CITY OF PEORIA, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2009

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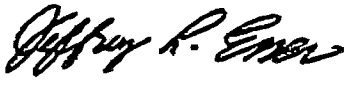
Presented to

City of Peoria
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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

President



Executive Director

Elected Officials

As of January 1, 2008

Mayor
James E. Ardis III

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

City Clerk
Mary L. Haynes

City Treasurer
Reginald A. Willis

As of May 5, 2009

Mayor
James E. Ardis III

City Council Members
Barbara Van Auken
Clyde E. Gulley, Jr.
Dan L. Irving
George F. Jacob
Jim Montelongo
Timothy D. Riggenbach
Gary V. Sandberg
Ryan M. Spain
William R. Spears
W. Eric Turner

City Clerk
Mary L. Haynes

City Treasurer
Patrick A. Nichting

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Peoria, Illinois, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Peoria, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Peoria Foreign Fire Insurance Board, which represents $419,793 (0.11 percent), $419,793 (0.41 percent) and $138,756 (0.09 percent), respectively, of the assets, net assets and revenues of the total primary government – governmental activities and 0.15 percent, 0.17 percent and 0.25 percent of the assets, fund balance and revenues, respectively, of the aggregate remaining funds. We also did not audit the Police Pension Fund of Peoria and the Firemen's Pension Fund of Peoria, which represents 85.87 percent, 91.79 percent and 69.98 percent, respectively, of the assets, net assets and additions of the aggregate remaining funds. We also did not audit the discretely presented component units of the City of Peoria, Illinois, the financial statements of the Springdale Historic Preservation Foundation, a component unit of Springdale Cemetery Management Authority and the Springdale Cemetery Management Authority and the Peoria Civic Center Authority which represents 100 percent of the assets, net assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions insofar as they relate to amounts included for the Peoria Foreign Fire Insurance Board, the Police Pension Fund of Peoria, the Firemen's Pension Fund of Peoria, the Springdale Historic Preservation Foundation, a component unit of Springdale Cemetery Management Authority, Springdale Cemetery Management Authority and the Peoria Civic Center Authority of Peoria are based on the reports of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Peoria, Illinois, as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

McGladrey & Pullen, LLP is a member firm of RSM International -
an affiliation of separate and independent legal entities.

City of Peoria, Illinois

Statement of Net Assets
December 31, 2009

	Total Primary Government - Governmental Activities	Component Units: Peoria Civic Center Authority	Component Units: Springdale Cemetery Management Authority
Assets			
Current assets:			
Cash and cash equivalents	$ 49,987,925	$ 2,018,811	$ 222,846
Restricted cash with trustee	933,588	-	-
Investments	25,721,480	1,357,585	75,827
Restricted investments	-	-	229,125
Taxes receivable:			
Property taxes	33,392,000	-	-
Corporate personal property replacement taxes	842,759	-	-
State sales and income taxes	8,825,057	-	-
Home rule sales taxes	5,960,747	-	-
Hotel, restaurant and amusement taxes	785,300	-	-
Utility taxes	1,732,696	-	-
Local motor fuel taxes	100,065	-	-
Governmental grants and reimbursements receivable	1,412,710	-	-
Riverboat gaming revenue receivable	577,844	-	-
Loans receivable, net	504,187	-	-
Pledges receivable	15,000	-	-
Other receivables, net	1,965,896	938,443	426,321
Accrued interest receivable, net	538,794	11,357	-
Special assessments receivable	179,696	-	-
Inventory, prepaid items and other	580,153	146,008	37,850
Total current assets	134,055,897	4,472,204	991,969
Noncurrent assets:			
Restricted cash and cash equivalents	-	217,065	-
Loans receivable, net	331,153	-	-
Other receivable	-	998,711	25,253
Special assessments receivable	1,394,137	-	-
Unamortized bond issue costs	1,804,219	-	-
Net pension assets	14,923,424	-	-
Capital assets:			
Not depreciated:			
Land	12,420,189	10,247,918	65,604
Construction-in-progress	8,432,488	-	-
Depreciated:			
Infrastructure	281,214,807	-	-
Buildings and land improvements	88,123,603	150,451,204	1,618,692
Major equipment and vehicles	25,331,097	10,089,527	396,892
Media assets	24,349,753	-	-
Software	-	-	127,371
Accumulated depreciation	(213,577,674)	(73,970,055)	(568,381)
Total capital assets	226,294,263	96,818,594	1,640,178
Total noncurrent assets	244,747,196	98,034,370	1,665,431
Total assets	$ 378,803,093	$ 102,506,574	$ 2,657,400

