City of Pekin

REGULAR COUNCIL MEETING MONDAY, JANUARY 14, 2013
5:30 P.M.

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1.0 CALL TO ORDER		
2.0 PLEDGE OF ALLEGIANCE *Mayor Laurie Barra*		
3.0 ROLL CALL *Clerk to Call the Roll*		
4.0 APPROVAL OF AGENDA ***ACTION:*** *Motion to approve the meeting agenda.* ***VOTE REQUIRED***		
5.0 APPROVAL OF MINUTES ***ACTION:*** *Motion to approve minutes of the Regular Council Meeting of December 10, 2012 and the Special Council Meeting of December 17, 2012.* ***VOTE REQUIRED***		
6.0 PUBLIC INPUT ON AGENDA ITEMS *Speakers to state name, address, and spell last name. Speakers will be given 5 minutes to address the Council. Questions unrelated to agenda items are accepted during "Public Questions" near the end of the meeting.*		
7.0 CONSENT AGENDA		
7.1 Receive and File Monthly Reports: Police Department August, September October, November, December Reports; Liquor Commission December 6, 2012 Minutes; and Traffic Safety Committee December 7, 2012 Minutes.		
7.2 Proclamation: Dr. Martin Luther King Jr. Day January 21, 2013.		
7.3 Receive and File Zoning Board of Appeals Minutes dated December 12, 2012.		
7.4 Receive and File Annual Financial Statements Year Ended April 30, 2012 prepared by Willock Warning & Co., P.C.		
ACTION: *Motion to approve all items listed on the Consent Agenda by Omnibus Vote.* ***VOTE REQUIRED TO APPROVE CONSENT AGENDA***		
8.0 COMMUNICATIONS, PETITIONS, REPORTS **8.1** Presentation of Annual Audit James Warning		

9.0 NEW BUSINESS		
9.1 March Madness Experience Contribution **DESCRIPTION:** Recommendation of the Tourism Committee to contribute $5,000.00 as regional sponsor for the IHSA Boy's State Basketball Tournament. **ACTION:** Motion to approve Tourism Funds in the amount not to exceed $5000.00. **VOTE REQUIRED**	LM	4
9.2 Addendum to Electric Supply Agreement **DESCRIPTION:** Authorization for the City Manager to negotiate a modification for a 2 year extension until December 31, 2015 to the current electric power agreement with Noble Americas energy Solutions, LLC. **ACTION:** Motion to authorize the execution of the addendum. **VOTE REQUIRED**	DG	5
10.0 ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL **10.1** Council Members **10.2** Staff **10.3** Five Minute Public Questions **10.4** Press Time		
11.0 EXECUTIVE SESSION 65 ILCS 120/2 (c) 5. Purchase of Real Estate		
12.0 ADJOURN **No Vote Required**		

Column 1 Key:

DG Asst City Manager Darin Girdler JW Auditor James Warning
LM Tourism Coordinator Leigh Ann Matthews

Column 2 Key:

1 **A Prosperous Community.** To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
2 **A Safe Community.** To protect community life and property by providing effective, principled police and fire services.
3 **A Strong Foundation.** To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
4 **A High Quality of Life.** To support or provide services that improve the quality of life for Pekin's residents.
5 **An Effective Government.** To deliver effectively the services that Pekin's residents want, need, and are willing to support.

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**PROCEEDINGS OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, DECEMBER 10, 2012 AT 5:30 O'CLOCK P.M.
LAURIE L. BARRA, MAYOR PRESIDING**

PRESENT: COUNCIL MEMBERS, ABEL, SCHMIDGALL, HENDRICKS, BLANCHARD, MCCABE, MASSAGLIA, AND BARRA

ABSENT: NONE

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The **Pledge of Allegiance** was led by Mayor Laurie Barra.

Mayor Barra welcomed Council Member Massaglia back to City Hall following his illness.

Roll was called and all Council Members were physically present. A quorum was present.

AGENDA

Motion by Council Member McCabe, seconded by Council Member Blanchard that the agenda be approved as presented. On roll call vote, all present voted Aye.

MINUTES

Motion by Council Member McCabe, seconded by Council Member Hendricks, that the **minutes of the Regular City Council Meeting of November 26, 2012, be approved as written.** On roll call vote, all present voted Aye.

PUBLIC INPUT ON AGENDA ITEMS

Jim Costello, 9708 Windermere, representing Midwest Fiber addressed the Council and asked for their support in awarding the Recyclable Materials project to the company. He stated Midwest Fiber accepted a wider range of materials than Midland Davis proposal.

Martin Davis, representing Midland Davis, 14379 IL Rt 9, thanked the Council for consideration of the company proposal. He felt a contract with Midland Davis would pay the City a consistent amount that could be budgeted for 3 years.

CONSENT AGENDA

Motion by Council Member McCabe, seconded by Council Member Abel, that the **CONSENT AGENDA be approved as presented.** Mayor Barra presented the following for consideration of the Consent Agenda items by Omnibus Vote.

7.1 Receive and File Monthly Reports: Lake Arlann Drainage District Minutes of November 28, 2012.
7.2 Proclamation: "Drunk and Drugged Driving (3D) Prevention Month" December 2012.
7.3 Receive and File Pekin Public Library Fund Financial Statements April 30, 2012 prepared by Willock Warning & Co.,P.C.
7.4 Scheduled Council Meeting Dates Set for 2013

On roll call vote all present voted Aye.

COMMUNICATIONS, PETITIONS, REPORTS

Mayor Barra gave special **RECOGNITION OF A.J. SALMON,** recipient of the National Philanthropy Day award for his efforts in raising $8,000 for St. Jude Children's Research Hospital. The 12 year old told the Council that the death of his friend Lexi to cancer in 2004 was his motivation to design and sell t-shirts.

City Treasurer James Wolf **PRESENTED A 6 MONTH CITY FINANCIAL REPORT.** He distributed the following reports: Revenues Over Expenses, Major Revenue Sources, and Investment Earnings. Highlighted areas of concern were addressed, major difference from previous year were compared, and explanations of the numbers were given to Council during the presentation. Wolf advised the Council that the State was getting more consistent in payments from taxes.

NEW BUSINESS
Motion by Council Member Massaglia, seconded by Council Member Abel that **COUNCIL AUTHORIZE THE CITY OF PEKIN TO ENTER INTO AN AGREEMENT WITH EAST COURT VILLAGE, LLC IN THE AMOUNT OF $2,000,000.00.** Assistant City Manager Darin Girdler informed the Council that Cullinan Companies, LLC requested a loan as part of a pass through to Bergner's and part for capital upgrades to the overall East Court Village shopping center. He recommended the project as an investment for the City of Pekin as well as an inducement for Bergners to upgrade the retail facility. Improvements to the interior of the department store had been a request of the community for some time. Modifications to be completed by November 2013. Mr. Girdler advised $1.2 million of the amount to be amortized was over 10 years, and the $800,000 balanced over 20 years. The City would borrow funds at approximately 2% and loan them at 4% giving the City a net gain of over $325,000. The investment would be guaranteed both corporately and personally.

Diane Cullinan Oberhelman addressed the Council's questions and concerns. She felt enhancing the shopping center would assure a continued and increased sales revenue stream to the City budget. The extended Bergners lease and presence in Pekin through 2022 would send message of commitment to other potential retailers.

Council Member Blanchard spoke in non-support of lending money to the project as it was structured. Council Member McCabe also questioned why Cullinan did not seek a loan from local bankers. He stated that in his recent research that because of the risk factor, cities should not be getting into trying to prevent empty store fronts.

Motion by Council Member Blanchard, seconded by Council Member McCabe to table the authorization. On roll call vote, Ayes, Blanchard and McCabe; Nays, Abel, Schmidgall, Hendricks, Massaglia, and Barra. Motion Failed. Discussion continued. Diane Cullinan-Oberhelman stated time was of the essence and to delay would send wrong message to developers.

Council Member Abel called the question. Motion by Council Member Schmidgall, seconded by Council Member McCabe to close discussion. On roll call vote, Ayes, Abel, Schmidgall, Massaglia, and Barra; Nays, Blanchard, McCabe, and Hendricks. Motion Carried.

Mayor Barra asked for the vote on the motion to authorize the City to enter into an agreement. On roll call vote, Ayes, Abel, Schmidgall, Hendricks, Massaglia, and Barra; Nays Blanchard and McCabe. Motion Carried.

Motion by Council Member Massaglia, seconded by Council Member McCabe that the **PROPOSAL FOR RECYCLABLE MATERIALS BE ACCEPTED AND THE CONTRACT BE AWARDED TO MIDLAND DAVIS.** Proposal for the project were received by Council at the meeting of November 26, 2012 but pending additional information, the agreement with Midwest Fiber, Inc. was removed from the agenda. City Manager Joseph Wuellner presented his recommendation of Midland Davis for the processing of the recyclable materials collected in the City. He recommended the guaranteed rate per ton for the first three years over the company based on market value only. The agreement also had provisions for an initial 5 year term with the option for two 1 year extensions. On roll call vote, all present voted Aye.

<u>ORDINANCE NO. 2675-12/13</u>
MAKING, LEVYING, AND ASSESSING MUNICIPAL TAXES FOR TH FISCAL YEAR FROM MAY 1, 2012 TO APRIL 30, 2013
THE LEVY ORDINANCE

Motion by Council Member Hendricks, seconded by Council Member Abel that **Ordinance No.2675-12/13 be adopted.** City Manager Joseph Wuellner presented to Council a proposed 2012 Levy Ordinance of $6,182,748.00, a 4.9% higher amount than the 2011 Levy. The estimated rate (based on estimated EAV) would be 1.45476. A 0% option was compared.

Motion by Council Member Schmidgall, seconded by Council Member Hendricks that the Levy be amended to the O% option numbers. Council Member McCabe questioned the motion of 100% opposite being out of order. It was Attorney Dancey's opinion that it was an appropriate amendment. On roll call vote, Ayes, Blanchard, Schmidgall, and Hendricks; Nays, Abel, McCabe, Massaglia, and Barra. Motion failed.

Motion by Council Member Blanchard, seconded by Council Member Hendricks that the Levy be amended to 1.7%. Council Member Blanchard supported the 1.7% increase as being more in line with the rate of inflation. Members debated the use of money to provide services needed; the increase to taxpayers not being a huge difference; money needed to rebuild reserves; revenues not covering personnel and pension costs; additional property tax being another burden. On roll call vote, Ayes, Blanchard, Abel, Schmidgall, and Hendricks; Nays, McCabe, Massaglia, and Barra. Motion Carried. Council Member McCabe objected to the motion being carried and stated from Robert's Rules that an amendment required a super majority vote.

Mayor Barra called for the vote on the original motion to adopt the Levy Ordinance at 4.9%. On roll call vote Ayes, Abel, McCabe, Massaglia, and Barra; Nays, Blanchard, Schmidgall, and Hendricks. Motion Carried.

Council Member Blanchard left the meeting at 7:25 p.m.

