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The tax advice contained in this Official Statement is not intended or written by the City, its Bond Counsel, or any other tax practitioner to be used, and it cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax advice contained in this Official Statement was written to support the promotion or marketing of the Bonds. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

<b>Issuer:</b>	City of Peoria, Peoria County, Illinois.
<b>Issue:</b>	\$2,505,000 Taxable Motor Fuel Tax Revenue Refunding Bonds, Series 2013D.
<b>Dated Date:</b>	Date of delivery expected to be on or about April 22, 2013.
<b>Interest Due:</b>	Each January 1 and July 1, commencing July 1, 2013.
<b>Principal Due:</b>	January 1, 2014-2023, as detailed on the front page of this Final Official Statement.
<b>No Optional Redemption:</b>	The Bonds are <b>not</b> subject to redemption prior to maturity.
<b>Authorization:</b>	Pursuant to the home rule powers of the City.
<b>Security:</b>	In the opinion of Bond Counsel, Chapman and Cutler LLP, Chicago, Illinois, the Bonds will constitute valid and legally binding obligations of the City payable solely and only from the City's receipt of local Motor Fuel Taxes except that the rights of the owners of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.
<b>Rating:</b>	The Bonds are rated "A" from Standard & Poor's, a division of the McGraw-Hill Companies, Inc.
<b>Purpose:</b>	The Bond proceeds will be used to currently refund a portion of the City's outstanding General Obligation Bonds, Series 2003A due January 1, 2015-2023, to fund a debt service reserve fund, and to pay the costs of issuing the Bonds. See " <b>PLAN OF FINANCING</b> " herein.
<b>No Tax Exemption:</b>	<b>None.</b> Interest on the Bonds is includible in gross income for federal income tax purposes. See " <b>TAX TREATMENT</b> " herein.
<b>Paying Agent/Bond Registrar:</b>	City of Peoria, Office of City Comptroller, Peoria, Illinois.
<b>Escrow Agent:</b>	U.S. Bank National Association, Indianapolis, Indiana.
<b>Verification Agent:</b>	Dunbar Breitweiser & Company, LLP, Bloomington, Illinois.
<b>Delivery Date:</b>	The Bonds are expected to be delivered on or about April 22, 2013.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Underwriter</b>	Robert W. Baird & Co., Inc., Naperville, Illinois
<b>Financial Advisor:</b>	Speer Financial, Inc., Chicago, Illinois.

**CITY OF PEORIA**  
**Peoria County, Illinois**

James E. Ardis III  
*Mayor*

**City Council**

Beth Akeson  
Clyde Gulley, Jr.  
Dan L. Irving

Timothy D. Riggenbach  
Gary L. Sandberg  
Ryan M. Spain  
William R. Spears

W. Eric Turner  
Barbara Van Auken  
Chuck Weaver

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**Officials**

Beth A. Ball  
*City Clerk*

Patrick Urich  
*City Manager*

Patrick A. Nichting  
*City Treasurer*

James R. Scroggins  
*Finance Director/Comptroller*

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**THE CITY**

**General Description**

The City was incorporated in 1845 and is a home rule unit of local 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 had a population of 112,936. According to the 2010 Census the City's population is currently 115,007, ranking as the seventh largest city in the State of Illinois.

**Government and Administration**

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.

## **Labor Relations**

The City currently employs 668 permanent, full-time staff, including 74 management employees, 2 elected officials and 592 labor union employees in nine separate labor unions. Recent contracts with the unions have been for terms ranging from two to three years.

The Peoria Police Benevolent Association (the "PPBA") currently represents 213 employees. The current contract between the City and the PPBA expired on December 31, 2012.

The Peoria Firefighters, IAFF Local 50, currently represents 200 employees. The current contract between the City and the IAFF expired on December 31, 2012.

AFSCME Local Union 3464 currently represents 122 employees. The current contract between the City and Local 3464 expired on December 31, 2012.

The City has a multi-union contract between the City of Peoria and five unions. These unions are: Teamsters, Chauffeurs and Helpers, Local Union 627; Laborers' International Union of North America, Local Union 165; Mid-Central Illinois District Council of Carpenters, Local Union 183; International Brotherhood of Painters & Allied Trades, Local Union 157; United Association of Steamfitters, Local Union 353. These unions currently represent 49 employees as follows: Teamsters - 34 employees; Laborers - 10 employees; Carpenters - 2 employees; Painters - 2 employees; Steamfitters - 1 employee. The current contract with these unions expires on November 30, 2013.

The International Brotherhood of Electrical Workers, Local Union 51, represents 8 employees. The contract expires on November 30, 2013.

## **Economic Profile and Development**

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. Prominent manufacturing firms in other industrial classifications include Keystone Steel & Wire Company and O'Brien Steel.

Prior to the early 1970's, Caterpillar and other related manufacturing businesses were the primary employment base for the City. However, manufacturing has given way to the services and trade sectors such as health services, insurance, retail and telemarketing. The City continues to expand its greatest area of diversification, the medical and technical fields, which provide more than two out of every three jobs.

In 2009, Peoria was ranked as one of the top five "best places to launch a small business" by CNN Money Magazine. They cited Peoria's affordable housing, inexpensive commercial real estate and numerous organizations available to assist start-up businesses as a contributing factor to this ranking.

The National Center for Agriculture Research, USDA's finest agricultural research lab, and Biotechnology Research and Development Corporation, the first company in the United States to provide a link between the private sector and federal labs and resources, are located in Peoria.

In addition to the medical sector, the City's diversification includes technology-based firms involved in direct marketing, insurance, electronics, computer graphics, telecommunications and retail advertising. Included are companies such as Affina, AT&T, Afni, Advanced Technology Services, Multi-Ad Services, Inc., Dynamic Graphics, Inc., and RLI Corp.

Northwoods Mall and the Shoppes at Grand Prairie lead the regional center for commerce and distribution. Other major shopping centers include Campustown, Evergreen Square, Glen Hollow, Knoxville Square, Midtown Plaza, Metro Center, Northpoint, Sheridan Village, Westlake, Prairie Point Shopping Center and Willow Knolls Court. The Shoppes at Grand Prairie (the “Shoppes”), a 500,000 square-foot retail center, which opened in 2003, is anchored by Bergner’s and Dick’s Sporting Goods. One out lot houses the Rave Motion Picture theater, an eighteen-screen state-of-the-art theater which includes an IMAX theater. New restaurants, shops, and big box stores continue to locate around the Shoppes.

The City currently has three growth cells that consist of property annexed to the City in the north and northwest sections of the City. The City tries to facilitate development in these growth cells by providing certain infrastructure improvements. In autumn 2003, a super Wal-Mart opened in Growth Cell 2. In March 2008, a Super Menard’s opened adjacent to the Super Wal-Mart. In 2012, an Aldi and a new state-of-the-art branch of the Peoria Public Library opened. The northern portion of Peoria is one of the fastest growing areas in the City with ongoing retail, commercial and residential development projects.

In June of 2007, the City Council approved the Heart of Peoria Plan, which was created by Duany Plater-Zyberk & Company in 2002. This planning document will shape the growth of Peoria’s downtown, West Main Street and adjoining area and has led to the creation of “Form Districts”, where form replaces conventional zoning.

In 2007, the City looked at ways to redevelop the Central and Southern areas of the City and determined that these areas would be best served by the creation of two Tax Increment Financing Districts (TIF), the Eagle View and Warehouse District TIFs. These two TIFs, which were approved by the City Council in June 2007, have facilitated the development of 15 properties since creation of the TIF districts.

In 2008, the Peoria City Council approved the Hospitality Improvement Zone (HIZ) TIF and the HIZ Business Development District (BDD) to encourage development in the downtown area. The HIZ TIF and HIZ BDD proved to be the incentive needed to attract the development of a Marriott Hotel, a \$92.8 million public/private investment for Downtown. This hotel plan includes renovating the 500 bed, historic Hotel Pere Marquette and constructing a new, attached, 200 bed tower fronting Main and Madison Streets. The Marriott will be connected to the Civic Center through a sky walk. Construction is now underway.

In 2004, the City established a Medical/Technical District later renamed Renaissance Park. Caterpillar, the University of Illinois College of Medicine, Bradley University, the National Center for Agricultural Utilization and Research, Methodist Medical Center, OSF Saint Francis Medical Center (“OSF”), the City of Peoria and Peoria NEXT collaborated in the establishment of the Renaissance Park area. Renaissance Park seeks to capture and cultivate the medical and technical research companies born from the area’s institutional partners. Peoria NEXT purchased two blocks along West Main Street and in collaboration with Caterpillar, constructed a \$13.6 million, 48,000 sq. ft. business incubator, the Peoria NEXT Innovation Center, which will provide a location for start-up medical and technical businesses to receive assistance and eventually to expand into the City, thereby enhancing the economic impact for Peoria. The grand opening for the Peoria NEXT Innovation Center was held in August 2007 and by 2009 the Innovation Center exceeded projections by maintaining 80% occupancy. As of July 23, 2012, its occupancy rate was approximately 81%.

Early in 2009, the Peoria City Council approved an agreement for construction of a \$24 million mixed use development project within Renaissance Park. Known as Main Street Commons, this building was constructed on property that was the site of a vacant and blighted former Walgreens Pharmacy. Main Street Commons complements the Bradley University area by providing housing and retail stores for students.

Between January 1, 2000 and December 31, 2011, the City, through its Economic Development Department (the “Department”), has leveraged \$621 million in private non-residential investment from the Enterprise Zone. This effort stimulated 967 Enterprise Zone projects, created 6,386 new jobs and retained 12,324 jobs. Since 2005 the Department has helped stimulate the purchase of homes within the City by ceding the City’s annual allocation of Private Activity Bond Volume Cap funds to first-time homebuyer programs. 840 homes within the City have been purchased totaling \$70.5 million.

The Peoria Civic Center, which opened in 1982, has served as a catalyst for growth in the hotel, restaurant, and retail industries. The Civic Center is a three-building complex including an Arena, Exhibit Hall and Theater. In 2006 a major expansion and renovation of the Civic Center Exhibit Hall and Arena was completed. This \$55 million expansion increased the square footage of the Civic Center from 700,000 to 900,000 square feet. New concessions and restrooms were added and existing facilities were upgraded. Currently operated by a private management company (SMG), the Civic Center hosts sporting events, conventions, exhibits and a variety of performing arts. The Civic Center is the home of the Rivermen hockey team. Hotel, restaurant and amusement (HRA) taxes are collected by the City to provide for adequate funding of capital improvements of the Civic Center.

In February 1992, the Par-A-Dice Riverboat was first licensed to operate on the Illinois River. The Par-A-Dice draws thousands of tourists weekly with annual visitor counts of approximately 1.3 million (2007 through 2010) and 1.2 million in 2011. Through an inter-governmental agreement with the City of East Peoria, the City is sharing the gaming proceeds from the boat. This revenue sharing has not only resulted in a new revenue source, which the City has dedicated primarily to debt service payments on the construction of a new police building and other capital projects, but it has also generated increased revenues from hotels, restaurants, parking, and other services that riverboat visitors patronize.

Within the next 10 years, a substantial investment will be made in over 8,000 acres within the City's older areas, to bring the combined sewer outlets into compliance with IEPA and USEPA requirements. From 2007 to date, the City invested \$4.0 million to hire a consulting firm to create a long term control plan. The most recent draft Long Term Control Plan was submitted in March 2010 per IEPA permit requirements. As of this date, the City and USEPA are in negotiations on the final plan which will begin upon IEPA and USEPA approvals. While the final costs are not known, it is anticipated that the total project implementation costs will be between \$92,000,000 and \$270,000,000.

## **Educational Institutions**

The City has the largest public school district in the Peoria MSA. Peoria School District Number 150 (the "District"), a special charter district, has 12 primary schools, 9 middle schools, 3 senior high schools, 1 alternative high school, 1 magnet school (K-8), 1 early education center, 1 gifted school (5-8), 1 adult education center, 1 developmental center for profoundly handicapped students and 1 school for special education. In addition, the District has many special programs. Total enrollment for the 2012-2013 school year was 14,221. The District employs approximately 2,680, of which 1,041 are full-time equivalent certified teachers and 1,639 full-time and part-time additional personnel.

In 1993, the Valeska Hinton Early Childhood Education Center opened in Southtown for 270 children aged 3 years through the 1st grade of school. This Center is one of the most innovative in the country, providing a three-prong approach for developing childhood learning skills. The comprehensive program teaches good parenting skills for the enrollees' parents and incorporates health issues for preschool children. The Center is also a professional development site where other teachers in the District are trained. The District recently constructed two new schools, Glen Oak Community School and Harrison Community School, which opened for the 2010/2011 school year. The schools were financed through the Peoria Public Building Commission. An addition is being put onto Lincoln Middle School in the Woodruff area to accommodate grades K-8. The City is planning on opening its first Charter School. A group of area leaders formed a 501(c)(3) organization and have a Board of Directors that will be responsible for instituting a new Math, Science and Technology Academy. This new school will start out with 5 - 8 graders and then add on one additional year each year until it becomes a 5 - 12 school. In addition to the public school system, the City also has a number of parochial and private schools.

While the large majority of students residing in the City attend District 150, the Dunlap School District 323 located in the northernmost part of the City has become another district drawing many pupils from the City. During the past few years, the City has annexed a large portion of land north of the City. This land is being developed for residential and commercial purposes. Some 4,080 students are enrolled in the Dunlap School District. Over 87% of the equalized assessed valuation of the Dunlap School District is within the City.

The City is the home of Bradley University, an independent, privately endowed, coeducational institution that was founded in 1897 as Bradley Polytechnic Institute by Lydia Moss Bradley as a memorial to her children and husband, Tobias. It became a four-year college in 1920 and in 1946 became a university and began offering graduate programs. Bradley has been nationally recognized for its graduate and undergraduate programs in fields such as engineering and business. Bradley University has been ranked 24th on the list of "Top 25 Most Connected Campuses" and "Top 25 Most Entrepreneurial Campuses" in the nation by *The Princeton Review* and *Forbes* magazine. Bradley's fall of 2011 enrollment was approximately 6,000. In the 2009 edition of U.S. News and World Report, Bradley University was ranked as 6th among Midwestern comprehensive universities in America's Best Colleges.

In 2008, Bradley University opened the newly constructed 130,000 square foot Markin Family Student Recreation Center which was named in honor of David R. Markin, a 1953 graduate of Bradley, who donated \$8 million to Bradley, and includes four basketball courts for intramural and recreational games, a championship basketball court, a 1/8-mile running/walking track, a climbing wall, juice bar, indoor pool, weight room, exercise rooms, and other amenities. The University's Health Services will be located in the lower level, along with two labs to support the Department of Nursing.

Illinois Central College ("ICC"), a junior college located in East Peoria, has a satellite campus in downtown Peoria. In addition to typical college courses, ICC's downtown campus provides a full professional development curriculum and houses major teleconference facilities. ICC completed the renovation of a vacant building in downtown Peoria at a cost of \$4.9 million during the mid-1990's. This additional satellite campus facilitates those enrolled in the health occupations and police and fire science curriculums. Additionally, ICC converted the State of Illinois former George A. Zeller Mental Health Center into their northern campus. ICC's current enrollment is 13,078 full-time and part-time students. ICC employs 1,263 full and part-time personnel. In 2007 the City began meetings to facilitate implementation of a new initiative called Peoria Promise. Peoria Promise provides an opportunity for qualifying City high school graduates to receive a scholarship covering full time tuition and books utilized in securing a degree or certificate at ICC. This program became a reality with a combination of public and private funding in 2008. The program strives to develop quality young professionals and retain them in this area.

The University of Illinois College of Medicine, Nursing and Public Health (Peoria Campus) is also located in the City and enrolls approximately 151 students.

Eureka College, located 20 miles away in Eureka, Illinois, enrolls approximately 800 students.

## **Recreational Facilities**

The Pleasure Driveway and Park District of Peoria (the "Park District"), organized in 1894, was the first park system formed in Illinois. The District's boundaries encompass approximately 60 square miles in Peoria County with park and open space holdings in the City, Peoria Heights, West Peoria, and outlying townships of approximately 9,000 acres. Much of the land was acquired through matching grants from the federal Land and Water Conservation Fund, the Illinois Open Space Land Acquisition and Development program and many generous gifts and donations. The numerous facilities are located on 82 park sites and include over 284 recreation facilities.

The RiverPlex, which opened in 2001, is a public/private partnership among the Park District, the City and OSF with contributions by the Bielfeldt Foundation. (Also see "Riverfront Development" herein). The facility is owned and maintained by the Park District on land leased from the City. The multi-purpose activity arena is managed and operated solely by the Park District and can be used for basketball, volleyball or tennis courts, an indoor soccer facility or in-line hockey rink, golf hitting nets for lessons, special events or sports classes. OSF and the Park District manage the Family Fitness and Wellness Center including the Family Aquatic Center, an indoor/outdoor pool. The OSF Managed/Clinical Space provides clinical outpatient rehabilitation programs, wellness programs and classes. The City provided land, parking areas and utilities/infrastructure.



In addition to being one of the oldest and largest park districts in the state, the Park District has also been recognized as an outstanding example of what parks and recreation should be like. The Park District is a three-time winner of the National Recreation and Park Association's Gold Medal Award, and has achieved finalist status the past two years.

The City recently acquired 72 acres of land for conservation and park space. This property known as Connaughton's Rocky Glen Park has 2 waterfalls, indigenous plants, and a main ravine with steep walls and exposed sandstone. This property will be held as a State of Illinois Land and Water Conservation site.

## **Medical Institutions**

The City is considered the regional medical center for Central Illinois with four major hospitals, a Veterans Administration Clinic (the "V.A. Clinic") and the University of Illinois Medical School. The University of Illinois Cancer Research Center is a 34,000 sq. ft \$12 million state-of-the-art research center, which opened in the fall of 2011. City Council approved \$2 million in TIF funds as the City's contribution to this project in 2008. In the spring of 2011, a new V.A. Clinic opened in northern Peoria. The facility has state of the art equipment and expands the services it provides to veterans.

OSF Hospital, located adjacent to Renaissance Park, continues its \$234 million expansion which is the largest in the City's history, adding 440,000 sq. ft. to its existing facility, and recently completed a \$34 million, 1,800 car parking deck, a \$2.6 million LifeFlight hanger at the City's airport and a \$4.3 million helipad at the hospital. In 2012, OSF broke ground on the new \$50 million Jump Simulation Center.

Methodist Medical Center is well under way on the construction of the \$350 million two-phase replacement campus for its 350-bed hospital. The new campus will replace outdated buildings with an all digital facility and will include 100% private facilities.

Cullinan Medical I completed construction on property in Southtown of a 50-bed long term acute care center in the heart of the City with overall private investment of \$25 million. The facility, known as Kindred Care Center, opened in the fall of 2009 and brought approximately 100 diverse new jobs to the City.

In 2008, the Peoria Surgical Group completed construction of a physician's complex with a private investment of \$15 million. This complex is located on the University of Illinois College of Medicine Peoria (UICOMP) Campus in the Southtown TIF district. (Also see Southtown TIF herein).

The City's medical facilities are among the top twenty-five non-manufacturing employers in the area.

In September 2011, Peoria County issued \$42,000,000 of bonds to fund construction of a new senior care facility to be located in West Peoria.

## **Peoria Enterprise Zone**

Peoria's Enterprise Zone is a specially designated area in which tax incentives and direct financial assistance can be provided to firms locating in commercial/industrial areas adjacent to the Illinois River, Pioneer Industrial Park, Mt. Hawley Industrial Park, West Main Street Corridor, and several parcels in the Targeted Growth Area.

The West Main Street corridor is being utilized to create a Medical/Technology District linking Methodist Medical Center, OSF Medical Center, University of Illinois School of Medicine, Bradley University, Caterpillar Inc. and the U.S. Agricultural Lab.

As an incentive to attract major projects to the City, Peoria expanded its Enterprise Zone six times in 2007. Major projects that were incentivized were the \$64.15 million for the Marriott Pere Hotel; \$5.4 million Aldi's; \$7.5 million Komatsu expansion; \$25 million expansion at Junction City; a new \$18 million long term acute care facility; and a \$10 million retail/commercial development on Peoria's north side. As a result, eligible firms are able to participate in a variety of financial incentives designed to encourage businesses to locate or expand in the Enterprise Zone.

In 2008, City staff began strategic expansions of the City's Enterprise Zone to spur development throughout older areas of the City. The first expansion, approved in the fall of 2008, consisted of 132 acres located within the City's third District and included Metro Center, Sheridan Village, and Evergreen Shopping Center. This expansion resulted in the attraction of a Hy Vee Grocery to Sheridan Village, creating \$12 million in private investment and an anticipated job creation component of 325 positions. The new store opened in 2011 and has proved to be one of the most successful in the State. Additionally, the Enterprise Zone incentive prompted the developer of The Metro Centre, a strip mall type shopping center to begin a much needed face lift to their buildings, and the addition of two new projects with the construction of Smashburger's and Noodles in 2012 and opening in 2013. This has resulted in a new urbanism style of development to turn the Centre into a thriving attraction within our City with a 100% occupancy rate.

The second expansion of the Enterprise Zone was approved in 2009 and consisted of 250 acres located within the second and fourth Council Districts of the City. Staff is meeting with developers to encourage development throughout this area.

In 2012, City reports documented 64 development projects within Peoria's Enterprise Zone for a total private investment of \$115.8 million, resulting in the creation and/or retention of 2,386 jobs.

The City of Peoria Designated Zone Organization (DZO), another development stimulus program within the Enterprise Zone, offered tax savings incentives to corporate donors for the Peoria Riverfront Museum and Peoria NEXT Innovation Center projects.

While the City's Enterprise Zone will expire in 2013, staff continues to work with legislators to lobby for legislative changes allowing the City to extend the life of the Enterprise Zone beyond the current 30 years limit. In early 2013 staff will propose an ordinance to Council to extend the zone for 3 more years.

## **Riverfront Development**

Beginning in 1992, the City's downtown redevelopment efforts have focused on the revitalization of the riverfront culminating in a united effort on the part of private developers, the Park District, the Economic Development Council, and the City. Other significant contributions include pledged grants from Caterpillar and The Bielfeldt Foundation. A minimum of \$150 million in new commercial development is being generated by the Riverfront, which includes Festival Park, One Technology Plaza, PMP Fermentation, Inc., Riverfront Village and Riverfront Landing.

Major riverfront development projects include the following:

The City and Lakeview Museum approved a redevelopment agreement for the Peoria Riverfront Museum (PRM) and Caterpillar Visitor's Center to be developed on the site of the former Sears Building. The total project cost is estimated at \$130 million. The \$77 million PRM building opened in 2012 and has over 86,000 sq. ft. and includes galleries devoted to fine arts, folk art and Central Illinois history, the IHSA Peak Performance Center, the first interpretive center for the Illinois River, a hands-on gallery for tots and kids, a state-of-the-art planetarium and a theater. A 132 underground car parking garage connects the PRM with the Caterpillar Visitor's Center allowing access to the facilities year round without being affected by inclement weather. Related infrastructure improvements, street upgrades and additional private and complementary uses are also planned for this 7.2-acre site along the Illinois River. The County placed a referendum question on the spring 2009 ballot for a 0.25% sales tax to fund the museum project. The referendum passed on April 7, 2009. Peoria County sold its \$32,000,000 General Obligation Alternate Revenue Bonds, on December 8, 2010, to partially fund the construction.

One Technology Plaza was developed with the cooperation of Prudential Cullinan Properties, Ltd., Clark Engineers, the Community Career & Technology Center Corporation, Caterpillar Inc., Illinois Central College and the City. The structure includes the Workforce Development Center, Community Career & Technology Center, the Regional Superintendent of School's Technology and Training Center, over 120,000 square feet of other leasable space and a 1,146 space parking garage completed in 1999. The City provided funding for the parking deck.

The RiverPlex, a public/private venture completed in 2001 continues to be a draw to the riverfront. The 115,000 square foot project includes an indoor and outdoor aquatic center, a clinical rehabilitation area, indoor soccer field, basketball courts and wet/dry playground. The Bielfeldt Foundation contributed \$5,000,000 to this project. The City provided funding for parking and adjacent access ways.

The Gateway Building provides meeting rooms and activity space for public and private use. Funding was provided by the City and a donation, in the amount of \$1,200,000, by Caterpillar Inc.

Other completed projects include the renovation of the Spirit of Peoria riverboat and Landings Entertainment Center, Riverfront Visitors Center, and the downtown segment of the bicycle and walking trail.

Two pleasure boat marinas are included in the Riverfront area for transient boaters.

The Transit Center, which opened in 2003, was a cooperative effort with the Greater Peoria Mass Transit District, resulted in the construction of a permanent facility and bus transfer site.

### **Business Development District**

The City has identified the area generally located between William Kumpf, Fayette, Jefferson and Monroe as a Business District to be known as the Hospitality Improvement Zone Business District (the "Business District"). The area is approximately 43.5 acres in size and consists of 51 contiguous tax parcels and public rights-of-way.

The Hospitality Improvement Zone Business District Development is intended to stimulate economic growth and development within the Business District in order to generate hotel and sales tax revenues for the City of Peoria, provide employment opportunities for residents and support Peoria's hospitality industry. The development of the Hospitality Improvement Zone Business District is an essential and proper public purpose that will benefit the entire community.

The projects being undertaken with respect to the Hospitality Improvement Zone Business District involve upgrades to existing hotels and development of new hotels and mixed-use commercial development to support prior public investment in the Peoria Civic Center. The proposed project will be developed in phases as sites become available and as individual property owners elect to make improvements to existing buildings. Implementation of the Hospitality Improvement Zone Business District Development Plan is expected to involve multiple developers and/or property owners.

In November 2011, the City entered a redevelopment agreement with EM Properties (the "Developer"). The Developer proposed to renovate and redevelop the Hotel Pere Marquette, with 284 rooms, constructing a Courtyard Inn and Suites with 116 rooms, expanding it with a new tower for a total of approximately 400 rooms. The new hotel will be a full service Marriott and will include: a swimming pool, business center and day spa; a 466 space parking deck built that will include 15,500 square feet of commercial space on the ground floor; and a elevated, temperature controlled connector between the hotel, garage and the Peoria Civic Center. This will be largest hotel in Illinois between Chicago and St Louis metropolitan areas. The expected reopening date for the redeveloped hotel is April 2013.

The \$92,800,000 project is being funded with a \$29,000,000 grant to the Developer by the City that was financed with the City's \$31,655,000 Taxable General Obligation Bonds, Series 2012A, a loan from the City in the amount of \$7,000,000 and the remainder with private funds secured by the Developer.

## **Hospitality Improvement Zone (HIZ) TIF**

The Hospitality Improvement Zone (HIZ) Tax Increment Redevelopment Project Area was designated in November 2008. The main objectives are to redevelop and build new hotels, revitalizing the Downtown and providing parking and public improvements. The area is approximately 43.5 acres in size and consists of 51 contiguous tax parcels and public rights-of-way. There is a need for additional hotels in the vicinity of the Peoria Civic Center to support its convention functions. Several of the existing hotels are older properties and improvements are needed to allow them to successfully compete with facilities in other communities. The HIZ TIF was developed to provide incentives to developers to redevelop or build a new hotel to support the Peoria Civic Center.

The City's General Obligation Bonds, Series 2012A were issued to provide a grant in connection with the Hotel Pere Marquette Project in accordance with the redevelopment agreement.

## **Tax Increment Financing Districts**

The City has developed ten Tax Increment Financing Districts (each, a "TIF"). The TIFs help these areas redevelop and the value of these areas has gone up each year since the TIFs began. The redeveloped areas create jobs and vitality in the districts.

