

CITY OF PEORIA, ILLINOIS FINANCIAL POLICIES

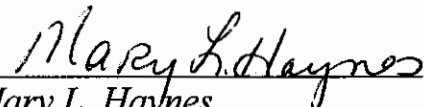
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STATE OF ILLINOIS }
 } SS
City and County of Peoria }

I, Mary L. Haynes, City Clerk of City of Peoria, Illinois, do hereby certify that I am City Clerk of the said City of Peoria, Illinois, and keeper of the records and official seal of said City, and that I have compared the annexed and foregoing copy of RESOLUTION NO. 04-637 Adopting the 2005 City of Peoria Budget which was approved by the City Council on December 7, 2004, by roll call vote of 9 Yeas, 2 Nays; The Council being composed of 10-duly elected Councilmen and Mayor -- with the original record thereof remaining in my office, and have found the same to be a true and correct transcript therefrom, and of the whole of such original record.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the official seal of the said City, this 23rd day of March, A.D. 2005.

SEAL


Mary L. Haynes
City Clerk

BY: 
Beth Ball, Deputy City Clerk

RESOLUTION NO. 04-637
CITY OF PEORIA

Peoria, Illinois DECEMBER 7, 2004

RESOLUTION ADOPTING THE 2005 BUDGET
FOR THE CITY OF PEORIA, ILLINOIS

Resolved

WHEREAS, the City of Peoria, Illinois has adopted the budget system authorizing expenditures; and,

WHEREAS, the City has caused notice to be published on November 20, 2004, that a hearing on the proposed budget for 2005 would be held on November 30, 2004, and further that said proposed budget was available for inspection in the City Clerk's Office; and,

WHEREAS, a hearing was held this date on the proposed budget before the City Council;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEORIA, ILLINOIS AS FOLLOWS:

Section 1. That the Base Budget for the year 2005 and the five year 2005-2009 Capital Improvement Program of the City of Peoria be and the same are hereby adopted.

Section 2. That the administrative staff of the City shall cause the Budget as adopted to be compiled, printed and bound in book form for distribution.

PASSED BY THE CITY COUNCIL OF THE CITY OF PEORIA, ILLINOIS this
7th day of DECEMBER, 2004.

APPROVED:

Dave P. Rausch
Mayor

ATTEST:

Mary J. Hayes
City Clerk

EXAMINED AND APPROVED

Randa R. Rausch
Corporation Counsel

FILED

DEC 16 2004

JoANN THOMAS
PEORIA COUNTY CLERK

***THE CITY OF PEORIA
GENERAL FUND BALANCE POLICY***

The City of Peoria financial policies establish the basic framework for the fiscal management of the City. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller and Finance Department in both decision-making and the establishment of procedures for the operating departments.

Management recognizes that unanticipated occurrences can affect the City's fiscal condition. In order to prepare for these non-recurring events it is advisable to establish policies to meet the unexpected increases in service delivery costs.

The City shall establish an adequate fund balance to pay for expenses caused by unforeseen emergencies or for shortfalls caused by revenue declines. Should these conditions occur, a budget amendment should be considered in a timely manner. For the general operating fund, this unreserved fund balance will be maintained at a minimum amount, which represents an average of three (3) months operating expenditures with regard to other reserves already in place.

In order to reach this level, \$500,000 will be dedicated to fund balance before allocating for expenditures. This shall be done annually beginning with the 2003 budget and continuing until the reserve requirement is met. Annually, thereafter, a surplus will be budgeted to maintain the three (3) month level.

Separate reserves have been established for health insurance, general insurance and working capital. The reserve for health insurance shall be maintained at 25% of healthcare expenditure. The City reserve of \$2 million shall be increased by \$100,000 annually until met and adjusted annually thereafter to maintain it at 25% of health expenditures.

The liability insurance reserve of \$2 million shall be increased to reflect 2.5% of fixed assets (excluding infrastructure). The reserve shall be increased annually by \$100,000 until the reserve is met and adjusted annually thereafter.

All reserve requirements shall be made before allocating for expenditures.

This policy shall be administered with regard to the operating budget administrative policy and any established revenue policies.

THE CITY OF PEORIA
OPERATING BUDGET ADMINISTRATIVE POLICY

The City of Peoria financial policies establish the basic framework for the fiscal management of the City. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller and finance Department in both decision-making and the establishment of procedures for the operating departments.

Following are the primary tenets to this policy:

1. The City will attempt to maintain its present service level for all priority and essential services. In order to accomplish this, staff will prepare an expenditure guideline that reflects current economic trends and the City's financial condition. This will be presented to the City Council for approval. This guideline will be controlled increase in the overall operating budget excluding state, federal or local mandates.
2. Exceptions to the operating budget will be categorized and prioritized by the Finance Director/Comptroller and City Manager for inclusion in the annual budget. The fund balance policy shall be considered for this recommendation. Exceptions include increased staff, reflecting full costing, and new programs. The City Council shall have final approval for the inclusion of any exception.
3. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.
4. The City will integrate performance measurement and productivity integrators with the budgeted amounts.

THE CITY OF PEORIA
POLICY ON DEDICATED REVENUE

The City of Peoria financial policies establish the basic framework for the fiscal management of the budget. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller and Finance Department in both decision-making processes and the establishment of procedures for the operating departments.