City Clerk Sue McMillan explained the language in the outstanding WWTP Bond Issue and the new Capital Projects Bond Issue through Bernardi Securities, Inc. provided for the levy of taxes to pay principal and interest amounts on the bonds. She stated that the two resolutions being presented were intended to authorize that taxes not be levied against taxable real property in the City of Pekin because there were sufficient funds to make those payments.

<u>RESOLUTION NO. 59-12/13</u>
ABATEMENT

Motion by Council Member Abel, seconded by Council Member Massaglia that Resolution No. 59-12/13, abatement of taxes Ordinance 2667-12/13 (Levy Ordinance No. 2673-12/13 General Obligation Bond Series 2012 $2,100,000 in the amount of $318,004.17 be adopted. On roll call vote Ayes, Abel, Schmidgall, McCabe, Hendricks, Massaglia, and Barra; Absent, Blanchard. Motion Carried.

<u>RESOLUTION NO. 60-12/13</u>
ABATEMENT

Motion by Council Member Abel, seconded by Council Member Massaglia that Resolution No. 60-12/13, abatement of taxes Ordinance No. 2625-10/11 Series 2010 $7,110,000 in the amount of $601,130.00 be adopted. On roll call vote Ayes, Abel, Schmidgall, McCabe, Hendricks, Massaglia, and Barra; Absent, Blanchard. Motion Carried.

Motion by Council Member Schmidgall, seconded by Council Member Massaglia that the **INTERGOVERNMENTAL AGREEMENT WITH TAZEWELL COUNTY FOR ANIMAL & RABIES CONTROL SERVICES in the amount of $45,046.00, be approved.** City Manager Joseph Wuellner requested approval of the contract for the County to pick up and properly disperse / disposal of lost or stray animals. He stated the County had the facilities and personnel to provide a service that the City was not equipped to do. On roll call vote Ayes, Abel, Schmidgall, McCabe, Hendricks, Massaglia, and Barra; Absent, Blanchard. Motion Carried

ORDINANCE NO. 2676-12/13
RENAMING STREET WITHIN THE CITY OF PEKIN, ILLINOIS,
FROM "PETRI LANE" EAST/WEST TO "HANNA DRIVE"

Motion by Council Member Schmidgall, seconded by Council Member Abel that Ordinance No. 2676-12/13 be adopted. Council was advised that the ordinance approves the street name change of the completed Petri Drive extension from South 5th Street to South 14th Street of Hanna Drive. Council questioned and were told that the three residents had been contacted and aware the new addresses would align with existing City block numbering. Council Member Abel asked from citizens request to install lighting at the 14th street access. On roll call vote Ayes, Abel, Schmidgall, McCabe, Hendricks, Massaglia, and Barra; Absent, Blanchard. Motion Carried.

SUPPLEMENTAL RESOLUTION NO. 47-12/13
RESOLUTION FOR MAINTENANCE OF STREETS AND HIGHWAYS

Motion by Council Member Massaglia, seconded by Council Member Schmidgall that Supplemental Resolution No.47-12/13 be adopted. City Engineer Mike Guerra informed the Council the additional Illinois Department of Transportation IDOT document was needed to supplement the original MFT appropriation passed July 23, 2012 in the amount of $27,392.33 for street seal coating that was not calculated for the Motor Fuel Tax Funds. On roll call vote Ayes, Abel, Schmidgall, McCabe, Hendricks, Massaglia, and Barra; Absent, Blanchard. Motion Carried.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Council Member Massaglia thanked those that sent him get well cards and encouragement.

Mayor Barra announced that the Council agreed to cancel the regular meeting of December 24, 2012. The next Council meeting would ne January 14, 2013.

Assistant City Manager Darin Girdler asked for Council's direction in continuing discussion for the disposal of city owned property, a two acre parcel proposed for multi-family dwellings. The Council was general in favor of continued discussions.

City Clerk Sue McMillan asked for Council's attention to the list of scheduled Council Meetings for 2013 that was received under Consent Agenda items.

Attorney Burt Dancey sent words of congratulations to his parents on their 68th wedding anniversary.

EXECUTIVE SESSION

No business to come before the Council.

No further business to come before the Council, motion by Council Member Massaglia, seconded by Council Member McCabe to adjourn. Unanimously approved by voice vote.

COUNCIL ADJOURNED AT 7:40P.M.

Sue E. McMillan
City Clerk

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PROCEEDINGS OF A SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, DECEMBER 17, 2012 AT 5:00 O'CLOCK P.M.
LAURIE L. BARRA, MAYOR PRESIDING

PRESENT: COUNCIL MEMBERS, ABEL, SCHMIDGALL, HENDRICKS, BLANCHARD, MCCABE, MASSAGLIA, AND BARRA

ABSENT: NONE

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Council set a special meeting to reconsider Ordinance No. 2575-12/13 An Ordinance Making, Levying and assessing Municipal Taxes in the City of Pekin. Notice was properly posted and Council received notice of the special meeting on Wednesday, December 12, 2012.

The **Pledge of Allegiance** was led by Mayor Laurie Barra.

Roll was called and all Council Members were physically present. A quorum was present.

AGENDA
Motion by Council Member Massaglia, seconded by Council Member Blanchard that the agenda be approved as presented. On roll call vote, all present voted Aye.

NEW BUSINESS
Mayor Barra advised that a motion was made at the December 10, 2012 meeting to amend the Levy Ordinance to 1.7% increase over the 2011 levy but a mistaken interpretation of Roberts Rules of Order as to a requirement of a super majority vote needed was upheld. The Levy Ordinance was then adopted but not filed with the County at the originally presented 4.9% increase. Mayor Barra questioned if there was interest to "rescind" Ordinance No. 2675 giving Council an opportunity to resolve the situation and confirm a vote on a new ordinance. (Clerk note: A "reconsidered" motion is in order only at the same meeting)

Motion by Council Member McCabe, seconded by Council Member Blanchard that Ordinance No. 2675-12/13 be rescinded.

ORDINANCE NO. 2675-12/13
MAKING, LEVYING, AND ASSESSING MUNICIPAL TAXES FOR TH FISCAL YEAR
FROM MAY 1, 2012 TO APRIL 30, 2013
THE LEVY ORDINANCE

On roll call vote, Ayes, Blanchard, Abel, Schmidgall, McCabe, Hendricks, Massaglia; Nay, Barra. Motion Carried.

Motion by Council Member Schmidgall, seconded by Council Member Blanchard that figures for

ORDINANCE NO. 2677-12/13
MAKING, LEVYING, AND ASSESSING MUNICIPAL TAXES FOR TH FISCAL YEAR
FROM MAY 1, 2012 TO APRIL 30, 2013
THE LEVY ORDINANCE

be 1.7% higher than the 2011 Levy. Discussion followed on the differential in revenues of 0%, 1.7%, 4.9% Option Figures that had been presented over the last two meetings. It was confirmed that the offered levied amount of $5,994,484.00 would translate into approximately $780,000 addition funds over last year to the General Fund. Council Member Schmidgall stated he would have preferred zero percent increase to taxpayers. Council Member Blanchard felt the smaller increase was a good compromise to the 4.9%. Mayor Barra supported the 4.9% increase stating reserves were being depleted and needed rebuilding. Assistant City Manager Darin Girdler advised Council that revenues are needed for stormwater and solid waste departments which are not self sufficient.

On roll call vote, Ayes, Blanchard, Schmidgall, McCabe, Hendricks, and Massaglia; Nays, Abel and Barra. Motion Carried.

Council Member McCabe supported following Roberts Rules of Order as adopted by Council and its connection to his objections at the last meeting.

No further business to come before the Council, Mayor Barra adjourned the meeting. Unanimously approved by voice vote.

COUNCIL ADJOURNED AT 5:15 P.M.

Sue E. McMillan
City Clerk

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR July 2012

	July 2011	June 2012	July 2012
TRAFFIC TICKETS	257	370	364
WARNING TICKETS	196	146	137
OFFENSES	489	469	495
ARRESTS	165	403	323
PARKING TICKETS	168	163	158
STOPS	1145	867	928

CITY ORDINANCE TICKETS FOR July 2012

NUMBER OF TICKETS WRITTEN 146
NUMBER OF TICKETS PAID OVER THE COUNTER 60
FINES COLLECTED OVER THE COUNTER $10,000

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR AUGUST 2012

	AUGUST 2011	JULY 2012	AUGUST 2012
TRAFFIC TICKETS	274	364	415
WARNING TICKETS	226	137	98
OFFENSES	510	495	546
ARRESTS	265	323	342
PARKING TICKETS	329	158	164
STOPS	1249	928	916

CITY ORDINANCE TICKETS FOR AUGUST 2012

NUMBER OF TICKETS WRITTEN 135
NUMBER OF TICKETS PAID OVER THE COUNTER 58
FINES COLLECTED OVER THE COUNTER $9,650

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR SEPTEMBER 2012

	SEPTEMBER 2011	AUGUST 2012	SEPTEMBER 2012
TRAFFIC TICKETS	226	415	257
WARNING TICKETS	158	98	101
OFFENSES	382	546	458
ARRESTS	222	342	284
PARKING TICKETS	227	164	129
STOPS	1061	913	887

CITY ORDINANCE TICKETS FOR SEPTEMBER 2012

NUMBER OF TICKETS WRITTEN 99
NUMBER OF TICKETS PAID OVER THE COUNTER 23
FINES COLLECTED OVER THE COUNTER $4,475

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR OCTOBER 2012

	OCTOBER 2011	SEPTEMBER 2012	OCTOBER 2012
TRAFFIC TICKETS	251	257	291
WARNING TICKETS	115	101	118
OFFENSES	375	458	453
ARRESTS	193	284	235
PARKING TICKETS	232	129	186
STOPS	973	887	1048

CITY ORDINANCE TICKETS FOR OCTOBER 2012

NUMBER OF TICKETS WRITTEN 101
NUMBER OF TICKETS PAID OVER THE COUNTER 34
FINES COLLECTED OVER THE COUNTER $7,950

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR NOVEMBER 2012

	NOVEMBER 2011	OCTOBER 2012	NOVEMBER 2012
TRAFFIC TICKETS	232	291	284
WARNING TICKETS	104	118	146
OFFENSES	383	453	460
ARRESTS	147	235	270
PARKING TICKETS	168	186	102
STOPS	922	1048	1167

CITY ORDINANCE TICKETS FOR NOVEMBER 2012

NUMBER OF TICKETS WRITTEN 88
NUMBER OF TICKETS PAID OVER THE COUNTER 29
FINES COLLECTED OVER THE COUNTER $4825.00

PEKIN POLICE DEPARTMENT
END OF MONTH REPORT FOR DECEMBER 2012

	DECEMBER 2011	NOVEMBER 2012	DECEMBER 2012
TRAFFIC TICKETS	229	284	259
WARNING TICKETS	133	146	136
OFFENSES	349	460	408
ARRESTS	195	281	207
PARKING TICKETS	139	102	109
STOPS	949	1167	947

CITY ORDINANCE TICKETS FOR DECEMBER 2012

NUMBER OF TICKETS WRITTEN 49

NUMBER OF TICKETS PAID OVER THE COUNTER 16

FINES COLLECTED OVER THE COUNTER $4,000

SPECIAL LIQUOR COMMISSION MINUTES
THURSDAY, DECEMBER 6, 2012
4:00 P.M.
CITY HALL COUNCIL CHAMBERS

Deputy Liquor Commissioner Rick VonRohr called the meeting to order at 4:05 p.m.