## **Southtown TIF**

The Southtown TIF was created in November 1978, expires in 2013 and covers 303 acres. It is bounded by Kumpf Boulevard, Main Street, Martin Luther King, Jr. Drive, MacArthur Highway and Jefferson Street. The main objectives are elimination of blight, total clearance and development of residential, office, industrial, institutional and public facilities.

In 2006, the City entered into a contract with Spring Grove Construction Ltd., for Phase III, the final phase, of the Spring Grove residential subdivision. This Phase will consist of construction of 8 new homes with market value of between \$130,000 and \$250,000. This subdivision was a part of the original plan and was started in 1995.

The UICOMP, Nursing and Public Health (Peoria Campus) is also located in the City's Southtown TIF and enrolls approximately 50 students. In December of 2005, a group of area doctors signed a 50-year lease with the UICOMP to operate a physician's building on the medical school campus. Approximately 40 doctors will invest more than \$15 million for a four- or five-story medical office on more than five acres at the UICOMP. The City assisted the development by allocating \$4 million in TIF funds for construction of a parking deck. As part of the plan for continued growth, the new Peoria Cancer Research Center will be constructed adjacent to the UICOMP main campus. The building will have two stories and provide parking for doctors and patients. The new facility will have 20,000 square feet of office and laboratory space with 10,000 square feet on each floor. There will be laboratory and office space for one professor, four associate professors and four assistant professionals as well as space for other research. The new addition to the medical campus will unite patient care, basic science and the research that bridges them. The center will encourage stronger ties among staff in different fields and disciplines by maintaining the college's traditional balance between research and clinical activities. The development of the \$12 million Cancer Research Center continues the City's leadership role as host of major medical complexes in Illinois.

The City entered into a Purchase Option with Cullinan Medical I for their purchase of a 6 acre City-owned site in the Southtown TIF, which will be utilized for construction of a Long Term Acute Care Center with anticipated private investment of approximately \$20 million. This project was completed and will bring 100 diverse new jobs to Southtown.

Other businesses and services located in the TIF are Caterpillar, CBT, CityScape Apartments, Cranes & Equipment, First Capital Bank, HCH Administration, IL Assn. of Neurosurgery, Renal Care Center, Spring Grove Residential, Staybridge Suites, Superior Consolidated, Technicraft, U. of I. College of Medicine, Valley Park Shopping Center, Valeska Hinton School, WW Grainger, Orthopedic Institute, Plattner Orthopedic, Kirby Risk and American Red Cross, Great Plains Sports Medicine and Institute of Physical and Medical Rehabilitation.

### **Midtown TIF**

The Midtown Plaza TIF was created in March 1999, expires in 2022 and covers 9.5 acres. It is located on Knoxville Avenue between Nebraska Avenue and Richmond Avenue. The main objectives are elimination of blight and providing commercial business and service facilities.

Utilizing proceeds from tax increment financing bonds, the City and the David Joseph Companies partnered to develop Midtown Plaza. Space for a shopping center anchor and an additional 8,000 square feet of adjoining retail is also part of the Midtown development. The City coordinated the acquisition of 63 separate parcels to complete this \$15 million project. It is now open and operational. There are several restaurants and commercial businesses located in the plaza.

### **Central Business District TIF**

The Central Business District TIF was created in December 1986, expires in 2021 and covers 92 acres. It is located in the Central Business District and Downtown portions of the Riverfront. The main objectives are eliminating blight, revitalizing the Downtown/Riverfront and providing parking and public improvements.

Demolition was completed on the former Sears building which will be home to a \$120 million Peoria Riverfront Museum and Caterpillar Visitor's Center. This private investment will be assisted with \$3.7 million in public dollars, which have been utilized for property acquisition and infrastructure improvements. The City entered into a contract with Randolph and Associates for design of Water Street and infrastructure improvements in conjunction with the Museum block.

In September of 2009, the City entered into a redevelopment agreement with HGI, L.L.C for three redevelopment projects:

408 SW Washington Street is a four story 24,000 square foot former retail store and warehouse. The property will be reconstructed into a first class office building. Renovations will include but not limited to a complete reconstruction and bringing the building into compliance with governing body codes for accessibility, fire and structural safety. Estimated cost of renovations is \$1,800,000.

412 SW Washington Street is a one story 12,000 square foot former assembly, printing and warehouse building. The property will be reconstructed into a first class office building. Renovations will include but not limited to a complete reconstruction and bringing the building into compliance with governing body codes for accessibility, fire and structural safety. Estimated cost of renovations is \$1,600,000.

420 SW Washington Street will be a new 10,800 square foot building inside the existing façade of a former retail store and warehouse building. The property will be reconstructed into a first class office building. Renovations will include but not limited to a complete construction and bringing the building into compliance with governing body codes for accessibility, fire and structural safety. Estimated cost of renovations is \$1,140,000.

## **Stadium TIF**

The Stadium TIF was created in December 2000, expires in 2023, and covers 7.5 acres. It is bounded by Jefferson Street, Oak Street, Adams Street and rear property lines of properties on the southwest side of Oak Street. The main objectives are elimination of blight and development of a stadium.

In the fall of 2000, the City Council approved a development agreement for the construction of a new minor league baseball stadium, to be located in the downtown area of the City, adjacent to the Riverfront and Southtown Redevelopment areas. This private/public project resulted in the construction of a professional minor league stadium providing many of the amenities of a major league stadium. Features include approximately 6,500 permanent seats and approximately 1,000 lawn berm seats, as well as sixteen luxury suites in the upper level, covered concourse with concession stands and restrooms, video board, and a playground area behind left field. Opening day at O'Brien Field was May 24, 2002.

## **Northside Riverfront TIF**

The Northside Riverfront TIF was created in March 1995, expires in 2018 and covers 105 acres. It is located on I-74 to Spring Street, between Adams and the Illinois River. The main objectives are to improve the overall environment and rehabilitate and expand the PMP Fermentation Plant. This TIF is anchored by PMP Fermentation. This project consists of two plant buildings.

In March 2011, the City entered into a redevelopment agreement with Solazyme, Inc. The company is headquartered in San Francisco and they are a leading renewable oil and bioproducts company with manufacturing facilities in California, Iowa and Pennsylvania. The company uses algae biotechnology to renewably produce clean fuels, chemicals, foods and health science products. Solazyme's advanced and proprietary technology uses algae to produce oils and biomaterials in standard fermentation facilities quickly, cleanly, cost effectively, and at large scale.

These natural oils and biomaterials are tailored, not only for fuel production, but also as replacements for fossil-derived petroleum and a variety of natural plant oils and compounds. This makes them useful in a wide range of products, from oleochemicals, to cosmetics, to foods. The cost to renovate the property is estimated to be \$33.5 million; in the first year, the company will add 25 to 30 jobs (not including any temporary construction jobs). At full capacity, there are plans to add 40 to 50 jobs.

## **Campustown TIF**

The Campustown TIF was created in December 1986, expired in 2009 and covered 13 acres. It was generally bounded by Main Street, University Street and Bourland Avenue. The main objectives were to eliminate blight and provide commercial and support facilities in close proximity to Bradley University.

Businesses and services located in the TIF are Bard Optical, Campustown Liquors, Check into Cash, Supreme Nails, Panda House, Bellacinos, The Hair Gallery Inc., Subway Sandwich Shop, H&R Block, Cookies by Design, Co-op Records, Velvet Freeze, LaBamba Restaurant, Starbucks Coffeehouse and Steak & Fries.

The Campustown TIF expired in December 2009. The development generated by the incentives of the TIF has made a major impact in an area of the City that provides a lot of services to Bradley University students and residents.

## **Northside Business Park TIF**

The Northside Business Park TIF was created in December 2000, expires in 2023 and covers 214 acres. It is generally bounded by Jefferson Street, Spring Street, the Illinois River and Park Avenue. The main objectives are elimination of blight, expansion of O'Brien Steel, installation of an s-curve, elimination of Adams Street Row through the Project Area and establishing two-way traffic on Jefferson Street through the Project Area plus establishment of delineation between industrial and residential uses and provision of commercial/retail opportunities.

In 2000, the City entered into a redevelopment agreement with O'Brien Steel, which purchased \$1.6 million in processing equipment to expand its processing capabilities. Its shipping area was expanded to Wisconsin during 2006. O'Brien Steel currently employs 160. O'Brien Steel completed all of their development obligations and the City made its final TIF payment in 2009.

In February 2011, the City entered into a supplementary redevelopment agreement with O'Brien Steel to expand their facility to accommodate industry growth. O'Brien will construct a 70,000 sq. ft. industrial warehouse building which will be located between Caroline and Spring Street, on the river side of Adams Street. O'Brien will design, bid and construct infrastructure improvements along Caroline Street. In an effort to beautify the neighborhood and comply with neighborhood requests, O'Brien will enhance the infrastructure and make streetscape improvements. The new manufacturing facility and warehouse is estimated to cost \$15,000,000.

## **Warehouse District TIF**

The Warehouse District TIF, located south of Peoria's downtown business district, is a mixed area of old industrial lofts, one story industrial buildings and vacant lots. The City would like this area to be developed as a mixed-use residential and commercial neighborhood. The City would also like the old industrial lofts to be developed as condominiums similar to the successful development of the buildings on Water Street. The street level space can become viable commercial and retail space. Artists and artisans have already located in this area.

In September of 2009, the City entered into a redevelopment agreement with Iron Front, L.L.C. The Redeveloper plans to completely reconstruct the Edgewater Building located at 414 Water Street. The structure is a two story 20,000 square foot former parking deck turned warehouse. It will be reconstructed into a first class office building with parking. Estimated cost of complete renovation is \$2,250,000.

In September 2009, the City entered into a redevelopment agreement with D & B Developers, LLC. The Redeveloper plans to reconstruct the old Peoria Post Office building located at 601 S.W. Water St. The existing warehouse converted into a modern two story office building that has 19 offices, 2 conference rooms, 1 board room, and a common area with 76 cubicles. A new employee lounge and a training room that will seat approximately 50 people was also constructed. Other features include an exterior deck that faces Water Street and a "green habitat" entrance way. The Redeveloper also designed and constructed Walnut Street according to City specifications/requirements. Estimated cost of renovation is \$5,130,000.

In October of 2009, the City entered into a redevelopment agreement with JP Riverfront Development, Inc. The developer plans to completely reconstruct the Sealtest Building located at 100 State Street. The structure is a two-story 50,000 square foot building. It will be reconstructed into a first class mixed development. Renovations will include, but are not limited to, a complete reconstruction and bringing the building into compliance with governing codes for accessibility, fire and structural safety. The developer also designed and constructed Oak Street to City specifications/requirements. Estimated cost of renovation is \$3,300,000.

The City was awarded a TIGER II grant issued by the U.S. Department of Transportation. That includes \$10 million for the redevelopment of the side streets throughout the Warehouse District, a project that calls for adding new residential and commercial activity south of downtown.

## **Eagle View TIF**

The Eagle View TIF encompasses over 544 acres, is bounded by the Illinois River, I-474 and Adams Street and is adjacent to a large number of residential units. The plan proposes the Eagle View Biotech Park creating a large high tech industrial park near Darst and Clark north of I-474. The plan also calls for a large conservation area along the Illinois River, which is known for viewing eagles as well as for fishing and hiking.

## **East Village Growth Cell TIF**

In April 2011, the City approved the East Village Growth Cell TIF. This area includes OSF Saint Francis Medical Center and the surrounding East Bluff and Near Northside neighborhoods. The area is in need of some housing rehabilitation, infrastructure improvements and commercial redevelopment. Creation of a TIF in this area can provide an important financial tool to promote reinvestment in this area.

By promoting reinvestment in the area, property values should increase, thus expanding the tax base and helping to keep rates competitive. City officials have determined that, without direct municipal involvement and financial assistance, planning objectives for this area cannot be met. To encourage new investment in the East Village Growth Cell, the City has implemented tax increment financing (TIF) as a financial tool to facilitate redevelopment. This decision was based in part on a recommendation contained in the Glen Oak Zone Action Plan, which identified TIF as a valuable tool for implementation of the City's goals.

## **Renaissance Park**

The City continues its efforts in establishing Renaissance Park, a vibrant urban community that offers an abundance of medical, technological and educational resources. Renaissance Park has seen the start and completion of some key capital projects. Included in the area on the borders of Renaissance Park are the OSF St. Francis Hospital project, the Methodist Medical Center project and the Illinois Medical Center medical office complex project.

In addition, bordering the Renaissance Park on Main Street is Bradley University's \$100 million expansion of its campus, including a new athletic field house and new Markin Family Student Recreation Center. Bradley is contemplating adding a new performing arts center to the West Bluff. The Peoria NEXT Innovation Center is located in the Main Street area. In 2008 the City started the \$1.5 million streetscape improvement for Columbia Terrace – a crucial arterial road that connects 5 neighborhoods; this project is 75% complete. The project will include new sidewalks, curbs and gutters, landscaping and ornamental lighting. The Renaissance Park Commission continues its work on establishing a special primary school that will focus on math, science and technology.

Comprehensive Prosthetics and Orthotics Services purchased a building in Renaissance Park where they are investing \$1.6 million in improvements to the building also creating 13 new skilled jobs.



## **Targeted Growth Area**

The City has entered into intergovernmental agreements with the Greater Peoria Sanitary and Sewage Disposal District and Peoria County for City financed sewer extensions and cooperative efforts relative to the planning and permitting process in the Targeted Growth Area.

Planning efforts envision 800 acres of light industrial development, complemented by 472 acres of residential development, for an area generally bounded by Illinois Route 6 and Allen Road. Immediate planning efforts are also focused on the extension of Pioneer Parkway to connect with a proposed intersection at Illinois Route 6.

Current development activity in the growth cell along Allen Road includes a Super Menards, SUDS, and Prairie Point Shopping Center. Additional road extensions and new streets are also under construction to accommodate warehouse and industrial development adjacent to the new Wal-Mart.

## **Other Development**

Weaver Ridge, a 378-acre residential golf community, began operations and was recognized as the second best new upscale public access daily fee course in the United States for 1998 by Golf Digest. Through establishment of a special service area, the City and Weaver/Cullinan Residential, L.L.C. has produced a successful public-private partnership.

## **Transportation**

Highway transportation is provided by Illinois Routes 6, 8, 9, 26, 29, 40, 74, 89, 90, 91, 98, 116; U.S. Routes 24 and 150; and Interstates 39, 74, 474 and 155. The Greater Peoria Regional Airport (the "Airport"), operated by the Greater Peoria Regional Airport Authority (GPRA), provides 28 departures daily serving over 55,000 passengers annually. Three air cargo and package express services are available. The Airport serves as the largest regional air hub outside of O'Hare International Airport in Chicago, in terms of passenger flights per day and runway size. The airport's two runways are 10,104 feet and 8,000 feet in length. In spring of 2009, the Airport began construction of a \$52 million, 130,000 sq. ft. commercial terminal facility.

In addition to the new construction GPRA will be making \$10 million in air side capacity enhancements (taxi-way improvements).

Mt. Hawley airport is another general aviation airport operated by the GPRA. Additional air facilities are located at the Pekin airport. There are approximately 11 rail carriers and 48 motor carriers serving the City.

## **Interstate 74 Upgrade**

Major upgrades to Interstate 74 began in 2002 and were completed in November 2006. These upgrades extended from Sterling Avenue on the west, to the Pinecrest Interchange on the east side of the river. The upgrade included new entrance and exit ramps for the downtown area, removal, replacement or rehabilitation of all existing bridges and new highway lighting. The cost of these major improvements was \$460 million and was the largest construction project in Illinois outside of Chicago.

## Employment

The following tables show employment by industry and by occupation for the City, Peoria County (the “County”) and the State of Illinois (the “State”) as reported by the U.S. Census Bureau 2007-2011 American Community Survey 5-year estimated values.

### Employment by Industry(I)

Classification	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting, and Mining	79	0.2%	735	0.9%	63,960	1.1%
Construction.....	1,881	3.7%	4,180	4.9%	343,232	5.7%
Manufacturing.....	7,871	15.4%	14,262	16.6%	775,663	12.8%
Wholesale Trade.....	1,308	2.6%	2,376	2.8%	196,738	3.3%
Retail Trade.....	5,600	11.0%	9,429	11.0%	659,708	10.9%
Transportation and Warehousing, and Utilities...	1,798	3.5%	3,434	4.0%	355,486	5.9%
Information.....	949	1.9%	1,660	1.9%	135,688	2.2%
Finance, Insurance, Real Estate, Rental and Leasing.....	2,925	5.7%	5,022	5.9%	466,468	7.7%
Professional, Scientific, Management, Administrative, and Waste Management Services	5,319	10.4%	8,671	10.1%	662,987	11.0%
Educational, Health and Social Services.....	13,423	26.3%	21,081	24.6%	1,337,455	22.1%
Arts, Entertainment, Recreation, Accommodation and Food Services.....	5,508	10.8%	7,776	9.1%	524,925	8.7%
Other Services (Except Public Administration)...	2,346	4.6%	4,097	4.8%	288,538	4.8%
Public Administration.....	1,971	3.9%	2,949	3.4%	232,923	3.9%
Total.....	50,978	100.0%	85,672	100.0%	6,043,771	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 2007 to 2011 estimates.

### Employment by Occupation(I)

Classification	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science, and Arts.....	20,016	39.3%	31,954	37.3%	2,167,571	35.9%
Service .....	10,328	20.3%	15,466	18.1%	1,007,434	16.7%
Sales and Office .....	12,768	25.0%	21,493	25.1%	1,550,202	25.6%
Natural resources, Construction, and Maintenance..	2,305	4.5%	6,047	7.1%	474,566	7.9%
Production, Transportation, and Material Moving...	5,561	10.9%	10,712	12.5%	843,998	14.0%
Total.....	50,978	100.0%	85,672	100.0%	6,043,771	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 2007 to 2011 estimates.

Caterpillar Inc., is the largest employer in the City and the region. In the Peoria area, Caterpillar has five separate facilities: East Peoria (track type tractors); Mapleton (foundry); Mossville (diesel and natural gas engines); Morton (parts warehouse); and Peoria (corporate headquarters).

### Major Regional Employers(1)

**More than 15,000 Employees**

Peoria..... Caterpillar, Inc..... Construction Machinery and Equipment

**More than 1,500 Employees**

Peoria..... Advanced Technology Services..... Computer Maintenance and Repair  
 Peoria..... Methodist Medical Center..... Hospital  
 Peoria..... OSF St. Francis Medical Center..... Hospital  
 Peoria..... Peoria School District Number 150..... Schools  
 Various..... Wal-Mart (2)..... Retail Store

**1,000 to 1,500 Employees**

Peoria..... Affina..... Inbound Telemarketing  
 Peoria..... Bradley University..... Higher Education  
 Various..... Kroger Co. (2)..... Grocery Stores  
 Peoria..... Peoria Air Guard 182nd Airlift Wing..... Military  
 Peoria..... Peoria County..... County Government  
 Peoria..... Peoria Park District (3)..... Recreation  
 Peoria..... U.S. Postal Service..... Mail Delivery, Retail Services  
 Peoria..... University of Illinois College of Medicine at Peoria..... Higher Education

**500 to 1,000 Employees**

Peoria..... Ameren CILCO..... Gas and Electric Utility  
 Peoria..... Citizens Equity Federal Credit Union (CEFCU)..... Credit Union  
 Peoria..... City of Peoria..... Government  
 East Peoria..... G & D Transportation, Inc..... Trucking Services  
 Peoria..... Health Professionals Ltd..... Healthcare Provider  
 Peoria..... Hostess Brands..... Bread Production  
 East Peoria..... Illinois Central College..... Higher Education  
 Peoria..... Keystone Steel and Wire Co..... Steel  
 Various..... Kmart Corporation (2)..... Retail Store  
 Peoria..... Komatsu Mining Systems..... Trucks and Bus Bodies  
 Morton..... Matcor Metal Fabrication..... Sheet Metal Work  
 East Peoria..... Par-A-Dice Casino..... Casino  
 Pekin..... Pekin Hospital..... Hospital  
 Pekin..... Pekin Insurance and Farmers Automobile Insurance..... Insurance  
 Peoria..... Peoria Journal Star..... Newspaper  
 Peoria..... Proctor Community Hospital..... Hospital  
 Peoria..... SC2..... Corporate Headquarters and Metal Products Fabrication  
 Pekin..... Tazewell County..... Government

- Notes: (1) Source: Economic Development Commission for the Peoria Area and a selective telephone survey as of February 1, 2012.  
 (2) Various locations within Peoria, Tazewell and Woodford counties.  
 (3) Includes seasonal employees. There are 200 full-time year round staff and 1,400 part-time and seasonal employees.

## Unemployment Rates

### Annual Average Unemployment Rates(1)

Calendar Year	The City	Peoria County	State of Illinois
2003	6.5%	6.0%	6.7%
2004	6.7%	6.1%	6.2%
2005	5.2%	5.0%	5.7%
2006	4.4%	4.2%	4.5%
2007	5.0%	4.8%	5.0%
2008	6.2%	6.0%	6.5%
2009	11.3%	10.9%	10.1%
2010	11.0%	10.8%	10.3%
2011	9.9%	9.5%	9.8%
2012	8.9%	8.4%	8.9%
2013(2)	11.1%	10.9%	10.5%

Notes: (1) Source: Illinois Department of Employment Security.  
 (2) Preliminary for February 2013.

## Housing

The U.S. Census Bureau 5-year estimates reported that the median value of the City's owner-occupied homes was \$120,700. This compares to \$121,900 for the County and \$198,500 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2007-2011 American Community Survey.

### Specified Owner-Occupied Units(1)

Value	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	3,090	11.1%	4,854	9.5%	218,208	6.7%
\$50,000 to \$99,999	8,116	29.2%	14,919	29.3%	451,967	13.8%
\$100,000 to \$149,999	6,403	23.0%	12,158	23.9%	464,158	14.2%
\$150,000 to \$199,999	4,339	15.6%	8,337	16.4%	518,957	15.8%
\$200,000 to \$299,999	3,379	12.2%	6,341	12.4%	725,004	22.1%
\$300,000 to \$499,999	1,698	6.1%	3,117	6.1%	613,486	18.7%
\$500,000 to \$999,999	501	1.8%	858	1.7%	234,600	7.2%
\$1,000,000 or more	263	0.9%	380	0.7%	53,191	1.6%
Total	27,789	100.0%	50,964	100.0%	3,279,571	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 to 2011.

### Mortgage Status(1)

Value	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	18,186	65.4%	32,982	64.7%	2,272,745	69.3%
Housing Units without a Mortgage	9,603	34.6%	17,982	35.3%	1,006,826	30.7%
Total	27,789	100.0%	50,964	100.0%	3,279,571	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 to 2011.

The Peoria Area Association of Realtors reports that in 2012 the average City single family home sales price was \$146,349.

## Growth in the Tax Base

Substantial building activity has been characteristic of the City. The table below shows the value of building permits within the City.

### City Building Permits(1) (In thousands of dollars)

Year	Residential(2)		Commercial(3)		All Other	Total
	Number	Value	Number	Value		
2003 . . . .	343	\$51,242	71	\$ 48,397	\$ 96,088	\$195,727
2004 . . . .	384	66,839	58	57,332	80,157	204,328
2005 . . . .	357	66,138	73	98,654	97,898	262,690
2006 . . . .	311	66,741	63	56,145	121,796	244,682
2007 . . . .	309	82,893	56	224,642	167,934	475,469
2008 . . . .	242	59,542	40	131,906	135,889	327,337
2009 . . . .	134	32,149	28	23,921	93,852	149,922
2010 . . . .	153	37,340	29	52,771	121,040	211,152
2011 . . . .	147	35,162	36	116,482	93,750	245,394
2012 . . . .	212	52,182	29	30,318	102,762	185,262

Notes: (1) Source: City of Peoria.  
 (2) Residential includes new duplex and triplex, new single family dwellings and new townhomes.  
 (3) Commercial includes new multi-family and new commercial.

## Income

The U.S. Census Bureau 5-year estimates reported that the City had a median family income of \$60,025. This compares to \$64,094 for the County and \$69,658 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2007-2011 American Community Survey.

### Family Income(1)

Income	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000 . . . . .	1,946	7.2%	2,290	4.9%	131,841	4.2%
\$10,000 to \$14,999 . . . . .	1,192	4.4%	1,592	3.4%	86,610	2.7%
\$15,000 to \$24,999 . . . . .	2,582	9.6%	3,763	8.0%	224,421	7.1%
\$25,000 to \$34,999 . . . . .	2,491	9.2%	4,152	8.8%	260,262	8.3%
\$35,000 to \$49,999 . . . . .	3,331	12.3%	6,272	13.3%	389,862	12.4%
\$50,000 to \$74,999 . . . . .	4,641	17.2%	9,409	20.0%	606,737	19.2%
\$75,000 to \$99,999 . . . . .	3,905	14.4%	7,337	15.6%	486,151	15.4%
\$100,000 to \$149,999 . . . . .	3,663	13.6%	6,943	14.7%	547,784	17.4%
\$150,000 to \$199,999 . . . . .	1,417	5.2%	2,633	5.6%	212,016	6.7%
\$200,000 or more . . . . .	1,860	6.9%	2,702	5.7%	207,841	6.6%
Total . . . . .	27,028	100.0%	47,093	100.0%	3,153,525	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 to 2011.

The U.S. Census Bureau 5-year estimates reported that the City had a median household income of \$46,030. This compares to \$50,689 for the County and \$56,576 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2007-2011 American Community Survey.

**Household Income(I)**

Income	The City		Peoria County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	4,920	10.5%	6,041	8.0%	324,506	6.8%
\$10,000 to \$14,999	2,566	5.5%	3,736	5.0%	225,927	4.7%
\$15,000 to \$24,999	6,067	12.9%	8,657	11.5%	480,204	10.1%
\$25,000 to \$34,999	4,845	10.3%	7,979	10.6%	462,115	9.7%
\$35,000 to \$49,999	6,639	14.1%	10,805	14.3%	628,998	13.2%
\$50,000 to \$74,999	8,074	17.2%	14,387	19.1%	884,623	18.5%
\$75,000 to \$99,999	5,384	11.5%	9,630	12.8%	627,813	13.2%
\$100,000 to \$149,999	4,637	9.9%	8,244	10.9%	656,199	13.7%
\$150,000 to \$199,999	1,673	3.6%	2,911	3.9%	243,765	5.1%
\$200,000 or more	2,131	4.5%	3,026	4.0%	238,852	5.0%
Total	46,936	100.0%	75,416	100.0%	4,773,002	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 to 2011.

**Retailers' Occupation, Service Occupation and Use Tax(I)**

Calendar Year	Municipal Tax Distributions(2)	Annual Percent Change + (-)	Home Rule Sales Tax	Total
2002	\$18,212,685	(2.9%)(3)	\$15,921,179	\$34,133,865
2003	19,022,552	4.4%	20,149,181	39,171,732
2004	20,026,914	5.3%	21,385,878	41,412,793
2005	20,481,370	2.3%	21,903,001	42,384,371
2006	21,524,073	5.1%	22,856,472	44,380,545
2007	21,702,563	0.8%	23,081,852	44,784,416
2008	21,799,161	0.4%	23,018,143	44,817,304
2009	20,205,912	(7.3%)	21,070,433	41,276,344
2010	21,070,676	4.3%	21,745,243	42,815,919
2011	21,514,447	2.1%	22,662,276	44,176,724
Growth from 2002 to 2011		18.1%		

- Notes: (1) Source: State of Illinois, Department of Revenue.  
 (2) Tax Distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs, which are not taxed by the state.  
 (3) The 2002 percentage is based on a 2001 sales tax of \$18,747,944 for Municipal Tax.