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Total Primary Government - Governmental Activities	Component Units: Peoria Civic Center Authority	Component Units: Springdale Cemetery Management Authority
Current liabilities:			
Accounts payable	$ 7,087,912	$ 133,488	$ 12,818
Accrued payroll	1,991,839	-	-
Accrued interest	395,929	-	-
Employer contribution payable	31,129	-	-
Other payables	180,963	197,731	7,662
Advance ticket sales	-	678,688	-
Estimated payable for claims and losses incurred but not reported	488,507	-	-
Unearned revenue, property taxes	33,392,000	-	-
Unearned revenue, other	2,273,738	703,081	227,196
Tax rebates payable	2,107	-	-
Accrued compensated absences	509,525	-	-
Voluntary separation initiative termination benefits	292,857	-	-
Bonds and loans payable, current portion	2,135,469	164,009	-
Other long-term obligations, current portion	38,754	-	-
Total current liabilities	48,820,729	1,876,997	247,676
Long-term liabilities:			
Accrued compensation absences	8,712,471	-	-
Voluntary separation initiative termination benefits	930,000	-	-
Bonds and loans payable, noncurrent	189,124,784	2,004,423	-
Other long-term obligations, noncurrent	675,037	-	-
Unamortized bond premium	3,307,512	-	-
Deferred amount on bonds refunded	(155,939)		
Net other post employment benefits obligation	18,548,438	-	-
Workers compensation claims payable	3,075,093	-	-
General liability claims payable	3,015,526	-	-
Unearned revenue and deposits	-	2,113,058	-
Asset held for Tourism Reserve Fund, payable from restricted assets	-	217,065	-
Total long-term liabilities	227,232,922	4,334,546	-
Total liabilities	276,053,651	6,211,543	247,676
Net assets:			
Investment in capital assets, net of related debt	177,077,761	94,650,162	1,640,178
Restricted for:			
Law enforcement	706,230	-	-
Animal shelter trust	203,036	-	-
Future road projects	7,642,105	-	-
Debt service	2,423,390	-	-
Peoria Public Library	3,173,097	-	-
Revolving loan fund	453,199	-	-
Riverfront development	70,000	-	-
Employees' pension benefits	14,111,947	-	-
Capital projects	34,924,053	-	-
Cemetery	-	-	272,732
Unrestricted	(138,035,376)	1,644,869	496,814
Total net assets	102,749,442	96,295,031	2,409,724
Total liabilities and net assets	$ 378,803,093	$ 102,506,574	$ 2,657,400