PLEDGE of ALLEGIANCE was led by Liquor Commission Member Dale Vonderheide

ROLL CALL
The following members were present for roll call: Liquor Commissioner Laurie Barra, Deputy Liquor Commissioner Rick VonRohr, Police Deputy Chief Jim Kaminski, Fire Chief Kurt Nelson, Commission Member Buster Hanley and Commission Member Dale Vonderheide

Absent: Police Chief Greg Nelson

Also present: Attorney Sue Bosich – Corporation Counsel

APPROVAL OF AGENDA
Motion made by Liquor Commissioner Barra to approve the Agenda, seconded by Fire Chief Nelson. On roll call vote all present voted Aye. Motion carried.

APPROVAL OF MINUTES
Motion made by Fire Chief Nelson to approve the November 1, 2012 Minutes, seconded by Liquor Commissioner Barra. On roll call vote all present voted Aye. Motion carried.

PUBLIC INPUT/COMMENTS/QUESTIONS
There were no comments or questions heard.

NEW BUSINESS

Blackhawk Restaurant Group, LLC Series CCPekin, dba Betty's Bistro – 2115B Court Street.
The name has been changed to: **Emma's Eatery**

Motion made by Commission Member Hanley, seconded by Commission Member Vonderheide to approve the Blackhawk Restaurant Group, LLC Series CCPekin, dba Emma's Eatery for a liquor license contingent upon final inspection by the Inspections Department, Police Department and Fire Department with a 6 month opening constraint. On roll call vote all present voted Aye. Motion carried.

Discussion: Michael Thiessen with Blackhawk Rest. Group, LLC stated they hope to open within 4 months.

New Beer Garden – Shelie Dee, Inc. dba Friends Tap – 200 Derby Street – Shelie Dee
Motion made by Commission Member Vonderheide, seconded by Commission Member Hanley to approve the Shelie Dee, Inc. dba Friends Tap for a Beer Garden upon final inspection by the Inspections Department, Police Department and Fire Department. On roll call vote all present voted Aye. Motion carried.

2% Food and Beverage Tax
Discussion: Commission members asked if the 2% letters to all businesses has gone out? They went out on Friday, December 7th. Liquor Licenses that are delinquent are The Cantina/Robert Shults, High Octane Saloon/Jeff Nizzia; which are both out of business and Ol Dad's Place/Jeff Nizzia. Asked that a certified letter be sent to Ol Dad's Place/Jeff Nizzia informing them of their 2% Food and Beverage late returns. Linda Ritchason, Administration sent this letter out certified on Friday, December 7, 2012.

ANY OTHER BUSINESS

Roadhouse Bar and Grill has not come in to make payment on their fines and court/hearing costs.
Commission Member Vonderheide asked again about the Insurance being due when our fiscal year starts.
Asked that letters on Insurance go out with the Renewal Application Packets. Asked how these are monitored.
Paula has an Excel File and informs Deputy Liquor Commissioner VonRohr of all lapsed insurance in our files.

Meeting adjourned 4:40P.M.

Next Meeting will be Thursday, January 24, 2013 at 4:00 P.M.

Respectfully submitted
Paula Gensel

CITY OF PEKIN TRAFFIC SAFETY COMMITTEE MINUTES
DECEMBER 7, 2012 @ 8:30 a.m.
CITY HALL CONFERENCE ROOM

PRESENT: Greg Nelson, Joe Wuellner, Kurt Nelson, Tim Gillespie, Bob Shaw, Mike Guerra, Will Taylor. Also present: Bill Scarcliff, Lee Ann Wrhel.

Joe made a motion to approve the meeting agenda. Will seconded. All in favor.

Tim made a motion to approve the minutes of the November 2, 2012 meeting. Kurt seconded. All in favor.

Steve Heisel, 2111 Mariana Drive, heisel1@comcast.net, attended the meeting to voice his concerns with vehicles parked on streets (he particularly mentioned areas in Sunset Hills subdivision). He feels that a 2:00 a.m. to 5:00 a.m. citywide parking ban would force people to find somewhere else to park. Streets are made for travel, not parking.

Greg informed him that the committee is currently looking at the narrow street issue and overall street parking in the city. One of the things that needs to be addressed, prior to making a recommendation, is how to accommodate for exceptions.

Old Business:

1. *Citywide Review of Narrow Street Parking Restrictions*
   Greg reported that there were some responses from council members to the email he sent out to them asking for input on this subject. After a discussion of ideas, Joe made a motion for the committee to first focus on language to ban vehicles from parking on streets overnight and developing criteria for a permit process for those households with no access to off-street parking. Mike seconded the motion. All in favor. Mike will research criteria for a permit process. This will be discussed further at the next meeting.

2. *No Parking Request 1836 Vienna Ct.*
   Greg contacted the Postmaster regarding their regulations on ingress and egress. Restricting parking 15 feet on either side of mailboxes would work best for mail delivery access. This will be further researched and discussed again at the next meeting.

New Business:

1. *"No Parking Here to Corner" sign request Veerman @ Willow*
   Joe made a motion to make a recommendation to City Council for "No Parking Here to Corner" on Veerman at Willow. Kurt seconded the motion. All in favor.

2. *"No Parking" sign request – Starcevich Ct.*
   With vehicles parked on both sides of this street, it is impossible for solid waste trucks to have access for garbage pick up. Joe made a motion to

make a recommendation to City Council for no parking on the north side of Starcevich Ct. from S. 6th St. to the cul-de-sac. Will seconded the motion. All in favor.

3. *4-Way Stop Sign request – Matilda & N. 5th St.*
   This is an enforcement issue. Will made a motion to leave this area as is at this time. Bill seconded the motion. All in favor.

4. *Thru traffic – East Court Village*
   The citizen who called in this request did not provide any details of his concern and did not attend the meeting. Therefore, this item was passed.

5. *Turn signal timing – Park Ave. @ 14th street*
   The citizen who called in this request did not provide any details of his concern and did not attend the meeting. Therefore, this item was passed.

6. *Speed Bump Request – Market Street*
   This is an enforcement issue. Will made a motion leave the area as is at this time. Joe seconded the motion. All in favor.

7. *Crosswalk Request – Grace Baptist Church*
   Pastor Justus had met with Greg regarding this request. The church has a growing congregation and very limited parking. They have purchased the lot next to their property, however, it will only add 8 parking spaces. They have permission to park in the 14th Street Hardware lot and another lot across 14th Street from the church. They are asking for a painted crosswalk on Derby at Black and at the intersection of Derby and 14th Street. The crosswalk request at Derby and Black will not be granted. Joe made a motion for a crosswalk to be painted at the intersection of Derby and 14th Street in the spring when the street department will be painting crosswalks again. Will seconded the motion. All in favor.

Around the Table
Bill brought a request from the bus department for "No Parking Here to Corner" on Haynes at St. Joseph Ct. It is very difficult for busses to maneuver in that location when vehicles are parked too close to the corner. This will be addressed at the next meeting.

Kurt asked about the "No Turn on Red" sign on 10th Street for vehicles turning east onto Court Street. The sign is in place due to the visibility issue with the wall in front of the CVS parking lot.

Mike stated that a street light will be installed at the intersection of Hanna and S. 14th Street. The name will officially change from Petri Lane to Hanna Drive on December 10, 2012. In the future, consideration will be given to installation of lights at the curves in the road.

Respectfully Submitted,
Lee Ann Wrhel

NEXT REGULAR MEETING JANUARY 4, 2013 @ 8:30 A.M.

WHEREAS, Dr. Martin Luther King, Jr. devoted his life to the advancement of civil rights and public service; and

WHEREAS, citizens of Illinois and across the country honor Dr. King's legacy each year in January; and

WHEREAS, Dr. King recognized that everybody can be great because everybody can serve, and, during his lifetime, encouraged all Americans to serve their neighbors and their communities; and

WHEREAS, Martin Luther King Day focuses on bringing people together and breaking down the barriers that have divided us as a nation; and

WHEREAS, thousands of Illinois residents will commemorate the significance of Martin Luther King Day by performing community service that benefits communities and neighborhoods, and provides a fitting memorial to the life of Dr. Martin Luther King, Jr.

NOW, THEREFORE, BE IT RESOLVED that I, LAURIE BARRA, Mayor, City of Pekin, Illinois, do hereby proclaim January 21st, 2013, as

"DR. MARTIN LUTHER KING JR. DAY"

in the City of Pekin, Tazewell County, Illinois, urge citizens to recognize it as a day of service throughout Illinois, as well as a day to honor this profound and influential civil rights leader.

ADOPTED, this 14th day of January, in the Year of Our Lord, Two Thousand and Thirteen.

____

Laurie Barra
Mayor

ATTEST:

____

SUE E. MCMILLAN
City Clerk

Pekin Zoning Board of Appeals
December 12, 2012

Present:	Absent:
Mary Lanane	David Moehring
Gary Sciortino	
John Kennedy, Chairman	
Bob Barra	
Kim Joesting	
Barry McGinnis	

Staff Present: Ron Sieh, Darin Girdler, Commissioner Cody Hendricks

John Kennedy, Chairman led the pledge of allegiance.

John Kennedy, Chairman called regular meeting of the Zoning Board of Appeals to order.

Roll call was taken and a quorum declared.

John Kennedy, Chairman asked for approval of the Agenda as presented.

MOTION by Gary Sciortino seconded by Bob Barra to approve the Agenda as presented. On roll call vote, all present voted **AYE**. **MOTION APPROVED.**

John Kennedy, Chairman asked for Approval of the November '2012 Meeting Minutes as presented.

MOTION by Bob Barra seconded by Mary Lanane to approve the November '2012 Minutes as presented. On roll call vote, all present voted **AYE. MOTION APPROVED.**

Correspondence: There were two responses out of 21 Letters regarding Hearing #1/ One without a problem and one with a problem concerning a building on an empty lot on Washington Street.

There were three responses out of 38 Letters regarding Hearing #2/ None of the residents had a problem with the request.

Hearing #1:

> **To allow Christine & John Neumann, Owners, the following variances: 836 square feet to allow for an outbuilding facing North on an empty lot with a 400 square foot covered porch facing South on same property and a Front Yard fence which exceeds the current code for allowable square footage covering a lot and Setback/Height requirements for a front yard fence as stated in the Zoning Code for R-4 (Single Family Residential) located on Empty Lot aka 711 Washington Street.**

John Neumann was present and stated his case. Explained that the garage will be designed similar to the current carriage house but will be shorter in height. It will sit back on the 105′ deep lot. Plans are to add landscaping to the front for aesthetic purposes. The fence is basically a 4′ wrought iron fence but some of the post especially in the gate areas are 5′ and 6′ high. The fence will also be carried over in front of his current home to create a uniform look.