SECTION I: IDENTIFICATION OF REVENUE SOURCES

In order to maintain a revenue stream to continue capital projects, infrastructure improvements, equipment replacement and neighborhood revitalization City of Peoria desires to dedicate certain general revenue for this purpose. It is further recognized that certain other revenues are restricted in nature for certain purposes:

1. State and Local Motor Fuel Tax will be used according to applicable State and Federal laws.
2. Gaming revenue will be dedicated for infrastructure projects and recognized in the Capital Fund.
3. Utility tax revenue (5%) will be allocated in the following percentages between the General Fund and the Capital Fund:

	General Fund	Capital Fund
2002	32%	68%
2003	24%	76%
2004	16%	84%
2005	8%	92%
2006	0%	100%

SECTION II: CONFORMANCE WITH THE PROPERTY TAX LEVY POLICY

It is intended that new development will not decrease services to existing residents but will generate revenues to provide essential services to the new areas. In order to stabilize property tax rates in periods of economic downturn, the Council may need to consider directing this revenue or a portion thereof to the operating budget.

In negotiating development and redevelopment agreements, operating revenue shall not be allocated to debt or capital projects in excess of the revenue identified herein. Operating revenue may be used as a measure to guide the use of the restricted revenue identified above.

THE CITY OF PEORIA
PROPERTY TAX LEVY POLICY

In accordance with Chapter 65 Section 5/8-3-1 of the Illinois Compiled Statutes, the City of Peoria is authorized to levy a property tax for corporate purposes.

The City levies property taxes to support the following funds:

Illinois Municipal Retirement Fund (IMRF)
Federal Insurance Contribution Act (FICA)
Firefighter's Pension Fund
Police Pension Fund
Library Fund

It is the intention of the City Officials to provide revenues needed for essential services of public safety, public works and administration. Property tax will be levied to the extent other revenues are not available to fund essential services and to the extent that other adopted ordinances have committed their use, for example, debt service on general obligation bonds, or special service area bonds when other revenue has not been committed.

It is intended that new development will not decrease services to existing residents but will generate revenues to provide essential services to the new areas. Property taxes will, therefore, be assessed in a manner that assures that new developments generate revenues sufficient to provide essential services to all citizens. To this end the City will attempt to maintain the City's portion of the property tax at a rate not to exceed \$1.3061 per one hundred dollars (\$100) of equalized assessed valuation, however, the dollars requested will reflect the need of the particular funds.

Trends in federal and state government may require that the revenues received from property taxes be reviewed in the future. Those trends include:

- decreases in federal revenue
- general inflation which increases the cost of municipal services
- changes in federal tax law, for example, the change which retains the deductibility of property taxes from taxable income for federal tax purposes but which excludes deductibility of sales taxes
- Mandates by the state and federal government, which increase the cost of municipal services or impose new services, such as Americans With Disability act and various pension legislation.

Factors, which may warrant a decrease in property tax, include:

- any source of new, recurring revenue
- a reduced cost for providing current services
- a reduction in services funded through the levy, e.g., Library operations were this function assumed by the Library District.

THE CITY OF PEORIA
CAPITAL ASSET CAPITALIZATION POLICY

The City of Peoria financial policies establish the basic framework for the fiscal management. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller and Finance Department in both decision-making processes and the establishment of procedures for the operating departments.

A capital asset is defined as land, improvements to land easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

It is the policy of the City of Peoria that capital assets, including infrastructure, owned by the City shall be capitalized in the government-wide financial statements that **individually** equal or exceed \$25,000 and depreciated, other than land, using the straight-line depreciation method, according to the following schedule.

Asset Class	Useful Life
Vehicles	7 years
Buildings	40years
Computers	5 years
Radios	5 years
Major Movable Equipment	10 years
Site Improvement	20 years
Roads	25 years
Sewers	30 years
Sidewalk	30 years
Traffic Signals	15 years

For capital assets that are depreciated, expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas, expenditures for repairs and maintenance are expensed.

For infrastructure assets that are not depreciated under the modified approach, expenditures for additions and improvements to eligible infrastructure assets (which increase the capacity or efficiency of assets rather than preserve their useful lives) are capitalized. All other expenditures, even preservation costs, are expensed in the period incurred.

This policy is effective for fiscal years 2002 and thereafter until amended.

*City Council Approved:
October 15, 1996*

The City of Peoria
CAPITAL BUDGET ADMINISTRATIVE POLICY

The City of Peoria capital financial policies establish the basic framework for the fiscal management of the capital budget and the capital projects within it. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller, and Finance Department in both decision-making processes and the establishment of policies for the Operating Departments implementing the Capital Budget. Current activities and future programs are evaluated on City Council approved criteria and policies outlined below.

The Capital Improvement Program (CIP) is the long range plan of improvements throughout the City which adheres to any or all of the following components: A) the project exceeds \$10,000, B) the project extends more than one fiscal year, and/or C) the project is a non-recurring item too costly for the operating budget. The Operating Departments of the City submit requests annually which are reviewed by the CIP Committee which consists of representatives from the various departments. The CIP is prepared as a five (5) year planning document with year one of the CIP serving as that year's capital budget. The capital budget is the yearly appropriation in the Annual Budget addressing the City's capital needs. A capital project is an element of the CIP; it demonstrates one or all of the previously outlined components classifying it as a capital project.