City of Peoria, Illinois

Statement of Activities
Year Ended December 31, 2009

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
Elective offices, boards, commissions and agencies	$ (2,177,766)	$ -	$ -	$ -
City administration	(8,197,849)	-	-	-
Police	(36,273,295)	558,810	786,354	-
Fire	(31,575,786)	564,471	186,799	-
Public works	(30,208,619)	5,229,957	-	186,166
Community development	(14,723,262)	-	8,810,036	10,000
Public safety	(10,768,011)	2,792,610	-	124,693
General government	(16,545,136)	11,951,363	-	1,121,888
Library	(11,308,891)	129,540	51,760	160,220
Interest on long-term debt	(8,844,508)	-	-	-
Total primary government	$ (170,623,123)	$ 21,226,751	$ 9,834,949	$ 1,602,967
Component Units				
Peoria Civic Center Authority	$ (24,587,431)	$ 18,762,359	$ -	$ 301,376
Springdale Cemetery Management Authority	(981,039)	344,952	420,771	147,745
Total component units	$ (25,568,470)	$ 19,107,311	$ 420,771	$ 449,121
General Revenues				
Property taxes				
Corporate personal property replacement taxes				
State sales taxes, unrestricted				
State income tax allocation, unrestricted				
Home rule sales taxes				
Hotel, restaurant and amusement taxes				
Local motor fuel taxes				
Riverboat gaming revenue				
Utility taxes				
Grants and contributions not restricted to specific programs				
Payment from City of Peoria				
Interest/investment income				
Franchise fees, based on gross receipts				
Other				
Total general revenues				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Total Primary Government	Component Units	
Governmental Activities	Peoria Civic Center Authority	Springdale Cemetery Management Authority
$ (2,177,766)	$ -	$ -
(8,197,849)	-	-
(34,928,131)	-	-
(30,824,516)	-	-
(24,792,496)	-	-
(5,903,226)	-	-
(7,850,708)	-	-
(3,471,885)	-	-
(10,967,371)	-	-
(8,844,508)	-	-
(137,958,456)	-	-
-	(5,523,696)	-
-	-	(67,571)
-	(5,523,696)	(67,571)
32,964,520	-	-
6,777,042	-	-
21,951,915	-	-
9,848,758	-	-
21,074,331	-	-
7,640,779	-	-
764,720	-	-
3,528,968	-	-
8,406,435	-	-
3,163,376	-	-
-	1,446,277	-
1,053,232	104,208	2,107
2,249,178	-	-
3,202,698	1,000	1,681
122,625,952	1,551,485	3,788
(15,332,504)	(3,972,211)	(63,783)
118,081,946	100,267,242	2,473,507
$ 102,749,442	$ 96,295,031	$ 2,409,724

City of Peoria, Illinois

Balance Sheet
Governmental Funds
December 31, 2009

Assets	General Fund	Peoria Public Library Fund	Workforce Development Fund
Cash and cash equivalents	$ 2,146,720	$ 3,531,232	$ 201,408
Cash with trustee	-	-	-
Investments	12,502,072	513	218,952
Property taxes receivable	6,636,500	6,557,300	-
Corporate personal property replacement taxes	842,759	-	-
State sales and income taxes receivable	8,740,024	-	-
Home rule sales taxes	5,960,747	-	-
Hotel, restaurant and amusement taxes	785,300	-	-
Utility taxes	1,732,696	-	-
Local motor fuel taxes receivable	-	-	-
Governmental grants and reimbursements receivable	75,237	-	615,392
Riverboat gaming revenue receivable	-	-	-
Loans receivable, net	-	-	-
Pledges receivable	-	-	-
Other receivables, net	1,556,257	-	4,365
Accrued interest receivable, net	353,443	-	-
Special assessments receivable	-	-	-
Due from other funds	10,964	-	-
Inventory and prepaid items	545,323	-	34,830
Total assets	$ 41,888,042	$ 10,089,045	$ 1,074,947

(Continued)

Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2008A Library General Obligation Bond Project Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 1,323,318	$ 584,960	$ 25,516,060	$ 16,684,227	$ 49,987,925
-	-	-	-	933,588	933,588
-	766	8,976,924	46,860	3,975,393	25,721,480
8,611,600	4,437,700	63,700	-	7,085,200	33,392,000
-	-	-	-	-	842,759
-	-	-	-	85,033	8,825,057
-	-	-	-	-	5,960,747
-	-	-	-	-	785,300
-	-	-	-	-	1,732,696
-	-	100,065	-	-	100,065
-	-	358,612	-	363,469	1,412,710
-	-	577,844	-	-	577,844
-	-	618,059	-	217,281	835,340
-	-	-	-	15,000	15,000
-	-	355,947	-	49,327	1,965,896
-	-	92,010	-	93,341	538,794
-	-	179,696	-	-	179,696
-	-	413,953	700	84,501	510,118
-	-	-	-	-	580,153
$ 8,611,600	$ 5,761,784	$ 12,321,770	$ 25,563,620	$ 29,586,360	$ 134,897,168