**Sales Tax Receipts by Kind of Business(I)**  
 (For the 12 months ended December 31, 2011)

	Municipal Tax(2)	Proportional Share	Home Rule Sales Tax	Total
General Merchandise	\$ 3,482,784	16.2%	\$ 4,019,389	\$ 7,502,173
Food	2,694,679	12.5%	1,869,609	4,564,288
Drinking and Eating Places	2,343,135	10.9%	3,422,152	5,765,287
Apparel	1,247,713	5.8%	1,681,072	2,928,785
Furniture, Household & Radio	1,438,820	6.7%	2,139,206	3,578,027
Lumber Building and Hardware	1,136,954	5.3%	1,697,078	2,834,033
Automotive and Filling Stations	3,992,132	18.6%	1,795,555	5,787,687
Drugs and other Retail	2,843,260	13.2%	2,995,661	5,838,921
Agriculture and Extractive	1,925,507	8.9%	2,453,576	4,379,084
Manufactures	409,463	1.9%	588,977	998,440
Total	\$21,514,447	100.0%	\$22,662,276	\$44,176,726

- Notes: (1) Source: State of Illinois, Department of Revenue.  
 (2) The amount returned to the City is equal to 1% of taxable sales made at businesses located within the corporate limits of the City.

**PLAN OF FINANCING**

The Bond proceeds will be used to currently refund a portion of the City’s outstanding General Obligation Bonds, Series 2003A due January 1, 2015-2023 (the “Refunded Bonds”) to fund a debt service reserve fund, and to pay the costs of issuing the Bonds, which are set forth below.

**Outstanding General Obligation Bonds, Series 2003A  
 (As of Date of Delivery)**

<u>Maturity Date</u>	<u>Outstanding Amount</u>	<u>The Refunded Bonds</u>	<u>Redemption Date</u>	<u>Price</u>
1/1/2014	\$ 205,000	\$ 0	N/A	N/A
1/1/2015	210,000	210,000	5/22/2013	100.00%
1/1/2016	220,000	220,000	5/22/2013	100.00%
1/1/2017	230,000	230,000	5/22/2013	100.00%
1/1/2018	240,000	240,000	5/22/2013	100.00%
1/1/2019	245,000	245,000	5/22/2013	100.00%
1/1/2020	255,000	255,000	5/22/2013	100.00%
1/1/2021	270,000	270,000	5/22/2013	100.00%
1/1/2022	280,000	280,000	5/22/2013	100.00%
1/1/2023	290,000	290,000	5/22/2013	100.00%
	<u>\$2,445,000</u>	<u>\$2,240,000</u>		

Bond proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the “Government Securities”), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Bonds as stated above, and (ii) to pay principal of and call premium, if any, on the Refunded Bonds on the redemption date. The remaining bond proceeds will be used to pay the costs of issuing the Bonds.

The Government Securities will be held in an escrow account created pursuant to an escrow agreement (the “Escrow Agreement”) dated as of the date of delivery, expected to be on or about April 22, 2013, between the City and U.S. Bank National Association, Indianapolis, Indiana, as Escrow Agent (the “Escrow Agent”).

The mathematical calculations of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of certain interest, principal and call premiums on the Refunded Bonds will be verified by Dunbar, Breitweiser & Company, LLP, Bloomington, Illinois, at the time of delivery of the Bonds. All moneys and Government Securities deposited for the payment of Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds.

**DEBT INFORMATION**

After the issuance of the Bonds and the refunding of the Refunded Bonds, the City will have outstanding \$246,840,000 of general obligation debt, \$2,505,000 motor fuel tax revenue bonds, \$2,080,000 of special tax refunding bonds (Weaver-Ridge), \$5,147,500 of special assessment bonds, and \$1,528,142 of other debt excluding post closure landfill costs, worker’s compensation claims, compensated absences, OPEB and general liability claims. Much of the City’s general obligation debt is paid from non-property tax sources. See **APPENDIX C** for further details of the City’s outstanding debt.

The City may issue \$4,500,000 of taxable bonds for infrastructure improvements within the calendar year and may also pursue additional refunding opportunities that provide savings.

**General Obligation Bonds  
 (By Issue)**

<u>Issue</u>	<u>Amount Outstanding</u>
Series 1998C.....	\$ 490,000
Series 2003A.....	2,445,000
Series 2004C.....	1,010,000 (1)
Series 2005A.....	62,090,000 (2)
Series 2005B.....	19,670,000
Series 2007A.....	15,455,000
Series 2008A.....	25,845,000
Series 2009A.....	10,210,000
Series 2010A.....	2,175,000
Series 2010B.....	765,000
Series 2010C.....	14,955,000
Series 2010D (Refunding).....	24,310,000 (2)
Series 2011A.....	3,805,000
Series 2011B.....	5,290,000 (2)
Series 2012A.....	31,655,000
Series 2012C.....	4,500,000
Series 2012B.....	9,995,000 (2)
Series 2013A.....	9,555,000
Series 2013C.....	<u>4,860,000 (1)</u>
Total Outstanding.....	<u>\$249,080,000</u>
Less: (The Refunded Bonds).....	<u>(2,240,000)</u>
Total .....	\$246,840,000

For Information:

Less 2005A Bonds Held in Escrow from 2010D Refunding	\$(24,240,000)(2)
Less 2005A Bonds Held in Escrow from 2011B Refunding	(5,380,000)(2)
Less 2005A Bonds Held in Escrow from 2012B Refunding	(9,350,000)(2)
Less 2005A Bonds Held in Escrow from 2013A Refunding	<u>(9,050,000)(2)</u>
Total	\$198,820,000

Notes: (1) Excludes the Series 2004C Bonds scheduled to be refunded by Series 2013C. The Series 2013C Bonds are scheduled to close on April 9, 2013.

(2) The City issued Series 2010D, 2011B, 2012B and 2013A General Obligation Refunding Bonds, in the amounts of \$24.3 million, \$5.3 million, \$9.9 and \$9.6 million, respectively, to refinance a portion of the previously issued Series 2005A General Obligation Bonds. Although these refunding bond proceeds have been deposited with an escrow agent, proceeds for this "economic" bond refunding must be recorded in the City's accounting system and financial statements pending actual call of the previously issued bonds. The \$48,020,000 Refunded Series 2005A Bonds are therefore considered to be outstanding.



**General Obligation Debt(1)  
 (Principal Only)**

Calendar Year	Total Outstanding(2)	Less: The Refunded Bonds	Total(2)	Less: 2005A Bonds Held in 2010	Less: 2005A Bonds Held in 2011	Less: 2005A Bonds Held in 2012	Less: 2005A Bonds Held in 2013	Total	Cumulative Retirement	
				Escrow(2)	Escrow(2)	Escrow(2)	Escrow(2)		Amount	Percent
2014.....	\$ 11,195,000	\$ 0	\$ 11,195,000	\$ (825,000)	\$ (85,000)	\$ 0	\$ 0	\$ 10,285,000	\$ 10,285,000	5.17%
2015.....	11,115,000	(210,000)	10,905,000	0	0	0	0	10,905,000	21,190,000	10.66%
2016.....	12,020,000	(220,000)	11,800,000	0	0	0	0	11,800,000	32,990,000	16.59%
2017.....	14,465,000	(230,000)	14,235,000	(2,560,000)	0	0	0	11,675,000	44,665,000	22.47%
2018.....	15,560,000	(240,000)	15,320,000	(2,920,000)	0	0	0	12,400,000	57,065,000	28.70%
2019.....	11,435,000	(245,000)	11,190,000	0	0	0	0	11,190,000	68,255,000	34.33%
2020.....	12,460,000	(255,000)	12,205,000	0	0	0	0	12,205,000	80,460,000	40.47%
2021.....	12,475,000	(270,000)	12,205,000	0	0	0	(800,000)	11,405,000	91,865,000	46.21%
2022.....	15,550,000	(280,000)	15,270,000	0	(4,635,000)	0	0	10,635,000	102,500,000	51.55%
2023.....	16,520,000	(290,000)	16,230,000	(5,065,000)	0	0	0	11,165,000	113,665,000	57.17%
2024.....	17,410,000	0	17,410,000	(4,520,000)	(660,000)	0	(340,000)	11,890,000	125,555,000	63.15%
2025.....	18,605,000	0	18,605,000	(6,010,000)	0	0	0	12,595,000	138,150,000	69.48%
2026.....	19,085,000	0	19,085,000	(2,340,000)	0	0	(3,810,000)	12,935,000	151,085,000	75.99%
2027.....	19,710,000	0	19,710,000	0	0	(2,350,000)	(4,100,000)	13,260,000	164,345,000	82.66%
2028.....	20,865,000	0	20,865,000	0	0	(7,000,000)	0	13,865,000	178,210,000	89.63%
2029.....	4,400,000	0	4,400,000	0	0	0	0	4,400,000	182,610,000	91.85%
2030.....	4,675,000	0	4,675,000	0	0	0	0	4,675,000	187,285,000	94.20%
2031.....	6,535,000	0	6,535,000	0	0	0	0	6,535,000	193,820,000	97.49%
2032.....	5,000,000	0	5,000,000	0	0	0	0	5,000,000	198,820,000	100.00%
Total.....	\$249,080,000	\$(2,240,000)	\$246,840,000	\$(24,240,000)	\$(5,380,000)	\$(9,350,000)	\$(9,050,000)	\$198,820,000		

Notes: (1) Source: The City. Mandatory redemption amounts are shown for term bonds.

(2) \$24,240,000 of the outstanding Series 2005A Bonds were refunded in 2010, \$5,380,000 of Series 2005A Bonds were refunded in 2011, \$9,350,000 of Series 2005A Bonds were refunded in 2012 and \$9,050,000 of Series 2005A were refunded in 2013. All were economic defeasances. Therefore the Series 2005A Refunded Bonds are not legally defeased and considered to be outstanding after being placed in escrow.

**Motor Fuel Tax Refunding Revenue Bonds  
 (Principal Only)**

Year	The Bonds	Cumulative Retirement(1)	
		Amount	Percent
2014	\$ 60,000	\$60,000	2.40%
2015	250,000	310,000	12.38%
2016	255,000	565,000	22.55%
2017	260,000	825,000	32.93%
2018	265,000	1,090,000	43.51%
2019	270,000	1,360,000	54.29%
2020	275,000	1,635,000	65.27%
2021	285,000	1,920,000	76.65%
2022	290,000	2,210,000	88.22%
2023	295,000	2,505,000	100.00%
Total	\$2,505,000		

**Detailed Overlapping Bonded Debt(1)  
 (As of January 1, 2013)**

	Outstanding Bonds(2)	Applicable to the City	
		Percent(3)	Amount
School District Number 62 (Pleasant Valley)	\$ 930,000	46.58%	\$ 433,194
School District Number 150 (City of Peoria)(4)	143,060,046	97.60%	139,626,605
School District Number 310 (Limestone)	1,265,000	6.91%	87,412
Community Unit School District Number 321 (Chillicothe)	6,915,000	1.60%	110,640
School District Number 323 (Dunlap)	54,030,000	87.23%	47,130,369
School District Number 325 (Peoria Heights)	4,515,000	11.89%	536,834
Community College District Number 514 (Illinois Central College)(4)	29,035,000	29.75%	8,637,913
Total Schools			\$196,562,965
Others:			
County of Peoria(5)	\$ 78,880,000	60.82%	\$ 47,974,816
Greater Peoria Airport Authority	53,595,000	55.96%	29,991,762
Pleasure Driveway and Park District	6,785,000	94.61%	6,419,289
Weaver Ridge Special Service Area	2,530,000	100.00%	2,530,000
Total Others			\$ 86,915,867
Total Overlapping Debt			\$283,478,832

- Notes: (1) Source: Peoria County.  
 (2) All capital appreciation bonds are listed at their original principal value.  
 (3) Based on 2011 equalized assessed valuations, the most recent available.  
 (4) Includes principal amount of lease obligations to the Public Building Commission of Peoria.  
 (5) Excludes Debt Certificates.

**Statement of Bonded Indebtedness(1)**

	Amount Applicable	Ratio to		Per Capita (2010 Census 115.007)
		Equalized Assessed	Estimated Actual	
Assessed Valuation of Taxable Property, 2011	\$1,992,980,826	100.00%	33.33%	\$17,329.21
Estimated Actual Value, 2011	\$5,978,942,478	300.00%	100.00%	\$51,987.64
City Direct Bonded Debt(2)	\$ 246,840,000	12.39%	4.13%	\$ 2,146.30
Overlapping Debt:(3)				
Schools	\$ 196,562,965	9.86%	3.29%	\$ 1,709.14
All Others	86,915,867	4.36%	1.45%	755.74
Total Overlapping Bonded Debt	\$ 283,478,832	14.22%	4.74%	\$ 2,464.88
Total Net Direct & Overlapping Debt	\$ 530,318,832	26.61%	8.87%	\$ 4,611.19

- Notes: (1) Source: Peoria County.  
 (2) Excludes the Refunded Bonds.  
 (3) As of January 1, 2013.

## PROPERTY ASSESSMENT AND TAX INFORMATION

The Equalized Assessed Valuation of the City consists of 65.2% residential, 0.2% farm and railroad, 32.2% commercial and 2.4% industrial.

### Equalized Assessed Valuation(1)(2)

Property Class	Levy Years				
	2007	2008	2009	2010	2011
Residential.....	\$1,215,581,808	\$1,276,337,918	\$1,306,277,888	\$1,324,615,014	\$1,299,455,209
Farm.....	860,334	808,535	839,767	866,408	1,027,924
Commercial.....	583,533,447	619,746,014	627,211,273	636,251,308	642,415,058
Industrial.....	46,167,028	47,804,174	47,966,220	48,666,963	48,130,120
Railroad.....	885,844	1,055,222	1,359,836	1,657,031	1,952,515
Total(2).....	\$1,847,028,461	\$1,945,751,863	\$1,983,654,984	\$2,012,056,724	\$1,992,980,826
Percent Change.....	7.63%(3)	5.34%	1.95%	1.43%	(0.95%)

- Notes: (1) Source: Peoria County Clerk.  
 (2) Net of Tax Increment District Exemption.  
 (3) Percentage based on 2006 EAV of \$1,716,188,322.

### Tax Rates Per \$100 of Equalized Assessed Valuation(1)

City Tax Rates:	Levy Years				
	2007	2008	2009	2010	2011
Corporate.....	\$0.33951	\$0.32245	\$0.33629	\$0.22054	\$0.25320
Municipal Retirement.....	0.24499	0.24249	0.22487	0.23685	0.22620
Library.....	0.33671	0.43920	0.38899	0.43087	0.44019
Fire Pension.....	0.19240	0.21835	0.24012	0.28392	0.27481
Police Pension.....	0.15709	0.16359	0.19625	0.21891	0.21520
Total City Rates.....	\$1.27070	\$1.38608	\$1.38652	\$1.39109	\$1.40960

- Note: (1) Source: Peoria County Clerk.

### Overall Tax Rate Per \$100 of Equalized Assessed Valuation(1)

	Levy Years				
	2007	2008	2009	2010	2011
Peoria County (including Greater Peoria Mass Transit) ..	\$0.98453	\$0.97580	\$0.97871	\$0.97997	\$0.99030
Peoria Township.....	0.13183	0.13117	0.13330	0.13292	0.13553
City of Peoria School District No. 150.....	4.46054	4.59510	4.88106	4.93071	4.93154
Peoria Airport Authority.....	0.23242	0.17473	0.18730	0.18833	0.18579
Pleasure Driveway and Park District of Peoria.....	0.69793	0.70250	0.71779	0.71826	0.73349
Junior College District Number 514.....	0.44901	0.44109	0.47016	0.44615	0.46244
Total(2).....	\$8.22696	\$8.40647	\$8.75484	\$8.78743	\$8.84869

- Notes: (1) Source: Peoria County Clerk.  
 (2) Includes the City tax rate from the table above.

### Tax Extensions and Collections

Levy Year	Coll. Year	Taxes Extended(1)	Total Collections	
			Amount	Percent
2006.....	2007.....	\$22,004,241	\$21,888,621	99.47%
2007.....	2008.....	23,470,190	23,412,019	99.75%
2008.....	2009.....	26,969,677	26,864,346	99.61%
2009.....	2010.....	27,503,773	27,153,111	98.73%
2010.....	2011.....	27,989,520	27,778,810	99.25%
2011.....	2012.....	28,093,058	27,918,556	99.38%

- Note: (1) Source: the City. Includes Peoria Public Library.

### Principal Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>2011 EAV(2)</u>
Caterpillar Inc.....	Earthmoving Equipment.....	\$22,208,730
MCRIL LLC.....	Shopping Center.....	16,739,300
OSF Healthcare System.....	Hospitals.....	9,574,702
Northwoods Dev. Co.....	Shopping Mall.....	9,459,710
Gateway Taylor Inc.....	Real Estate.....	8,327,890
Willow Knolls Ltd.....	Real Estate.....	7,837,910
Wal-Mart .....	Retail Superstore.....	7,560,020
Edward Rose Bldg. Co.....	Real Estate.....	7,248,168
Lexington House Corporation.....	Fermentation Products.....	5,108,990
Knoxville Pointe.....	Apartment Complex.....	4,925,760
Total.....		\$98,991,180
Ten Largest Taxpayers as Percent of City's 2011 EAV (\$1,992,980,826) .....		4.97%

Notes: (1) Source: The City.  
 (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. The 2011 EAV is the most current available.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

### Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the “Department”) assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers’ valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county’s assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

### Exemptions

An annual General Homestead Exemption (the “General Homestead Exemption”) provides that the Equalized Assessed Valuation (“EAV”) of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$3,500 for assessment years prior to assessment year 2004 in counties with less than 3,000,000 inhabitants, and a maximum reduction of \$5,000 for assessment year 2004 through 2007 in all counties. Additionally, the maximum reduction is \$5,500 for assessment year 2008 and the maximum reduction is \$6,000 for assessment year 2009 and thereafter in all counties.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption (“*Senior Citizens Homestead Exemption*”) operates annually to reduce the EAV on a senior citizen’s home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. In addition, for assessment year 2008 and thereafter, the maximum reduction is \$4,000 for all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption (“*Senior Citizens Assessment Freeze Homestead Exemption*”) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is \$55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. In counties with a population of 3,000,000 or more, the exemption for all assessment years is equal to the EAV of the residence in the assessment year for which application is made less the base amount. Furthermore, for those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons’ Homestead Exemption (“*Disabled Persons’ Homestead Exemption*”) or the Disabled Veterans Standard Homestead Exemption (“*Disabled Veterans Standard Homestead Exemption*”) cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("*Returning Veterans' Homestead Exemption*") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

## **Truth in Taxation Law**

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

## **FINANCIAL INFORMATION**

### **Financial Reports**

The City's financial statements are audited annually by certified public accountants. The City's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principals applicable to governmental entities. The City received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011. The City has received this award for ten consecutive years. See **APPENDIX A** for more detail.

### **No Consent or Updated Information Requested of the Auditor**

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this **“FINANCIAL INFORMATION”** section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2011 (the “2011 Audit”). The 2011 Audit has been prepared by McGladrey & Pullen LLP, Certified Public Accountants, Davenport, Iowa (the “Auditor”), and approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2011 Audit. The inclusion of the Excerpted Financial Information in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2011 Audit. Questions or inquiries relating to financial information of the City since the date of the 2011 Audit should be directed to the City.

McGladrey & Pullen, LLP, the City’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen, LLP also has not performed any procedures relating to this Final Official Statement.

### **Summary Financial Information**

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2011 audited financial statements.

**Statement of Net Assets  
Primary Government  
Governmental Activities**

Audited as of December 31

	2007	2008	2009	2010	2011
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents.....	\$ 38,548,057	\$ 25,893,547	\$ 49,987,925	\$ 15,744,259	\$ 39,765,874
Restricted Cash With Trustee.....	4,935,738	3,957,517	933,588	27,723,557	2,548,748
Investments.....	44,517,901	67,574,077	25,721,480	17,133,506	17,523,775
Taxes Receivable:					
Property Taxes.....	28,667,600	32,199,600	33,392,000	34,070,700	34,076,800
Corporate Personal Property Replacement Taxes..	1,101,846	804,332	842,759	693,210	954,159
State Sales and Income Taxes.....	8,103,044	7,674,453	8,825,057	10,981,415	10,051,979
Home Rule Sales Taxes.....	6,553,262	6,286,568	5,960,747	6,337,037	6,435,405
Hotel, Restaurant and Amusement Taxes.....	803,628	836,025	785,300	846,457	859,227
Utility Taxes.....	1,850,121	1,931,758	1,732,696	1,588,293	1,702,599
Local Motor Fuel Taxes.....	122,400	119,487	100,065	107,191	99,435
Government Grants and Reimbursements Receivable..	836,032	697,031	1,412,710	1,571,052	1,351,805
Riverboat Gaming Revenue Receivable.....	664,015	594,021	577,845	578,371	586,359
Loans Receivable, Net.....	377,381	521,789	504,188	515,269	372,323
Pledges Receivable.....	28,333	15,000	15,000	10,000	0
Other Receivables, Net.....	1,668,325	2,537,798	1,965,894	1,337,256	2,690,643
Accrued Interest Receivable, Net.....	547,216	649,742	538,794	873,284	789,161
Special Assessments Receivable.....	58,038	172,248	179,696	198,284	276,019
Inventory, Prepaid Items, and Other.....	518,441	559,249	580,153	583,312	705,272
Total Current Assets.....	<u>\$139,901,378</u>	<u>\$153,024,242</u>	<u>\$134,055,897</u>	<u>\$120,892,453</u>	<u>\$120,789,583</u>
Noncurrent Assets:					
Cash and Cash Equivalents Held for Capital Projects \$	0	\$ 0	\$ 0	\$ 32,034,173	\$ 16,658,213
Investments Held for Capital Projects.....	0	0	0	169,173	0
Restricted Cash and Investments with Trustee....	0	0	0	0	31,684,040
Loans Receivable, Net.....	1,214,595	535,887	331,153	360,713	462,906
Special Assessment Receivable.....	552,107	1,271,249	1,394,137	5,132,305	5,912,017
Unamortized Bond Issue Costs.....	1,882,361	1,841,424	1,804,219	2,305,014	2,242,369
Net Pension Assets.....	12,061,476	13,309,143	14,923,424	15,645,440	16,191,586
Capital Assets:					
Not Depreciated:					
Land.....	10,171,460	11,221,590	12,420,189	12,517,864	12,568,967
Construction In Progress.....	6,304,020	7,027,070	8,432,488	25,411,489	12,680,501
Depreciated:					
Infrastructure(1).....	252,326,576	272,068,822	281,214,807	302,037,513	312,413,291
Buildings and Land Improvements.....	80,155,516	84,995,897	88,123,603	88,699,053	113,015,350
Major Equipment and Vehicles.....	23,279,444	23,339,498	25,331,097	25,374,719	25,840,898
Media Assets.....	28,853,623	28,117,394	24,349,753	24,444,230	24,531,811
Accumulated Depreciation.....	(194,781,941)	(205,187,057)	(213,577,674)	(226,330,933)	(241,001,769)
Total Capital Assets(1).....	<u>206,308,698</u>	<u>221,583,214</u>	<u>226,294,263</u>	<u>252,153,935</u>	<u>260,049,049</u>
Total Noncurrent Assets(1).....	<u>\$222,019,237</u>	<u>\$238,540,917</u>	<u>\$244,747,196</u>	<u>\$307,800,753</u>	<u>\$333,200,180</u>
Total Assets(1).....	<u>\$361,920,615</u>	<u>\$391,565,159</u>	<u>\$378,803,093</u>	<u>\$428,693,206</u>	<u>\$453,989,763</u>

Note: (1) These 2011 amounts represented combined cash and investments held in the City's ten (10) Tax Increment Financing (TIF) Funds, Designated Zone Organization (DZO) Fund, 2007(A) General Obligation Bonds Project Fund, 2008(A) General Obligation Bonds Project Fund and the 2010(C) General Obligation Bonds Project Fund.