Presently, the City manages six (6) capital funds. They include the Capital Fund (comprised of public benefit, special assessment, drainage, economic development, sewer rehabilitation, and capital equipment projects), CDBG Fund, Riverfront Development Fund, Road Fund, Southtown Development Fund, and Landfill Fund. Each fund operates under various revenue constraints which provide the necessary cash flow to fund the various projects (e.g., state and local motor fuel taxes provide the revenue stream to the Road Fund).

The following tenets are underpinnings to this policy:

- 1) *Maintenance of Capital Fund Balance* - It will be the policy to maintain annually a minimum available (i.e., unreserved) Capital Fund balance of \$500,000. This available fund balance shall serve two purposes: 1) cover any unanticipated capital projects which may occur throughout the year and 2) cover any project cost overruns. While this may drop below \$500,000 during the year, it is intended to replenish annually if needed. This balance will cover any shortages incurred by the other five (5) special project funds mentioned above (i.e., CDBG, Riverfront Development, Road, Southtown Development, and Landfill Funds).
- 2) *Inactive Capital Project Review/Reprogramming* - All projects which have either minimally expended funds and/or have not started within two (2) years of being budgeted will be reviewed at the end of the second year. "Minimally expended funds" refers to projects which, when reviewing the cost of the entire project, have expended a proportionally minimal amount in the overall budgeted cost of the project. "Projects not started" refers to projects which have expended zero funds budgeted.

At the time of review, based upon information acquired from the department managing the project, the City Manager and Finance Director/Comptroller shall determine the appropriateness of

reprogramming a project's budgeted funds. The project shall then be designated as inactive and the funds reprogrammed. Projects may be re-submitted to the Capital Improvement Program (CIP) process by the managing department when it is deemed suitable to proceed with such projects.

The City Council will have the final approval of projects to be reprogrammed.

If the project has not started at the two year review and is planned to begin shortly (i.e., the project budget will not be reprogrammed), the department shall provide the Finance Department with revised cost estimates so that any modifications necessary may be made and planned for appropriately.

- 3) *Council Notification of Forecasted Capital Project Budget Overages* - Projects over budget by less than \$10,000 will be adjusted administratively. Forecasted overages in excess of \$10,000 or 10% of original project budget, whichever is the greater, will require City Council action (specifically, when the total project costs exceed the budget by the greater of \$10,000 or 10% of original budget).
- 4) *Active Projects Status Reporting System* - Departments managing capital project will submit on a semi-annual basis a status report for each active project to the Finance Department. The status reports submitted to the Finance Department will include any forecasted project overages by the departments. A condensed report will be submitted to the City Council and City Manager subsequently; it will include, but is not limited to, a financial accounting of expenditures to date and a status update on the projects.
- 5) *Completion of Capital Projects - Closing of Projects* - Upon completion of capital projects, the Finance Department shall reconcile the project budgets versus actual expenditures. After the reconciliation occurs, the project shall be closed in the computer accounting system. Any funds other than bond proceeds which remain from budgeted projects (i.e., should the project be completed *under* budget) shall be reprogrammed in the available fund balance for future projects. Bond proceeds must be used according to the bond ordinance which typically requires that the unexpended funds be applied to debt service; the Administration will follow the bond ordinances in reprogramming any remaining balances from completed projects.

The department managing the project shall submit a project summary upon completion to the Finance Department. A summary of completed capital projects shall be submitted to the City Council and City Manager.

in all respects shall have the same legal effect as if signed by the mayor in person.

(Code 1957, § 11-53)

Sec. 10-154. Provisions for payment.

(a) The note ordinance shall make provision for the payment of such notes, both principal thereof and interest thereon until maturity, either from any funds of the city which are legally available, or by the levy of a direct annual tax upon all of the taxable property within the city sufficient for such purpose, or any combination thereof. If a tax is to be levied to pay any portion of the principal or interest, a copy of such note ordinance, as adopted, certified to by the city clerk, shall be filed in the office of the county clerk as the tax extension officer of the county. Such note ordinance, as so filed, shall constitute the authority for the county clerk to extend such taxes for collection against all the taxable property situated within the city. Any taxes so levied for the payment of all or any part of the principal of and interest on the notes shall be extended by the county clerk without limitation as to rate or amount and such taxes shall be in addition to and in excess of all other taxes levied or authorized to be levied by the city.

(b) Upon payment in full, both principal and interest, each note shall be canceled and surrendered to the city.

(Code 1957, § 11-54)

Sec. 10-155. Note ordinance to constitute appropriation.

The provisions of any note ordinance shall constitute an appropriation of the amounts required as therein referred to and described, and upon the delivery of the notes therein authorized the proceeds thereof shall be used solely and only for the purpose for which the notes were authorized.

(Code 1957, § 11-55)

Sec. 10-156. Refunding or extension of maturity.

