 |
| Parking violations | 5,084 | 3,861 | 6,084 | 4,751 | 5,351 |
| Number of Commissioned Police Officers | 246 | 236 | 242 | 242 | 247 |
| Fire: | | | | | |
| Total Number of Alarms | 12,250 | 12,283 | 12,350 | 12,985 | 13,713 |
| --Fire Calls | 439 | 650 | 625 | 692 | 640 |
| --Emergency Medical Services | 7,261 | 7,544 | 7,950 | 8,738 | 8,877 |
| --Hazardous Materials Calls | 61 | 59 | 136 | 447 | 342 |
| --Rescue or Other Calls | 3,372 | 4,030 | 3,639 | 3,108 | 3,898 |
| Total Number of Inspections | 4,398 | 3,796 | 3,209 | 3,243 | 2,896 |
| --Fire and Life Safety | 3,054 | 2,396 | 1,862 | 2,470 | 2,500 |
| --Hazardous Materials | 1,344 | 1,400 | 1,347 | 773 | 396 |
| Number of Commissioned Firefighters | 205 | 204 | 192 | 193 | 201 |
| Public Works: | | | | | |
| # Parking Decks & Lots Maintained | 13 | 13 | 11 | 11 | 11 |
| Street Resurfacing (# Linear Miles) | 80 | 88 | 85 | 82 | 83 |
| Storm Sewer Maintenance (# Linear Feet) | 921 | 1,200 | 600 | 800 | 650 |
| # Street Signs & Signals Maintenance Calls | 9,175 | 9,300 | 8,810 | 8,510 | 8,800 |
| Inspections: | | | | | |
| # Construction Permits Issued (1) | 521 | 417 | 442 | 431 | 364 |
| Library: | | | | | |
| Number of Materials Loaned | 776,955 | 751,515 | 774,387 | 735,122 | 773,245 |
| Door Count | 549,266 | 559,317 | 560,694 | 539,473 | 536,014 |
| Computer Usage | 75,101 | 64,366 | 76,812 | 85,199 | 98,817 |

Source: City Departments and Annual Budget Documents

Note: Operating indicators selectively provided for the four largest City operating departments and the Peoria Public Library.

Related Supplemental Data:

| (1) New Residential & Commercial Construction | Fiscal Year | | | | |
|---|---------------|---------------|---------------|---------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Dollar Value of Construction | \$135,959,320 | \$100,188,598 | \$124,170,984 | \$165,067,612 | \$122,885,714 |

**Capital Asset Statistics By Function/Program
Last Five Fiscal Years
(Unaudited)**

| Function/Program | Fiscal Year | | | | |
|---|-------------|-------|-------|-------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Sub Stations | 1 | 1 | 1 | 1 | 1 |
| Marked vehicles | 70 | 70 | 70 | 70 | 70 |
| Unmarked Vehicles | 39 | 40 | 40 | 41 | 42 |
| Fire: | | | | | |
| Stations | 12 | 12 | 12 | 12 | 12 |
| Engine (Pumpers) Companies | 17 | 17 | 17 | 17 | 17 |
| Truck Companies | 6 | 6 | 6 | 6 | 6 |
| Rescue Squads | 3 | 3 | 3 | 3 | 3 |
| Public Works: | | | | | |
| Heavy-Duty Trucks (GVW 27,000-42000) | 25 | 26 | 27 | 29 | 31 |
| Trucks (GVW 10,100- 25,000) | 20 | 20 | 20 | 20 | 20 |
| Streets (Center Lane Miles) | 437 | 449 | 449 | 449 | 449 |
| Street Lights | 8,906 | 9,156 | 9,429 | 9,866 | 10,217 |
| Traffic Signals | 251 | 251 | 251 | 254 | 269 |
| Library: | | | | | |
| Facilities (Main Library, 5 Branches, Bookmobile) | 7 | 7 | 7 | 7 | 7 |

Source: City Departments

Notes:

Capital assets statistical indicators are selectively provided for the three largest City operating departments and Peoria Public Library.

The Peoria Park District, a separate taxing entity, operates parks and swimming pools.

Water/Wastewater facilities are privately owned.

The Greater Peoria Sanitary District, a separate taxing entity, operates and maintains sanitary sewers.

CITY OF PEORIA, ILLINOIS

Glossary of Terms in Statistical Section

APPROPRIATION

Authorization granted by the City Council to make expenditures and to incur obligations for specific purposes, usually limited in amount.

ASSESSED VALUATION

A valuation set upon real estate or other property by a government as a basis for levying taxes.

BOND

A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date(s)) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt.

BUDGET

A plan of financial operation embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which a government and its departments operate.

CAPITAL ASSETS

Fixed assets which have a value of \$25,000 or more, and have a useful economic lifetime of more than one year, or assets of any value, if the nature of the item under consideration is such that it must be controlled for custodial purposes as a fixed asset.