**Statement of Net Assets**  
**Primary Government**  
**Governmental Activities**  
 (Continued)

	Audited as of December 31				
	2007	2008	2009	2010	2011
<b>LIABILITIES:</b>					
Accounts Payable.....	\$ 10,130,120	\$ 8,381,574	\$ 7,087,911	\$ 12,363,679	\$ 9,108,033
Accrued Payroll.....	3,920,455	2,465,378	1,991,839	1,853,225	1,890,263
Accrued Interest.....	576,747	405,129	395,929	379,437	357,144
Employer Contribution Payable.....	2,615,623	72,700	31,129	0	0
Other Accrued Expenses and Payables.....	218,409	240,546	180,963	76,760	175,876
Due to Fiduciary Fund.....	0	0	0	0	9,690,400
Estimated Payable for Claims and Losses Incurred But Not Reported.....	462,170	536,234	488,507	364,398	2,340,509
Unearned Revenue - Property Taxes.....	28,667,600	32,199,600	33,392,000	34,070,700	24,386,400
Unearned Revenue - Other.....	3,311,836	2,675,910	2,273,739	2,368,241	2,132,565
Tax Rebates Payable.....	4,590	3,900	31,129	1,485	4,739
Accrued Compensated Absences.....	553,300	586,028	2,107	534,182	712,671
Voluntary Separation Incentive Termination Benefit Current.....	0	0	292,857	310,000	310,000
Bonds and Loans Payable, Current Portion.....	1,456,977	1,556,383	2,135,469	1,867,023	878,123
Other Long-Term Obligations, Current Portion.....	54,389	57,519	38,754	57,677	58,525
Total Current Liabilities.....	<u>\$ 51,972,216</u>	<u>\$ 49,180,901</u>	<u>\$ 48,820,729</u>	<u>\$ 54,246,807</u>	<u>\$ 52,045,248</u>
Long - Term Liabilities:					
Accrued Compensated Absences.....	8,374,339	8,831,103	8,712,471	8,717,594	7,702,107
Voluntary Separation Incentive Termination Benefit..	0	0	930,000	620,000	310,000
Net Other Post-Employment Benefit (OPEB) Obligation Illinois Municipal Retirement Fund Net Pension Obligation.....	5,079,585	12,346,789	18,548,438	28,532,853	35,388,438
Workers' Compensation Claims Payable.....	2,351,221	2,860,099	3,075,093	2,990,738	1,191,547
General Liability Claims Payable.....	1,604,544	2,688,105	3,015,526	1,789,004	1,258,247
Bonds and Loans Payable, Noncurrent(1).....	173,623,855	192,905,792	189,124,784	225,363,491	217,614,772
Other Long-Term Obligations, Noncurrent.....	1,140,159	1,113,801	675,037	747,398	856,599
Unamortized bond premium.....	3,474,716	3,556,623	3,307,512	0	0
Deferred Amount on Bonds Refunded.....	(1,059,079)	0	(155,939)	0	0
Total Long Term Liabilities.....	<u>\$194,589,340</u>	<u>\$224,302,312</u>	<u>\$227,232,922</u>	<u>\$269,431,921</u>	<u>\$265,540,946</u>
Total Liabilities.....	<u>\$246,561,556</u>	<u>\$273,483,213</u>	<u>\$276,053,651</u>	<u>\$323,678,728</u>	<u>\$317,586,194</u>
<b>NET ASSETS:</b>					
Investment in Capital Assets, Net of Related Debt. Restricted For:	\$185,488,430	\$194,265,041	\$177,077,761	\$184,710,991	\$186,383,801
Law Enforcement.....	639,547	807,684	706,230	667,106	0
Animal Shelter Trust.....	159,810	222,649	203,036	202,665	0
Future Road Projects.....	7,543,478	7,192,974	7,642,105	7,509,207	0
Debt Service.....	3,362,451	4,298,910	2,423,390	0	7,376,317
TIF Redevelopment.....	0	0	0	0	5,504,682
Law Enforcement.....	0	0	0	0	7,535
Grants and Loans.....	0	0	0	0	1,317,721
Peoria Public Library.....	2,744,540	2,747,064	3,173,097	3,090,129	1,019,506
Revolving Loan Fund.....	60,493	322,168	453,199	443,515	0
Riverfront Development.....	46,667	60,000	70,000	75,000	349,231
Employees' Pension Benefits.....	12,158,030	13,672,462	14,111,947	15,495,573	0
Capital Projects.....	35,208,877	46,309,160	34,924,053	8,891,211	8,363,132
Unrestricted.....	<u>(132,053,264)</u>	<u>(151,816,166)</u>	<u>(138,035,376)</u>	<u>(116,070,919)</u>	<u>(73,918,356)</u>
Total Net Assets.....	<u>\$115,359,059</u>	<u>\$118,081,946</u>	<u>\$102,749,442</u>	<u>\$105,014,478</u>	<u>\$136,403,569</u>
Total Liabilities and Net Assets.....	<u>\$361,920,615</u>	<u>\$391,565,159</u>	<u>\$378,803,093</u>	<u>\$428,693,206</u>	<u>\$453,989,763</u>

## General Fund Balance Sheet

Audited Years Ending December 31

	2007	2008	2009	2010	2011
<b>ASSETS:</b>					
Cash.....	\$ 481,515	\$ 1,839,421	\$ 2,146,720	\$ 3,833,631	\$14,462,573
Investments.....	22,890,460	19,420,960	12,502,072	8,734,323	10,238,247
Taxes Receivable:					
Property Taxes.....	6,230,800	6,238,700	6,636,500	4,419,400	5,007,300
Corporate Personal Property					
Replacement Taxes.....	1,101,846	804,332	842,759	693,210	954,159
State Sales and Income Taxes.....	8,042,151	7,609,982	8,740,024	10,927,129	10,001,070
Home Rule Sales Taxes.....	6,553,262	6,286,568	5,960,747	6,337,037	6,435,405
Hotel, Restaurant and Amusement Taxes.....	803,628	836,025	785,300	846,457	859,227
Utility Taxes.....	1,850,121	1,931,758	1,732,696	1,588,293	1,702,599
Governmental Grants and Reimbursements.....	56,266	54,389	75,237	84,028	306,681
Interfund Loan Receivable.....	0	0	0	0	2,712,845
Other Receivables.....	1,009,092	1,503,827	1,556,257	1,127,212	1,837,930
Accrued Interest Receivable.....	376,996	459,198	353,443	213,975	85,490
Due From Other Funds.....	3,786	81,482	10,964	575,682	823,878
Inventory and Other.....	478,626	517,708	545,323	550,641	672,059
Total Assets.....	<u>\$49,878,549</u>	<u>\$47,584,350</u>	<u>\$41,888,042</u>	<u>\$39,931,018</u>	<u>\$56,099,463</u>
<b>LIABILITIES:</b>					
Accounts Payable.....	\$ 3,832,134	\$ 3,270,964	\$3,434,024	\$ 2,465,338	\$ 2,209,375
Accrued Payroll.....	3,721,861	2,227,523	1,825,581	1,677,525	2,475,795
Estimated Payable for Claims and Losses					
But Not Reported.....	462,170	536,234	488,507	364,398	686,176
Employer Contribution Payable.....	2,615,623	0	0	0	0
Due to Other Funds.....	49,962	269,066	3,002	2,825,346	109,039
Unearned Revenue-Property Taxes.....	6,230,800	6,238,700	6,636,500	4,419,400	5,007,300
Unearned Revenue-Other.....	2,507,688	2,226,112	3,425,846	2,641,492	3,004,952
Tax Rebates Payable.....	4,591	3,900	2,107	1,485	4,739
Other Payables.....	249,438	200,129	257,483	201,337	175,876
Total Liabilities.....	<u>\$19,674,267</u>	<u>\$14,972,628</u>	<u>\$16,073,050</u>	<u>\$14,596,321</u>	<u>\$13,673,252</u>
<b>FUND BALANCE:</b>					
Nonspendable:					
Inventories.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 672,059
Restricted:					
Grants and Loans.....	0	0	0	0	306,681
Committed, Other Post Employment Benefits.....	0	0	0	0	16,233,211
Assigned /Reserved:					
Reserved/Assigned for Debt Service.....	6,430,909	6,631,389	6,631,389	6,631,389	6,631,389
Education.....	0	0	0	0	195,072
Recreation.....	0	0	0	0	324,677
Reserved/Assigned for Encumbrances.....	433,835	758,613	514,392	319,516	254,762
Reserved/Assigned for Law Enforcement....	625,460	797,279	680,789	601,510	410,047
Reserved for Inventory and Prepaid Items.....	478,626	517,708	545,323	550,641	0
Unassigned.....	0	0	0	0	17,398,313
Unreserved - Designated.....	12,570,433	12,828,231	12,847,709	12,859,791	0
Unreserved - Undesignated.....	9,665,019	11,078,502	4,595,390	4,371,850	0
Total Fund Balance.....	<u>\$30,204,282</u>	<u>\$32,611,722</u>	<u>\$25,814,992</u>	<u>\$25,334,697</u>	<u>\$42,426,211</u>
Total Liabilities and Fund Balance.....	<u>\$49,878,549</u>	<u>\$47,584,350</u>	<u>\$41,888,042</u>	<u>\$39,931,018</u>	<u>\$56,099,463</u>

**Statement of Activities**  
**Government Activities**  
**Net (Expenses) Revenues and Changes in Net Assets**

	Audited Fiscal Years Ended December 31				
	2007	2008	2009	2010	2011
<b>FUNCTIONS/PROGRAMS</b>					
<b>PRIMARY GOVERNMENT(1):</b>					
Governmental Activities:					
Elective Offices, Boards, Commissions and Agencies.	\$ (2,184,194)	\$ (2,118,174)	\$ (2,177,766)	\$ (1,807,517)	\$ (2,038,876)
City Administration .....	(7,828,057)	(8,185,595)	(8,197,849)	(8,140,929)	(3,389,721)
Police .....	(35,132,102)	(36,231,694)	(34,928,131)	(34,964,819)	(35,748,493)
Fire .....	(27,103,430)	(27,387,090)	(30,824,516)	(30,981,180)	(31,275,146)
Public Works .....	(22,401,898)	(22,984,636)	(24,792,496)	(18,972,563)	(14,585,941)
Community Development .....	(19,068,673)	(8,304,281)	(5,903,226)	(6,227,506)	(8,363,450)
Public Safety .....	(6,356,513)	(6,274,523)	(7,850,708)	(7,090,880)	(5,076,071)
General Government .....	4,142,380	(568,291)	(3,471,885)	277,197	8,379,620
Library .....	(7,496,505)	(9,545,262)	(10,967,371)	(8,998,509)	(10,699,749)
Interest On Long-Term Debt .....	(7,698,934)	(7,468,578)	(8,844,508)	(8,316,083)	(9,493,691)
Total Primary Government .....	<u>\$ (131,127,926)</u>	<u>\$ (129,068,124)</u>	<u>\$ (137,958,456)</u>	<u>\$ (125,222,789)</u>	<u>\$ (112,291,518)</u>
General Revenues:					
Property Taxes .....	\$ 27,481,171	\$ 29,047,046	\$ 32,964,520	\$ 34,408,536	\$ 35,411,598
Corporate Personal Property Replacement Taxes....	8,306,487	7,690,109	6,777,042	7,116,213	6,663,610
State Sales Taxes .....	23,514,047	23,807,678	21,951,915	22,983,019	23,425,790
State Income Tax Allocation .....	10,545,996	11,456,986	9,848,758	9,473,829	9,252,638
Home Rule Sales Taxes .....	23,199,949	23,100,548	21,074,331	21,750,896	22,662,416
Hotel, Restaurant and Amusement Taxes.....	8,120,176	8,253,017	7,640,779	7,913,576	8,514,746
Local Motor Fuel Taxes .....	893,078	855,599	764,720	843,494	0
Riverboat Gaming Revenue .....	4,005,969	3,594,362	3,528,968	3,536,729	3,492,315
Utility Taxes .....	8,795,630	8,629,442	8,406,435	9,535,439	12,026,499
Grants and Contributions Not Restricted to Specific Programs .....	3,508,181	3,350,085	3,163,376	3,141,811	2,968,278
Interest/Investment Income .....	4,363,118	2,384,392	1,053,232	1,125,035	2,156,553
Franchise Fees .....	2,189,184	2,306,679	2,249,178	2,178,794	2,290,351
Other .....	5,916,355	7,315,068	3,202,698	3,480,454	2,416,950
Total General Revenues .....	<u>\$ 130,839,341</u>	<u>\$ 131,791,011</u>	<u>\$ 122,625,952</u>	<u>\$ 127,487,825</u>	<u>\$ 131,281,744</u>
Change in Net Assets, As Originally Reported.....	<u>\$ (288,585)</u>	<u>\$ 2,722,887</u>	<u>\$ (15,332,504)</u>	<u>\$ 2,265,036</u>	<u>\$ 18,990,226</u>
Change in Net Assets, As Restated .....	<u>\$ (288,585)</u>	<u>\$ 2,722,887</u>	<u>\$ (15,332,504)</u>	<u>\$ 2,265,036</u>	<u>\$ 18,990,226</u>
Net Assets Beginning, As Originally Reported.....	<u>115,647,644</u>	<u>115,359,059</u>	<u>118,081,946</u>	<u>102,749,442</u>	<u>0</u>
Net Assets - Beginning, As Restated.....	<u>\$ 115,647,644</u>	<u>\$ 115,359,059</u>	<u>\$ 118,081,946</u>	<u>\$ 102,749,442</u>	<u>\$ 117,413,343(2)</u>
Net Assets Ending, As Restated .....	<u>\$ 115,359,059</u>	<u>\$ 118,081,946</u>	<u>\$ 102,749,442</u>	<u>\$ 105,014,478</u>	<u>\$ 136,403,569</u>

- Notes: (1) Expenses less Program Revenues (Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions).
- (2) As restated. The City restated the beginning net assets of the Governmental Activities and beginning fund balance for the General Fund and the Illinois Municipal Retirement Fund, major funds, and the Other Post Employment Benefit Agency Fund, aggregating remaining fund information. The beginning balances were restated to correct an error in the recognition of an inter-fund loan and to correct the fund type used to report assets committed for future other post-employment benefits.

## General Fund Revenues and Expenditures

Audited Years Ending December 31

	2007	2008	2009	2010	2011
<b>REVENUES:</b>					
Property Taxes.....	\$ 5,985,739	\$ 6,864,483	\$ 6,902,718	\$ 7,290,960	\$ 5,101,952
Corporate Personal Property Replacement Taxes	5,681,321	4,863,840	3,822,429	3,994,323	3,193,867
State Sales Tax.....	23,053,021	23,315,786	21,437,212	22,465,708	23,119,876
State Income Tax Allocation.....	10,545,996	11,456,986	8,445,232	10,045,271	8,655,683
Home Rule Sales Taxes.....	23,199,949	23,100,548	21,074,331	21,750,896	22,662,416
Hotel, Restaurant and Amusement Taxes.....	8,120,176	8,253,017	7,572,336	7,818,174	8,408,984
Utility Taxes.....	8,795,630	8,629,442	8,406,435	9,535,439	12,026,499
Governmental Grants and Reimbursements.....	439,290	415,239	267,606	217,715	1,455,122
Licenses and Permits.....	3,373,998	3,374,273	2,045,779	2,513,304	2,596,529
Service Charges/Fines/Fees.....	17,904,543	17,900,602	17,496,667	16,326,359	15,971,407
Rental.....	33,488	90,190	93,819	111,706	110,439
Interest.....	1,502,513	832,863	433,517	228,301	189,362
Other.....	2,961,164	2,602,971	1,657,725	1,524,077	2,738,922
Total Revenues.....	<u>\$111,596,828</u>	<u>\$111,700,240</u>	<u>\$99,655,806</u>	<u>\$103,822,233</u>	<u>\$106,231,058</u>
<b>EXPENDITURES:</b>					
Current:					
Elective Offices/Board/Commissions/Agencies	\$ 1,690,508	\$ 1,769,192	\$ 1,746,747	\$ 1,826,064	\$ 1,770,130
City Administration.....	6,313,393	6,313,027	6,222,845	6,736,619	2,496,615
Police.....	29,697,408	29,574,681	29,467,240	28,095,302	28,918,211
Fire.....	20,413,678	20,622,585	22,001,070	20,946,502	22,453,162
Public Works.....	20,749,588	21,521,645	20,732,623	19,483,666	20,315,854
Community Development.....	6,493,139	5,741,869	4,990,535	5,128,631	6,358,352
Public Safety.....	7,342,636	7,483,969	7,751,652	7,618,344	5,894,588
General Government.....	5,170,469	4,852,053	5,758,323	6,453,363	5,343,802
Library.....	888,532	736,352	501,475	461,065	798,132
Total Expenditures.....	<u>\$ 98,759,351</u>	<u>\$ 98,615,373</u>	<u>\$99,172,510</u>	<u>\$ 96,749,556</u>	<u>\$ 94,348,846</u>
Excess of Revenues Over Expenditures.....	\$ 12,837,477	\$ 13,084,867	\$ 483,296	\$ 7,072,677	\$ 11,882,212
Other Financing Sources (Uses), Net.....	<u>(11,909,978)</u>	<u>(10,677,427)</u>	<u>(7,280,026)</u>	<u>(7,552,972)</u>	<u>(7,189,563)</u>
Excess (Deficiency) of Revenues Over Expenditures and other Financing Sources (Uses).....	\$ 927,499	\$ 2,407,440	\$(6,796,730)	\$ (480,295)	\$ 4,692,649
Fund Balance, Beginning of Year.....	<u>29,276,783</u>	<u>30,204,282</u>	<u>32,611,722</u>	<u>25,814,992</u>	<u>37,733,562(2)</u>
Fund Balance, End of the Year(1).....	<u>\$ 30,204,282</u>	<u>\$ 32,611,722</u>	<u>\$25,814,992</u>	<u>\$ 25,334,697</u>	<u>\$ 42,426,211</u>

Notes: (1) The City's General Fund balance policy is to target a fund balance equal to three months of expenditures.  
 (2) As restated. The City restated the beginning net assets of the Governmental Activities and beginning fund balance for the General Fund and the Illinois Municipal Retirement Fund, major funds, and the Other Post Employment Benefit Agency Fund, aggregating remaining fund information. The beginning balances were restated to correct an error in the recognition of an inter-fund loan and to correct the fund type used to report assets committed for future other post-employment benefits.

### General Fund Budget and Interim Financial Information

	<u>Original Budget 2012</u>	<u>Estimated Actual 12/31/12</u>	<u>Original Budget 2013</u>
<b>REVENUES:</b>			
Local Sources:			
Current Levy .....	\$ 5,046,041	\$ 5,135,050	\$ 3,102,332
Other Local Sources .....	57,796,500	57,485,794	51,194,156
State Sources .....	36,221,052	39,231,341	37,258,804
Federal Sources .....	1,775,356	2,274,582	1,852,426
Sale of City Property .....	<u>0</u>	<u>124,404</u>	<u>0</u>
Available Revenues .....	\$100,838,949	\$104,251,171	\$93,407,718
Transfer from Other Funds .....	<u>360,000</u>	<u>212,600</u>	<u>237,600</u>
Total Sources .....	\$101,198,949	\$104,463,771	\$93,645,318
<b>EXPENDITURES:</b>			
Personnel Services .....	\$ 54,166,701	\$ 53,490,943	\$55,533,483
Contractual Services .....	8,527,360	8,446,127	8,932,767
Supplies & Materials .....	3,666,662	3,391,032	3,630,669
Support to Other Agencies .....	3,502,271	4,010,978	3,304,571
Employee Benefits .....	<u>8,164,480</u>	<u>14,562,192</u>	<u>16,472,910</u>
Total Operating Expenditures .....	\$ 78,027,474	\$ 83,901,272	\$87,874,400
Debt Service .....	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures .....	\$ 78,027,474	\$ 83,901,272	\$87,874,400
Transfer to Other Funds .....	<u>23,170,185</u>	<u>17,677,102</u>	<u>5,703,577</u>
Total Uses .....	\$101,197,659	\$101,578,374	\$93,577,977
Increase (Decrease) in Fund Balance .....	\$ 1,290	\$ 2,885,397	\$ 67,341

**Local Motor Fuel Tax(1)**

	Audited as of December 31				
	2007	2008	2009	2010	2011
Revenues.....	\$893,078	\$855,599	\$764,720	\$843,494	\$797,703

Note: (1) Source: The City's comprehensive annual financial report for fiscal year ended December 31, 2011.

**Coverage  
 Taxable Motor Fuel Tax Revenue Refunding Bonds, Series 2013D**

Year	Revenues(1)	Series 2003A	The Bonds	Debt Service Reserve Fund	Total	Coverage
2014 .....	\$797,703	\$213,200(2)	\$ 104,404	\$ 0	\$ 317,604	2.51
2015 .....	797,703	0	313,467	0	313,467	2.54
2016 .....	797,703	0	314,667	0	314,667	2.54
2017 .....	797,703	0	315,154	0	315,154	2.53
2018 .....	797,703	0	315,032	0	315,032	2.53
2019 .....	797,703	0	313,725	0	313,725	2.54
2020 .....	797,703	0	311,624	0	311,624	2.56
2021 .....	797,703	0	313,759	0	313,759	2.54
2022 .....	797,703	0	309,895	0	309,895	2.57
2023 .....	797,703	0	305,325	(157,577)	147,748(3)	5.40
Total .....		\$213,200	\$2,917,050	\$(157,577)	\$2,972,673	

- Notes: (1) The pledged revenues are Local Motor Fuel Taxes recorded in the City's Capital Improvement Fund. Based on the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.
- (2) Includes the un-refunded portion of Series 2003A Bonds. The Series 2003A Bonds are general obligation bonds however the City applies local Motor Fuel Tax receipts to pay debt service on the Series 2003A Bonds.
- (3) Debt service is net of the debt service reserve fund in the amount of \$157,776 which is scheduled to expire and be applied to debt service in 2023.

**CERTAIN PROVISIONS OF THE 2013D BOND ORDINANCE**

See **APPENDIX E** herein.

## PENSION PLANS

### Pension Plan Descriptions <sup>(1)</sup>

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

The Illinois Pension Code establishes the benefit provision 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 108-112, Article 4, respectively) and may also be amended only by the Illinois legislature.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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.

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

### Funding Policy and Annual Pension Cost <sup>(1)</sup>

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:

	Illinois Municipal Retirement Fund	Police Pension Fund	Firemen’s Pension Fund
<hr/>			
Contribution rates:			
City	(1)	(2)	(2)
Plan members	4.50%	9.91%	9.46%

- (1) The contribution rate for calendar year 2011 used by the employer was 11.32% of annual covered payroll. The employer annual required contribution (“ARC”) rate for calendar year 2011 was 13.59%.
- (2) 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, 2040 plus (c) interest on (a) and (b) to date of payment.

(1) Source: The City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.

	Illinois Municipal Retirement Fund	Police Pension Fund	Firemen's Pension Fund
Annual pension cost:			
Annual required contribution	\$ 3,197,663	\$ 4,773,412	\$ 6,814,550
Interest on net pension obligation	50,313	(1,115,986)	(57,422)
Adjustments to ARC	<u>(35,965)</u>	<u>936,655</u>	<u>47,660</u>
Total annual pension cost	3,212,011	4,594,081	6,804,788
Contributions made	<u>2,663,618</u>	<u>5,199,707</u>	<u>6,745,308</u>
(Increase) decrease in net pension obligation	548,393	(605,626)	59,480
Net pension (asset)	670,843	(14,879,807)	(765,633)
Beginning of year	<u>\$ 1,219,236</u>	<u>\$ (15,485,433)</u>	<u>\$ (706,153)</u>
End of year			

	Illinois Municipal Retirement Fund	Police Pension Fund	Firemen's Pension Fund
Actuarial valuation date	December 31, 2011	January 1, 2011	January 1, 2011
Actuarial cost method	Entry-Age	Entry-Age	Projected unit credit
Amortization method	Level percent open	Level percent open	Level percent open
Remaining amortization method	30 years	22.5 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	4-year smoothed market
Actuarial assumptions:			
Investment rate of return *	7.50%	7.50%	7.25%
Projected salary increases *	4.00% (1)	4.00%	4.50%
* Includes inflation at	4.00%	3.00%	3.50%
Post-retirement benefit increases	3.00%	N/A	N/A

(1) Additional salary increases ranging from 0.4 to 10.0% per year depending on age and service, attributable to seniority/merit.



**Trend Information**

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund	2011	\$3,212,011	82.93%	\$ 1,219,236
	2010	3,230,635	79.23%	670,843
	2009	3,448,360	100.00%	0
Police Pension Fund	2011	\$4,594,081	113.18%	\$(15,485,433)
	2010	3,858,422	119.47%	(14,879,807)
	2009	2,270,276	171.73%	(14,128,584)
Firemen's Pension Fund	2011	\$6,804,788	99.13%	\$ (706,153)
	2010	5,670,371	99.48%	(765,633)
	2009	5,054,936	99.72%	(794,840)

**Funded Status and Funding Progress <sup>(1)</sup>**

The schedules of funding progress below present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability ("AAL") for benefits.

**IMRF Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	12/31/2011	\$55,649,362	\$81,376,581	\$25,727,219	68.38%	\$23,529,529	109.34%
2010	12/31/2010	56,257,452	79,879,650	23,622,198	70.43	24,327,068	97.10
2009	12/31/2009	53,895,414	78,918,065	25,022,651	68.29	26,875,744	93.10

On a market basis, the actuarial value of assets as of December 31, 2011 is \$51,633,554. On a market basis, the funded ratio would be 63.45%.

(1) Source: The City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.

**IMRF Schedule of Employer Contributions**

Actuarial Valuation Date	Annual Required Contributions (ARC)	Total Contributions	Percentage of ARC Contributed
12/31/2011	\$3,197,663	\$2,663,618	83.30%
12/31/2010	3,230,635	2,559,792	79.23
12/31/2009	3,448,360	3,448,360	100.00

**Police Pension Fund Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	1/1/2011	\$143,289,115	\$204,062,861	\$60,773,746	70.22%	\$16,736,677	363.12%
2010	1/1/2010	140,316,984	193,493,940	53,176,956	72.52	16,494,393	322.39
2009	1/1/2009	139,799,974	182,198,745	42,398,771	76.73	16,723,267	253.53

**Firemen's Pension Fund Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	1/1/2011	\$116,776,441	\$189,042,373	\$72,265,932	61.77%	\$14,071,164	513.57%
2010	1/1/2010	114,232,171	182,546,122	68,313,951	62.58	13,575,743	503.21
2009	1/1/2009	112,583,002	163,604,634	51,021,632	68.81	14,202,691	359.24

## OTHER POST EMPLOYMENT BENEFITS

### Plan Description <sup>(1)</sup>

The City sponsors a single-employer health care plan that provides self-insured medical, prescription drugs and dental benefits to all active and pre-65 retired employees and their eligible dependents. For post-65 retired employees, the City offers a fully-insured Medicare Supplement Plan. Policemen and firefighters must be a minimum of age 50 with 20 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 60 with 5 or more years of service to be eligible for retiree benefits. Eligible retirees and their dependents receive health care coverage through a PPO plan. The plan is a pay-as-you-go contributory health insurance program with post-65 and pre-65 retiree's contributions making up 80% and 85%, respectively, 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.

Contributions are required for both retiree and dependent coverage. The retiree contributions are based on an expected average gross premium that is dependent on a retiree's age and family coverage. In addition, monthly contributions can be offset by the following:

- All retirees receive a 20% discount from the expected cost of coverage through a Council discount.
- Retirees may receive a \$15 per month offset to the retiree contributions if they retired with 20 years of service.
- Employees who have retired due to a disability may receive a monthly offset to the retiree contributions ranging from \$25 - \$65. The value of the offset is determined by the employee's age at disability retirement.

### Funding Policy <sup>(1)</sup>

The City establishes and amends contribution requirements.

The current funding policy of the City is to pay health claims as they occur, pay-as-you-go. Under GASB 45, the City recognizes the cost of postemployment health care benefits in the year in which the employee services are provided and reports the accumulated liability from prior years. The City has committed funds to pay for future other postemployment benefit ("OPEB") obligations. These committed funds are held in the General Fund and do not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2011, the City contributed \$2,233,781 which was net of retirees premiums received of \$2,623,863.

(1) Source: The City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.

**Annual OPEB Cost and Net OPEB Obligation <sup>(1)</sup>**

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

Annual required contribution .....	\$8,895,000
Interest on net OPEB obligation.....	1,283,978
Adjustment to annual required contribution.....	<u>(1,089,612)</u>
 Annual OPEB cost (expense) .....	 9,089,366
Contributions and payments made .....	<u>2,233,781</u>
 Increase in net OPEB obligation .....	 6,855,585
Net OPEB obligation, Beginning of year .....	<u>28,532,853</u>
 Net OPEB obligation, End of year .....	 <u>\$35,388,438</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 8,977,740	30.92%	\$18,548,438
December 31, 2010	11,678,204	14.50	28,532,853
December 31, 2011	9,089,366	24.58	35,388,438

**Funded Status and Funding Progress <sup>(1)</sup>**

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0.0% funded. The AAL for benefits was \$99.5 million and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (“UAAL”) of \$99.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$60.2 million, and the ratio of UAAL to the covered payroll was 165.15%.

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual amount required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(1) Source: The City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	1/1/2011	\$ 0	\$99,500,000	\$99,500,000	0%	\$60,246,702	165.15%
2010	1/1/2010	0	147,400,000	147,400,000	0	59,998,711	245.67
2009	1/1/2008	0	112,565,000	112,565,000	0	62,498,885	180.11

**Actuarial Methods and Assumptions <sup>(1)</sup>**

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

In the December 31, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses) which is based on the expected long-term investment return of the employer’s own investments used to pay plan benefits, discount rate of 4.50%, salary scale of 3.5% and an annual health care cost trend rate of 10.0% reduced by decrements of 0.5% annually to an ultimate rate of 5.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

(1) Source: The City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2011.

## REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the office maintained for the purpose by the Bond Registrar in Peoria, Illinois. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the bond ordinance (the “Bond Ordinance”). Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the 15th day of the month next preceding any interest payment date on such Bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes under the Bond Ordinance, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

## TAX TREATMENT

Interest on the Bonds is includible in gross income for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. The Bondholders should consult their tax advisors with respect to the inclusion of interest on the Bonds in gross income for federal income tax purposes and any collateral tax consequences. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers, and Bond Counsel expresses to opinion regarding any such consequences arising with respect to the Bonds.

The City may deposit moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding under the Bond Ordinance (a “*defeasance*”). A defeasance of the Bonds may be treated as an exchange of the Bonds by the holders thereof and may therefore result in gain or loss to the holders. Bondholders should consult their own tax advisors about the consequences, if any, of such a defeasance. The City is required to provide notice of defeasance of the Bonds as a reportable event under its Continuing Disclosure Undertaking.

## CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under “**THE UNDERTAKING.**”

The City represents that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “**THE UNDERTAKING - Consequences of Failure of the City to Provide Information**”. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of subsection (b)(5) of the Rule.

## THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. See “**CONTINUING DISCLOSURE UNDERTAKING**” in **Appendix F** herein. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

## Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The City is required to deliver such information within 210 days after the last day of the City's fiscal year (currently on December 31). If Audited Financial Statements are not available when the Annual Financial Information is filed, the City will file unaudited financial statements. The City will submit Audited Financial Statements to the MSRB's Electronic Municipal Market Access ("EMMA") system within 30 days after availability to the City.

"Annual Financial Information" means:

1. The table under the heading of **Retailers' Occupation, Service Occupation and Use Tax** within this Final Official Statement;
2. All of the tables under the heading **DEBT INFORMATION** within this Final Official Statement;
3. All of the tables under the heading **PROPERTY ASSESSMENT AND TAX INFORMATION** within this Final Official Statement; and
4. All of the tables under the heading **FINANCIAL INFORMATION** within this Final Official Statement.

"Audited Financial Statements" means the financial statements of the City as audited annually by independent certified public accountants. Audited Financial Statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

## Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in a word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The "Reportable Events" are:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes



12. Bankruptcy, insolvency, receivership or similar event of the obligated person\*
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

### **Consequences of Failure of the City to Provide Information**

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

### **Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the City, by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a)
  - (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;
  - (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
  - (iii) The amendment or waiver either (A) is approved by the holders of the Bonds in the same manner as provided in the Bond Ordinance for amendment to the Bond Ordinance with the consent of the holders of the Bonds, or (B) does not materially impair the interests of the beneficial owners of the Bonds as determined by parties unaffiliated with the City (such as Bond Counsel), at the time of the amendment; or
- (b) Such amendment is otherwise permitted by the Rule.

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

### **Termination of Undertaking**

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The City shall give notice to the MSRB in a timely manner if this paragraph is applicable.

\* *This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

## **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

## **Dissemination of Information; Dissemination Agent**

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

## **Compliance with Previous Undertakings**

In the previous five years, the City has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5)(i) of Rule 15c2-12.

## **OPTIONAL REDEMPTION**

The Bonds are **not** subject to redemption prior to maturity.

## **LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Final Official Statement.

## **FINAL OFFICIAL STATEMENT AUTHORIZATION**

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants to the City to be correct, and all expressions of opinion, whether or not so stated, are intended only as such.

## **RATING**

The Bonds are rated “A” from Standard & Poor's, a division of the McGraw-Hill Companies, Inc. The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its applications for investment ratings on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, the rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that any such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from: Standard & Poor's, 55 Water Street, New York, New York 10041, telephone 212-438-2000. The City will provide appropriate periodic credit information to the rating service to maintain the rating on the Bonds.

## **DEFEASANCE**

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the “Government Obligations”) with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

## **UNDERWRITING**

The Underwriter has agreed to purchase all but not less than all of the Bonds at a price of \$2,484,960.00 (reflecting the par amount of \$2,505,000, less an Underwriter's Discount of \$20,040.00). It is anticipated that delivery of the Bonds will occur on the date shown on the cover page hereof. The Bonds may be offered and sold to certain dealers (including the Underwriter or other dealers depositing Bonds into investment trusts) at prices or yields other than such public offering prices or yields shown on the cover of this Final Official Statement, and such public offering prices or yields may be changed, from time to time, by the Underwriter.

## FINANCIAL ADVISOR

The City has engaged Speer Financial, Inc. as financial advisor (the “Financial Advisor”) in connection with the issuance and sale of the Bonds. The Financial Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Financial Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Financial Advisor obligated by the City’s continuing disclosure undertaking.

## CERTIFICATION

We have examined this Final Official Statement dated April 5, 2013, for the \$2,505,000 Taxable Motor Fuel Tax Revenue Refunding Bonds, Series 2013D , believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that the Final Official Statement, both as of its date and as of the date of delivery of the Bonds, including any addenda thereto, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

/s/ **JAMES E. ARDIS III**  
*Mayor*  
CITY OF PEORIA  
Peoria County, Illinois

/s/ **JAMES R. SCROGGINS**  
*Finance Director/Comptroller*  
CITY OF PEORIA  
Peoria County, Illinois

**APPENDIX A**

**CITY OF PEORIA  
PEORIA COUNTY, ILLINOIS**

**EXCERPTS OF FISCAL YEAR 2011 AUDITED FINANCIAL STATEMENTS**

The excerpts of the fiscal year 2011 audited financial statements of the City contained in this Appendix (the “Excerpts of the Audit”) has been prepared by McGladrey & Pullen LLP, Certified Public Accountants, Davenport, Iowa (the “Auditor”), and approved by formal action of the City. The City has not requested the Auditor to update information contained in the Excerpts of the Audit, nor has the City requested that the Auditor consent to the use of the Excerpts of the Audit in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpts of the Audit has not been updated since the date of Audit. The inclusion of the Excerpts of the Audit in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the Audit.

City of Peoria, Illinois

Statement of Net Assets  
December 31, 2011

	Component Units		
	Total Primary Government - Governmental Activities	Peoria Civic Center Authority	Springdale Cemetery Management Authority
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 39,765,874	\$ 4,135,015	\$ 515,682
Restricted cash and cash equivalents	-	-	91,981
Restricted cash and investments with trustee	2,548,748	-	-
Investments	17,523,775	1,348,630	76,790
Restricted investments	-	-	163,370
Taxes receivable:			
Property taxes	34,076,800	-	-
Corporate personal property replacement taxes	954,159	-	-
State sales and income taxes	10,051,979	-	-
Home rule sales taxes	6,435,405	-	-
Hotel, restaurant and amusement taxes	859,227	-	-
Utility taxes	1,702,599	-	-
Local motor fuel taxes	99,435	-	-
Governmental grants and reimbursements receivable	1,351,805	-	-
Riverboat gaming revenue receivable	586,359	-	-
Loans receivable, net	372,323	-	-
Other receivables, net	2,690,643	1,000,748	339,026
Accrued interest receivable, net	789,161	2,300	-
Special assessments receivable	276,019	-	-
Inventory, prepaid items and other	705,272	256,188	33,740
<b>Total current assets</b>	<b>120,789,583</b>	<b>6,742,881</b>	<b>1,220,589</b>
Noncurrent assets:			
Cash, cash equivalents and investments held for capital projects	16,658,213	-	-
Restricted cash and cash equivalents	-	844,580	-
Investments	-	-	28,907
Restricted cash and investments with trustee	31,694,040	-	-
Loans receivable, net	462,906	-	-
Other receivable	-	297,922	5,844
Special assessments receivable	5,912,017	-	-
Unamortized bond issue costs	2,242,369	-	-
Net pension assets	16,191,586	-	-
Capital assets:			
Not depreciated:			
Land	12,568,967	10,247,918	73,079
Construction-in-progress	12,680,501	7,426	-
Depreciated:			
Infrastructure	312,413,291	-	-
Buildings and land improvements	113,015,350	151,257,774	1,645,873
Major equipment and vehicles	25,840,898	11,626,239	357,699
Media assets	24,531,811	-	-
Software	-	-	127,371
Accumulated depreciation	(241,001,769)	(85,362,025)	(758,424)
<b>Total capital assets</b>	<b>260,049,049</b>	<b>87,777,332</b>	<b>1,445,598</b>
<b>Total noncurrent assets</b>	<b>333,200,180</b>	<b>88,919,834</b>	<b>1,480,349</b>
<b>Total assets</b>	<b>\$ 453,989,763</b>	<b>\$ 95,662,715</b>	<b>\$ 2,700,938</b>

	Component Units		
	Total Primary Government - Governmental Activities	Peoria Civic Center Authority	Springdale Cemetery Management Authority
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable	\$ 9,108,033	\$ 388,173	\$ 20,808
Accrued payroll	1,890,263	-	-
Accrued interest	357,144	-	-
Other payables	175,876	249,658	7,014
Advance ticket sales	-	2,843,730	-
Due to fiduciary fund	9,680,400	-	-
Estimated payable for claims and losses incurred but not reported	2,340,569	-	-
Unearned revenue, property taxes	24,386,400	-	-
Unearned revenue, other	2,132,565	959,060	327,272
Tax rebates payable	4,739	-	-
Accrued compensated absences	712,671	-	-
Voluntary separation initiative termination benefits	310,000	-	-
Bonds and loans payable, current portion	878,123	274,980	-
Other long-term obligations, current portion	58,526	-	-
<b>Total current liabilities</b>	<b>52,045,248</b>	<b>4,715,601</b>	<b>355,084</b>
Long-term liabilities:			
Accrued compensation absences	7,702,107	-	-
Voluntary separation initiative termination benefits	310,000	-	-
Bonds and loans payable, net of deferred amount on bonds refunded and bond premium	217,614,772	2,288,024	-
Other long-term obligations, noncurrent	856,599	-	-
Net other postemployment benefits obligation	35,388,438	-	-
IMRF pension obligation	1,219,236	-	-
Workers compensation claims payable	1,191,547	-	-
General liability claims payable	1,285,247	-	-
Unearned revenue and deposits	-	869,562	-
Asset held for Tourism Reserve Fund, payable from restricted assets	-	694,391	-
<b>Total long-term liabilities</b>	<b>265,540,946</b>	<b>3,831,997</b>	<b>-</b>
<b>Total liabilities</b>	<b>317,586,194</b>	<b>8,547,598</b>	<b>355,084</b>
Net assets:			
Investment in capital assets, net of related debt	186,383,801	85,234,328	1,445,598
Restricted for:			
Debt service	7,376,317	-	-
TIF redevelopment	5,504,682	-	-
Law enforcement	7,535	-	-
Grants and loans	1,317,721	-	-
Library operations	1,019,506	-	-
Riverfront Development	349,231	-	-
Capital improvements and equipment	8,363,132	-	-
Cemetery, \$237,124 nonspendable	-	-	299,003
Unrestricted (deficit)	(73,918,356)	1,880,789	601,243
<b>Total net assets</b>	<b>136,403,569</b>	<b>87,115,117</b>	<b>2,345,844</b>
<b>Total liabilities and net assets</b>	<b>\$ 453,989,763</b>	<b>\$ 95,662,715</b>	<b>\$ 2,700,938</b>

City of Peoria, Illinois

Statement of Activities  
Year Ended December 31, 2011

Functions/Programs:	Expenses		Program Revenues		
		Charges for Services	Operating	Grants and Contributions	Capital
<b>Primary Government</b>					
Governmental activities:					
Elective offices, boards, commissions and agencies	\$ (2,038,876)	\$ -	\$ -	\$ -	-
City administration	(3,389,721)	-	-	-	-
Police	(36,335,139)	605,675	1,980,971	-	-
Fire	(32,400,123)	501,192	524,903	98,882	-
Public works	(24,073,194)	5,060,544	-	4,426,709	-
Community development	(17,018,270)	-	8,649,820	-	5,000
Public safety	(7,778,795)	2,377,782	-	324,942	-
General government	(22,512,282)	11,966,230	2,248,247	16,677,425	-
Library	(11,059,026)	119,577	100,553	136,147	-
Interest on long-term debt	(9,493,691)	-	-	-	-
<b>Total primary government</b>	<b>\$ (168,069,117)</b>	<b>\$ 20,631,000</b>	<b>\$ 13,504,494</b>	<b>\$ 21,672,105</b>	<b>\$ -</b>
<b>Component Units</b>					
Peoria Civic Center Authority	\$ (23,650,225)	\$ 17,477,649	\$ -	\$ -	\$ 86,500
Springdale Cemetery Management Authority	(621,596)	185,169	339,681	22,992	-
<b>Total component units</b>	<b>\$ (24,271,821)</b>	<b>\$ 17,662,818</b>	<b>\$ 339,681</b>	<b>\$ 109,482</b>	<b>\$ 86,500</b>

General Revenues	Net (Expense) Revenue and Changes in Net Assets	
	Total Primary Government Activities	Component Units
Property taxes	35,411,598	-
Corporate personal property replacement taxes	6,663,610	-
State sales taxes, unrestricted	23,425,790	-
State income tax allocation, unrestricted	9,252,638	-
Home rule sales taxes	22,662,416	-
Hotel, restaurant and amusement taxes	8,514,746	-
Riverboat gaming revenue	3,492,315	-
Utility taxes	12,026,499	-
Grants and contributions not restricted to specific programs	2,968,278	-
Payment from City of Peoria	-	1,534,510
Interest/investment income	2,156,563	19,737
Franchise fees, based on gross receipts	2,290,351	-
Other	2,416,950	84,219
<b>Total general revenues</b>	<b>131,281,744</b>	<b>1,554,247</b>
Change in net assets	18,990,226	89,600
Net assets, beginning of year, as restated	117,413,343	91,646,946
Net assets, end of year	<b>\$ 136,403,569</b>	<b>\$ 87,115,117</b>

Component Units	Net (Expense) Revenue and Changes in Net Assets	
	Peoria Civic Center Authority	Springdale Cemetery Management Authority
Peoria Civic Center Authority	\$ -	\$ (6,086,076)
Springdale Cemetery Management Authority	-	(73,754)
<b>Total component units</b>	<b>\$ -</b>	<b>(73,754)</b>

See Notes to Basic Financial Statements.

City of Peoria, Illinois  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

	General Fund	Peoria Public Library Fund	Workforce Development Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 14,462,573	\$ 2,684,757	\$ 31,952
Cash and investments with trustee	-	-	-
Investments	10,238,247	514	246,314
Taxes receivable:			
Property taxes	5,007,300	6,600,600	-
Corporate personal property replacement taxes	954,159	-	-
State sales and income taxes	10,001,070	-	-
Home rule sales taxes	6,435,405	-	-
Hotel, restaurant and amusement taxes	859,227	-	-
Utility taxes	1,702,599	-	-
Local motor fuel taxes	-	-	-
Governmental grants and reimbursements receivable	306,681	-	594,763
Riverboat gaming revenue receivable	-	-	-
Loans receivable, net	-	-	-
Interfund loan receivable	2,712,845	-	-
Other receivables, net	1,837,930	-	5,334
Accrued interest receivable, net	85,490	-	-
Special assessments receivable	-	-	-
Due from other funds	823,878	-	-
Inventory and prepaid items	672,059	-	33,213
<b>Total assets</b>	<b>\$ 56,099,463</b>	<b>\$ 9,285,871</b>	<b>\$ 911,566</b>

(Continued)

	Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2010D General Obligation Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$ -	\$ 1,163,412	\$ 15,772,693	\$ 96	\$ 22,304,305	\$ 56,419,788
	-	-	-	25,867,475	8,365,313	34,232,788
	-	768	1,771,427	-	5,270,804	17,528,074
	9,690,400	4,473,300	202,500	-	8,102,700	34,076,800
	-	-	-	-	-	954,159
	-	-	-	-	50,909	10,051,979
	-	-	-	-	-	6,435,405
	-	-	-	-	-	859,227
	-	-	-	-	-	1,702,599
	-	-	99,435	-	-	99,435
	-	-	207,381	-	242,990	1,351,805
	-	-	586,359	-	-	586,359
	-	-	711,192	-	124,037	835,229
	-	-	-	-	-	2,712,845
	-	-	560,861	-	286,518	2,690,643
	-	-	62,394	538,293	102,984	789,161
	-	-	6,188,036	-	-	6,188,036
	-	-	95,981	-	581,822	1,501,661
	9,690,400	5,637,480	26,258,259	26,405,864	45,432,392	179,721,285



City of Peoria, Illinois

Balance Sheet (Continued)  
Governmental Funds  
December 31, 2011

Liabilities and Fund Balance

Liabilities:	General Fund	Peoria Public Library Fund	Workforce Development Fund
Accounts payable	\$ 2,209,375	\$ 222,288	\$ 363,300
Accrued payroll	2,475,795	110,710	30,498
Claims and losses due and payable	686,176	-	-
Due to other funds	109,039	5,210	-
Interfund loan payable	-	-	-
Unearned revenue, property taxes	5,007,300	6,600,600	-
Deferred and unearned revenue, other	3,004,952	21,331	-
Bonds payable	-	-	-
Tax rebates payable	4,739	-	-
Other payables	175,876	-	-
<b>Total liabilities</b>	<b>13,673,252</b>	<b>6,960,139</b>	<b>393,798</b>

Fund balance:

Nonspendable:			
Inventories	672,059	-	-
Prepays	-	-	33,213
Library endowments	-	405,982	-
Restricted:			
Debt service	-	-	-
TIF redevelopment	-	-	-
Pensions	-	-	-
Law enforcement	-	-	-
Grants and loans	306,681	-	484,555
Library operations	-	1,019,506	-
Landfill operations	-	-	-
Riverfront Development	-	-	-
Capital improvements and equipment	-	900,244	-
Committed, other postemployment benefits	16,233,211	-	-
Assigned:			
Debt service	6,631,389	-	-
Education	196,072	-	-
Recreation	324,677	-	-
Capital projects	-	-	-
Encumbrances	254,762	-	-
Law enforcement	410,047	-	-
Unassigned	17,398,313	-	-
<b>Total fund balance</b>	<b>42,426,211</b>	<b>2,325,732</b>	<b>517,768</b>

Total liabilities and fund balance

\$ 56,059,463	\$ 9,285,871	\$ 911,566
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	Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2010 General Obligation Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 529,952	\$ 2,047,748	\$ -	\$ -	\$ 3,735,390	\$ 9,108,033
-	-	3,994	-	-	27,031	2,648,028
-	-	546,202	-	-	-	686,176
-	27	-	687,625	-	-	1,501,661
-	2,712,845	-	-	-	153,578	2,712,845
9,690,400	4,473,300	202,500	-	8,102,700	-	34,076,900
-	-	6,925,607	-	317,764	-	10,269,654
-	-	6,000	-	-	-	6,000
-	4,521	-	-	-	-	4,739
9,690,400	7,720,625	9,732,051	687,625	12,336,463	-	61,194,352

-	-	-	-	-	-	672,059
-	-	-	-	-	-	33,213
-	-	-	-	-	-	405,982
-	-	-	25,718,239	11,615,222	5,504,682	37,333,461
-	-	-	-	-	-	5,504,682
-	-	-	-	7,535	-	-
-	-	526,465	-	-	-	7,535
-	-	-	-	-	-	1,317,721
-	-	-	-	-	606,509	1,019,506
-	-	349,231	-	-	-	349,231
-	-	-	-	15,361,971	-	16,262,215
-	-	-	-	-	-	16,233,211
-	-	2,514,244	-	-	-	9,146,633
-	-	-	-	-	-	196,072
-	-	-	-	-	-	324,677
-	-	13,136,248	-	-	-	13,136,248
-	-	-	-	-	-	254,762
-	-	-	-	-	-	410,047
-	(2,083,145)	-	-	-	-	410,047
-	(2,083,145)	16,526,208	25,718,239	33,095,919	-	15,315,168
9,690,400	5,637,460	26,258,259	26,405,864	45,432,892	-	179,721,285

City of Peoria, Illinois

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities  
December 31, 2011

Total governmental fund balances	\$ 118,526,932
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.	260,049,049
Receivables are deferred in the funds if they are not available for use in the current period.	2,225,072
Special assessments receivable are deferred in the funds if they are not available for use in the current period.	5,912,017
Net pension asset (obligation) is not recorded in the funds.	16,191,586
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond issuance costs are reported as expenditures in the funds.	2,242,369
Bond premiums are reported as other financing sources in the funds.	(4,994,384)
Deferred amounts on refunding are not recorded in the funds.	214,254
Interest payable on debt is not reported in the funds if payments are due subsequent to reporting date.	(352,623)
Other postemployment benefits obligation	(35,368,438)
IMRF pension obligation	(1,219,236)
Workers compensation claims payable	(2,320,218)
General liability claims payable	(1,783,589)
Accrued compensated absences	(8,414,778)
Accrued compensated absences included in accrued payroll in Governmental funds	597,765
Early retirement incentive pay included in accrued payroll in Governmental funds	160,000
Voluntary separation incentive termination benefits	(620,000)
Bonds and loans payable	(213,706,765)
Other long-term obligations	(915,124)
<b>Net assets of governmental activities</b>	<b>\$ 136,463,569</b>

See Notes to Basic Financial Statements.

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City of Peoria, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2011

	General Fund		Peoria Public Library Fund	Workforce Development Fund	Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2010 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>										
Property taxes	\$ 5,101,952	\$ 6,572,853	-	-	\$ 9,991,924	\$ 4,706,486	\$ 186,703	\$ -	\$ 8,851,780	\$ 35,411,598
Corporate personal property replacement taxes	3,193,867	479,919	-	-	1,951,485	1,038,339	-	-	-	6,663,610
State sales taxes	23,119,876	-	-	-	-	-	-	-	305,914	23,425,790
State income tax allocation	8,655,683	-	-	-	-	-	-	-	-	8,655,683
Home rule sales taxes	22,662,416	-	-	-	-	-	-	-	-	22,662,416
Hotel, restaurant and amusement taxes	8,408,984	-	-	-	-	-	-	-	105,763	8,514,747
Local motor fuel taxes	-	-	-	-	-	-	797,703	-	-	797,703
Riverboat gaming revenue	-	-	-	-	-	-	3,492,315	-	-	3,492,315
Utility taxes	12,026,489	-	-	-	-	-	-	-	-	12,026,489
Governmental grants and reimbursements	1,455,122	229,590	-	4,987,176	-	-	19,499,456	-	7,152,115	33,323,459
Licenses and permits	2,596,529	-	-	-	-	1,370	-	-	-	2,597,899
Service charges/fees/fees	15,971,407	119,577	-	-	-	-	3,088,188	-	364,567	19,543,740
Special assessments	-	-	-	-	-	-	185,749	-	-	185,749
Contributions	-	-	-	-	-	-	-	-	5,000	5,000
Loan repayment	110,439	-	-	-	-	-	138,852	-	16,016	154,868
Rental	189,362	4,919	-	-	606	2,220	43,349	-	-	153,788
Interest	2,738,922	54,776	-	75,282	-	-	120,319	1,839,612	-	2,302,857
Other	-	-	-	-	-	-	926,351	-	1,703,893	5,489,224
<b>Total revenues</b>	<b>106,231,058</b>	<b>7,461,634</b>	-	<b>5,062,468</b>	<b>11,943,915</b>	<b>5,747,045</b>	<b>28,480,356</b>	<b>1,839,612</b>	<b>18,650,867</b>	<b>185,416,945</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Elective offices, boards, commissions and agencies	1,770,130	-	-	-	-	164,902	2,229	-	-	1,937,261
City administration	2,496,615	-	-	-	-	663,031	167,565	-	33,229	3,360,440
Police	28,916,211	-	-	-	5,199,837	604,553	621,276	-	457,960	35,801,837
Fire	22,453,162	-	-	-	6,744,078	274,054	118,441	-	144,412	29,734,147
Public works	20,315,854	-	-	-	-	1,238,178	336,323	-	1,549,206	23,439,561
Community development	6,358,352	-	-	5,049,525	-	545,049	144,485	-	6,255,673	16,723,085
Public safety	5,894,588	-	-	-	-	784,980	665,908	-	416,234	7,761,710
General government	5,343,802	-	-	-	-	(33,554)	2,464,836	5,563	2,694,673	10,475,320
Library	798,132	-	-	-	-	623,120	-	-	677,254	8,814,034
Capital outlay	-	6,715,528	-	-	-	-	8,994,415	-	13,765,135	23,671,645
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	75,274	49,156	1,056,513	10,023,082	10,072,238
<b>Total expenditures</b>	<b>94,348,846</b>	<b>7,627,623</b>	-	<b>5,049,525</b>	<b>11,943,915</b>	<b>4,939,567</b>	<b>13,590,918</b>	<b>1,062,076</b>	<b>43,317,189</b>	<b>181,879,679</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>11,882,212</b>	<b>(165,989)</b>	-	<b>12,933</b>	-	<b>807,478</b>	<b>14,889,438</b>	<b>777,536</b>	<b>(24,666,322)</b>	<b>3,537,266</b>
<b>Other financing sources (uses):</b>										
Issuance of bonds	-	-	-	-	-	-	-	-	9,350,000	9,350,000
Bond premium	-	-	-	-	-	-	-	-	646,087	646,087
Proceeds from sale of capital assets	-	-	-	-	-	-	195,925	-	-	195,925
Payment to refund debt	-	-	-	-	-	-	-	-	(4,064,361)	(4,064,361)
Transfers in	555,977	-	-	-	-	617,633	2,419,269	1,280,612	20,227,924	25,101,415
Transfers out	(7,745,540)	(617,633)	-	-	-	-	(8,308,159)	(1,493,788)	(6,936,296)	(25,101,415)
<b>Total other financing sources (uses)</b>	<b>(7,189,563)</b>	<b>(617,633)</b>	-	-	-	<b>617,633</b>	<b>(5,682,964)</b>	<b>(213,176)</b>	<b>19,223,354</b>	<b>6,127,651</b>
<b>Net change in fund balances</b>	<b>4,692,649</b>	<b>(783,622)</b>	-	<b>12,933</b>	-	<b>1,425,091</b>	<b>9,196,474</b>	<b>564,360</b>	<b>(5,442,968)</b>	<b>9,664,917</b>
Fund balances (deficit), beginning of year, as restated	37,733,562	3,109,354	-	504,835	-	(3,508,236)	7,329,734	25,163,879	38,538,887	108,862,015
Fund balances (deficit), end of year	<b>42,426,211</b>	<b>2,325,732</b>	-	<b>517,768</b>	-	<b>(2,083,145)</b>	<b>16,526,208</b>	<b>25,718,239</b>	<b>33,095,919</b>	<b>118,528,952</b>

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2011

Net change in fund balances, governmental funds	\$	9,664,917
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	\$	23,671,645
Depreciation expense	(16,218,976)	
Donated infrastructure assets	578,346	
	8,031,015	
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets:		
Proceeds from sale of capital assets	(195,925)	
Net gain on sale of capital assets	60,024	
	(135,901)	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grants	489,987	
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:		
Loan receivables made	180,000	
Loans receivable repaid	(154,869)	
Decrease in interest income for accrued interest	(146,305)	
Net change in long-term special assessment receivable	816,923	
Bad debt expense	83,963	
	778,712	
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 bonds	(9,350,000)	
Premium on issued bonds	(646,087)	
Less bond issuance costs	224,577	
Principal repayments:		
General obligation and revenue bonds	9,570,500	
Payment to refund bonds	4,064,361	
Other debt	101,738	
Amortization of bond issue costs	(287,222)	
Change in accrued interest payable	26,814	
Amortization of bond premium	596,019	
Amortization of deferred amount on refunding	(28,124)	
	4,672,576	

(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 (Continued)  
Year Ended December 31, 2011

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in:		
Compensated absences	836,988	
Accrued compensated absences included in accrued payroll in the Governmental funds	473,188	
Early retirement incentive pay included in accrued payroll in Governmental funds	160,000	
Landfill, postclosure costs	(110,049)	
Other postemployment benefits obligation	(6,855,585)	
IMRF pension obligation	(548,393)	
Workers compensation payable	670,520	
General liability payable	5,095	
Voluntary separation initiative termination benefits	310,000	
	(5,058,226)	
Increase in net pension assets are not reported in governmental funds	546,146	
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>18,990,226</b>

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2011

	Pension Trust	Agency
<b>Assets</b>		
Cash and cash equivalents	\$ 1,657,132	\$ 112,010
Receivables:		
Employer contributions	11,551,746	-
Plan members' contributions	40,155	-
Accrued interest and dividends	882,397	-
Prepays	5,549	-
	<u>12,479,847</u>	<u>-</u>
Investments, at fair value:		
Money market mutual funds	6,115,687	-
U.S. government obligations	58,472,225	-
State and local obligations	4,221,925	-
Illinois Public Treasurer's Investment Pool	533,023	-
Mutual funds	86,019,399	-
Corporate bonds	37,828,908	-
Stocks	42,519,159	-
	<u>235,710,326</u>	<u>-</u>
<b>Total assets</b>	<u>249,847,305</u>	<u>112,010</u>
<b>Liabilities</b>		
Accounts payable and accrued payroll	453,530	-
Due to individuals	-	112,010
<b>Total liabilities</b>	<u>453,530</u>	<u>112,010</u>
<b>Net assets held in trust for pension benefit</b>	<u>\$ 249,393,775</u>	<u>\$ -</u>

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
Year Ended December 31, 2011

<b>Additions</b>		
Contributions:		
Plan members' contributions	\$ 3,244,799	
Employer contributions	11,525,432	
Transfer of creditable service	196,078	
Other income	114,405	
<b>Total contributions</b>	<u>15,080,714</u>	
Investment income:		
Net appreciation (depreciation) in fair value of investments	(1,860,504)	
Dividends	2,182,610	
Interest	3,372,080	
<b>Total investment income</b>	<u>3,694,186</u>	
Less investment expenses	979,411	
<b>Net investment income</b>	<u>2,714,785</u>	
<b>Total additions</b>	<u>17,795,499</u>	
<b>Deductions</b>		
Benefits paid	21,647,564	
Administrative expenses	387,480	
Refunds	26,910	
<b>Total deductions</b>	<u>22,061,954</u>	
<b>Net (decrease)</b>	<u>(4,266,455)</u>	
<b>Net assets held in trust for pension benefits</b>		
Beginning of year	253,660,230	
End of year	<u>\$ 249,393,775</u>	

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Notes to Basic Financial Statements

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

Financial reporting entity:

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.