(a) Any note may be refunded by the issuance of a refunding note, which refunding note shall mature within one year from date of issue. The

maturity of any note may be extended for a period not to exceed one year beyond its stated maturity date upon mutual agreement with the holder of the note.

(b) Provision for payment of a refunding note or extended note shall be made as provided in section 10-154.

(Code 1957, § 11-56)

Secs. 10-157—10-165. Reserved.

DIVISION 3. INTERIM FINANCING

Sec. 10-166. Generally.

If bonds, notes or other obligations are authorized and issued pursuant to this article for the purpose of providing interim or temporary financing prior to the issuance of longer term debt of the city, it shall, in addition to the requirements of this article, be provided in the ordinance authorizing the issuance of such debt that such bonds, notes or other obligations evidencing such interim or temporary financing shall be payable from the proceeds of permanent financing, from the levy by the city of an ad valorem tax upon all taxable property within the city or from money on hand and legally available and such ordinance shall also contain an estimate of when the permanent financing shall be issued.

(Code 1957, § 11-57)

Secs. 10-167—10-175. Reserved.

DIVISION 4. LIMITATION ON AMOUNT OF GENERAL OBLIGATION BONDS

Sec. 10-176. Limitation on amount of general obligation bonds generally.

Except as hereinafter provided the principal amount of all general obligation bonds of the city issued pursuant to section 10-131 at any one time outstanding shall not exceed ten percent of the total equalized assessed value of all taxable property, both real and personal, within the city as

determined by the last assessment for state and county purposes, previous to the incurring of the indebtedness.

(Code 1957, § 11-58)

Sec. 10-177. Exemption of certain indebtedness.

The limitation prescribed in section 10-176 shall not apply to any indebtedness of the city listed below:

- (1) Bonds hereafter issued which are approved by referendum.
- (2) Bonded indebtedness assumed from another governmental unit.
- (3) Bonds issued for the purpose of paying the city's obligation to the police and fire pensions.
- (4) Alternate revenue bonds.
- (5) General obligation notes.
- (6) Notes issued pursuant to division 2 of this article.
- (7) Any obligation or debt of the city with a term of five years or less.
- (8) Any funding for a special service district.
- (9) Obligations of the city issued pursuant to the State Real Property Tax Increment Allocation Redevelopment Act.
- (10) Special assessment bonds payable from public benefit funds.
- (11) Bonds issued for which provision for payment has been made by an irrevocable deposit of funds in an amount sufficient to pay the principal and interest on any such bonds to their respective maturity date.
- (12) Bonds issued for which payment is intended to be derived from a revenue source other than ad valorem property tax.

(Code 1957, § 11-59; Ord. No. 14557, § 1, 8-18-98)

Sec. 10-178. Prohibition, operating costs.

The city shall be prohibited from using the proceeds of its general obligation bonds for the funding of or payment to the corporate fund,

except for the limited purpose of funding costs incidental to projects funded by general obligation bonds.

(Code 1957, § 11-60)

Sec. 10-179. Change of limitations; procedure.

(a) Any increase in the limitation prescribed in section 10-176 shall be accomplished by submitting to the electors of the city the question whether the city shall issue additional general obligation bonds in an amount that would exceed such limitation at the time such bonds are to be issued.

(b) This question shall be submitted at a special election to be called within 60 days after the adoption of an ordinance by the city council, the ordinance setting forth the amount and purpose of the proposed general obligation bond issue, unless the ordinance is adopted within 120 days prior to a general, regular or municipal election, in which event the question shall be submitted at such election.

(c) Notice of this election shall be given and the election shall be conducted as provided in the Illinois Municipal Code. The question shall be submitted to the electors of the city on a separate ballot.

(d) If a majority of the votes cast on this question are in the affirmative, the issuance of additional general obligation bonds is approved.
(Code 1957, § 11-61)

Secs. 10-180—10-190. Reserved.

**DIVISION 5. INDUSTRIAL DEVELOPMENT
REVENUE BONDS**

Sec. 10-191. Findings.

(a) It is hereby found and determined that it is necessary and in the best interest of the city to provide an additional financing device to relieve conditions of unemployment and to encourage the increase of industry within the city, thereby reducing the evils attendant upon unemployment.

GLOSSARY OF KEY TERMS

ABATEMENT

A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments and service charges.

ACCRUAL BASIS OF ACCOUNTING

A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

AD VALOREM TAX

A tax based on value (e.g., a property tax).

ADA (AMERICANS WITH DISABILITIES ACT)

AFIS (Automated Fingerprint Identification System)

A fingerprint is sent in, scanned, and a computer checks the fingerprint against the database.

AGENCY FUND

A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other government and/or other funds.

AMORTIZATION

(1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

AMORTIZATION SCHEDULE

A schedule of debt service payments separating the portions of payments attributable to principal and interest.

APPROPRIATED BUDGET

The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

ARBITRAGE

The simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies.

ASSESSED VALUATION

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

ASSESSMENT

(1) The process of making the official valuation of property for taxation.

(2) The valuation placed upon property as a result of this process.

See **SPECIAL ASSESSMENT**.

ASSESSMENT ROLL

With real property, the official list containing the legal description of each parcel of property and its assessed valuation.