City of Peoria, Illinois

Balance Sheet (Continued)
Governmental Funds
December 31, 2009

Liabilities and Fund Balance	General Fund	Peoria Public Library Fund	Workforce Development Fund
Liabilities:			
Accounts payable	$ 3,434,024	$ 192,699	$ 367,742
Accrued payroll	1,825,581	105,746	28,553
Estimated payable for claims and losses incurred but not reported	488,507	-	-
Employer contribution payable	-	-	31,129
Due to other funds	3,002	-	-
Unearned revenue, property taxes	6,636,500	6,557,300	-
Deferred and unearned revenue, other	3,425,846	40,977	70,445
Bonds payable	-	-	-
Tax rebates payable	2,107	-	-
Other payables	257,483	-	-
Total liabilities	16,073,050	6,896,722	497,869
Fund balance:			
Reserved for:			
Encumbrances	514,392	-	-
Law enforcement	680,789	-	-
Animal shelter trust	-	-	-
Future road projects	-	-	-
Debt service	6,631,389	-	-
Working cash, library	-	1,000,279	-
Endowment activity, library	-	408,978	-
Revolving loan fund	-	-	-
Riverfront development	-	-	-
Employees' pension benefits	-	-	-
Inventory and prepaid items	545,323	-	34,830
Unreserved:			
Designated, reported in:			
General Fund	12,847,709	-	-
Special revenue funds	-	1,783,066	218,952
Capital projects funds	-	-	-
Undesignated, reported in:			
General Fund	4,595,390	-	-
Special revenue funds	-	-	323,296
Capital projects funds	-	-	-
Total fund balance	25,814,992	3,192,323	577,078
Total liabilities and fund balance	$ 41,888,042	$ 10,089,045	$ 1,074,947

See Notes to Basic Financial Statements.

Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2008A Library General Obligation Bond Project Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 521,280	$ 918,294	$ 737,763	$ 916,110	$ 7,087,912
-	-	11,862	-	20,097	1,991,839
-	-	-	-	-	488,507
-	-	-	-	-	31,129
-	-	88,536	-	418,580	510,118
8,611,600	4,437,700	63,700	-	7,085,200	33,392,000
-	-	858,650	-	263,771	4,659,689
-	-	6,000	-	-	6,000
-	-	-	-	-	2,107
-	-	-	-	-	257,483
8,611,600	4,958,980	1,947,042	737,763	8,703,758	48,426,784
-	-	2,492,773	-	1,706,826	4,713,991
-	-	25,441	-	-	706,230
-	-	203,036	-	-	203,036
-	-	-	-	6,746,162	6,746,162
-	-	5,993,373	-	5,270,458	17,895,220
-	-	-	-	-	1,000,279
-	-	-	-	-	408,978
-	-	453,199	-	-	453,199
-	-	-	-	70,000	70,000
-	802,804	-	-	-	802,804
-	-	-	-	-	580,153
-	-	-	-	-	12,847,709
-	-	-	-	-	2,002,018
-	-	-	24,825,857	1,409,917	26,235,774
-	-	-	-	-	4,595,390
-	-	-	-	1,495,319	1,818,615
-	-	1,206,906	-	4,183,920	5,390,826
-	802,804	10,374,728	24,825,857	20,882,602	86,470,384
$ 8,611,600	$ 5,761,784	$ 12,321,770	$ 25,563,620	$ 29,586,360	$ 134,897,168

City of Peoria, Illinois

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
December 31, 2009

Total governmental fund balances	$	86,470,384
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.		226,294,263
Receivables are deferred in the funds if they are not available for use in the current period.		2,385,951
Special assessments receivable are not available to pay current period expenditures and, therefore, are not recognized in the funds.		1,394,137
Net pension asset (obligation) is not recorded in the funds.		14,923,424
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.		1,804,219
Bond premiums are reported as other financing sources in the funds.		(3,307,512)
Deferred amounts on refunding are not recorded in the funds.		155,939
Interest payable on debt is not reported in the funds if payments are due subsequent to reporting date.		(395,929)
Other post employment benefits obligation		(18,548,438)
Workers compensation claims payable		(3,075,093)
General liability claims payable		(3,015,526)
Accrued compensated absences		(9,221,996)
Accrued compensated absences included in other payables in Governmental funds		76,520
Voluntary separation initiative termination benefits		(1,222,857)
Bonds and loans payable		(191,254,253)
Other long-term obligations		(713,791)
Net assets of governmental activities	$	102,749,442