MOTION by Gary Sciortino seconded by Barry McGinnis to **Approve** the variance for 836 square feet to allow for the garage with a covered porch facing South and for the 4′ front yard fence with varying heights from 5′-6′ in areas located on Empty Lot aka 711 Washington Street and carrying over to 709 Washington Street. On roll call vote, (5) Five present voted **AYE.** (1) One (Bob Barra) **ABSTAINED.**

Hearing #2:

To allow Perfect Choice Exteriors LLC, Dave Fuerges, Expediting Dept and Representative for Richard W Stewart, Owner, is requesting a variance of 17 feet on the Elm Street side of the home to allow for a steel roof to be placed over the existing concrete patio which exceeds the current requirements for a front yard setback as stated in the Zoning Code for R-4 (Single Family Residential) located at 1100 Mechanic Street.

Dave Fuerges was present and stated his case. Explained that the metal roof would have a 3′ separation from a transformer near to the property. The low point of the roof would be 8′ and the high point would be 10′.

Ron Sieh stated that a 4′ clearance is only required for wires over a roof.

MOTION by Bob Barra seconded by Gary Sciortino to **Approve** the variance of 17′ on the Elm Street side of the home to allow for the steel roof at 1100 Mechanic Street. On roll call vote, All present voted **AYE.**

MOTION by Gary Sciortino seconded by Mary Lanane to adjourn the meeting. On roll call vote, all present voted **AYE.**

Meeting Adjourned at 5:25PM

Juanita VanBuskirk, Secretary
Zoning Board of Appeals

CITY OF PEKIN, ILLINOIS

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2012

CITY OF PEKIN, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

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CITY OF PEKIN, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

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WILLOCK WARNING & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

23 OLT AVENUE
PEKIN, ILLINOIS 61554

TELEPHONE (309) 347-3152
FAX (309) 347-3153

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Pekin, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois as of and for the year ended April 30, 2012, 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 Pekin, Illinois, management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois, as of April 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated October 26, 2012, on our consideration of the City of Pekin, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pekin, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Willock Warning & Co, PC

Willock Warning & Co., P.C.
October 26, 2012

City of Pekin

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED APRIL 30, 2012

As management of the City of Pekin, Illinois, we offer readers of these financial statements this narrative overview and analysis of the City of Pekin's financial position and activity as of the fiscal year ending April 30, 2012. Please read in conjunction with the City's financial statements, which follow this section.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF FUND ACTIVITIES
In reviewing the financial statements of the City, everyone wants to know if the City as a whole is better off this year than last year as a result of our fiscal activities. The financial statements tell the story of the condition of the City as a whole. The auditors have compiled all assets and liabilities using the accrual basis of accounting, which is similar with the accounting used by most private-sector companies.

In this report you will see the City's net assets and changes within them. You can think of the City's net assets as the difference between assets and liabilities, or as one way to measure the City's financial health and financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will, however, need to consider other non-financial factors, such as changes in the City's property tax base, the City's overall economic conditions, and the conditions of the City's infrastructure, to most accurately assess the overall health of the City.

FINANCIAL HIGHLIGHTS
The assets of the City of Pekin exceeded its liabilities as of April 30, 2012 by $77,446,304. Of this amount, $11,973,111 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by $1,027,376 during the year ended April 30, 2012.

As of April 30, 2012, the City of Pekin's governmental funds reported combined ending fund balances of $19,905,771, a decrease of $566,996 from the prior year. Approximately 56 percent of this total amount, $11,115,313, represents unassigned fund balance.

As of April 30, 2012, unassigned fund balance for the General Fund was $11,115,313 or 45 percent of total General Fund expenditures.

The City of Pekin's total noncurrent liabilities increased by $4,148,509 during the year April 30, 2012. Noncurrent liabilities include general obligation bonds, loan payable to the Illinois EPA, and certain benefits for current and retired employees payable in the future.

OVERVIEW OF THE FINANCIAL STATEMENTS
This discussion and analysis is intended to serve as an introduction to the City of Pekin's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements:
The government-wide financial statements are designed to provide readers with a broad overview of the City of Pekin's finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguished functions of the City of Pekin that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Pekin include general government, economic development, public safety, public works and library services. The business-type activities of the City of Pekin include sewer, school bus and airport operations.

The government-wide financial statements include the City of Pekin and the Tazewell/Pekin Consolidated Communications Center (a discretely presented component unit). There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City.

Fund financial statements:
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pekin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City of Pekin maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Library Fund and TIF 1 Central Business District which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget on page 46 .

Proprietary funds:

The City of Pekin maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As of April 30, 2012, the City of Pekin maintained four enterprise funds. Internal service funds are used to report the same functions presented as governmental-type activities in the government-wide financial statements. The City maintains two internal service funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the various funds. Data from the four enterprise funds and data from the two internal service funds are each combined into two aggregated presentations respectively.

Fidicuiary funds:

Fidicuiary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Pekin's own programs. The fiduciary funds of the City are pension trust funds. Total net assets of the fiduciary funds was $42,166,073 as of April 30, 2012.

Notes to basic financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Pekin's progress in funding its obligation to provide pension benefits to its employees and the General Fund budgetary comparison.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the notes to basic financial statements and the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's total net assets have decreased from a year ago. The following chart reflects total net assets of $77,446,304 which represents a decrease of $1,027,376 from 2011.

Of the City of Pekin's net assets, as of April 30, 2012 and 2011, 75 percent and 62 percent reflects its investment in capital assets (e.g., land, construction-in-progress, land improvements, buildings and improvements, machinery and equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding for both years. The City of Pekin uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PEKIN'S STATEMENT OF NET ASSETS

	Governmental Activities April 30, 2012	Governmental Activities April 30, 2011	Business Type Activities April 30, 2012	Business Type Activities April 30, 2011	Total April 30, 2012	Total April 30, 2011
Current assets	$ 19,705,225	$ 21,586,007	$ 4,735,662	$ 7,541,509	$ 24,440,887	$ 29,127,516
Noncurrent assets	44,006,595	42,333,443	28,079,928	22,349,987	72,086,523	64,683,430
Total assets	63,711,820	63,919,450	32,815,590	29,891,496	96,527,410	93,810,946
Current liabilities	3,856,452	7,112,704	1,269,897	938,816	5,126,349	8,051,520
Noncurrent liabilities	5,205,913	2,515,498	8,748,844	6,825,000	13,954,757	9,340,498
Total liabilities	9,062,365	9,628,202	10,018,741	7,763,816	19,081,106	17,392,018
Net assets:						
Invested in capital assets, net of related debt	41,034,124	38,199,411	16,757,871	9,061,300	57,791,995	47,260,711
Restricted	7,681,198	8,757,088	-	3,715,474	7,681,198	12,472,562
Unrestricted	5,934,133	7,334,749	6,038,978	9,350,906	11,973,111	16,685,655
Total net assets	$ 54,649,455	$ 54,291,248	$ 22,796,849	$ 22,127,680	$ 77,446,304	$ 76,418,928

The restricted portion of the City's net assets (10 percent and 16 percent as of April 30, 2012 and 2011 respectively) represents resources that are subject to internal, external, or legal restrictions on how they may be used. The remaining balance of unrestricted net assets, $11,973,111 for 2012 and $16,685,655 for 2011 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Pekin is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The City's total net assets increased by $1,027,376 during the year ended April 30, 2012 compared to an increase of $842,059 during the year ended April 30, 2011. The governmental-type activities net assets increased by $358,207 in 2012 and decreased by $1,791,747 in 2011. The total business-type activities net assets increased by $669,169 in 2012 and $937,010 in 2011.

This second chart highlights the City's revenues and expenses for the years ended April 30, 2012 and 2011. This chart utilizes the full accrual method of accounting.

Revenue is divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

CITY OF PEKIN'S STATEMENT OF ACTIVITIES

	Governmental Activities April 30, 2012	Governmental Activities April 30, 2011	Business Type Activities April 30, 2012	Business Type Activities April 30, 2011	Total April 30, 2012	Total April 30, 2011
Revenues:						
Program revenues:						
Charges for services	$ 1,655,220	$ 1,823,188	$ 6,481,625	$ 5,904,847	$ 8,136,845	$ 7,728,035
Operating grants and contributions	481,643	117,614	-	-	481,643	117,614
Capital grants and contributions	2,606,624	1,016,837	254,458	364,098	2,861,082	1,380,935
General revenues:						
Property taxes	6,448,882	6,285,849	-	-	6,448,882	6,285,849
Sales taxes	11,621,587	11,129,434	-	-	11,621,587	11,129,434
Other taxes	6,619,631	6,486,089	-	-	6,619,631	6,486,089
Franchise fees	410,255	497,548	-	-	410,255	497,548
Investment earnings	210,670	389,188	96,777	278,688	307,447	667,876
Miscellaneous	181,147	102,898	-	-	181,147	102,898
Transfers	178,396	147,247	(178,396)	(147,247)	-	-
Total revenues	30,414,055	27,995,892	6,654,464	6,400,386	37,068,519	34,396,278
Expenses:						
General government	2,730,631	2,405,411	-	-	2,730,631	2,405,411
Planning & development	565,691	129,962	-	-	565,691	129,962
Public safety	19,302,357	19,371,334	-	-	19,302,357	19,371,334
Public works/streets	5,913,726	5,690,280	-	-	5,913,726	5,690,280
Library services	1,412,934	1,228,752	-	-	1,412,934	1,228,752
Debt service interest	62,399	128,549	-	-	62,399	128,549
Sanitation	2,221,182	2,314,128	-	-	2,221,182	2,314,128
Tourism	104,016	141,268	-	-	104,016	141,268
Improvements/donations	343,099	290,086	-	-	343,099	290,086
School bus	-	-	2,844,329	2,497,708	2,844,329	2,497,708
Sewerage	-	-	2,699,659	2,682,568	2,699,659	2,682,568
Other	-	-	441,307	432,069	441,307	432,069
Total expenses	32,656,035	31,699,770	5,985,295	5,612,345	38,641,330	37,312,115
Increase (decrease) in net assets	$ (2,241,980)	$ (3,703,878)	$ 669,169	$ 788,041	$ (1,572,811)	$ (2,915,837)

The chart below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Simply put, net costs are costs that must be covered by local taxes or other general revenues or transfers.

GOVERNMENTAL ACTIVITIES

Programs	Total Cost of Services April 30, 2012	Net Cost of Services April 30, 2012	Total Cost of Services April 30, 2011	Net Cost of Services April 30, 2011
General government	$ 2,730,631	$ 2,557,395	$ 2,405,411	$ 2,336,638
Planning and development	565,691	(1,597,835)	129,962	26,205
Public safety	19,302,357	18,177,364	19,371,334	18,153,125
Public works/streets	5,913,726	5,228,786	5,690,280	4,712,814
Library	1,412,934	1,333,966	1,228,752	1,149,903
Debt service interest	62,399	62,399	128,549	128,549
Sanitation	2,221,182	2,146,456	2,314,128	2,246,384
Tourism	104,016	104,016	141,268	141,268
Improvements/donations	343,099	(99,999)	290,086	(152,755)
Total	$ 32,656,035	$ 27,912,548	$ 31,699,770	$ 28,742,131

Net cost of services is 85 percent of total cost of services for the year ended April 30, 2012 compared to 91 percent for the year ended April 30, 2011. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

The following chart shows a comparison of the revenues received during the years ending April 30, 2012 and 2011.