ASSET

A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

AUDIT

A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries and confirmations with third parties. See **INTERNAL AUDITING, FINANCIAL AUDIT, SINGLE AUDIT, PERFORMANCE AUDITING, PRE-AUDIT** and **POST-AUDIT**.

AUDIT FINDINGS

In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report in conformity with GAGAS. Findings ordinarily are presented together with a response from management, which states management's concurrence or nonconcurrence with each finding and its plan for corrective action.

AUDITOR'S REPORT

In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

AUTHORITY

A government or public agency created to perform a single function or a restricted group of related activities. Usually such units are financed from service charges, fees and tolls, but in some instances they also have taxing powers. An authority may be completely independent of other governments or be partially dependent upon other governments for its financing or the exercise of certain powers. See **SPECIAL DISTRICT**.

BALANCE SHEET

The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS

Those financial statements, including notes thereto, necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance sheet, an “all-inclusive” operating statement, a budget comparison statement (for all governmental funds for which annual appropriated budgets are adopted), and a statement of changes in financial position (for proprietary funds, pension trust funds and nonexpendable trust funds).

BASIS OF ACCOUNTING

A term used to refer to *when* revenues, expenditures, expenses, and transfers -- and the related assets and liabilities -- are recognized in the accounts and reported in the financial statements.

BASIS POINT

Equal to 1/100 of one percent. If interest rates rise from 7.50 percent to 7.75 percent, the difference is referred to as an increase of 25 basis points.

BOCA (BUILDING OFFICIALS CODE ADMINISTRATION)**BOND**

A written promise to pay a specified sum of money, at a specified date or dates in the future, together with a periodic interest at a specified rate. See **GENERAL OBLIGATION BONDS PAYABLE** and **REVENUE BONDS PAYABLE**. See **SURETY BOND**.

BOND COVENANT

A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or indenture.

BOND DISCOUNT

The difference between the present value and the face value amount of bonds when the former is less than the latter.

BOND DEBT

The portion of indebtedness represented by outstanding bonds.

BOND INDENTURE

A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.

BOND ORDINANCE OR RESOLUTION

An ordinance or resolution authorizing a bond issue.

BOND PREMIUM

The difference between the present value and the face amount of bonds when the former is greater than the latter.

BONDS PAYABLE

Generally the face value of bonds issued and unpaid.

BOOK VALUE

Value as shown by the books of account.

BUDGET

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed revenues available for financing them.

BUDGETARY CONTROL

The control or management of a government in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUDGET DOCUMENT

The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body. See **BUDGET MESSAGE**.

BUDGET MESSAGE

A general discussion of the proposed budget as presented in writing by the City Manager to the City Council.

CAPITAL BUDGET

A plan of proposed capital outlays and the means of financing them. See **CAPITAL PROGRAM**.

CAPITAL EXPENDITURES

Expenditures resulting in the acquisition of or addition to the government's general fixed assets.

CAPITAL IMPROVEMENT PROGRAM

A statement of the City's long and short-term capital improvement plans. The short-term element (the upcoming Fiscal Year) is presented in each year's adopted budget. The long-term portion is presented in the City's five-year Capital Improvement Plan.

CAPITAL PROJECT FUNDS

A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

CDBG

The Community Development Block Grant (CDBG) fund is used to account for Federal grant dollars received from the Department of Housing & Urban Development. These include the annual CDBG entitlement, Emergency Shelter, and HOME funds. All disbursements must be for grant-eligible activities, programs, and projects.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM

A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs/CUFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Under the CDBG Program, the City receives an entitlement from the Federal Government each year for a variety of uses within the defined target areas and populations. These targeted areas and populations can generally be defined as suffering from various levels of economic distress.

COMPONENT UNITS

Legally separate organizations for which the elected officials of the primary government are financially accountable.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The official annual report of a government.

CONTINGENCY

An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as emergencies, federal mandates, shortfalls in revenue and similar eventualities.

CONTINGENT LIABILITY

Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts

CONTROL PROCEDURES

The policies and procedures in addition to the control environment and accounting system that management has established to provide reasonable assurance that specific entity objectives will be achieved.

COVERED PAYROLL

All compensation that is paid to active employees covered by the PERS and on which contributions are based.

DARE (DRUG AND ALCOHOL RESISTANCE EDUCATION)**DCFS (DEPARTMENT OF CHILDREN AND FAMILY SERVICES)****DEBT SERVICE FUND**

A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED COMPENSATION PLANS

Plans that offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes.

DEFICIT

1) The excess of liabilities of a fund over its assets. 2) The excess of expenditures over revenues during an accounting period.

DELINQUENT SPECIAL ASSESSMENTS

Special assessments remaining unpaid on and after the date to which a penalty for nonpayment is attached.

DELINQUENT TAXES

Taxes remaining unpaid on or after the date to which a penalty for nonpayment is attached.

DIRECT DEBT

The debt a government has incurred in its own name or assumed through the annexation of territory or consolidation with another government. See **OVERLAPPING DEBT**

DZO (DESIGNATED ZONE ORGANIZATION)

An Illinois not-for-profit corporation, dedicated to the economic development of the Riverfront.