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2009

	General Fund	Peoria Public Library Fund	Workforce Development Fund
Revenues:			
Property taxes	$ 6,902,718	$ 6,621,543	$ -
Corporate personal property replacement taxes	3,822,429	475,673	-
State sales taxes	21,437,212	-	-
State income tax allocation	8,445,232	-	-
Home rule sales taxes	21,074,331	-	-
Hotel, restaurant and amusement taxes	7,572,336	-	-
Local motor fuel taxes	-	-	-
Riverboat gaming revenue	-	-	-
Utility taxes	8,406,435	-	-
Governmental grants and reimbursements	267,606	188,220	4,590,124
Licenses and permits	2,045,779	-	-
Service charges/fines/fees	17,496,667	129,540	-
Special assessments	-	-	-
Contributions	-	-	-
Loan repayment	-	-	-
Rental	93,819	-	-
Interest	433,517	11,970	-
Other	1,657,725	77,256	353,387
Total revenues	99,655,806	7,504,202	4,943,511
Expenditures:			
Current:			
Elective offices, boards, commissions and agencies	1,746,747	-	-
City administration	6,222,845	-	-
Police	29,467,240	-	-
Fire	22,001,070	-	-
Public works	20,732,623	-	-
Community development	4,990,535	-	4,671,147
Public safety	7,751,652	-	-
General government	5,758,323	-	-
Library	501,475	5,470,562	-
Capital outlay	-	905,723	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	99,172,510	6,376,285	4,671,147
Excess (deficiency) of revenues over expenditures	483,296	1,127,917	272,364
Other financing sources (uses):			
Issuance of bonds	-	-	-
Bond premium	-	-	-
Proceeds from sale of capital assets	-	-	-
Payment to refund debt	-	-	-
Issuance of loan	-	-	-
Transfers in	1,313,398	-	-
Transfers out	(8,593,424)	(701,884)	(273,197)
Total other financing sources (uses)	(7,280,026)	(701,884)	(273,197)
Net change in fund balances	(6,796,730)	426,033	(833)
Fund balances, beginning of year	32,611,722	2,766,290	577,911
Fund balances, end of year	$ 25,814,992	$ 3,192,323	$ 577,078

Police and Fire Pension Levy Fund	Illinois Municipal Retirement Fund	Capital Improvements Fund	2008A Library General Obligation Bond Project Fund	Other Governmental Funds	Total Governmental Funds
$ 7,368,364	$ 4,678,118	$ 62,740	$ -	$ 7,331,037	$ 32,964,520
1,433,447	1,045,493	-	-	-	6,777,042
-	-	-	-	514,703	21,951,915
-	-	-	-	-	8,445,232
-	-	-	-	-	21,074,331
-	-	-	-	68,443	7,640,779
-	-	764,720	-	-	764,720
-	-	3,528,968	-	-	3,528,968
-	-	-	-	-	8,406,435
-	-	172,334	-	7,869,448	13,087,732
-	-	3,154	-	-	2,048,933
-	-	3,432,440	-	368,349	21,426,996
-	-	466,684	-	-	466,684
-	-	-	-	391,603	391,603
-	-	106,229	-	48,555	154,784
-	-	42,746	-	-	136,565
687	4,613	237,821	136,715	213,711	1,039,034
-	-	508,660	-	38,846	2,635,874
8,802,498	5,728,224	9,326,496	136,715	16,844,695	152,942,147
-	317,591	-	-	-	2,064,338
-	1,392,273	112,618	-	31,208	7,758,944
3,770,238	933,218	475,824	-	458,484	35,105,004
5,032,260	462,320	192,270	-	109,045	27,796,965
-	4,383,260	978,384	-	2,062,145	28,156,412
-	969,974	149,144	-	3,037,611	13,818,411
-	1,516,366	221,932	-	442,699	9,932,649
-	57,947	3,191,262	-	1,278,850	10,286,382
-	1,277,252	-	-	-	7,249,289
-	-	8,588,254	2,127,893	6,191,118	17,812,988
-	-	57,972	-	8,618,528	8,676,500
-	-	32,201	-	9,302,079	9,334,280
8,802,498	11,310,201	13,999,861	2,127,893	31,531,767	177,992,162
-	(5,581,977)	(4,673,365)	(1,991,178)	(14,687,072)	(25,050,015)
-	-	-	-	17,645,000	17,645,000
-	-	-	-	250,876	250,876
-	-	8,275	-	-	8,275
-	-	-	-	(17,665,354)	(17,665,354)
-	5,319,578			-	5,319,578
-	701,884	4,356,090	-	15,051,104	21,422,476
-	-	(7,215,180)	-	(4,638,791)	(21,422,476)
-	6,021,462	(2,850,815)	-	10,642,835	5,558,375
-	439,485	(7,524,180)	(1,991,178)	(4,044,237)	(19,491,640)
-	363,319	17,898,908	26,817,035	24,926,839	105,962,024
$ -	$ 802,804	$ 10,374,728	$ 24,825,857	$ 20,882,602	$ 86,470,384