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:

*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.

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City of Peoria, Illinois

Notes to Basic Financial Statements

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

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

Blended component units:

*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.

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 reported as a blended component unit of the City.

City of Peoria, Illinois

Notes to Basic Financial Statements

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

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

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 reported as 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 Drive 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 land was conveyed to the City as part of the terms to effectuate the intergovernmental agreement. In addition to ownership of the Cemetery land, 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 reported as a component unit of the City.

**Note 1. Financial Reporting Entity, Measurement Focus, Basis of Accounting and Basis of Presentation and Summary of Significant Accounting Policies (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).

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.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and are 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, claims and judgments, pension, OPEB and landfill are recorded only when payment is due.

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

Governmental 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 has elected to report Workforce Development Fund and Capital Improvements Fund as a major fund for public interest purposes. 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 special revenue fund is used to account for the activities of the Peoria Public Library.

**Workforce Development Fund:** This special revenue 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 special revenue fund is used to recognize the taxes levied for the employer contribution to the Police Pension Fund and Firemen's Pension Fund.

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

**Capital Improvements Fund:** This capital projects fund is used to account for revenue sources dedicated for acquisition and improvement of land, buildings, equipment and infrastructure and the related expenditures.

**2010D General Obligation Bond Debt Service Fund:** This debt service fund is used to account for the accumulation of resources for the repayment of principal and interest on the City's 2010D General Obligation Bonds.



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

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 restricted or committed revenue sources such as governmental grants or general property taxes levied for specific purposes.

**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.

**Fiduciary Fund Types:** Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund types:

**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.

**Agency Fund:** The Section 125 Fund, for City employees' medical and child care expense reimbursements, is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations.

**Summary of significant accounting policies:**

The significant accounting policies followed by the City include the following:

**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.

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

**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.

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

**Unamortized bond issue costs:** Bond issue costs are capitalized and reported as deferred charges. Bond issuance costs are amortized over the life of the bonds using a method which approximates the effective interest method.

**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 method which approximates the effective interest method 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. 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 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. Interest incurred during construction is not capitalized for governmental funds.

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:

	Years
Land improvements	15
Buildings	15 - 40
Machinery and equipment	3 - 10
Vehicles	5 - 7
Media	10
Infrastructure assets	15 - 40

**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 are deferred and amortized over the life of the bonds using a method which approximates the effective interest method.

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. Debt principal payments are reported as expenditures.

Notes to Basic Financial Statements

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

**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.

**Pension Trust Funds:** The City includes two pension trust funds, which are fiduciary fund types. Pension trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Pension Trust Funds accounts for the assets of the City's Pension Plans. These plans are included in the reporting entity due to the City's significant administrative involvement.

**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 basis consistent with accounting principles generally accepted in the United States of America 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's year-end. These funds are as follows:

Fund	Budget Deviation
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 this blended component unit.
Capital projects funds	Budgets adopted on a project-length budget.

Notes to Basic Financial Statements

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

**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 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.

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

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

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

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

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

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

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

**Net assets:** Represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the 2010C Taxable General Obligation Bond Project fund was \$7,143,775 and the 2008A Library General Obligation Bond Project Fund was \$755,307. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted by enabling legislation includes \$7,535 for law enforcement and \$5,504,662 for TIF redevelopment.

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

City of Peoria, Illinois

Notes to Basic Financial Statements

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 2. Deposits and Investments (Continued)**

As of December 31, 2011, the City had the following cash and investments:

Cash and cash equivalents statement of net assets	\$ 56,419,788
Restricted cash and investments held by trustee statement of net assets	34,232,788
Investments statement of net assets	17,526,074
Cash and cash equivalents fiduciary funds	1,769,142
Investments fiduciary funds	235,710,326
<b>Total</b>	<b>\$ 345,660,118</b>
Deposits	\$ 22,387,026
Certificates of deposit	11,718,039
Repurchase agreements	35,799,654
Illinois funds	3,239,934
Money market mutual funds	2,572,351
Cash held by trustee	112,687
Investments held by trustee	34,120,101
Investments held by fiduciary funds	235,710,326
<b>Total</b>	<b>\$ 345,660,118</b>

**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. As of December 31, 2011, the City had the following investment maturities:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Illinois Funds	\$ 3,239,934	\$ 3,239,934	-
Money Market Mutual Fund - Federated Cash Trust	2,572,351	2,572,351	-
Investments held by trustee:			
First American Treasury Obligation Fund - Class D Mutual Fund	968,862	968,862	-
U.S. Treasury State & Local Govt Series Certificate of Indebtedness	175,150	175,150	-
U.S. Treasury State & Local Govt Series Time Deposit	12,112	12,112	-
U.S. Treasury Notes	1,558,842	-	1,511,242
State of Illinois Municipal Bonds	29,825,249	-	29,825,249
Investors Cash Trust Mutual Fund	1,579,886	1,579,886	-
	<b>\$ 39,922,368</b>	<b>\$ 8,995,895</b>	<b>\$ 31,326,491</b>

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

**Custodial credit risk:** For deposits, 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 or collateral securities that are in the possession of an outside party. As of December 31, 2011, none of the City's bank balances, including certificates of deposit and money market accounts of \$58,908,833 were exposed to 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. As of December 31, 2011, \$20,777,090 of the City's investments were exposed to custodial credit risk due to the securities being uninsured and not registered in the name of the City but held by the trust department.

The Illinois Funds are State-approved, professionally managed investment funds which enable municipalities in Illinois to pool available funds for investment in various state-approved investments. The fair value of the City's position in the pool is recorded at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. This pool is administered by the Illinois State Treasurer.

**Concentration of credit 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 State of Illinois Municipal Bonds, which are 75 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 based on credit-worthiness and who qualify under Securities and Exchange Commission Rule 15C3-1.

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

Deposit or Investment Type	Standard & Poor's	Moody's	Balance
Illinois Funds			
Money Market Mutual Fund Federated Cash Trust	AAAm	Not Rated	\$ 3,239,834
Investments held by trustees:	Not Rated	Not Rated	2,572,351
Fidelity American Treasury Obligation Fund - Class D Mutual Fund	AAA	Aaa-nf	968,862
State of Illinois Municipal Bonds	A+	A1	29,835,249
Investors Cash Trust Mutual Fund	AAAm	Aaa-nf	1,579,886

**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.

**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 as of December 31, 2011 consisted of deposits with a financial institution. Deposits with a financial institution are covered by FDIC insurance. As of December 31, 2011, all of the Fund's bank balances with financial institutions of \$246,047 were insured by the FDIC.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

As of December 31, 2011, the Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)
U.S. Government notes and bonds:			
Explicitly guaranteed	\$ 18,249,031	N/A	4.67
U.S. Government agencies	5,001,312	Aaa	17.35
Money market funds	1,268,976	Aaa-nf	0.14
State and Local obligations	1,071,427	A1	3.01
Corporate bonds	21,328,746	Aaa to Baa3	5.65
Mutual funds - bonds	20,185,448	Aaa	3.97
Mutual funds - equities	45,210,415	N/A	N/A
Stocks	19,560,913	N/A	N/A
<b>Total investments</b>	<u>\$ 131,876,288</u>		

(1) Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. 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 the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

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.

As of December 31, 2011, investments are held by the counterparty's trust department in the Fund's name. The Fund's investment policy provides that the investments are evaluated by an independent investment consultant on a monthly basis.

**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 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 as of December 31, 2011 consisted of deposits with a financial institution. As of December 31, 2011, all of the bank balances with the financial institution of \$1,489,065 are covered by FDIC insurance.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

As of December 31, 2011, the Fund had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)
U.S. Government notes and bonds:			
Explicitly Guaranteed	\$ 17,539,735	N/A	10.79
Implicitly Guaranteed	1,467,293	Aaa	1.41
U.S. Government agencies	16,214,854	Aaa	10.46
Money market funds	4,846,711	AAAm	0.08
State and Local obligations	3,150,498	Aaa to Aaa2	9.86
Illinois Funds	533,023	AAAAm	0.10
Corporate bonds	16,500,162	Aaa to Baa3	8.83
Mutual funds - equities	20,623,536	N/A	N/A
Common and preferred stocks	22,958,246	N/A	N/A
<b>Total investments</b>	<b>\$ 109,834,058</b>		

(1) Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. 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 the risk that changes in interest rates will adversely affect the fair value of an investment. 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 113.10 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.

As of December 31, 2011, investments are held by the counterparty's trust department in the Fund's name. The Fund's investment policy provides that the investments are evaluated by an independent investment consultant on a monthly basis.

**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.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Custodial credit risk – deposits: The Civic Center does not have a deposit policy for custodial credit risk. As of August 31, 2011, \$450,057 of the Civic Center's bank balance of \$6,308,625 was exposed to custodial credit risk. The balance is made up as follows as of August 31, 2011:

	Bank Balance	Carrying Amount
Demand deposits and money market accounts	\$ 4,767,414	\$ 4,959,995
Certificates of deposit	1,348,630	1,348,630
	<u>\$ 6,116,044</u>	<u>\$ 6,308,625</u>

Interest rate risk: The Civic Center does not have a formal investment policy that limits investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates. The Civic Center does not have any investments subject to interest rate risk.

Reconciliation to statement of net assets:

	Carrying Amount
Cash on hand	\$ 19,600
Demand deposits and money market accounts	4,959,995
Certificates of deposit	1,348,630
	<u>\$ 6,328,225</u>
Cash and cash equivalents	\$ 4,135,015
Restricted assets - cash	844,580
Investments	1,348,630
	<u>\$ 6,328,225</u>

**Springdale Cemetery Management Authority**

Custodial credit risk: As of December 31, 2011, the carrying amount of the Authority's deposits (including checking, savings and certificates of deposit) was \$582,383 and the bank balance was \$585,173. The Authority also had cash on hand of \$175. None of the bank balance of \$585,173 was exposed to custodial credit risk.



City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 2. Deposits and Investments (Continued)**

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 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 Illinois Compiled Statutes 30 ILCS 235/Public Funds Investment Act allows for the investment in municipal bonds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited. At December 31, 2011, the Authority had investments of \$76,790 in mutual funds which are outside the scope of the Illinois Compiled Statutes. Such mutual funds are partially invested in corporate securities, as well as bonds rated at a lower rating than allowed under the parameters of the investment statute.

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 as of December 31, 2011 were \$188,475.

**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.

Property taxes are accrued as a receivable in the period in which the City has an enforceable lien on the property. However, recognition of the revenue in the governmental funds is deferred until the period for which the property taxes are levied and/or are available. Property tax revenue recorded in the governmental funds by the City for the year ended December 31, 2011 represents installments of the 2010 property taxes which were received during 2011.

The amount of the property tax receivable unearned at year-end represents the tax levied for 2011, for which an enforceable lien exists as of January 1, but is levied for the 2012 budget and will be collected from taxpayers in June and September 2012 with the exception of police and fire pension levies, which are levied and recognized as revenue by the Pension Trust Funds and at the government-wide level.

The police and fire pension levies are recognized as revenue in the governmental activities in the statement of activities based on the inclusion of the current levy year in the actuary calculation of required contributions to the pension plans.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 4. Restricted Cash and Cash and Investments Held by Trustee**

Cash and investments held by trustee: In accordance with the appropriate bond ordinances, as of December 31, 2011, the City has paid to its respective paying agents the following:

An amount to fund capitalized interest, less interest paid to date, on the 2005 General Obligation Bonds, Series A, \$1,579,886 of cash and investments 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, \$968,862 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.

The refunding bond escrow agent held \$25,867,475 of cash and investments in the 2010D General Obligation Bond Debt Service Fund.

The refunding bond escrow agent held \$5,727,878 of cash and investments in the 2011B General Obligation Bond Debt Service Fund.

The refunding bond escrow agent held \$88,687 of cash and investments in the General Obligation Bonds Debt Service Master Fund.

As of August 31, 2011, the Civic Center carried \$694,391 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.

As of August 31, 2011, the Civic Center also carried \$150,189 in restricted cash from a state grant for use in capital improvement projects.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 5. 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.

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

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 through 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. City bond expenditures for capital improvements to the Peoria Civic Center became property of the Civic Center Authority and consequently are not recorded as capital assets by the City. 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 1997 A and 1997B, and to advance refund portions of the City's general obligation bonds, Series 1998A, 1998B, 1998E, 1999A, 2000A, 2000B, and 2000C, and to pay the costs of issuing the bonds.

In 2007, the City issued \$18,800,000 in general obligation bonds (known as 2007A) to finance infrastructure improvements relating to sidewalks and street lighting, and for the continuation of the sewer rehabilitation program.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 5. Long-Term Debt – Primary Government (Continued)**

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 2011, the Council abated 2010 property taxes previously levied that were needed to pay the interest and principal due for all preceding general obligation bonds during 2011.

In 2008, the City issued \$28,000,000 in general obligation bonds (known as 2008A) to finance improvements to the existing Lincoln, McClure and Main Street branch libraries and to erect a building to be used as a north side branch library. The Library Board levied property taxes to pay interest and principal due on the 2008A General Obligation Bonds.

In 2009, the City issued \$17,645,000 in General Obligation Bonds, Series 2009A maturing January 1, 2010 through January 1, 2022 with interest rates ranging from 2 percent to 5 percent to refund \$17,490,000 of the outstanding General Obligation Bond Series 1998D, 2001A, 2001B, 2001C, and 2001D with interest rates ranging from 4.35 percent to 5.20 percent.

In 2010, the City issued \$2,420,000 in General Obligation Bonds, Series 2010A, with interest rates ranging from 2.00 percent to 4.00 percent, to advance refund \$2,280,000 of the previously issued 2002B General Obligation Bonds maturing January 1, 2013 through January 1, 2023.

In 2010, the City issued \$1,495,000 Taxable General Obligation Refunding Bonds, Series 2010B, with interest rates ranging from 1.52 percent to 3.43 percent, to refinance the January 1, 2011 debt service principal payments, totaling \$1,452,000, for the previously issued 2004C, 2005B and 2007A General Obligation Bonds.

In 2010, the City issued \$15,490,000 Taxable General Obligation Bonds (Build America & Recovery Zone Bonds), Series 2010C, with interest rates ranging from 2.00 percent to 6.40 percent, for sewer rehabilitation, road construction and sidewalk improvements. Pursuant to the American Recovery and Reinvestment Act (ARRA) of 2009, Build America Bonds are eligible for a direct payment from the United States Treasury to the City equaling 35 percent of semiannual bond debt service interest payable. Also per ARRA provisions, Recovery Zone Economic Development Bonds are eligible for a direct payment from the United States Treasury equaling 45 percent of semiannual bond debt service interest payable. The City will consequently receive \$5,035,278 total federal government interest rebates from 2011-2030.

In 2010, the City issued \$24,310,000 General Obligation Bonds, Series 2010D, with interest rates ranging from 2.00 percent to 4.00 percent, to refund \$24,555,000 of the previously issued 2005A Civic Center General Obligation Bonds maturing January 1, 2016 through January 1, 2021 and maturing January 1, 2022 through January 1, 2026.

In 2011, the City issued \$4,060,000 General Obligation Bonds, Series 2011A, with interest rates ranging from 2.00 percent to 3.00 percent, to currently refund the \$4,055,000 balance of the previously issued 2004B General Obligation Bonds maturing January 1, 2013 – January 1, 2025. The City will subsequently save \$609,117 in debt service interest payments from 2011 – 2024 and realize a \$443,811 economic gain (difference between present values of old and new debt service payments) from this refunding.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 5. Long-Term Debt – Primary Government (Continued)**

In 2011, the City issued \$5,290,000 General Obligation Bonds, Series 2011B, with interest rates ranging from 3.00 percent to 4.00 percent, to advance refund \$5,380,000 of the previously issued 2005A Civic Center General Obligation Bonds maturing January 1, 2014, January 1, 2022 and January 1, 2024. The City will subsequently save \$517,284 in debt service interest payments from 2012-2023 and realize a \$428,353 economic gain (difference between present values of old and new debt service payments) from this refunding. Although these refunding bond proceeds have been deposited with an escrow agent, the City has determined that this transaction did not result in a defeasance of debt. Therefore, the proceeds for this "economic" bond refunding must be recorded in the City's governmental funds financial statements as cash held by trustee and restricted fund balance and government-wide financial statements as cash held by trustee and debt pending actual debt service payments to call the previously issued bonds. Debt service principal payments for the 2011B General Obligation Refunding Bonds are scheduled January 1, 2022 and January 1, 2026.

**PMP 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. As of December 31, 2011, 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 23 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 and December 1 of each year until and including December 1, 2015, from the funds available in the Principal and Interest Account 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:** 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. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues. Total principal and interest remaining on the bonds is \$3,414,500, payable through 2017. For the current year, principal and interest paid and total special taxes revenues were \$542,125 and \$596,695, respectively.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 5. Long-Term Debt – Primary Government (Continued)**

**Wal-Mart promissory note:** In accordance with the Wal-Mart Super Center Development Agreement, the City agreed to reimburse a total of \$687,788 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.

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.

**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 in part 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.

In 2007, the City issued \$1,105,000 of Special Assessment Bonds (known as 2007A Special Assessment) in order to finance the North Allen Road Intersection project. The bonds are payable solely from proceeds received from the special assessment payments from the properties benefited.

**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 30 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 net of additions in the amount of \$110,049 were recognized in 2011. The balance due reported represents the estimate of what it would cost to perform all postclosure care as of December 31, 2010 over 30 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. As of December 31, 2011, the City has accrued an associated liability of \$8,414,778. The liability for compensated absences is funded primarily through the General Fund and the Workforce Development Fund.

**Voluntary Separation Initiative (VSI):** The City offered a voluntary separation initiative plan to all permanent, full-time employees who had attained age 40 and served the City at least 10 years by September 8, 2009. The voluntary separation initiative allows an eligible employee to receive five annual lump sum payments of \$10,000, which the first payment to be received in the separation year. The remaining payments will be made on or about June 1 of each year after the first year's payment, ending in 2013. As of December 31, 2011, the City has accrued an associated liability of \$620,000, to be funded through the General Fund. The current year cost to the City was \$310,000, which consisted of 31 participants in the Plan.



City of Peoria, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Debt – Primary Government (Continued)

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 as of December 31, 2011 is as follows:

Warrant Number	Balance	
	December 31, 2010	December 31, 2011
552	\$ 500	\$ 500
587	500	5,000
1360	5,000	6,000
	\$ 6,000	\$ 6,000

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

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011	Current Portion	Long-Term Portion
General obligation bonds	\$ 207,450,000	\$ 9,350,000	\$ 13,530,000	\$ 203,270,000	\$ -	\$ 203,270,000
Revenue/special assessment bonds	5,981,000	-	110,500	5,860,500	344,000	5,506,500
Special assessment bond - matured	6,000	-	-	6,000	6,000	-
Special service area bonds	3,335,000	-	385,000	2,950,000	420,000	2,530,000
Loans payable	1,738,003	-	101,738	1,636,265	108,123	1,528,142
Deferred amount on refunding and bond premium	4,711,299	636,726	567,895	4,780,130	-	4,780,130
<b>Total bonds and loans payable, net</b>	<b>223,201,302</b>	<b>9,986,726</b>	<b>14,695,133</b>	<b>218,492,895</b>	<b>878,123</b>	<b>217,614,772</b>
Landfill closure and postclosure care costs	805,075	407,401	297,352	915,124	58,525	856,599
Worker's compensation claims	3,083,153	2,446,365	2,897,500	2,632,018	1,440,471	1,191,547
General liability claims	1,810,987	358,068	260,770	1,908,285	650,038	1,258,247
Net other postemployment benefit obligation	28,532,853	15,491,285	8,635,700	35,388,438	-	35,388,438
Voluntary Separation Initiative Termination Benefits	930,000	-	310,000	620,000	310,000	310,000
IMRF net pension obligation	670,843	548,383	-	1,219,226	-	1,219,226
Compensated absences	9,251,776	4,825,260	5,662,258	8,414,778	712,671	7,702,107
<b>Total long-term debt</b>	<b>\$ 268,285,899</b>	<b>\$ 34,053,498</b>	<b>\$ 32,758,713</b>	<b>\$ 269,580,684</b>	<b>\$ 4,049,828</b>	<b>\$ 265,540,946</b>

Resources of the General Fund, the Peoria Public Library Fund and Peoria Township will be used to liquidate the combined net other postemployment benefits obligation for the City of Peoria, Peoria Public Library and Peoria Township. The Illinois Municipal Retirement Fund, a special revenue fund, will be used to liquidate the IMRF net pension obligation. The City is a home-rule municipality and accordingly is not subject to any constitutional debt limit.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Debt – Primary Government (Continued)

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

Description of issues:	\$1,225,000		\$2,060,000	
	Amount of issue	Date of issue	Amount of issue	Date of issue
1998C Taxable Riverfront Village <td>September 1, 1998 <td>June 1, 2002 <td>September 1, 1998 <td>June 1, 2002 </td></td></td></td>	September 1, 1998 <td>June 1, 2002 <td>September 1, 1998 <td>June 1, 2002 </td></td></td>	June 1, 2002 <td>September 1, 1998 <td>June 1, 2002 </td></td>	September 1, 1998 <td>June 1, 2002 </td>	June 1, 2002
General Obligation Bonds <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td></td></td>	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td></td>	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td>	January 1 and July 1 <td>January 1 and July 1 </td>	January 1 and July 1
Principal <td>5.70 to 6.05% <td>3.50 to 4.40% <td>5.70 to 6.05% <td>3.50 to 4.40% </td></td></td></td>	5.70 to 6.05% <td>3.50 to 4.40% <td>5.70 to 6.05% <td>3.50 to 4.40% </td></td></td>	3.50 to 4.40% <td>5.70 to 6.05% <td>3.50 to 4.40% </td></td>	5.70 to 6.05% <td>3.50 to 4.40% </td>	3.50 to 4.40%
Interest <td>2002A <td>2002A <td>2002A <td>2002A </td></td></td></td>	2002A <td>2002A <td>2002A <td>2002A </td></td></td>	2002A <td>2002A <td>2002A </td></td>	2002A <td>2002A </td>	2002A
	Principal	Interest	Principal	Interest
	\$ -	\$ 35,159	\$ -	\$ 16,160
2012	65,000	31,611	250,000	5,500
2013	75,000	27,376	-	-
2014	85,000	22,536	-	-
2015	100,000	16,941	-	-
2016	230,000	14,218	-	-
2017 - 2021	-	-	-	-
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
<b>Year ending December 31:</b>	<b>\$ 555,000</b>	<b>\$ 147,841</b>	<b>\$ 250,000</b>	<b>\$ 21,660</b>

Year ending December 31:

Description of issues:	\$3,385,000		\$4,110,000	
	Amount of issue	Date of issue	Amount of issue	Date of issue
2002B	June 1, 2002 <td>August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td></td>	August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td>	June 1, 2002 <td>August 1, 2003 </td>	August 1, 2003
2003A	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td></td>	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td>	January 1 and July 1 <td>January 1 and July 1 </td>	January 1 and July 1
General Obligation Bonds	4.25 to 5.00% <td>4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td></td>	4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td>	4.25 to 5.00% <td>4.00 to 4.75% </td>	4.00 to 4.75%
Principal	Interest	Principal	Interest	
	\$ -	\$ 3,187	\$ -	\$ 120,580
2012	-	-	200,000	112,780
2013	-	-	205,000	104,680
2014	-	-	210,000	96,380
2015	-	-	220,000	87,560
2016	-	-	1,240,000	281,028
2017 - 2021	-	-	570,000	27,312
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
<b>Year ending December 31:</b>	<b>\$ -</b>	<b>\$ 3,187</b>	<b>\$ 2,645,000</b>	<b>\$ 830,320</b>

Year ending December 31:

Description of issues:	\$3,385,000		\$4,110,000	
	Amount of issue	Date of issue	Amount of issue	Date of issue
2002B	June 1, 2002 <td>August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td></td>	August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td>	June 1, 2002 <td>August 1, 2003 </td>	August 1, 2003
2003A	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td></td>	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td>	January 1 and July 1 <td>January 1 and July 1 </td>	January 1 and July 1
General Obligation Bonds	4.25 to 5.00% <td>4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td></td>	4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td>	4.25 to 5.00% <td>4.00 to 4.75% </td>	4.00 to 4.75%
Principal	Interest	Principal	Interest	
	\$ -	\$ 3,187	\$ -	\$ 120,580
2012	-	-	200,000	112,780
2013	-	-	205,000	104,680
2014	-	-	210,000	96,380
2015	-	-	220,000	87,560
2016	-	-	1,240,000	281,028
2017 - 2021	-	-	570,000	27,312
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
<b>Year ending December 31:</b>	<b>\$ -</b>	<b>\$ 3,187</b>	<b>\$ 2,645,000</b>	<b>\$ 830,320</b>

Year ending December 31:

Description of issues:	\$3,385,000		\$4,110,000	
	Amount of issue	Date of issue	Amount of issue	Date of issue
2002B	June 1, 2002 <td>August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td></td>	August 1, 2003 <td>June 1, 2002 <td>August 1, 2003 </td></td>	June 1, 2002 <td>August 1, 2003 </td>	August 1, 2003
2003A	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td></td>	January 1 and July 1 <td>January 1 and July 1 <td>January 1 and July 1 </td></td>	January 1 and July 1 <td>January 1 and July 1 </td>	January 1 and July 1
General Obligation Bonds	4.25 to 5.00% <td>4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td></td>	4.00 to 4.75% <td>4.25 to 5.00% <td>4.00 to 4.75% </td></td>	4.25 to 5.00% <td>4.00 to 4.75% </td>	4.00 to 4.75%
Principal	Interest	Principal	Interest	
	\$ -	\$ 3,187	\$ -	\$ 120,580
2012	-	-	200,000	112,780
2013	-	-	205,000	104,680
2014	-	-	210,000	96,380
2015	-	-	220,000	87,560
2016	-	-	1,240,000	281,028
2017 - 2021	-	-	570,000	27,312
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
<b>Year ending December 31:</b>	<b>\$ -</b>	<b>\$ 3,187</b>	<b>\$ 2,645,000</b>	<b>\$ 830,320</b>





City of Peoria, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Debt – Primary Government (Continued)