E.C.H.O. (EXCHANGING CONTACTS HELPS OPPORTUNITIES)**EDC (ECONOMIC DEVELOPMENT COUNCIL)****EEO (EQUAL EMPLOYMENT OPPORTUNITY)****EMINENT DOMAIN**

The power of a government to acquire private property for public purposes. It is used frequently to obtain real property that cannot be purchased from owners in a voluntary transaction.

EMT (EMERGENCY MEDICAL TRAINING)

ENCUMBRANCES

Commitments related to unperformed contracts for goods and services.

EOP (EMERGENCY OPERATION PLAN)**EPA (ENVIRONMENTAL PROTECTION AGENCY)****EAV (EQUALIZED ASSESSMENT VALUATION)**

This is the lowest tax rate for the City portion of real estate taxes since 1969.

ESDA (EMERGENCY SERVICES AND DISASTER AGENCY)**ETSB (EMERGENCY TELEPHONE SYSTEM BOARD)****EXTRA (EXTERIOR TARGETED REHAB ASSISTANCE PROGRAM)****FACE VALUE**

As applied to securities, the amount of the issuer's liability stated in the security document.

FDIC (FEDERAL DEPOSIT INSURANCE CORPORATION)

A federal institution that insures deposits of federally chartered banks.

FIDELITY BOND

A written promise to indemnify against losses from theft, defalcation and misappropriation of public monies by government officers and employees.

FIDUCIARY FUNDS

Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

(SGAS34)

FINANCIAL ACCOUNTABILITY

The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board *and* is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

FINANCIAL ADVISOR

In the context of bond issuance, a consultant who advises the issuer on any of a variety of matters related to the issuance.

FISCAL AGENT

A fiduciary agent who performs the function of paying debt principal and interest when due.

FISCAL YEAR

A twelve-month period to which the annual operating budget applies and at the end of which the city determines its financial position and the results of its operations. For the City of Peoria, Illinois, the fiscal year begins January 1 and ends the following December 31.

FMAP (FEDERAL MITIGATION ASSISTANCE PROGRAM)**FOI (FREEDOM OF INFORMATION)****FORECLOSURE**

The seizure of property as payment for delinquent tax or special assessment obligations.

FORFEITURE

The automatic loss of cash or other property as a penalty for not complying with legal provisions and as compensation for the resulting damages or losses.

FRANCHISE

A special privilege granted by a government, permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

FUND

A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE

The fund equity of governmental funds.

GAAP (GENERAL ACCEPTED ACCOUNTING PRINCIPLES)

Uniform minimum standards and guidelines for financial accounting and reporting.

GAGAS (GENERAL ACCEPTED GOVERNMENT AUDITING STANDARDS)

Standards established by the GFOA in its publication *Standards for Audit of Governmental Organizations, Programs, Activities and Functions* ("yellow book") for the conduct and reporting of both financial and performance audits.

GASB (GOVERNMENTAL ACCOUNTING STANDARDS BOARD)

The authoritative accounting and financial reporting standard-setting body for government entities.

GENERAL FUND

The General Fund is the general operation fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL LEDGER

A record containing the accounts needed to reflect the financial position and the results of operations of a government.

GENERAL OBLIGATION BONDS

The full faith and credit of the City's taxing power is pledged for the payment of the bond's principal and interest.

GFOA (GOVERNMENT FINANCE OFFICER'S ASSOCIATION)**GOVERNMENTAL ACCOUNTING**

The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GRANTS

Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity or facility.

HAZ/MAT (HAZARDOUS MATERIALS)**H.I.L.P. (HOME IMPROVEMENT LOAN PROGRAM)****H.O.M.E. (HOME OWNERSHIP MADE EASY)**

Federal pass through funds partnered with Children's Home to provide prospective homeowners with the resources to obtain home ownership.

(H.R.A.) HOTEL, RESTAURANT, AMUSEMENT TAXES

The City of Peoria currently has a 5.5% tax on hotel and motel rental, a 2% tax on food and beverages purchased in restaurants or taverns and a 2% amusement tax on admission fees to public movies, exhibitions, and performances.

HVAC (HEATING, VENTILATION AND AIR CONDITIONING)**IDOT (ILLINOIS DEPARTMENT OF TRANSPORTATION)****IEMA (ILLINOIS EMERGENCY MANAGEMENT ASSOCIATION)****ILCAR (ILLINOIS LOCAL CAPABILITIES ASSESSMENT FOR READINESS)****IMRF (ILLINOIS MUNICIPAL RETIREMENT FUND)**

INDEPENDENT AUDIT

An audit performed by an independent auditor.

INDEPENDENT AUDITOR

An auditor meeting the independence criteria set forth in GAAS or GAGAS.

INDUSTRIAL DEVELOPMENT BONDS

Bonds issued by governments, the proceeds of which are used to construct facilities for a private business enterprise.

INFRASTRUCTURE ASSETS

Public domain fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the government unit.

INTERNAL AUDITING

An independent appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically and the organization's objectives are being achieved.

INTERNAL CONTROL STRUCTURE

Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

IOD (INJURY ON DUTY)**IRS (INTERNAL REVENUE SERVICE)****JUDGMENT**

An amount to be paid or collected by a government as the result of a court decision, including a condemnation award in payment for private property taken for public use.