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, 2009

Net change in fund balances, governmental funds		$ (19,491,640)
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	$ 17,812,989	
Depreciation expense	(13,859,217)	
Donated infrastructure assets	757,277	4,711,049
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets:		
Proceeds from sale of capital assets	(8,275)	
Net gain on sale of capital assets	8,275	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, grants		1,600,345
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 subsidies to employees participating in Voluntary Separation Initiative program	16,870	
Loans receivable repaid	(154,784)	
Increase in interest income for accrued interest	14,198	
Net change in long-term special assessment receivable	123,161	
Bad debt expense	(107,214)	(107,769)
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	(17,645,000)	
Premium on issued bonds	(250,876)	
Less bond issuance costs	225,059	
Issuance of loans payable	(5,319,578)	
Principal repayments:		
General obligation and revenue bonds	7,936,000	
Payment to refund bonds	17,665,354	
Other debt	740,500	
Decrease in compensated absences	195,135	
Increase in accrued compensated absences included in accounts payable in the Governmental funds	76,520	
Decrease in landfill, postclosure costs	457,529	4,080,643

(Continued)

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, 2009

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:		
Increase in other post employment benefits obligation	(6,201,649)	
Increase in workers compensation payable	(214,994)	
Increase in general liability payable	(327,421)	
Increase in voluntary separation initiative termination benefits	(1,222,857)	
Amortization of bond issue costs	(262,264)	
Decrease in accrued interest payable	9,200	
Amortization of bond premium	499,987	
Amortization of deferred amount on refunding	(19,415)	(7,739,413)
Increase in net pension assets are not reported in governmental funds		1,614,281
Change in net assets of governmental activities		$ (15,332,504)

See Notes to Basic Financial Statements.

City of Peoria, Illinois

Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended December 31, 2009

Additions		
Contributions:		
Plan members' contributions	$	3,064,122
Employer contributions		10,250,808
Transfer of creditable service		105,980
Other income		33,252
Total contributions		13,454,162
Investment income (loss):		
Net depreciation in fair value of investments		21,395,889
Dividends		1,688,602
Interest		3,672,715
Total investment income		26,757,206
Less investment expenses		944,676
Net investment income		25,812,530
Total additions		39,266,692
Deductions		
Benefits paid		18,952,148
Administrative expenses		302,290
Refunds		16,388
Total deductions		19,270,826
Net increase		19,995,866
Net assets held in trust for pension benefits		
Beginning of year		213,503,169
End of year	$	233,499,035

See 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:

Blended component units:

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

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

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

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 considered a blended 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)

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 considered a component unit of the City.

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

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

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

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

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). Springdale is presented as a special purpose entity in its separately issued financial statements, and financial reporting for the Foundation is in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations.* Springdale has been discretely presented.

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

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

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

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its components units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City, primary government, does not have any business-type activities. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

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

Measurement focus, basis of accounting and basis of presentation:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within approximately 90 days of the end of the current fiscal period, except for property taxes, which must be collected within 60 days to be considered available. Other taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

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

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.

2008A Library General Obligation Bond Project Fund: This capital projects fund is used for revenue and expenditures relating to the construction of a new north side library as well as the reconfiguration of existing libraries.

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

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

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 Funds: Are custodial in nature (assets equal liabilities) and do not involve measurement of 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.

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

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

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

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

Unamortized bond issue costs: Bond issue costs are capitalized and 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.

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.