CITY OF PEKIN GOVERNMENTAL ACTIVITIES REVENUE COMPARISON

Revenues	April 30, 2012	April 30, 2011	Increase (Decrease)	Percent Change
Property tax	$ 6,448,882	$ 6,285,849	$ 163,033	2.59%
Corporate replacement tax	1,247,997	1,398,073	(150,076)	-10.73%
State income tax	2,888,651	2,620,092	268,559	10.25%
State sales/use tax	6,155,536	5,679,693	475,843	8.38%
Local sales tax	4,157,407	4,268,935	(111,528)	-2.61%
Local food/beverage/liquor tax	1,158,492	1,091,291	67,201	6.16%
Telecommunications tax	1,042,401	1,062,391	(19,990)	-1.88%
Motor fuel taxes	1,440,582	1,405,533	35,049	2.49%
Motel tax	150,152	89,515	60,637	67.74%
Franchise fees	410,255	497,548	(87,293)	-17.54%
Interest on investments	210,670	389,188	(178,518)	-45.87%
Miscellaneous	181,147	102,898	78,249	76.05%
Total	$ 25,492,172	$ 24,891,006	$ 601,166	2.42%

Total business-type activities operating revenue for the years ended April 30, 2012 and 2011 was $6,481,625 and $5,904,847 respectively. Business-type activities increased the City of Pekin's net assets by $669,169, accounting for 65 percent of the growth in the government's net assets in the year ended April 30, 2012 compared to $788,041 and 94 percent for the year ended April 30, 2011.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS
As noted earlier, the City of Pekin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of April 30, 2012, the City of Pekin's governmental funds reported combined ending fund balances of $19,905,771, a decrease of $391,486 from April 30, 2011. Approximately 56 percent of this total, $11,115,313 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is not available for new spending because it is dedicated for specific uses.

As of April 30, 2011, the City's governmental funds reported combined ending fund balances of $20,297,257, a decrease of $156,210 from April 30, 2010. Approximately 59 percent of this total amount, $12,070,113, constituted unassigned fund balance.

The General Fund is the chief operating fund of the City. The unassigned fund balance of the General Fund was $11,115,313 for 2012 and $12,070,113 for 2011. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to fund expenditure. For 2012, unassigned fund balance represents 45 percent of total General Fund expenditures. For 2011, unassigned fund balance represents 51 percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased $731,195 for 2012. The key factor in the decrease in 2012 was the accelerated payoff of several general obligation bonds during the year. The fund balance of the Library Fund increased by $19,868 in 2012. The fund balance of the TIF Central Business District Fund decreased by $306,573 in 2012. The fund balances for the Nonmajor Governmental Funds show increases amounting to $450,904 in 2012.

Proprietary funds:
The City of Pekin's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Unrestricted net assets of the Sewerage Fund, the largest fund in this category, were $2,006,010 as of April 30, 2012 and $5,148,187 as of April 30, 2011 amounting to a decrease in unrestricted net assets of $3,142,177. The unrestricted net assets for all other enterprise funds amounted to $4,032,968 as of April 30, 2012 compared to $4,202,719 as of April 30, 2011, a decrease of $169,751.

GENERAL FUND BUDGET FUND COMPARISON

Program	April 30, 2012	April 30, 2011	Increase (Decrease)	Percent Change
General government	$ 1,091,275	$ 978,260	$ 113,015	11.55%
Legal services	278,000	319,500	(41,500)	-12.99%
City clerk	171,309	114,840	56,469	49.17%
Finance/treasurer	286,159	251,187	34,972	13.92%
Personnel	98,749	141,288	(42,539)	-30.14%
Information technology	342,469	381,526	(39,057)	-10.24%
Streets	1,680,017	2,015,156	(335,139)	-16.63%
Police	8,328,250	8,066,514	261,736	3.24%
Fire	8,136,481	7,871,628	264,853	3.36%
Public works	221,972	274,371	(52,399)	-19.10%
Zoning and inspection	540,190	514,302	25,888	5.03%
Public land and buildings	757,920	730,370	27,550	3.77%
Sanitation	1,632,415	1,772,901	(140,486)	-7.92%
Total general fund budget	$ 23,565,206	$ 23,431,843	$ 133,363	0.57%

The above chart shows the difference in the general fund budget from the 2012 fiscal year and the 2011 fiscal year. As more fully explained in Schedule 5, pages 51 through 54, actual expenditures exceeded the budget by $1,085,927. April 30, 2011 actual expenditures were less than the budget by $214,748.

Capital Assets

The City of Pekin's investment in capital assets for its government and business-type activities as of April 30, 2012 and 2011 amounted to $67,140,839 and $56,481,308, respectively (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, land improvements, buildings, construction in progress, machinery and equipment, vehicles and library books. The total increase in capital assets for the year ended April 30, 2012 was 19 percent and for the year ended April 30, 2011 the increase was 6 percent.

Major capital expenditures during the year ended April 30, 2012 included:

- Wastewater Treatment Plant/Sewer System - Sewerage ($9,699,958)
- Construction in Progress - Sewerage ($99,725)
- Infrastructure - Veterans Drive/Petri Lane ($1,740,911)
- Machinery and Equipment - Library ($54,532), Fire ($25,302), Street ($41,500)
- Vehicles - Police ($128,947), Sanitation ($153,254), School Bus ($670,834)
- Buildings - Fire ($153,485), Library ($42,775)

During the year ended April 30, 2012, the construction in progress costs exceeded 5% of the total capital assets owned.

CITY OF PEKIN'S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
Land	$ 12,436,209	$ 12,368,365	$ 249,833	$ 249,833	$ 12,686,042	$ 12,618,248
Construction in progress	-	-	3,494,251	3,394,526	3,494,251	3,394,526
Total nondepreciable assets	12,436,209	12,368,365	3,744,084	3,644,359	16,180,293	16,012,774
Buildings	11,537,224	11,318,301	889,582	889,582	12,426,806	12,207,883
Infrastructure	20,730,641	19,049,239	-	-	20,730,641	19,049,239
Land improvements	-	-	909,359	770,604	909,359	770,604
Machinery & equipment	3,933,321	3,811,987	31,167,770	21,461,290	35,101,091	25,273,277
Vehicles	9,364,024	9,081,823	3,715,671	3,044,837	13,079,695	12,126,660
Library books	1,969,064	1,885,596	-	-	1,969,064	1,885,596
Total depreciable assets	47,534,274	45,146,946	36,682,382	26,166,313	84,216,656	71,313,259
Accumulated depreciation	(18,621,359)	(17,266,271)	(14,634,751)	(13,639,422)	(33,256,110)	(30,905,693)
Net depreciable assets	28,912,915	27,880,675	22,047,631	12,526,891	50,960,546	40,407,566
Total capital assets	$ 41,349,124	$ 40,249,040	$ 25,791,715	$ 16,171,300	$ 67,140,839	$ 56,420,340

Additional information on the City of Pekin's capital assets can be found in Note 3 of this report.

DEBT

The City of Pekin had long-term outstanding debt of $9,348,844 as of April 30, 2012. This debt is comprised of general obligation bonds and a loan from the State of Illinois EPA. For more details see Note 6 of this report.

CITY OF PEKIN LONG-TERM DEBT

	Balance April 30, 2011	Additions	Retirements	Balance April 30,2012
Governmental Activities:				
General obligation bonds	$ 9,220,597	$ -	$ (2,080,597)	$ 7,140,000
Illinois EPA	-	2,208,844	-	2,208,844
	$ 9,220,597	$ 2,208,844	$ (2,080,597)	$ 9,348,844

The City of Pekin maintains "AA-" rating from Standard and Poor's.
As a home rule entity under the Illinois Constitution, the City does not have a legal debt limit. Total outstanding debt is $280 per resident.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials continue to deal with matching limited resources and the requisite City services. The administration will be challenged to find opportunities to control expenses in this economic climate, and find even more efficient ways of delivering services to its constituents.

Assessed property values have declined $14 million from 2011 to 2012 which should place a higher tax burden on many City residents especially when combined with increases enacted by other taxing bodies.

Health care and personnel costs, which make up a significant portion of the City's operating costs, continue to rise. The addition of new employees has only resulted through attrition of existing employees. A significant portion of the City's workforce is covered by three unions whose contracts expire for the most part in April, 2014. Health insurance coverage is provided by one carrier with rates fixed through September, 2012.

The City's sewer system has been undergoing a prolonged major renovation. Phase 1 of the multi-year project is completed and was financed by a $7.1 million general obligation bond issued in September, 2010. Phase II which is spread out over the next three years is estimated to cost an additional $40 million. The borrowings to accomplish both phases of the improvements will be repaid from user fees. A Phase III is also in the planning stages.

Additional major construction projects that has begun is the extension of Veteran's Drive north from Broadway Road to Sheridan Drive. Following that project will be the much larger extension south from Court Street to Route 29 along with significant upgrades to Court Street. These projects will be largely funded by Federal and State grants and are expected to cost an estimated $35 million.

As with any year, a number of commercial activities have taken place. The most notable activities were the acquisition of the 28,875 square foot building and real estate located at 120 North Parkway Drive; the construction of the WheelWorx manufacturing facility in Riverway Business Park; and the completed exterior improvements to Bergner's and the proposed interior improvements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the City's finances and to show the City's accountability for the public dollars entrusted to it. If you have any questions about this report or need additional financial information, please contact the Finance Department, City of Pekin, 111 South Capitol Street, Pekin, Illinois 61554.