LEADS (LAW ENFORCEMENT AGENCIES DATA SYSTEM)**LEGAL OPINION**

(1) The opinion as to legality of an authorized official, such as a city attorney. (2) In the case of government bonds, the opinion of a specialized bond attorney as to the legality of the bond issue.

LEVY

(1) (Verb) To impose taxes, special assessments or service charges for the support of government activities. (2) (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

LOCAL IMPROVEMENT TAX. See **SPECIAL ASSESSMENT.**

MARKET RISK

The risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement will decline.

MBE (Minority Business Enterprise)

This organization makes goals for affirmative executive action efforts and participation in programs administered by the City.

METROPOLITAN STATISTICAL AREA (MSA)

Peoria is the second largest MSA in Illinois.

MILLAGE

Rate used in calculating taxes based upon the value of property, expressed in mills per dollar of property value.

MODIFIED ACCRUAL BASIS

The accrual basis of accounting adapted to the governmental fund-type measurement focus.

MFT (MOTOR FUEL TAX FUND)

MFT funds are used exclusively for maintenance and improvement of City roads. The revenue source for this fund is the State Motor Fuel Taxes.

MUNICIPAL SOLID WASTE LANDFILL

A discrete area of land or an excavation that receives household waste. The term “municipal” does not indicate ownership.

MWBE (MINORITY WOMEN BUSINESS ENTERPRISE)

See MBE (MINORITY BUSINESS ENTERPRISE)

NFPA (NATIONAL FIRE PROTECTION AGENCY)

NOTES TO THE FINANCIAL STATEMENTS

The SSAP and other disclosures required for a fair presentation of the financial statements of a government in conformity with GAAP and not included on the face of the financial statements themselves.

NPO (NEIGHBORHOOD POLICE OFFICER)

OBLIGATIONS

Amounts a government may be required legally to meet out of its resources.

OFFICIAL STATEMENT

A document published by a government planning to issue bonds that provides information on the proposed bond issue, the purpose of the issue, and the means of servicing the indebtedness, as well as other information about the issuer that may be helpful in evaluating creditworthiness.

OPERATING BUDGET

Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

OPERATING GRANTS

Grants that are restricted by the grantor to operating purposes or that may be used for either capital or operating purposes at the discretion of the grantee.

OPERATING TRANSFERS

All interfund transfers other than residual equity transfers.

ORDINANCE

A formal legislative enactment by the governing body of a municipality. If not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

OSHA (OCCUPATIONAL SAFETY AND HAZARD ADMINISTRATION)**OTHER FINANCING SOURCES**

Governmental fund general long-term debt proceeds, amounts equal to the present value of minimum lease payments arising from capital leases, proceeds from the sale of general fixed assets, and operating transfers in.

OVERLAPPING DEBT

The proportionate share property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government.

PAR VALUE

In the case of bonds, the amount of principal that must be paid at maturity. Par value is referred to as the face value of the security.

PAYING AGENT

An entity responsible for paying of bond principal and interest on behalf of the government.

PBA (POLICE BENEVOLENT ASSOCIATION)

PERFORMANCE INDICATORS

A measure of service output of City programs.

PERFORMANCE AUDITING

A systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function or activity.

PHA (PEORIA HOUSING AUTHORITY)**PLEDGED REVENUES**

Funds generated from revenues and obligated to debt service or to meet other obligations specified by the bond contract.

POINT

In the context of bond issuance, one percent of the par value of the bond. Because bonds are quoted as a percentage of \$1,000, a point is equal to \$10.

POP (PROBLEM ORIENTED POLICING)**POTENTIAL COMPONENT UNIT**

A separate government unit, agency or non-profit corporation that needs to be evaluated to determine if it is to be included with other component units and the oversight unit to constitute the reporting entity.

PRESENT VALUE

The discounted value of a future amount or amounts of cash, assuming a given rate of interest.

PRINCIPAL

In the context of bonds other than deep-discount debt, the fact value or par value of a bond or issue of bonds payable on stated dates of maturity. See **FACE VALUE** and **PAR VALUE**.

PROGRAM

An activity which provides a particular service to the citizens of Peoria or the Administration.

PROGRAM BUDGET

A budget wherein expenditures are based primarily on programs of work and secondarily on character and object class, on the one hand, and performance, on the other hand.

PROPRIETARY FUNDS

Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PUBLIC ACCOUNTING

The practice of holding oneself out to be a CPA or public accountant and at the same time performing for a client one or more types of services rendered by public accountants (e.g., auditing).

RATINGS

In the context of bonds, normally an evaluation of creditworthiness performed by an independent rating service.

REBATES

Abatements or refunds.

RECOVERABLE EXPENDITURE

An expenditure that is made for or on behalf of another government, fund or department or for a private individual, firm or corporation and that will subsequently be recovered in cash or its equivalent.

REGISTERED BOND

A bond whose owner is registered with the issuing government. A registered bond cannot be sold or exchanged without a change of registration.

REIMBURSEMENTS

(1) Repayments of amounts remitted on behalf of another party. (2) Interfund transactions that constitute reimbursements to a fund for expenditures or expenses initially made for it but that properly apply to another fund.

REPLACEMENT COSTS

The amount of cash or other consideration that would be required today to obtain the same asset or its equivalent.