Description of issues:	Amount of issue	Date of issue	Dates interest payable	Date principal payable	Interest rates	Total Long-Term Bonds and Notes Payable	
						Principal	Interest
2012	\$687,788	January 30, 2006	January 30	January 30	5.50%		
2013							
2014							
2015							
2016							
2017 - 2021							
2022 - 2026							
2027 - 2031							
<b>Total</b>							

Note 6. Capital Assets

A summary of the changes in capital assets follows:

	Balance		Cost	
	December 31, 2010	December 31, 2011	Additions	Deletions
Not depreciated:				
Land	\$ 12,517,864	\$ 51,103	\$ -	\$ 12,568,967
Construction-in-progress	25,411,469	5,576,394	(18,307,382)	(18,307,382)
Depreciated:				
Land improvements	7,228,942	-	-	7,228,942
Buildings	81,470,111	24,316,287	-	105,786,408
Machinery and equipment	7,405,982	380,968	(55,654)	7,731,296
Vehicles	17,968,737	944,738	(603,873)	18,109,602
Media	24,444,230	912,095	(624,514)	24,531,811
Infrastructure	302,037,513	10,375,778	-	312,413,291
<b>Total</b>	<b>\$ 478,484,868</b>	<b>\$ 42,557,373</b>	<b>\$ (19,891,423)</b>	<b>\$ 501,050,818</b>

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

	Balance		Accumulated Depreciation		Net Capital Assets as of December 31, 2011
	December 31, 2010	December 31, 2011	Additions	Deletions	
Not depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ 12,568,967
Construction-in-progress	-	-	-	-	12,680,501
Depreciated:					
Land improvements	3,084,057	3,488,465	404,408	-	3,740,477
Buildings	36,191,242	39,587,372	3,396,130	-	66,195,036
Machinery and equipment	6,253,989	6,466,656	229,816	(17,159)	1,264,640
Vehicles	13,218,314	13,749,232	1,237,385	(706,467)	4,360,370
Media	21,104,330	21,027,495	747,679	(824,514)	3,504,316
Infrastructure assets	146,475,991	156,662,549	10,203,558	-	155,730,742
<b>Total</b>	<b>\$ 226,330,933</b>	<b>\$ 16,218,976</b>	<b>\$ (1,548,140)</b>	<b>\$ 241,001,769</b>	<b>\$ 260,049,049</b>

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

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

Governmental activities:	
Police	\$ 273,809
Fire	912,232
Public works	940,200
Community development	71,666
Public safety	85,952
General government	12,104,140
Library	1,874,587
Elected & Commission	-
City Administration	6,390
<b>Total depreciation expense</b>	<b>\$ 16,218,976</b>

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

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

Historical cost:	Peoria Civic Center Authority			
	Balance August 31, 2010	Additions	Deletions	Balance August 31, 2011
Not depreciated:				
Land	\$ 10,247,918	\$ -	\$ -	\$ 10,247,918
Construction-in-process	443,955	1,579,920	(2,016,449)	7,426
Depreciated:				
Land improvements	7,599,780	50,319	-	7,650,099
Building and improvements	143,059,331	548,344	-	143,607,675
Furniture, fixtures and equipment	10,208,463	1,417,786	-	11,626,239
<b>Total cost</b>	<b>171,559,437</b>	<b>3,596,369</b>	<b>(2,016,449)</b>	<b>173,139,357</b>
Accumulated depreciation:				
Land improvements	5,155,299	354,491	-	5,509,790
Building and improvements	65,544,172	4,897,355	-	70,441,527
Furniture, fixtures and equipment	8,854,235	556,473	-	9,410,708
<b>Total accumulated depreciation</b>	<b>79,553,706</b>	<b>5,808,319</b>	<b>-</b>	<b>85,362,025</b>
<b>Net land, building and equipment</b>	<b>\$ 92,005,731</b>	<b>\$ (2,211,950)</b>	<b>\$ (2,016,449)</b>	<b>\$ 87,777,332</b>

Cost:	Springdale Cemetery Management Authority			
	Balance as of December 31, 2010	Additions	Deletions	Balance as of December 31, 2011
Assets depreciated:				
Maintenance building	\$ 390,396	\$ 16,190	\$ -	\$ 406,586
Building improvements	361,899	-	-	361,899
Land improvements	870,434	2,854	4,100	877,388
Furniture and equipment	370,611	3,948	(16,860)	357,699
Computer software	127,371	-	-	127,371
Assets not depreciated:				
Land	65,604	7,475	-	73,079
Construction-in-progress	4,100	-	(4,100)	-
<b>Total</b>	<b>\$ 2,190,415</b>	<b>\$ 30,467</b>	<b>\$ (16,860)</b>	<b>\$ 2,204,022</b>
Balance as of December 31, 2010				Net Capital Assets as of December 31, 2011
				Balance as of December 31, 2011
\$ 67,269	\$ 10,010	\$ -	\$ 77,279	\$ 329,307
56,793	10,411	-	67,204	294,695
166,970	34,647	-	201,617	675,771
294,882	33,956	(12,098)	316,740	40,959
70,110	25,474	-	95,584	31,787
-	-	-	-	73,079
<b>Total</b>	<b>\$ 656,024</b>	<b>\$ 114,469</b>	<b>\$ (12,098)</b>	<b>\$ 759,424</b>

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 7. Receivables

Loans receivable and accrued interest receivable as of December 31, 2011 are net of allowance for uncollectible accounts in the amounts of \$386,866 and \$47,378, respectively.

Other current receivables as of December 31, 2011 consist of the following:

Charges for services and reimbursements	\$ 1,278,359
Franchise fees	305,155
Other fines and fees	1,166,399
Other	31,541
<b>Total other current receivables (gross)</b>	<b>2,781,454</b>
Less allowance for uncollectible accounts	(134,311)
<b>Total other current receivables (net)</b>	<b>\$ 2,647,143</b>

Note 8. Other Required Individual Fund Disclosures

The individual fund interfund receivable and payable balances as of December 31, 2011 are as follows:

Major funds:	Due From Other Funds	Due to Other Funds
General Fund	\$ 823,878	\$ 109,039
Peoria Public Library Fund	-	5,210
Illinois Municipal Retirement Fund	-	27
Capital Improvements Fund	95,981	546,202
2010D General Obligation Bond Debt Service Fund	-	687,625
Nonmajor funds	581,822	153,578
	<b>\$ 1,501,681</b>	<b>\$ 1,501,681</b>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The following is a schedule of interfund loans included in the basic financial statements of the City:

Major funds:	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$ 2,712,845	\$ -
Illinois Municipal Retirement Fund	-	2,712,845

The City approved and executed a loan from the City's General Fund, previously the City's Other Postemployment Benefit (OPEB) Agency Fund, to pay the remaining 2002-2003 early retirement incentive balance due to the Illinois Municipal Retirement Fund (IMRF). This loan in the amount of \$5,319,578 is to be repaid to the City's General fund over four years at an interest rate of 2% with the final payment being made January 1, 2014.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 8. Other Required Individual Fund Disclosures (Continued)**

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

	Transfers In	Transfers Out
Major funds:		
General Fund	\$ 555,977	\$ 7,745,540
Peoria Public Library Fund	-	617,633
Illinois Municipal Retirement Fund	617,633	-
Capital Improvements Fund	2,419,269	8,308,158
2010D General Obligation Bond Debt Service Fund	1,280,612	1,493,788
Nonmajor funds	20,227,924	6,936,296
	<u>\$ 25,101,415</u>	<u>\$ 25,101,415</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, (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) debt service transfers from refunding bond escrow agent to bond trustee paying agent for "economic" refunding bonds and (5) transfers of net debt service interest savings on "economic" refunding bonds. Generally accepted accounting principles require disclosure of certain information concerning individual funds including deficit fund balances or deficit net assets of individual funds.

As of December 31, 2011, the Illinois Municipal Retirement Fund had a deficit fund balance of \$2,078,624. This deficit will be eliminated through future property taxes and is the result of the upfront payment of an early retirement incentive previously discussed.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 9. Self-Insurance – Primary Government**

The City is exposed to various risks of loss related to torts, theft of and damages to 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. Claims liabilities that are due and payable are recorded in the General Fund with the remaining claims liabilities reported in the governmental activities of the statement of net assets. 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 90 percent of the first Monthly Aggregate Deductible multiplied by 12 months in the aggregate for claims paid over an annual liability period.

In addition, the City obtained a one-year contract renewal to manage the City's risk for major general liability coverage with an insurance carrier.

The City's major liability insurance coverage includes:

- \$1,000,000/\$3,000,000 limits for general liability
- \$1,000,000/\$3,000,000 limits for auto, employment practices, employment benefits, law enforcement, and public officials liability
- \$10,000,000 primary umbrella liability
- \$1,000,000 self-insured retention limit applies to each preceding coverage before each major liability coverage is effective.

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

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. As of December 31, 2011, the estimate of health and dental claims incurred but not reported provided by the claims administrator amounted to \$250,000. The unpaid reported claims of \$714,468 for health and dental claims are due and are included in accounts payable on the financial statements in the General Fund.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 9. Self-Insurance – Primary Government (Continued)**

Changes in the health insurance claims liability which include unpaid reported claims and amounts incurred but not reported in fiscal years 2011 and 2010 were:

Balance, December 31, 2009	\$ 1,416,157
Current year claims and changes in estimates	8,334,891
Claims paid	<u>(8,778,938)</u>
Balance, December 31, 2010	972,110
Current year claims and changes in estimates	10,486,681
Claims paid	<u>(10,494,323)</u>
<b>Balance, December 31, 2011</b>	<u><u>\$ 964,468</u></u>

Changes in the worker's compensation liability which include unpaid reported claims and amounts incurred but not reported in fiscal years 2011 and 2010 were:

Balance, December 31, 2009	\$ 3,413,187
Current year claims and changes in estimates	2,357,875
Claims paid	<u>(2,687,909)</u>
Balance, December 31, 2010	3,083,153
Current year claims and changes in estimates	2,446,365
Claims paid	<u>(2,897,500)</u>
<b>Balance, December 31, 2011</b>	<u><u>\$ 2,632,018</u></u>

Changes in the general liability which include unpaid reported claims and amounts incurred but not reported in fiscal years 2011 and 2010 were:

Balance, December 31, 2009	\$ 3,065,939
Current year claims and changes in estimates	1,616,329
Claims paid	<u>(2,871,281)</u>
Balance, December 31, 2010	1,810,987
Current year claims and changes in estimates	358,068
Claims paid	<u>(260,770)</u>
<b>Balance, December 31, 2011</b>	<u><u>\$ 1,908,285</u></u>

Of the \$2,632,018 of worker's compensation liability, \$311,800 is reported in the General Fund as due and payable and \$2,320,218 is reported in governmental activities. Of the \$1,908,285 of general liability, \$124,376 is reported in the General Fund as due and payable and \$1,783,909 is reported in governmental activities.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 10. Pension Plans**

**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.

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 108-112, Article 4, respectively) and may also be amended only by the Illinois legislature.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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	Police Pension Board City of Peoria 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
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**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:

	Illinois Municipal Retirement Fund	Police Pension Fund of Peoria	Firemen's Pension Fund of Peoria
Contribution rates:			
City	(1)	(2)	(2)
Plan members	4.50%	9.91%	9.455%

(1) The contribution rate for calendar year 2011 used by the employer was 11.32 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 13.59 percent.

(2) 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, 2040 plus (c) interest on (a) and (b) to date of payment.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Pension Plans (Continued)

	Illinois Municipal Retirement Fund	Police Pension Fund of Peoria	Firemen's Pension Fund of Peoria
Annual pension cost:			
Annual required contributions	\$ 3,197,663	\$ 4,773,412	\$ 6,814,550
Interest on net pension obligation	50,313	(1,115,986)	(97,422)
Adjustment to ARC	(35,995)	936,655	47,660
<b>Total annual pension cost</b>	<b>3,212,011</b>	<b>4,594,081</b>	<b>6,804,788</b>
Contributions made	2,663,616	5,199,707	6,745,306
(Increase) decrease in net pension obligation	548,393	(605,626)	59,480
Net pension (asset):			
Beginning of year	670,843	(14,879,807)	(765,633)
End of year	<u>\$ 1,219,236</u>	<u>\$ (15,485,433)</u>	<u>\$ (706,153)</u>

	December 31, 2011	January 1, 2011	January 1, 2011
Actuarial valuation date			January 1, 2011
Actuarial cost method	Entry age	Entry age	Projected unit credit
Amortization method	Level percent open	Level percent open	Level percent open
Remaining amortization period	30 years	22.5 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	4-year smoothed market
Actuarial assumptions:			
Investment rate of return*	7.50%	7.50%	7.25%
Projected salary increases*	4.00% (3)	4.00%	4.50%
*Includes inflation at	4.00%	3.00%	3.50%
Post-retirement benefit increases	3.00%	N/A	N/A

(3) Additional salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit.

City of Peoria, Illinois

Notes to Basic Financial Statements

Note 10. Pension Plans (Continued)

Trend information – pension plans:

Fund	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Illinois Municipal Retirement Fund	2011	\$ 3,212,011	82.93%	\$ 1,219,236
	2010	3,230,635	79.23	670,843
	2009	3,448,360	100.00	-
Police Pension Fund of Peoria	2011	4,594,081	113.18	(15,485,433)
	2010	3,858,422	119.47	(14,879,807)
	2009	2,270,276	171.73	(14,128,584)
Firemen's Pension Fund of Peoria	2011	6,804,788	99.13	(706,153)
	2010	5,670,371	99.48	(765,633)
	2009	5,054,936	99.72	(794,840)

Funded Status and Funding Progress:

Fund	Actuarial Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Illinois Municipal Retirement Fund	12/31/2011	\$ 55,649,362	\$ 81,376,581	\$ 25,727,219	68.38%	\$ 23,529,529	109.34%
Police Pension Fund of Peoria	1/1/2011	143,289,115	204,062,861	60,773,746	70.22%	16,736,677	363.12%
Firemen's Pension Fund of Peoria	1/1/2011	116,776,441	189,042,373	72,265,932	61.77%	14,071,164	519.57%

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

Note 11. 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, 2011, the City recognized \$2,141,465 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.



City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 11. Commitments – Primary Government (Continued)**

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, 2011, the City recognized \$780,618 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, 2.5 percent of restaurant taxes are being distributed to the non-profit organization, Arts Partners, through August 2011. During the year ended December 31, 2011, the City recognized \$74,468 as subsidies to the organization.

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, 2011, the City recognized \$357,431 as subsidies to this fund.

General Fund: The City entered into an agreement with Illinois Central College (ICC) for the usage of 355 parking spaces. ICC paid an advance for these spaces for a 20-year period. The remaining advance as of December 31, 2011 was \$1,482,788 and the City recognized \$213,601 as revenue in the current year.

Encumbrances: The City had encumbrances in the Capital Improvements Fund and nonmajor governmental funds of \$8,524,416 and \$3,271,789, respectively.

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

Purpose	Amount
Library	\$ 586,176
Public works	10,096,530
	<u>\$ 10,682,706</u>

**Note 12. 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, 2011, there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$8,325,000.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 13. 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.

**Note 14. 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, 2011.

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 August 2006, the Authority executed a contract with SMG to manage the operations of the Authority from September 1, 2006 to August 31, 2011. In accordance with that agreement, SMG is paid a base rate, a nonfinancial performance fee based on risk management, maintenance of facility, client satisfaction and diversity of programming and a performance fee based on financial performance if certain benchmarks are met. In April 2011, the Authority executed a new contract with SMG for the period September 1, 2011 to August 31, 2014.

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 30 years, on the straight-line basis.

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 a secured note payable to a bank in the original amount of \$1,600,000, requiring monthly installments of \$22,427, including interest at 4.75 percent per year, with final payment due in September 2017 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:	Total	Principal	Interest
2012	\$ 392,569	\$ 274,980	\$ 117,589
2013	392,569	288,509	104,060
2014	392,569	302,705	89,864
2015	392,569	317,600	74,969
2016	392,569	333,227	59,342
2017 - 2021	908,786	772,872	135,914
2022 - 2026	267,603	253,111	14,492
	<u>\$ 3,139,234</u>	<u>\$ 2,543,004</u>	<u>\$ 596,230</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 2011.

**Note 14. Other Component Unit Disclosures (Continued)**

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. Effective January 1, 2010, 40 percent of the first 5 percent of employees' contributions 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 \$23,000 in fiscal year 2011.

**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.

**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:

Assets:	Years
Buildings and improvements	39
Land improvements	20
Furniture and equipment	5-7

**Unearned revenue:** Unearned revenue as of December 31, 2011 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 as of December 31, 2011 amount to \$299,003 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 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.

**Note 14. Other Component Unit Disclosures (Continued)**

Restrictions on net assets of the Springdale Historic Preservation Foundation as of December 31, 2011 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 as of December 31, 2011:

Gate house project	\$ 1,350
Stone family plots	655
Cemetery projects	197
Records preservation and expert services	401
Signage	1,000
Soldier hill	10,037
Gate house entrance gates	1,000
	\$ 14,640

Permanently restricted net assets were established in 2011 as an endowment fund. The balance at December 31, 2011 was \$29,012.

**Note 15. Other Postemployment Benefits**

**Plan description:** The City sponsors a single-employer health care plan that provides self-insured medical, prescription drugs and dental benefits to all active and pre-65 retired employees and their eligible dependents. For post-65 retired employees, the City offers a fully-insured Medicare Supplement Plan. Policemen and firefighters must be a minimum of age 50 with 20 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 60 with 5 or more years of service to be eligible for retiree benefits. Eligible retirees and their dependents receive health care coverage through a PPO plan. The plan is a pay-as-you-go contributory health insurance program with post-65 and pre-65 retiree's contributions making up 80 and 85 percent, respectively, 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.

Contributions are required for both retirees and dependent coverage. The retiree contributions are based on an expected average gross premium that is dependent on a retiree's age and family coverage. In addition, monthly contributions can be offset by the following:

- All retirees receive a 20 percent discount from the expected cost of coverage through a Council discount.
- Retirees may receive a \$15 per month offset to the retiree contribution if they retired with 20 years of service.
- Employees who have retired due to a disability may receive a monthly offset to the retiree contributions ranging from \$25-\$65. The value of the offset is determined by the employee's age at disability retirement.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 15. Other Postemployment Benefits (Continued)**

**Funding policy:** The City establishes and amends contribution requirements.

The current funding policy of the City is to pay health claims as they occur, pay as you go. Under GASB 45, the City recognizes the cost of postemployment health care benefits in the year in which the employee services are provided and reports the accumulated liability from prior years. The City has committed funds to pay for future OPEB obligations. These committed funds are held in the General Fund and do not qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2011, the City contributed \$2,233,781 which was net of retirees premiums received of \$2,623,863.

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

Annual required contribution	\$ 8,895,000
Interest on net OPEB obligation	1,283,978
Adjustment to annual required contribution	(1,089,612)
Annual OPEB cost (expense)	9,089,366
Contributions and payments made	2,233,781
Increase in net OPEB obligation	6,855,585
Net OPEB obligation - Beginning of year	28,532,853
Net OPEB obligation - End of year	\$ 35,388,438

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 8,977,740	30.92%	18,546,438
December 31, 2010	11,678,204	14.50	28,532,853
December 31, 2011	9,089,366	24.58	35,388,438

**Funded status and funding progress:** As of December 31, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$99.5 million and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$99.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$60.2 million, and the ratio of the UAAL to the covered payroll was 165.15 percent.

City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 15. Other Postemployment Benefits (Continued)**

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

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

In the December 31, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) which is based on the expected long-term investment return of the employer's own investments used to pay plan benefits, discount rate of 4.5 percent, salary scale of 3.5 percent and an annual health care cost trend rate of 10 percent reduced by decrements of .5 percent annually to an ultimate rate of 5 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

**Note 16. Governmental Accounting Standards Board (GASB) Pending Pronouncements**

The City adopted the following statements during the year ended December 31, 2011:

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

**Note 16. Governmental Accounting Standards Board (GASB) Pending Pronouncements (Continued)**

As of December 31, 2011, the GASB had issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

- **GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements**, issued November 2010, will be effective for the City beginning with its year ending December 31, 2012. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34**, issued November 2010, will be effective for the City beginning with its year ending December 31, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**, issued January 2011, will be effective for the City beginning with its year ending December 31, 2012. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**, issued July 2011, will be effective for the City beginning with its year ending December 31, 2012. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

**Note 16. Governmental Accounting Standards Board (GASB) Pending Pronouncements (Continued)**

- **GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending December 31, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.
- **GASB Statement No. 65, Items Previously Reported as Assets and Liabilities**, issued April 2012, will be effective for the City beginning with its year ending December 31, 2013. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- **GASB Statement No. 66, Technical Corrections - 2012**, issued April 2012, will be effective for the City beginning with its year ending December 31, 2013. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*; and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The City's management has not yet determined the effect Statement Nos. 60, 61, 62, 63, 64, 65 and 66 will have on the City's financial statements.



City of Peoria, Illinois

Notes to Basic Financial Statements

**Note 17. Subsequent Event**

On April 4, 2012, the City issued \$31,655,000 Taxable General Obligation Bonds, Series 2012A with interest rates of 2.25 percent to 4.75 percent due on January 1, 2015 through 2032 to provide a grant to a developer in connection with the renovation of the Hotel Pere Marquette, to fund capitalized interest, and to pay bond issuance costs.

On October 11, 2011, the City authorized the issuance of General Obligation Refunding Bonds to advance refund a portion of the City's outstanding General Obligation Bonds, Series 2005A, due January 1, 2027-2028, and to pay the costs of issuing the Bonds.

On June 12, 2012, the City issued \$4,500,000 Taxable Variable Rate General Obligation Capital Improvement Bonds, Series 2012C with a variable interest rate in the weekly rate mode due on January 1, 2015 through 2027 to construct public capital infrastructure improvements, including but not limited to street and road improvements, curb, gutter and sidewalk improvements, and water and sewer system improvements and to pay bond issuance costs.

On April 12, 2012, the City entered into a loan agreement with a Hotel developer. The loan totaled \$7,000,000 and will be repaid to the City at 7.5 percent interest.

**Note 18. Restatement of Beginning Net Assets/Fund Balance**

The City restated the beginning net assets of the Governmental Activities and beginning fund balance for the General Fund and the Illinois Municipal Retirement Fund, major funds, and the Other Postemployment Benefit Agency Fund, aggregate remaining fund information. The beginning balances were restated to correct an error in the recognition of an interfund loan and to correct the fund type used to report assets committed for future other postemployment benefits. The impact of the restatement is as follows:

	Governmental Activities	General Fund	Illinois Municipal Retirement Fund	OPEB Agency Fund
Net assets/fund balance, December 31, 2010 as previously reported	\$ 105,014,478	25,334,697	520,976	N/A
Change in fund type, assets held by Agency Fund Interfund loan	12,398,865	12,398,865	-	\$ (12,398,865)
	-	-	(4,029,212)	-
Net assets/fund balance, December 31, 2010, as restated	\$ 117,413,343	\$ 37,733,562	\$ (3,508,236)	N/A

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City of Peoria, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 General Fund, Peoria Public Library Fund, Police and Fire Pension Levy Fund and  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information  
 Year Ended December 31, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Property taxes	\$ 5,009,591	\$ 5,009,591	\$ 5,101,952	\$ 92,361
Corporate personal property replacement taxes	2,679,357	2,679,357	3,193,867	514,510
State sales taxes	21,929,360	21,929,360	23,119,876	1,190,516
State income tax allocation	9,000,000	9,000,000	8,655,683	(344,317)
Home rule sales taxes	21,189,000	21,189,000	22,692,416	1,473,416
Hotel, restaurant and amusement taxes	7,718,898	7,718,898	8,408,984	690,086
Utility taxes	12,381,209	12,381,209	12,026,499	(354,710)
Governmental grants and reimbursements	108,276	1,405,408	1,455,122	48,714
Licenses and permits	2,709,248	2,709,248	2,596,529	(112,719)
Service charges/fees/leases	17,420,689	17,420,689	15,971,407	(1,449,282)
Rental	82,010	82,010	110,439	28,429
Interest	384,200	384,200	189,362	(194,838)
Other	2,344,700	2,359,000	2,738,922	379,922
<b>Total revenues</b>	<b>102,956,548</b>	<b>104,288,890</b>	<b>106,231,058</b>	<b>1,962,078</b>

<b>Expenditures:</b>				
<b>Current:</b>				
Elective offices, boards, commissions and agencies	1,587,787	2,083,283	1,770,130	313,153
City administration	5,646,611	5,908,366	2,486,615	3,311,753
Benefits	23,964,611	-	-	-
Police	22,178,087	29,909,042	28,918,211	890,831
Fire	17,167,861	22,310,077	22,453,162	(143,085)
Public works	15,951,929	19,363,442	20,315,854	(952,412)
Community development	4,442,924	5,725,004	6,358,352	(633,348)
Public safety	4,516,373	5,985,043	5,894,588	90,455
General government	81,221	5,746,410	5,343,802	404,608
Library	-	856,401	796,132	58,269
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>96,537,404</b>	<b>97,789,070</b>	<b>94,348,846</b>	<b>3,440,224</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>7,419,144</b>	<b>6,479,910</b>	<b>11,882,212</b>	<b>5,402,302</b>

<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	450,000	450,000	-	(450,000)
Transfers in	357,600	357,600	555,977	198,377
Transfers out	(7,791,461)	(7,956,491)	(7,745,540)	210,951
<b>Total other financing sources (uses)</b>	<b>(6,983,861)</b>	<b>(7,148,891)</b>	<b>(7,189,563)</b>	<b>(40,672)</b>
<b>Net change in fund balances</b>	<b>\$ 435,253</b>	<b>\$ (668,981)</b>	<b>4,692,649</b>	<b>\$ 5,361,630</b>
Fund balances, beginning of year, as restated			37,733,562	
Fund balances, end of year			<b>\$ 42,426,211</b>	

	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
	\$ 6,651,120	\$ 6,651,120	\$ 6,572,853	\$ (78,267)	\$ 10,117,065	\$ 10,117,065	\$ 9,991,824	\$ (125,241)
	479,919	479,919	479,919	-	1,951,485	1,951,485	1,951,485	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	100,845	145,122	229,590	84,468	-	-	-	-
	103,358	103,358	119,577	16,219	-	-	-	-
	10,000	10,000	4,919	(5,081)	-	-	606	606
	15,033	56,803	54,776	(2,027)	-	-	-	-
	7,360,275	7,446,322	7,461,634	15,312	12,088,550	12,088,550	11,943,915	(124,635)

	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	5,254,000	5,254,000	5,199,837	54,163
	-	-	-	-	6,814,550	6,814,550	6,744,078	70,472
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	5,760,490	6,668,889	6,715,528	(46,639)	-	-	-	-
	982,152	1,003,760	912,095	91,655	-	-	-	-
	6,742,642	7,672,639	7,627,623	(45,016)	12,088,550	12,088,550	11,943,915	(124,635)
	617,633	(226,317)	(165,989)	60,328	-	-	-	-

	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	(617,633)	(617,633)	(617,633)	-	-	-	-	-
	(617,633)	(617,633)	(617,633)	-	-	-	-	-
	\$ -	\$ (843,950)	(783,622)	\$ 60,328	\$ -	\$ -	\$ -	\$ -
			3,109,354					
			<b>\$ 2,925,732</b>					

City of Peoria, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Peoria Public Library Fund, Police and Fire Pension Levy Fund and Illinois Municipal Retirement Fund**  
**Required Supplementary Information (Continued)**  
**Year Ended December 31, 2011**

Illinois Municipal Retirement Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 4,765,417	\$ 4,765,417	\$ 4,706,468	\$ (58,931)
Corporate personal property replacement taxes	1,036,339	1,036,339	1,038,339	-
State sales taxes	-	-	-	-
State income tax allocation	-	-	-	-
Home rule sales taxes	-	-	-	-
Hotel, restaurant and amusement taxes	-	-	-	-
Utility taxes	-	-	-	-
Governmental grants and reimbursements	-	-	-	-
Licenses and permits	-	-	-	-
Service charges/fees	-	-	-	-
Contributions	-	-	-	-
Rental	-	-	2,220	2,220
Interest	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>5,803,756</b>	<b>5,803,756</b>	<b>5,747,045</b>	<b>(56,711)</b>

Expenditures:				
Current:				
Elected offices, boards, commissions and agencies	-	169,717	164,902	4,815
City administration	-	682,464	663,031	19,423
Benefits	-	-	-	-
Police	-	612,001	604,553	7,448
Fire	-	273,818	274,054	(236)
Public works	-	1,274,399	1,238,178	36,221
Community development	-	561,020	545,049	15,971
Public safety	-	807,992	784,980	23,012
General government	5,034,269	11,487	(53,564)	45,041
Library	-	641,381	623,120	18,261
Capital outlay	-	-	-	-
Debt service:				
Principal	1,316,367	1,316,367	-	1,316,367
Interest	70,753	70,753	75,274	(4,521)
<b>Total expenditures</b>	<b>6,421,389</b>	<b>6,421,389</b>	<b>4,939,587</b>	<b>1,481,802</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(617,633)</b>	<b>(617,633)</b>	<b>807,458</b>	<b>1,425,091</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	617,633	617,633	617,633	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>617,633</b>	<b>617,633</b>	<b>617,633</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,425,091</b>	<b>\$ 1,425,091</b>
Fund balances, beginning of year, as restated				
Fund balances, end of year				
				<b>(3,508,296)</b>
				<b>\$ (2,083,145)</b>

See Note to Required Supplementary Information.