CITY OF PEKIN, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash	$ 8,949,454	$ 3,971,344	$ 12,920,798	$ 306,949
Investments	3,090,000	240,000	3,330,000	-
Receivables:				
Taxes	6,696,499	-	6,696,499	-
Accounts and other	385,960	458,307	844,267	-
Accrued interest	9,688	-	9,688	-
Inventories	379,556	66,011	445,567	-
Prepaid items	194,068	-	194,068	-
Total current assets	19,705,225	4,735,662	24,440,887	306,949
Noncurrent assets:				
Capital assets:				
Land and improvements	12,436,209	1,159,192	13,595,401	-
Construction in progress	-	3,494,251	3,494,251	-
Other capital assets, net of accumulated depreciation	28,912,915	21,138,272	50,051,187	133,667
Total capital assets, net of depreciation	41,349,124	25,791,715	67,140,839	133,667
Developer agreement receivable	752,960	-	752,960	-
Loans receivable	1,904,511	2,288,213	4,192,724	-
Total noncurrent assets	44,006,595	28,079,928	72,086,523	133,667
Total assets	$ 63,711,820	$ 32,815,590	$ 96,527,410	$ 440,616

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	$ 787,586	$ 929,815	$ 1,717,401	$ 14,317
Licenses and property escrow payable	7,348	-	7,348	-
Due to other funds	-	4,205	4,205	-
Accrued interest payable	2,757	50,877	53,634	-
Deferred revenue, property taxes	1,941,985	-	1,941,985	-
Deferred revenue, other	801,776	-	801,776	194,068
General obligation bonds	315,000	-	315,000	-
Current portion of long-term liabilities	-	285,000	285,000	-
Total current liabilities	3,856,452	1,269,897	5,126,349	208,385
Noncurrent liabilities:				
General obligation bonds	-	6,540,000	6,540,000	-
Loan payable	-	2,208,844	2,208,844	-
Compensated absences	2,570,243	-	2,570,243	-
Pension obligations	748,117	-	748,117	-
Post employment benefit obligations	1,887,553	-	1,887,553	-
Total noncurrent liabilities	5,205,913	8,748,844	13,954,757	-
Total liabilities	9,062,365	10,018,741	19,081,106	208,385
Net assets				
Invested in capital assets, net of related debt	41,034,124	16,757,871	57,791,995	133,667
Restricted for:				
Debt service	195,000	-	195,000	-
Public safety	194,068	-	194,068	-
Library	696,713	-	696,713	-
Tax increment financing district	2,917,192	-	2,917,192	-
Motor fuel tax projects	2,387,296	-	2,387,296	-
HUD development projects	1,290,929	-	1,290,929	-
Unrestricted	5,934,133	6,038,978	11,973,111	98,564
Total net assets	54,649,455	22,796,849	77,446,304	232,231
Total liabilities and net assets	$ 63,711,820	$ 32,815,590	$ 96,527,410	$ 440,616

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary Government								
Governmental activities:								
General government	$ 2,730,631	$ 173,236	$ -	$ -	$ (2,557,395)	$ -	$ (2,557,395)	$ -
Public safety	19,302,357	1,033,243	91,750	-	(18,177,364)	-	(18,177,364)	-
Public lands	1,207,333	169,929	125,700	-	(911,704)	-	(911,704)	-
Zoning	583,435	137,165	-	-	(446,270)	-	(446,270)	-
Public works	436,010	-	-	-	(436,010)	-	(436,010)	-
Streets	3,686,948	91,786	160,360	-	(3,434,802)	-	(3,434,802)	-
Sanitation	2,221,182	7,706	67,020	-	(2,146,456)	-	(2,146,456)	-
Planning and development	565,691	-	-	2,163,526	1,597,835	-	1,597,835	-
Library	1,412,934	42,155	36,813	-	(1,333,966)	-	(1,333,966)	-
Tourism	104,016	-	-	-	(104,016)	-	(104,016)	-
Residential and public improvements/donations	343,099	-	-	443,098	99,999	-	99,999	-
Interest on long-term debt	62,399	-	-	-	(62,399)	-	(62,399)	-
Total governmental activities (Note 3)	32,656,035	1,655,220	481,643	2,606,624	(27,912,548)	-	(27,912,548)	-
Business-type activities:								
School bus	2,844,329	3,363,786	-	-	-	519,457	519,457	-
Sewerage	2,699,659	2,808,732	-	223,734	-	332,807	332,807	-
Other	441,307	309,107	-	30,724	-	(101,476)	(101,476)	-
Total business-type activities	5,985,295	6,481,625	-	254,458	-	750,788	750,788	-
Total primary government	$ 38,641,330	$ 8,136,845	$ 481,643	$ 2,861,082	(27,912,548)	750,788	(27,161,760)	-
Component unit:								
TPCCC	$ 1,479,015	$ 1,498,532	$ -	$ 2,016				21,533
General revenues:								
Taxes:								
Property taxes					6,448,882	-	6,448,882	-
Income taxes					2,888,651	-	2,888,651	-
Sales taxes					11,621,587	-	11,621,587	-
Other taxes					3,730,980	-	3,730,980	-
Franchise fees					410,255	-	410,255	-
Investment earnings					220,358	96,777	317,135	2,149
Other					181,147	-	181,147	-
Transfers					178,396	(178,396)	-	-
Total general revenues and transfers					25,680,256	(81,619)	25,598,637	2,149
Changes in net assets					(2,232,292)	669,169	(1,563,123)	23,682
Net assets, beginning of year					54,291,248	22,127,680	76,418,928	208,549
Adjustment to net assets					2,590,499	-	2,590,499	-
Net assets, end of year					$ 54,649,455	$ 22,796,849	$ 77,446,304	$ 232,231

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

CITY OF PEKIN, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2012

	General Fund	Library Fund	TIF 1 Central Business District	Nonmajor Governmental Funds	Total
ASSETS					
Cash	$ 3,830,168	$ 717,653	$ 2,979,123	$ 2,738,714	$10,265,658
Investments	3,090,000	-	-	-	3,090,000
Due from other funds	3,469	2,300	4,490	2,800	13,059
Receivables:					
Property taxes	877,485	1,064,500	-	-	1,941,985
Accounts, fees, and other taxes	4,926,742	34,963	68,530	108,984	5,139,219
Loans	-	-	67,853	1,836,658	1,904,511
Developer agreement	260,000	-	-	492,960	752,960
Prepaid items	194,068	-	-	-	194,068
Total assets	$ 13,181,932	$1,819,416	$ 3,119,996	$ 5,180,116	$23,301,460
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	$ -	$ -	$ -	$ 43,506	$ 43,506
Accounts payable	279,626	29,316	4,335	112,651	425,928
Accrued wages	62,104	28,887	-	429	91,420
Due to other funds	77,172	-	3,469	3,085	83,726
Other liabilities	7,348	-	-	-	7,348
Deferred revenues	1,186,301	1,064,500	-	492,960	2,743,761
Total liabilities	1,612,551	1,122,703	7,804	652,631	3,395,689
Fund Balances:					
Nonspendable	454,068	-	67,853	123,077	644,998
Restricted	-	696,713	195,000	3,678,225	4,569,938
Committed	-	-	2,849,339	-	2,849,339
Assigned	-	-	-	726,183	726,183
Unassigned	11,115,313	-	-	-	11,115,313
Total fund balances	11,569,381	696,713	3,112,192	4,527,485	19,905,771
Total liabilities and fund balances	$ 13,181,932	$1,819,416	$ 3,119,996	$ 5,180,116	$23,301,460

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

CITY OF PEKIN, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2012

Total governmental fund balances	$ 19,905,771
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.	41,349,124
Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(1,166,330)
Accrued interest receivable is not a financial resource and, therefore, not reported in the funds	9,688
Liabilities, including bonds payable, are not payable in the current period and therefore are not reported in the funds:	
General obligation bonds payable	(315,000)
Compensated absences	(2,570,243)
Accrued interest payable	(2,757)
Pension obligations	(748,117)
Post employment benefit obligations	(1,887,553)
Differences between interfund borrowings involving fiduciary funds are not reported in the funds	74,872
Net assets of governmental activities	$ 54,649,455

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	General Fund	Library Fund	TIF 1 Central Business District	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	$ 21,203,999	$ 1,145,188	$1,050,082	$ 1,290,831	$ 24,690,100
Licenses and permits	227,653	-	-	-	227,653
Intergovernmental	284,470	36,813	-	2,766,984	3,088,267
Fees and charges for services	1,156,500	42,155	-	-	1,198,655
Fines and collections	509,842	-	-	-	509,842
Investment earnings	136,971	9,556	34,166	29,977	210,670
Reimbursements and restitutions	129,325	-	-	-	129,325
Other revenues	92,782	55,097	-	33,268	181,147
Total revenues	23,741,542	1,288,809	1,084,248	4,121,060	30,235,659
Expenditures:					
Current:					
General government/administrative	1,674,468	-	16,605	167,163	1,858,236
Public safety	16,115,989	-	-	-	16,115,989
Public lands and buildings	918,618	-	-	-	918,618
Zoning and inspection	505,918	-	-		505,918
Public works	363,238	-	-	-	363,238
Highways and streets	1,377,135	-	-	1,278,917	2,656,052
Sanitation	1,871,409	-	-	-	1,871,409
Planning and development	-	-	647,916	1,776,961	2,424,877
Library services	-	1,125,396	-	-	1,125,396
Tourism	-	-	-	104,016	104,016
Residential and public improvements/donations	-	-	-	343,099	343,099
Capital outlay	695,419	143,545	-	-	838,964
Debt service:					
Principal	1,096,465	-	699,132	-	1,795,597
Interest	32,474	-	27,168	-	59,642
Total expenditures	24,651,133	1,268,941	1,390,821	3,670,156	30,981,051
Excess (deficiency) of revenues over expenditures	(909,591)	19,868	(306,573)	450,904	(745,392)
Other finances sources:					
Transfers in	178,396	-	-	-	178,396
Net change in fund balances	(731,195)	19,868	(306,573)	450,904	(566,996)
Fund balances, beginning of year	12,300,576	676,845	3,418,765	4,076,581	20,472,767
Fund balances, end of year	$ 11,569,381	$ 696,713	$3,112,192	$ 4,527,485	$ 19,905,771

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

CITY OF PEKIN, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012

Net change in fund balances-governmental funds	$ (566,996)
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 ($2,573,496) exceeded depreciation ($1,558,286) in the current period.	1,015,210
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:	
Compensated absences	(2,570,243)
Post employment beneifts	(1,292,655)
The repayment of bond principal is a financing use in the governmental funds but reduces the long-term liabilities in the statement of net assets. Also, in the statement of activities, interest is accrued on outstanding bonds whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:	
Repayment of bond principal	1,795,597
Interest	(2,757)
Interest receivables related to governmental fund investments are reported in the statement of net assets at the time they are earned without regard to the date of receipt by the City.	9,688
Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The net loss of the internal service funds is reported with governmental activities.	(620,136)
Change in net assets of governmental activities	$ (2,232,292)