REPORTING ENTITY

The oversight unit and all its component units, if any, that are combined in the CAFR/GPFS.

RESERVED FUND BALANCE

Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.

RESOLUTION

A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute. See **ORDINANCE**.

REVENUE BONDS

Bonds whose principal and interest are payable and exclusively for earnings from a dedicated revenue stream other than the general tax levy.

REVENUE BONDS PAYABLE

A liability of revenue bonds issued and outstanding.

REVENUES

(1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. (2) Increases in the net total assets of a proprietary fund type from other than expense funds, capital contributions and residual equity transfers.

REVOLVING FUND

(1) An internal service fund. (2) An imprest account accounted for as an asset of a fund.

RISK

In the context of insurance, defined variously as uncertainty of loss, chance of loss or variance of actual from expected results.

R.I.T. (RAPID INTERVENTION TEAM)**ROW (RIGHT OF WAY)****SA (SPECIAL ASSESSMENT)**

A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SARA (SCAN, ANALYZE, RESPOND, ASSESS)

A problem solving method of law enforcement

SCOPE OF PUBLIC SERVICE

One of the criteria used to determine whether the statements of a potential component unit should be included in the financial statements of a reporting entity. This embraces two aspects: (1) the activity for the benefit of the reporting entity and/or its residents and (2) the activity conducted within the geographic boundaries of the reporting entity and is it generally available to the citizens of that entity?

SECURITIES

A negotiable or nonnegotiable instrument that signifies an ownership interest, the right to an ownership interest or creditor status.

SELF INSURANCE

A term used to describe the retention by an entity of a risk of loss arising out of the ownership of

property or from some other cause instead of transferring that risk to an independent third party through the purchase of an insurance policy. Because no insurance is involved, the term self-insured is a misnomer.

SERIAL BONDS

Bonds whose principal is repaid in periodic installments over the life of the issue.

SHORT-TERM DEBT

Debt with a maturity of one year or less after the date of issuance.

SINGLE AUDIT

An audit performed in accordance with the Single Audit Act of 1984 and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. The Single Audit Act allows or requires governments to have one audit performed to meet the needs of all federal grantor agencies.

SOUTHTOWN FUND

This fund is used to track revenues and capital expenditures in the Southtown Tax Increment Redevelopment Area.

SPECIAL ASSESSMENT FUNDS

Special Assessment Funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

SPECIAL ASSESSMENT ROLL

The official list showing the amount of special assessments levied against each property presumed to be benefited by an improvement or service.

SPECIAL DISTRICT

An independent unit of local government organized to perform a single government function or a restricted number of related functions.

SPECIAL REVENUE FUND

A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

SSA (SOCIAL SECURITY ADMINISTRATION)

STATEMENT OF CHANGES IN FINANCIAL POSITIONS

A GAAP financial statement for proprietary and similar trust funds that summarizes all important aspects of a government's financing and investing activities, regardless of whether cash or other elements of working capital are directly affected.

STATEMENT OF REVENUES AND EXPENDITURES

The financial statement that is the governmental fund and expendable trust fund GAAP operating statement.

SUPPORTING SCHEDULES

Financial presentations used (1) to demonstrate compliance with finance-related legal and contractual provision, (2) to aggregate and present in greater detail information spread throughout the financial statements, (3) to present in greater detail information reported in the financial statements, and (4) to present information not disclosed in GAAP financial statement.

SURETY BOND

A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation (e.g., a surety bond may be required of an independent contractor).

TAX RATE

The amount of tax levied for each \$100 of assessed valuation.

TAXES

Compulsory charges levied by a government to finance services performed for the common benefit.

TAX-EXEMPT BONDS

State and local government securities whose interest is exempt from taxation by the federal government or within the jurisdiction issued.

TAX-INCREMENT BOND

A bond secured by the anticipated incremental increase of tax revenues, resulting from the redevelopment of an area.

TAX LEVY ORDINANCE

An ordinance through which taxes are levied.

TAX ROLL

The official list showing the amount of taxes levied against each taxpayer or property.

TEMPORARY LOANS

Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable or warrants payable.

TERMINATION BENEFITS

Benefits provided to employees in connection with their termination of employment.

THIRD PARTY CLAIM

A claim in which the insurer has agreed to pay, defend or settle claims made by third parties against the insured.

TIF (TAX INCREMENT FINANCING)

Financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

TRUSTEE

A fiduciary holding property on behalf of another.

TRUST FUNDS

Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds. See **PENSION TRUST FUND**.

UNDERWRITER

In the context of bonds, a dealer who purchases a new issue for resale.

UNDERWRITING

The process of selecting, classifying, evaluating, rating and assuming risks.

UNDISTRIBUTED BENEFITS

This fund and section of the budget is used to account for the cost of employee benefits, risk management, and the costs associated with a variety of outside agencies that are not already allocated out to a departmental budget.

UNQUALIFIED OPINION

An auditors opinion stating that the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity with GAAP (which include adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with GAAS or GAGAS.

USER CHARGES

The payment of a fee for direct receipt of a public service by the party benefiting from the service.

WMD (WEAPONS OF MASS DESTRUCTION)