CAPITAL OUTLAY

All expenditures for minor and major capital items, which result in the acquisition of or addition of fixed assets.

CHANGE IN NET ASSETS

Revenues minus expenses of the primary City government converted from modified accrual fund accounting to full accrual accounting for government-wide financial statements in compliance with Governmental Accounting Standards Board (GASB) Statement 34 financial reporting requirements. Changes in Net Assets for the City's two discretely presented component units are not presented in this statistical section.

CHARGES FOR SERVICES

Revenue from all charges for current services exclusive of revenues of municipal utilities and other public enterprises.

DEBT SERVICE

The annual payment of principal and interest on the City's bonded indebtedness. Bonded indebtedness may occur directly through a bond issue by the City Council.

DEFICIT

In governmental funds and fiduciary funds, it is the excess of expenditures over revenues.

EQUALIZATION FACTOR

A factor applied by the State of Illinois to local assessments for the purpose of bringing consistency to assessment practices state-wide.

EQUALIZED ASSESSED VALUATION

The assessed value multiplied by the state equalization factor to yield the value of property from which the property tax rate is calculated after deducting exemptions and the value of tax increment financing districts.

EXTENSION

The process by which the County Clerk determines the tax rate which would yield at least the dollar amount levied by the City Council.

FEES

A general term used for any charge associated with providing a service or permitting an activity.

FINES

Revenue which includes monies derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for the neglect of official duty.

FISCAL YEAR

An accounting period of 12 months. The City of Peoria's fiscal year is January 1 to December 31.

FRINGE BENEFITS

Expenditures for the Illinois Municipal Retirement Fund, health insurance, longevity bonuses, unemployment and worker's compensation claims, and holiday pay. Holiday, vacation, and sick pay are not calculated separately on the City of Peoria's records.

FUND

An independent fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities.

FUND BALANCE

The excess of the assets of a fund over its liabilities and reserves. A negative fund balance is sometimes called a deficit.

GENERAL OBLIGATION BONDS

Bonds for whose payment the full faith and credit of the issuing body are pledged, commonly considered to be payable from taxes and other general revenues.

INTERGOVERNMENTAL REVENUES

Revenues received from other governments in the form of grants, shared revenues, or payments in lieu of taxes. Examples for City of Peoria include governmental reimbursements for salaries, projects and programs, the state personal property replacement tax, the state income tax, sales taxes, and other state and federal grants.

LEVY

The total amount of taxes imposed by a governmental unit on the basis of property.

LICENSES AND PERMITS

Revenue from businesses and occupations which must be licensed before doing business within the governmental unit and revenue from all nonbusiness licenses and permits levied according to benefits presumably conferred by the license or permit.

LOCAL REVENUES

All income from property taxes, interest, fines, licenses, permits, and sales tax.

MARKET VALUE

The highest price in terms of money which a property would bring in a sale between willing buyers and sellers.

NET ASSETS

Assets minus liabilities of the primary City government converted from modified accrual fund accounting to full accrual accounting for government-wide financial statements in compliance with Governmental Accounting Standards Board (GASB) Statement 34 financial reporting requirements. Net assets of the City's two discretely presented component units are not presented in this statistical section.

OVERLAPPING DEBT

The proportionate share of the debts of local governmental units wholly or in part within the limits of the reporting government which must be borne by property within each governmental unit.

POLLUTION PROPERTY

Systems and devices designed to control air and water pollution as defined in statute are assessed separately by the State of Illinois.

PROPERTY TAX RATE

The amount of tax stated in terms of a unit of the tax base. (e.g., One cent per \$100 of taxable assessed valuation is written 0.0100.)

RAILROAD PROPERTY

The State of Illinois assesses all “operating property” of rail companies, which includes all tracks, right-of-ways, structures on the right-of-ways, and rolling stock and car equipment.

RESERVE

An account which records a portion of a fund balance which must be segregated for some future use and which is not available for further expenditure.

REVENUE

Income received by city government in support of services to the Community. City of Peoria’s revenue sources are taxes, licenses and permits, intergovernmental, charges for services, fines, and other miscellaneous revenues.

TAX INCREMENT FINANCING DISTRICT (TIF)

A district established by local government for the purpose of fostering economic development. The original value of the land remains taxable, but the taxes on the value of any improvements go directly to the repayment of bonds used to finance the district.

TAX YEAR

The year in which property taxes are levied. For example, property taxes are levied by the City Council for the 2006 fiscal year in December 2005. Therefore, the property tax year for these levies is 2005. These taxes would be collected in calendar year 2006 during the 2006 fiscal period.

TAXABLE ASSESSED VALUATION

The equalized assessed valuation less exemptions and the value of tax increment financing districts; the value upon which property taxes are calculated.