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2012

	Business-type Activities-Enterprise Funds				Governmental Activities
	School Bus Fund	Sewerage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$2,121,320	$ 2,402,413	$ -	$ 4,523,733	$ -
Investments	-	240,000	-	240,000	-
Accounts receivable	203,306	253,025	1,976	458,307	1,255
Fuel and parts inventory, at cost	-	-	66,011	66,011	379,556
Total current assets	2,324,626	2,895,438	67,987	5,288,051	380,811
Noncurrent assets:					
Loans receivable	-	-	2,288,213	2,288,213	-
Capital assets:					
Land and improvements	-	73,000	1,086,192	1,159,192	-
Buildings	95,306	-	794,276	889,582	-
Equipment	-	31,122,925	44,845	31,167,770	73,521
Vehicles	3,715,671	-	-	3,715,671	-
Construction in progress	-	3,494,251	-	3,494,251	
Less accumulated depreciation	(2,205,415)	(11,217,476)	(1,211,860)	(14,634,751)	(49,615)
Total capital assets (net of accumulated depreciation)	1,605,562	23,472,700	713,453	25,791,715	23,906
Total noncurrent assets	1,605,562	23,472,700	3,001,666	28,079,928	23,906
Total assets	$3,930,188	$ 26,368,138	$3,069,653	$ 33,367,979	$ 404,717
LIABILITIES AND NET ASSETS					
Current liabilities:					
Cash overdraft	$ -	$ -	$ 552,389	$ 552,389	$ 1,272,698
Accounts payable	78,418	835,476	2,873	916,767	268,079
Accrued wages	9,020	3,075	953	13,048	2,159
Due to other funds	-	-	4,205	4,205	-
Other liabilities	-	-	-	-	157,364
Accrued interest	-	50,877	-	50,877	-
General obligation bonds-current	-	285,000	-	285,000	-
Total current liabilities	87,438	1,174,428	560,420	1,822,286	1,700,300
Noncurrent liabilities:					
General obligation bonds	-	6,540,000	-	6,540,000	-
IEPA loan	-	2,208,844	-	2,208,844	-
Total noncurrent liabilities	-	8,748,844	-	8,748,844	-
Total liabilities	87,438	9,923,272	560,420	10,571,130	1,700,300
Net assets:					
Invested in capital assets, net of related debt	1,605,562	14,438,856	713,453	16,757,871	23,906
Unrestricted (deficit)	2,237,188	2,006,010	1,795,780	6,038,978	(1,319,489)
Total net assets	3,842,750	16,444,866	2,509,233	22,796,849	(1,295,583)
Total liabilities and net assets	$3,930,188	$ 26,368,138	$3,069,653	$ 33,367,979	$ 404,717

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Business-type Activities-Enterprise Funds				Governmental Activities
	School Bus Fund	Sewerage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues, charges for services	$ 3,363,786	$ 2,808,732	$ 309,107	$ 6,481,625	$ 5,575,742
Operating expenses:					
Personal services	1,697,675	519,074	188,719	2,405,468	508,333
Supplies	3,167	1,480	2,123	6,770	-
Cost of fuel and parts sold	-	-	-	-	851,067
Insurance claims and premiums paid	-	-	-	-	4,044,668
Other services and charges	900,596	1,244,691	224,781	2,370,068	787,811
Depreciation	242,891	726,754	25,684	995,329	6,155
Total operating expenses	2,844,329	2,491,999	441,307	5,777,635	6,198,034
Operating income (loss)	519,457	316,733	(132,200)	703,990	(622,292)
Nonoperating revenues (expenses):					
Grants	-	223,734	30,724	254,458	-
Investment earnings	18,833	73,275	4,669	96,777	2,156
Interest expense	-	(207,660)	-	(207,660)	-
Total nonoperating revenues	18,833	89,349	35,393	143,575	2,156
Income (loss) before transfers	538,290	406,082	(96,807)	847,565	(620,136)
Transfers out	(63,748)	(114,648)	-	(178,396)	-
Change in net assets	474,542	291,434	(96,807)	669,169	(620,136)
Total net assets, beginning of year	3,368,208	16,153,432	2,606,040	22,127,680	(675,447)
Total net assets, end of year	$ 3,842,750	$ 16,444,866	$ 2,509,233	$ 22,796,849	$ (1,295,583)

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Business-type Activities-Enterprise Funds				Governmental Activities
	School Bus Fund	Sewerage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Receipts from services	$ 3,807,647	$ 2,827,869	$ 437,426	$ 7,072,942	$ 5,580,343
Payments for personal services	(1,760,353)	(905,541)	(196,332)	(2,862,226)	(529,560)
Payments to vendors and suppliers	(825,697)	(541,565)	(239,945)	(1,607,207)	(5,784,232)
Net cash provided (used) by operating activities	1,221,597	1,380,763	1,149	2,603,509	(733,449)
Cash flows from noncapital financing activities:					
Grant receipts	-	223,734	30,724	254,458	-
Transfers to other funds	(63,748)	(114,648)	-	(178,396)	-
Net cash provided (used) by noncapital financing activities	(63,748)	109,086	30,724	76,062	-
Cash flows from capital related activities:					
Proceeds from capital debt issuance	-	2,208,844	-	2,208,844	-
Purchase and construction of capital assets	(670,834)	(9,799,683)	(145,227)	(10,615,744)	-
Principal paid on capital debt	-	(285,000)	-	(285,000)	-
Interest paid on capital debt	-	(207,824)	-	(207,824)	-
Net cash used by capital related activities	(670,834)	(8,083,663)	(145,227)	(8,899,724)	-
Cash flows from investing activities:					
Redemption of investments	-	240,267	-	240,267	-
Net loans repaid	-	-	175,000	175,000	-
Interest income	18,833	73,275	4,669	96,777	2,156
Net cash provided by investing activities	18,833	313,542	179,669	512,044	2,156
Net increase (decrease) in cash	505,848	(6,280,272)	66,315	(5,708,109)	(731,293)
Cash (overdraft) balance, beginning of year (including $3,715,474 reported in restricted accounts)	1,615,472	8,682,685	(618,704)	9,679,453	(541,405)
Cash (overdraft) balance, end of year	$ 2,121,320	$ 2,402,413	$ (552,389)	$ 3,971,344	$ (1,272,698)

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	School Bus Fund	Sewerage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 519,457	$ 316,733	$ (132,200)	$ 703,990	$ (622,292)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:					
Depreciation	242,891	726,754	25,684	995,329	6,155
Changes in assets and liabilities:					
Decrease in receivables	443,861	19,137	128,319	591,317	4,601
Increase in inventories	-	-	(18,372)	(18,372)	(285,472)
Increase in accounts payable	78,066	340,630	1,126	419,822	180,119
Decrease in accrued wages	(62,678)	(22,491)	(7,613)	(92,782)	(21,227)
Increase in other liabilities	-	-	-	-	4,667
Increase in due to other funds	-	-	4,205	4,205	-
Net cash provided (used) by operating activities	$ 1,221,597	$ 1,380,763	$ 1,149	$ 2,603,509	$ (733,449)

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
APRIL 30, 2012

	Pension Trust Funds	Accounts Payable/Payroll Imprest Agency Funds
ASSETS		
Cash	$ 26,810	$ 739,494
Investments, at market value:		
Money market accounts	719,094	-
Corporate obligations	707,067	-
U.S. Government and Agency obligations	15,074,513	-
Equity funds	3,112,179	-
Equity mutual funds	22,453,788	-
Due from other funds	116,566	-
Total assets	$ 42,210,017	$ 739,494
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 2,250	$ -
Payroll taxes	-	196,668
Due to other funds	41,694	-
Undistributed assets	-	542,826
Total liabilities	43,944	739,494
Net assets:		
Held in trust for pension benefits	42,166,073	-
Total liabilities and net assets	$ 42,210,017	$ 739,494

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Pension Trust Funds
ADDITIONS:	
Contributions:	
Employer	$ 3,685,942
Plan members	687,130
Total contributions	4,373,072
Investment income:	
Net realized gains on investment sales and net appreciation in fair market value of investments	368,555
Interest/dividends	1,255,733
Total investment income	1,624,288
Less investment expenses	(155,910)
Net investment income	1,468,378
Total additions	5,841,450
DEDUCTIONS:	
Benefits	4,666,852
Administrative expenses	71,007
Total deductions	4,737,859
Change in net assets	1,103,591
Net assets, beginning of year	41,062,482
Net assets, end of year	$ 42,166,073

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

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General Statement

The City of Pekin (the "City") is a municipal corporation governed by an elected mayor and six-member council. It operates under the City Manager form of government.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for governmental agencies through its pronouncements (Statements and Interpretations). Governmental agencies are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, 'Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments'. Some of the significant changes in the Statement include the following:

(1) The financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the City's activities.

(2) A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

B. Financial Reporting Entity

As required by accounting principles generally accepted in the United States, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A discreet component unit is reported in a separate column in the government-wide statements to emphasize it is legally separate from the City.

Discreet Component Unit-The Tazewell/Pekin Consolidated Communications Center (TPCCC) provides police and fire communication services to the City as well as Tazewell County and other communities within the county. The governing board includes the City's mayor and chief of police. The City provides the majority of funding and provides office space and accounting services to TPCCC. Complete financial statements for TPCCC may be obtained at it's administrative office.

NOTE 1 - continued

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). The focus is on both the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by fund type) and the component unit. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category that are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function or a business-type activity. 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 and (2) grants and contributions that are restricted to meeting the operation of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

NOTE 1 - continued

The City's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the City.

1. Governmental Funds
Governmental Funds are those through which most governmental functions typically are financed.

a. General Fund
The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

b. Special Revenue Fund
The Special Revenue Fund accounts for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Library Fund and the TIF 1 Central Business District Fund are major funds for reporting purposes.

c. Capital Projects Fund
The Capital Project Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

2. Proprietary Funds
Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the City has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for enterprise funds and business-type activities.

a. Enterprise Fund or Business Funds
The Enterprise Fund accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The School Bus Fund and the Sewerage Fund are considered major funds for reporting purposes.

NOTE 1 - continued

b. Internal Service Funds

The Internal Service Funds are used to finance and account for services and commodities provided by designated departments to other departments of the City. The following are the City's internal service funds:

Vehicle Maintenance Fund-To account for the costs of fuel, repairs, and maintenance of City-owned vehicles.

Employees Benefit Fund-To account for the premiums and medical claims of all covered City employees and their covered dependents.

3. Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. The Fiduciary Funds of the City are the Police and Fire Pension Trust Funds and the Payroll Imprest Agency Fund. For accounting measurement purposes, the Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. The Pension Trust Funds account for the assets of the City's pension plans. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are not included in the government-wide financial statements.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, all proprietary funds, and private purpose trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statements of net assets, statements of activities, financial statements of the Proprietary Funds and Fiduciary Funds (except for agency funds) are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Real and personal property taxes are recognized in the period for which levied, provided the City has an enforceable legal claim to the resources. Grants, shared revenues, and contributions are recognized when all eligibility requirements have been met.

NOTE 1 - continued

The fund financial statements of the General, Special Revenue, Capital Projects, and agency funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property taxes revenue and other local taxes, the term "available" is limited to collection within ninety days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

E. Capital Assets

Capital assets are recorded as expenditures of the General, Special Revenue, and Capital Project Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of $5,000 is met. GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective May 1, 2004. Infrastructure assets include roads, sidewalks, underground pipes, traffic lighting, etc. These infrastructure assets are the largest asset class of the City. Pursuant to GASB Statement No. 34, the City has reported infrastructure assets acquired or constructed since 1978. These assets have been recorded at historical cost at the date of acquisition or construction less accumulated depreciation.