City of Peoria, Illinois

**Note to Required Supplementary Information**

**Note 1. Budgetary Basis of Accounting**

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, Police and Fire Pension Levy and Illinois Municipal Retirement, as presented in the Required Supplementary Information.

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

	Final Budget	Actual	Overage
Nonmajor:			
2005A General Obligation Bond Debt Service Fund	\$ 3,033,888	\$ 3,035,387	\$ 1,499
WeaverRidge Debt Service Fund	557,525	557,744	219
2007-A Special Assessment Bond Debt Service Fund	153,519	155,519	2,000
2010D General Obligation Bond Debt Service Fund	-	1,062,076	1,062,076
2011B General Obligation Bond Debt Service Fund	-	116,012	116,012

The 2010D General Obligation Bonds and 2011B General Obligation Bonds were issued after the City Council had adopted the fiscal year 2011 original budget.

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

Fund	Budget Deviation
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 this blended component unit.
Capital projects funds	Budgets adopted on a project-length budget.

City of Peoria, Illinois

Required Supplementary Information  
Illinois Municipal Retirement Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accumulated Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2011	12/31/2011	\$ 56,649,362	\$ 81,376,581	\$ 25,727,219	68.38%	\$ 23,529,529	109.34%
2010	12/31/2010	56,257,452	79,879,650	23,622,198	70.43	24,327,068	97.10
2009	12/31/2009	53,895,414	78,919,065	25,022,651	68.29	26,875,744	93.10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
12/31/2011	\$ 3,197,663	\$ 2,663,618	83.30%
12/31/2010	3,230,635	2,559,792	79.23
12/31/2009	3,448,360	3,448,360	100.00

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

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from .4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3 percent per year. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30-year basis.

On a market basis, the actuarial value of assets as of December 31, 2011 is \$51,933,554. On a market basis, the funded ratio would be 63.45 percent.

City of Peoria, Illinois

Required Supplementary Information  
Police Pension Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accumulated Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2011	1/1/2011	\$ 145,289,115	\$ 204,062,861	\$ 60,773,746	70.22%	\$ 16,736,677	383.12%
2010	1/1/2010	140,316,864	193,493,940	53,176,956	72.52	16,494,393	322.39
2009	1/1/2009	139,799,974	182,198,745	42,398,771	76.73	16,723,267	253.53

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2011. Additional information follows:

1. The cost method used to determine the ARC is the entry age normal cost funding method.
2. The assets are shown at fair value.
3. Economic assumptions are as follows: inflation rate of 3 percent, investment return rate of 7.5 percent and salary increase of 4.0 percent.
4. The amortization method is an open period, level percentage of payroll. The remaining amortization period as of the January 1, 2011 actuarial valuation date was 22.5 years.



City of Peoria, Illinois

Required Supplementary Information  
Firemen's Pension Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll [(b-a)/c]
2011	1/1/2011	\$ 116,776,441	\$ 189,042,373	\$ 72,265,932	61.77%	\$ 14,071,164	613.57%
2010	1/1/2010	114,232,171	182,846,122	68,313,951	62.98	13,575,743	503.21
2009	1/1/2009	112,693,002	163,604,634	51,021,632	68.81	14,202,691	359.24

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2011. Additional information follows:

1. The cost method used to determine the ARC is the projected unit credit cost-funding method.
2. The assets are shown at fair value.
3. Economic assumptions are as follows: inflation rate of 3.5 percent, investment return rate of 7.25 percent and salary increase of 4.5 percent.
4. The amortization method is an open period, level percentage of payroll. The remaining amortization period as of the January 1, 2011 actuarial valuation date was 30 years.

City of Peoria, Illinois

Required Supplementary Information  
Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll [(b-a)/c]
2011	1/1/2011	\$ -	\$ 99,500,000	\$ 99,500,000	- %	\$ 60,246,702	165.15%
2010	1/1/2010	-	147,400,000	147,400,000	-	59,998,711	245.67
2009	1/1/2008	-	112,565,000	112,565,000	-	62,469,865	180.11

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of December 31, 2011. Additional information follows:

1. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: health care cost trend rates of 5.0-10.0 percent, discount rate of 4.5 percent, salary scale of 3.5 percent and investment rate of return of 4.5 percent.
4. The amortization method is open period, level percentage.

## **APPENDIX B BOOK-ENTRY ONLY SYSTEM**

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, premium and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**APPENDIX C**

**Outstanding General Obligation Debt(1)  
(Principal Only)  
(Before Issuance of the Bonds)**

Cal. Year	Outstanding Bonds									
	Series 1998C (1-1)	Series 2003A (1-1)	Series 2004C (1-1)	Series 2005A (1-1)	Series 2005B (1-1)	Series 2007A (1-1)	Series 2008A (1-1)	Series 2009A (1-1)	Series 2010A (1-1)	Series 2010B (1-1)
2014	\$ 75,000	\$ 205,000	\$ 1,010,000	\$ 1,120,000	\$ 3,440,000	\$ 815,000	\$ 980,000	\$ 1,940,000	\$ 185,000	\$ 375,000
2015	85,000	210,000	0	1,330,000	2,675,000	855,000	1,060,000	2,005,000	190,000	390,000
2016	100,000	220,000	0	2,015,000	2,425,000	895,000	1,150,000	2,075,000	200,000	0
2017	110,000	230,000	0	2,560,000	2,575,000	935,000	1,240,000	980,000	205,000	0
2018	120,000	240,000	0	2,920,000	2,705,000	975,000	1,335,000	905,000	210,000	0
2019	0	245,000	0	3,230,000	2,460,000	1,020,000	1,430,000	650,000	220,000	0
2020	0	255,000	0	3,855,000	2,525,000	1,065,000	1,540,000	685,000	225,000	0
2021	0	270,000	0	4,230,000	865,000	1,110,000	1,650,000	720,000	240,000	0
2022	0	280,000	0	4,635,000	0	1,160,000	1,775,000	250,000	245,000	0
2023	0	290,000	0	5,065,000	0	1,210,000	1,905,000	0	255,000	0
2024	0	0	0	5,520,000	0	1,270,000	2,045,000	0	0	0
2025	0	0	0	6,010,000	0	1,320,000	2,190,000	0	0	0
2026	0	0	0	6,150,000	0	1,380,000	2,345,000	0	0	0
2027	0	0	0	6,450,000	0	1,445,000	2,510,000	0	0	0
2028	0	0	0	7,000,000	0	0	2,690,000	0	0	0
2029	0	0	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0
2031	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$490,000</b>	<b>\$2,445,000</b>	<b>\$1,010,000</b>	<b>\$62,090,000</b>	<b>\$19,670,000</b>	<b>\$15,455,000</b>	<b>\$25,845,000</b>	<b>\$10,210,000</b>	<b>\$2,175,000</b>	<b>\$765,000</b>

Cal. Year	Outstanding Bonds									Total Outstanding(2)
	Series 2010C (1-1)	Series 2010D (1-1)	Series 2011A (1-1)	Series 2011B (1-1)	Series 2012A (1-1)	Series 2012C (1-1)	Series 2012B (1-1)	Series 2013A	Series 2013C	
2014	\$ 400,000	\$ 0	\$ 265,000	\$ 0	\$ 0	\$ 0	\$ 60,000	\$ 200,000	\$ 125,000	\$ 11,195,000
2015	400,000	0	275,000	0	125,000	290,000	60,000	0	1,165,000	11,115,000
2016	410,000	70,000	280,000	0	650,000	295,000	60,000	0	1,175,000	12,020,000
2017	410,000	2,620,000	290,000	0	750,000	305,000	60,000	0	1,195,000	14,465,000
2018	425,000	3,000,000	295,000	0	850,000	315,000	65,000	0	1,200,000	15,560,000
2019	430,000	100,000	305,000	0	955,000	325,000	65,000	0	0	11,435,000
2020	445,000	100,000	315,000	0	1,050,000	335,000	65,000	0	0	12,460,000
2021	445,000	100,000	335,000	0	1,150,000	345,000	65,000	950,000	0	12,475,000
2022	470,000	100,000	345,000	4,620,000	1,250,000	355,000	65,000	0	0	15,550,000
2023	485,000	5,170,000	355,000	0	1,350,000	365,000	70,000	0	0	16,520,000
2024	490,000	4,605,000	365,000	670,000	1,550,000	375,000	70,000	450,000	0	17,410,000
2025	515,000	6,085,000	380,000	0	1,650,000	385,000	70,000	0	0	18,605,000
2026	725,000	2,360,000	0	0	1,800,000	400,000	70,000	3,855,000	0	19,085,000
2027	745,000	0	0	0	1,950,000	410,000	2,100,000	4,100,000	0	19,710,000
2028	1,925,000	0	0	0	2,200,000	0	7,050,000	0	0	20,865,000
2029	2,000,000	0	0	0	2,400,000	0	0	0	0	4,400,000
2030	2,075,000	0	0	0	2,600,000	0	0	0	0	4,675,000
2031	2,160,000	0	0	0	4,375,000	0	0	0	0	6,535,000
2032	0	0	0	0	5,000,000	0	0	0	0	5,000,000
<b>Total</b>	<b>\$14,955,000</b>	<b>\$24,310,000</b>	<b>\$3,805,000</b>	<b>\$5,290,000</b>	<b>\$31,655,000</b>	<b>\$4,500,000</b>	<b>\$9,995,000</b>	<b>\$9,555,000</b>	<b>\$4,860,000</b>	<b>\$249,080,000</b>

Notes: (1) Mandatory redemption amounts are shown for the term bonds.

(2) \$24,240,000 of the outstanding Series 2005A Bonds were refunded in 2010, \$5,380,000 of Series 2005A Bonds were refunded in 2011, \$9,350,000 of Series 2005A Bonds were refunded in 2012 and \$9,050,000 were refunded in 2013. All were economic defeasances. Therefore the refunded Series 2005A Bonds are not legally defeased and considered to be outstanding, and after being placed in escrow.

**APPENDIX D**  
**PROPOSED FORM OF OPINION OF BOND COUNSEL**  
**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**  
**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined a certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Peoria, Peoria County, Illinois (the “*City*”), passed preliminary to the issuance by the City of its fully registered Taxable Motor Fuel Tax Revenue Refunding Bonds, Series 2013D (the “*2013D Bonds*”), to the amount of \$2,505,000, dated the date hereof, of the denomination of \$5,000 or authorized integral multiples thereof, and due on January 1 of the years and in the amounts and bearing interest at the rates per cent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
2014	60,000	1.22
2015	250,000	1.52
2016	255,000	1.77
2017	260,000	1.97
2018	265,000	2.38
2019	270,000	2.63
2020	275,000	2.86
2021	285,000	3.11
2022	290,000	3.30
2023	295,000	3.50

From such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the 2013D Bonds under the laws of the State of Illinois now in force.

We have examined form of the 2013D Bond and find the same in due form of law. We are of the opinion that the Proceedings show lawful authority for the issuance of the 2013D Bonds under the laws of the State of Illinois now in force.

In our opinion the 2013D Bonds are valid and binding special obligations of the City which are payable solely and only from those taxes imposed by the City pursuant to its home rule powers on sales of fuel within the City, when, as and if received, or successor taxes thereto (said taxes being the “*Motor Fuel Taxes*”), except that the rights of the owners of the 2013D Bonds and the enforceability of the 2013D Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. Additional bonds secured ratably and equally as to the pledge of the Motor Fuel Taxes with the 2013D Bonds may be issued as in the Proceedings provided.

It is our opinion that under present law, interest on the 2013D Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2013D Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the 2013D Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the 2013D Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**APPENDIX E  
CERTAIN PROVISIONS OF THE BOND ORDINANCE**

The following are certain provisions of the Bond Ordinance. Complete copies of the Bond Ordinance are available upon request.

Definitions. In addition to such other words and terms used and defined in the Ordinance, the following words and terms shall have the following meanings, unless the context or use clearly indicates another or different meaning is intended.

“Additional Bonds” means such bonds or other obligations as may be hereafter issued and ratably and equally secured by the Pledged Motor Fuel Taxes with the Bonds.

“Bond” or “Bonds” means one or more, as applicable, of the not to exceed \$3,000,000 Motor Fuel Tax Refunding Revenue Bonds to be issued in one or more series not later than April 30, 2013, authorized to be issued by the Ordinance.

“Bond Fund” means the Bond and Interest Account established and defined in Section 12 of this Ordinance.

“Bond Order” means one or more written Bond Orders and Notifications of Sale to be executed by one or more of the Designated Officers and setting forth details of the Bonds as hereinafter provided.

“Bond Reserve Account” means the Bond Reserve Account established and defined in the Ordinance.

“Designated Officers” means the Mayor, the City Clerk, the City Treasurer, the Finance Director/Comptroller and the City Manager, or successors or assign.

“DSR Requirement” means the requirement for the amounts to be deposited into the Bond Reserve Account, as set forth in the Ordinance.

“Fiscal Year” means a twelve-month period so designated by the City Council.

“Maximum Annual Debt Service” means, with reference to Outstanding Bonds, an amount of money equal to the highest future principal and interest requirement of all Outstanding Bonds required to be deposited into the Bond and Interest Account created by this Ordinance in any Fiscal Year, including and subsequent to the Fiscal Year in which the computation is made, provided, however, that Outstanding Bonds required to be redeemed pursuant to mandatory redemption from a Bond and Interest Account shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Bonds.

“Ordinance” means the Ordinance, numbered as set forth on the title page hereof, and passed by the City Council on the 11th day of October, 2011, as originally adopted and as the same may from time to time be amended or supplemented.

“Outstanding” or “outstanding” refers to Bonds and Additional Bonds which are outstanding and unpaid; provided, however, such term shall not include Bonds or Additional Bonds which (i) have matured and for which moneys are on deposit with proper paying agents or similar institutions having trust powers, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow account of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all of the principal of and interest and any applicable premium on such Bonds or Additional Bonds.

“Pledged Motor Fuel Taxes” means those taxes imposed by the City pursuant to its home rule powers on sales of fuel within the City, which taxes are currently imposed at a rate equal to two cents (\$0.02) per gallon, or successor taxes thereto.

“Purchasers” means Robert W. Baird & Co. Incorporated, Naperville, Illinois.

“Record Date” means the 15th day of the month next preceding any regularly scheduled Interest Payment Date occurring on the first day of a month and 15 days preceding any Interest Payment Date occasioned by a redemption of Bonds on other than a regularly scheduled Interest Payment Date.

“Representation Letter” means such letter or agreement as shall be necessary to effectuate a book-entry system for the Bonds, and specifically includes the Blanket Letter of Representations previously executed by the City and the Depository.

“Reserve Account Credit Instrument” means a contract providing for an amount of money payable on certain events and to be used in lieu of cash in the Bond Reserve Account.

“Stated Maturity” when used with respect to any Bond or Refunded Bond or any interest thereon means the date specified in such Bond or Refunded Bond as the fixed date on which the principal of such Bond or Refunded Bond or such interest is due and payable, whether by maturity, mandatory redemption or otherwise.

“Treasurer” means the City Treasurer, or designee, or successors or assigns.

Bonds Limited Obligations. The Bonds shall be payable solely from the Pledged Motor Fuel Taxes, as deposited into the Bond and Interest Account, and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

Bond and Interest Account; Debt Service Reserve Account; Investments.

A. BOND AND INTEREST ACCOUNT. There is hereby created a special fund of the City, which fund shall be held separate and apart from all other funds and accounts of the City and shall be known as the “2013D Motor Fuel Tax Revenue Bond Fund” (the “Bond Fund”), which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by this Ordinance and shall be used solely and only for the payment of principal of and interest on the Bonds.

The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Motor Fuel Taxes for the Bonds. All Pledged Motor Fuel Taxes as required for the Bonds shall be deposited by the City Treasurer promptly to the credit of the Bond Fund as follows:



There shall be credited to the Bond and Interest Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all Outstanding Bonds until there shall have been accumulated and held, in cash and investments, in the Bond and Interest Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both. In computing the fractional amount to be set aside each month in the Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds and shall be not less than one-sixth of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth of the principal becoming due or subject to mandatory redemption on the next succeeding principal payment or mandatory redemption date on all Outstanding Bonds until there is sufficient money in said Account to pay such principal or interest, or both. Credits to the Bond and Interest Account may be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements in said Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal Year. All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds. Moneys sufficient for the payment of the interest on and principal of all Outstanding Bonds when due shall be deposited with the Bond Registrar not less than three (3) business days prior to the date when due.

B. **BOND RESERVE ACCOUNT.** Upon the delivery of any Bonds, there shall be deposited to a special fund of the City hereby created, which fund shall be held separate and apart from all other funds and accounts of the City and shall be known as the “2013D Motor Fuel Tax Bond Reserve Account” (the “Bond Reserve Account”), an amount sufficient to establish a credit balance therein equal to the lesser of (i) the amount specified by the Designated Officers in a Bond Order or (ii) Maximum Annual Debt Service. It is currently expected that the Bond Order will specify 50% of Maximum Annual Debt Service as the Debt Service Reserve Requirement.

After the balance to the credit of said Account shall equal Maximum Annual Debt Service as hereinabove provided, no additional funds shall be credited to said Account, except that when any money is paid out of and charged to said Account, credits to said Account shall be made each month such that within twenty-four (24) months of the date of such withdrawal the balance to the credit of such Account shall have been restored to an amount equal to Maximum Annual Debt Service.

Amounts to the credit of the Bond Reserve Account shall be used to pay principal of or interest and applicable premium on the Outstanding Bonds at any time when there are insufficient funds available in the Bond and Interest Account to pay the same.

Investments on deposit in the Reserve Account shall be valued at the amortized cost thereof, exclusive of accrued interest thereon.

Whenever there is on deposit in the Bond Reserve Account an amount in excess of the DSR Requirement, the amount of such excess may be reduced at the option of the City in either of the following manners: (a) if there is on deposit in the Bond Reserve Account a Reserve Account Credit Instrument, the face amount thereof may be reduced by the amount of such excess in accordance with the terms of the policy or (b) if such excess is evidenced by moneys and investments, an amount equal to such excess shall be withdrawn from the Bond Reserve Account and transferred as provided hereunder.

In the event that the City hereafter issues Additional Bonds, the DSR Requirement for the Bonds shall mean an amount not less than that so provided in any ordinance authorizing the issuance of such Additional Bonds which amount, at a minimum, shall equal Maximum Annual Debt Service; provided, however, that the City reserves the right to comply with the provisions of the Code as may then be relevant to ensure that such deposit does not impair the Tax-exempt status of the Bonds or of any such Additional Bonds issued on a Tax-exempt basis. For the purpose of such computation, the amount of Bonds required to be redeemed pursuant to any schedule for mandatory redemption shall be treated as falling due on the date required to be redeemed and not on the stated maturity date.

With respect to any Bonds, the City expressly reserves unto itself the right to provide a Reserve Account Credit Instrument in lieu of cash in the Bond Reserve Account; provided that in such event it shall provide for a separate account (a subaccount) of such Bond Reserve Account to secure such series, and such series shall have no claim on any other cash or assets in or of such Bond Reserve Account. If the issuer of or obligor on a Reserve Account Credit Instrument shall become insolvent or bankrupt or shall file for protection under any federal or state insolvency or bankruptcy law or in any court or tribunal for relief as an insolvent or bankrupt debtor, the City, upon receiving written notice of such event, shall either (i) make monthly deposits to the credit of the applicable subaccount of the Bond Reserve Account (in which such Reserve Account Credit Instrument has been deposited in lieu of cash) in an amount sufficient to meet the DSR Requirement in such subaccount in equal monthly installments over a period of 72 months or (ii) substitute another Reserve Account Credit Instrument of a solvent issuer or obligor in such subaccount.

C. INVESTMENTS. Moneys to the credit of the Bond and Interest Account and the Debt Service Reserve Account may be invested pursuant to any authorization granted to municipal corporations by Illinois law. Such investments may be sold from time to time by the Treasurer of the City as funds may be needed for the purpose for which said respective accounts have been created. Investments in the Bond and Interest Account shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within one year. Investments in the Debt Service Reserve Account shall mature or be subject to redemption at the option of the holder thereof prior to the time when needed, and, in any event, within three years.

After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment earnings or profits to the hereinafter created Rebate Fund for the appropriate issue or issues of Outstanding Bonds, all earnings or profit on any funds so invested in the Bond and Interest Account shall be retained therein. After making provision for the payment of any amount of excess arbitrage profits, as provided in the Code, attributable to investment earnings or profits to the Rebate Fund for the appropriate issue or issues of Outstanding Bonds, all earnings or profit on any funds so invested in the Bond Reserve Account shall be credited upon receipt to the Bond and Interest Account. The City may take credit for such earnings or profits (not transferred to the Rebate Fund) in its final monthly accounting for the Bond and Interest Account in any Fiscal Year. Moneys in the Bond and Interest Account shall be invested by the Treasurer, if necessary, in investments restricted as to yield, which investments may be in United States Treasury Obligations--State and Local Government Series, if available, and to such end the Treasurer shall refer to any investment restrictions covenanted by the City or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

D. EXCESS OVER ACCOUNT REQUIREMENTS. Any amounts to the credit of any Account in excess of the then current maximum requirement therefor may be transferred by the City Council to such other Account or Accounts or such other City funds or accounts as it may in its sole discretion designate or pursuant to a covenant hereafter made by the City Council.

Additional Bonds. The City reserves the right to issue Additional Bonds without limit provided that the Pledged Motor Fuel Taxes as determined as herein below set out shall be sufficient to provide for or pay not less than 1.25 times Maximum Annual Debt Service on such of the Bonds as shall remain Outstanding Bonds after the issuance of the proposed Additional Bonds. Such sufficiency shall be demonstrated in each year to the final maturity of those Bonds which shall remain Outstanding Bonds after the issuance of the proposed Additional Bonds. The determination of the sufficiency of Pledged Motor Fuel Taxes shall be supported by reference to the most recent audit of the City, which audit shall be for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the proposed Additional Bonds.

If such audit shows the Pledged Motor Fuel Taxes to be insufficient, then the determination of sufficiency of the Pledged Motor Fuel Taxes may be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Motor Fuel Taxes and explaining by what means they will be greater than as shown in the audit.

The reference to and acceptance of an audit or a report, as the case may be, and the determination of the City Council of the sufficiency of Pledged Motor Fuel Taxes shall be conclusive evidence that the conditions of this section have been met and that the Additional Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

General Covenants. The City covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain outstanding and unpaid:

(a) The City will punctually pay or cause to be paid the principal of, interest on and premium, if any, to become due in respect of the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

(b) The City will pay and discharge, or cause to be paid and discharged, any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Motor Fuel Taxes or any part thereof, or which might impair the security of the Bonds. Nothing herein contained shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.

(c) The City will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

(d) The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance and for the better assuring and confirming unto the holders of the Bonds of the rights and benefits provided in this Ordinance.

(e) The City will keep the books and accounts for the Bond and Interest Account in accordance with generally accepted fund reporting practices for municipal enterprise funds; provided, however, that the monthly credits to the Bond and Interest Account shall be in cash, and said funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this Ordinance, investments shall be valued at the lower of market value or amortized cost.

**APPENDIX F**  
**CONTINUING DISCLOSURE UNDERTAKING**  
**FOR THE PURPOSE OF PROVIDING**  
**CONTINUING DISCLOSURE INFORMATION**  
**UNDER SECTION (B)(5) OF RULE 15C2-12**

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered this 22nd day of April, 2013, by the City of Peoria, Peoria County, Illinois (the “*City*”), in connection with the issuance of \$2,505,000 Taxable Motor Fuel Tax Revenue Refunding Bonds, Series 2013D (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted on the 11th day of October, 2011, by the City Council, as supplemented by a 2013D Bond Order and Notification of Sale (the “*Ordinance*”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means the financial information and operating data described in *Exhibit I*.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*MSRB* means the Municipal Securities Rulemaking Board.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds as set forth in *Exhibit III*. The Final Official Statement relating to the Bonds is dated April 5, 2013 (the "*Final Official Statement*"). The City will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. **REPORTABLE EVENTS DISCLOSURE.** Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. **CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION.** The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the City to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. **AMENDMENTS; WAIVER.** Notwithstanding any other provision of this Agreement, the City by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the City (such as the Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The City shall give notice to EMMA in a timely manner if this Section is applicable.

9. **DISSEMINATION AGENT.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the City is changed, the City shall disseminate such information to EMMA.

11. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. **RECORDKEEPING.** The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. **ASSIGNMENT.** The City shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

CITY OF PEORIA, PEORIA COUNTY, ILLINOIS

By: \_\_\_\_\_  
Its: Finance Director/Comptroller  
Address: 419 Fulton Street  
Peoria, Illinois 61602

EXHIBIT I  
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED  
FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data of the type contained in the Official Statement under the following captions:

All of the tables under the headings “Retailers’ Occupation, Service Occupation and Use Tax,” “Property Assessment and Tax Information,” “Debt Information,” and “Financial Information.”

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the SID, if any, or the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA and to the SID, if any, by 210 days after the last day of the City’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared annually by independent certified public accountants. Audited Financial Statement will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (*i.e.*, as subject to the pronouncements of the Governmental Standards Accounting Board and subject to any express requirements of State law. Audited Financial Statements will be provided to EMMA and to the SID, if any, within 30 days after availability to City.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.



EXHIBIT II  
EVENTS WITH RESPECT TO THE BONDS  
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City\*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

NOTE: DO NOT DELETE ANY EVENT, EVEN IF IT IS INAPPLICABLE TO YOUR TRANSACTION.

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

EXHIBIT III

CUSIP NUMBERS

MATURITY (JANUARY 1)	CUSIP
2014	713192 AL6
2015	713192 AM4
2016	713192 AN2
2017	713192 AP7
2018	713192 AQ5
2019	713192 AR3
2020	713192 AS1
2021	713192 AT9
2022	713192 AU6
2023	713192 AV4