Depreciation is recorded on general fixed assets on a governmental-wide basis using the straight-line method and the following estimated useful lives:

Buildings	50-years
Equipment and Furniture	5-20 years
Vehicles	5-10 years
Library Books	10-years
Streets and Sidewalks	50-years
Lighting	20-years

To the extent the City's capitalization threshold of $5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives in both the funds basis and the governmental-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-years
Land Improvements	20-years
Machinery and Equipment	7-15 years
Vehicles	5-10 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

NOTE 1 - continued

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

F. Inventory
The funds having material inventory are the Airport Fund (enterprise) with fuel and the Vehicle Maintenance Fund (internal service) with fuel and vehicle parts. Inventories of fuel and vehicle parts in these funds are valued at cost on a first-in, first-out basis which approximate market value. Inventory is recorded using the consumption method.

G. Compensated Absences
The City accrues compensated absences (vacation and sick leave benefits) when vested. The governmental funds' compensated absences liabilities are recorded as noncurrent liabilities in the government-wide financial statements and total $2,570,243.

H. Property Tax Revenue, Receivables, and Deferred Revenue
Property tax revenues are recorded on the "deferred method". Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the Tazewell County Treasurer, the property taxes are not "available" to finance current year expenditures. The 2011 tax levy adopted December 2011 is recorded as property taxes receivable and deferred tax revenue on the balance sheets of governmental type funds. Taxes for this levy are due in two installments-June 1 and September 1, 2012. Collections are distributed by the County Treasurer in July through November 2012. The lien date for uncollected taxes is January 1, 2013.

I. Capital Lease Obligations
As of April 30, 2012 the City was not a party to any capital lease arrangements.

J. Employees Benefits
The City has established an internal service fund to account for its medical self-insurance program. The purpose of this fund is to pay medical insurance claims of the City employees and their covered dependents. The private insurance carrier determines premium payments to be made by the City. Annual claims are paid from accumulated premium payments, and claims exceeding a fixed amount per employee are paid by a private insurance carrier.

K. Interfund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

NOTE 1 - continued

L. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested iin capital assets, net of related debt-consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
b. Restricted net assets-consists of net assets with constraints placed on the use either by (1) external grops such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net assets-all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance.

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

a. Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
b. Restricted - amounts that can be spent only for specific purposes because of the City Charter, City Code, State or Federal laws, or externally imposed conditions by grantors or creditors.
c. Committted - amounts that can be used only for specific purposes determined by formal action by City Council ordinance or resolution.
d. Assigned - amounts that are designated by a committee of the City Council for a particular purpose but are not spendable until there is a majority vote approved by the City Council.
e. Unassigned - all amounts not includable in other spendable classifications.

See Note 7 for the Governmental Fund Balance classifications.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal fund balance policy.

NOTE 2 - **DEPOSITS AND INVESTMENTS**

State statutes authorize the City to make deposits in interest bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of governmental securities, Illinois Funds Money Market Fund, and annuities.

As of April 30, 2012, the carrying amount of the City's deposits totaled $12,129,728 with the bank balances totaling $12,852,127. The insured and collateral status of the bank balances, by category of risk, were as follows:

Insured or collateralized with securities held by the City or its agent in the City's name	$ 12,852,127

The City's investments are categorized as follows to give an indication of the level of credit risk assumed by the City: (1) insured or registered, or the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name, and (3) uninsured and unregistered, with the securities held by the counterparty or its agent but not in the City's name.

As of April 30, 2012, the City's investments by category of risk were as follows:

	1	2	3	Fair Value
Corporate debt and equity	$ 29,003,034	$ -	$ -	$ 29,003,034
U.S. government securities	15,674,513	-	-	15,674,513
	$ 44,677,547	$ -	$ -	44,677,547
Investments not subject to categorization:				
Money Market Funds				719,094
Total				$ 45,396,641

GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The level of risk for the City's investments during the year did not vary substantially from those at year end.

NOTE 2 - continued

A reconciliation of cash, cash equivalents and investments as shown in the financial statements is as follows:

Cash	$ 14,871,239
Deposits with financial institutions	3,780,000
Investments	40,432,504
	$ 59,083,743

Government-wide financial statement of net assets:	
Cash and cash equivalents	$ 12,920,798
Investments	3,330,000
	$ 16,250,798

Statement of fiduciary net assets:	
Cash and cash equivalents	$ 766,304
Investments	42,066,641
	$ 42,832,945

NOTE 3 - **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended April 30, 2012:

	Balance April 30, 2011	Additions	Deletions	Balance April 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 12,368,365	$ 67,891	$ -	$ 12,436,256
Capital assets being depreciated:				
Buildings	11,318,301	218,923	-	11,537,224
Infrastructure	19,049,239	1,681,402	-	20,730,641
Machinery and equipment	3,811,987	121,334	-	3,933,321
Vehicles	9,081,823	282,201	-	9,364,024
Library books	1,885,596	83,468	-	1,969,064
Total capital assets being depreciated	45,146,946	2,387,328	-	47,534,274
Less accumulated depreciation for:				
Buildings	2,994,506	225,349	-	3,219,855
Infrastructure	3,228,424	506,188	-	3,734,612
Machinery and equipment	2,931,496	172,085	-	3,103,581
Vehicles	6,694,710	558,966	-	7,253,676
Library books	1,417,135	95,698	-	1,512,833
Total accumulated depreciation	17,266,271	1,558,286	-	18,824,557
Total capital assets being depreciated, net	27,880,675	829,042	-	28,709,717
Governmental activities capital assets, net	$ 40,249,040	$ 896,933	$ -	$ 41,145,973
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 249,883	$ -	$ -	$ 249,883
Construction in progress	3,394,526	99,725	-	3,494,251
Total capital assets not being depreciated	3,644,409	99,725	-	3,744,134
Capital assets being depreciated:				
Land improvements	770,604	138,755	-	909,359
Buildings	889,582	-	-	889,582
Machinery and equipment	21,461,290	9,706,480	-	31,167,770
Vehicles	3,044,837	670,834	-	3,715,671
Total capital assets being depreciated	26,166,313	10,516,069	-	36,682,382
Less accumulated depreciation for:				
Land improvements	752,228	12,915	-	765,143
Buildings	449,226	14,833	-	464,059
Machinery and equipment	10,435,841	719,278	-	11,155,119
Vehicles	2,002,127	248,303	-	2,250,430
Total accumulated depreciation	13,639,422	995,329	-	14,634,751
Total capital assets being depreciated, net	12,526,891	9,520,740	-	22,047,631
Business-type activities capital assets, net	$ 16,171,300	$ 9,620,465	$ -	$ 25,791,765

NOTE 3 - continued

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

Governmental Activities	
General government	$ 167,383
Public safety	392,628
Highways and streets	476,539
Sanitation	103,159
Public lands	234,056
Library services	169,455
Public works	8,488
Zoning	6,578
	$ 1,558,286
Business-Type Activities	
Sewerage	$ 726,754
School bus	242,891
Airport	25,684
	$ 995,329

NOTE 4 - **INDIVIDUAL FUND DISCLOSURES**

There were no deficit fund balances/net assets of individual funds as of April 30, 2012:

The excess of actual expenditures over final budget for year ended April 30, 2012 were:

General Fund (due principally to accelerated debt service payments)	$ 1,085,927
Library (due to capital outlay)	32,548
Tourism (due to public relations costs)	10,719

Interfund receivables/payables at April 30, 2012 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 3,469	$ 77,172
Library Fund	2,300	-
TIF/CBD Fund	4,490	3,469
Motor Fuel Tax Fund	2,800	-
Capital Projects Fund	-	3,085
Economic Development Fund	-	4,205
Police Pension Fund	33,202	41,694
Fire Pension Fund	83,364	-
	$ 129,625	$ 129,625

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

	Transfers In	Transfers Out
Governmental activities:		
General Fund	$ 178,396	$ -
Business-type activities:		
Sewerage Fund	-	114,648
School Bus Fund	-	63,748
Total	$ 178,396	$ 178,396

NOTE 5 - **LEASE COMMITMENTS**

Capital Leases:

The City was not obligated under any capital lease contracts as of April 30, 2012.

Operating Leases:

The City has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. For the reporting period, rent expenditures approximated $24,711. These expenditures were made from the following funds:

General Fund	$ 7,097
Sewerage Fund	4,823
School Bus Fund	50
Airport Fund	1,025
Component Unit	11,716
	$ 24,711

NOTE 6 - **LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended April 30, 2012:

	Balance April 30, 2011	Additions	Retirements	Balance April 30, 2012	Due Within One Year
Governmental activities:					
General Obligation Bonds:					
Series 2003	$ 230,000	$ -	$ (110,000)	$ 120,000	$ 120,000
Series 2004 Refunding	385,000	-	(190,000)	195,000	195,000
Series 2004	1,047,597	-	(1,047,597)	-	-
Series 2005	448,000	-	(448,000)	-	-
Business-type activities:					
General Obligation Bonds:					
Series 2010	7,110,000	-	(285,000)	6,825,000	285,000
Illinois EPA loan	-	2,208,844	-	2,208,844	-
	$ 9,220,597	$ 2,208,844	$ (2,080,597)	$ 9,348,844	$ 600,000

NOTE 6 - continued

A brief description of the above long-term debt obligations is as follows:

General Obligation Bonds:

Series 2003 Refunding - Used to refinance the outstanding bonds of the Series 1992 issue. Bonds are due December 18, 2012. Interest rate is 3.65 percent.	$ 120,000
Series 2004 Refunding - Used to refinance outstanding bonds of the Series 1993A issue. Bonds are due January 1, 2013. Interest rate is 3.65 percent.	195,000
Series 2010 - The City issued $7,110,000 in general obligation bonds on August 23, 2010 to pay for a portion of the construction costs to the wastewater treatment plant and improvements to the sanitary sewer system. Bonds are payable over an eighteen year period beginning in 2011. Annual principal payments range from $285,000 to $475,000. The interest rates range from 1.0% to 6.15%. The bonds qualify under Internal Revenue Code Section 54AA ("Qualified Build America Bonds") which provides for a 35% reduction in interest costs to the City.	6,825,000
	$ 7,140,000

Capital Loans-State of Illinois Water Pollution Control Loan Program

The City is authorized to borrow funds from the State of Illinois Water Pollution Control Loan Program Fund for the purpose of improving the City's sewerage system. The maximum approved amount to be borrowed is $40,616,000. As of April 30, 2012, $2,208,844 of the loans had been disbursed to the City for construction costs to the sewerage system. The length of repayment is twenty years beginning March, 2014. Interest rates range from 1.25 percent to 2.295 percent. Annual debt service costs, upon full implementation of capital costs and borrowed funds, are estimated to be $2,300,000.

Debt Service:

The annual debt service requirements to maturity, including principal and interest for the general obligation bonds as of April 30, 2012 are as follows:

Year Ending April 30,	Principal	Interest	Total
2013	$ 600,000	$ 217,006	$ 817,006
2014	290,000	202,235	492,235
2015	300,000	198,009	498,009
2016	300,000	192,891	492,891
2017	300,000	186,894	486,894
2018-2022	1,645,000	813,221	2,458,221
2023-2027	1,905,000	533,423	2,438,423
2028-2032	1,800,000	146,901	1,946,901
Total	$ 7,140,000	$ 2,490,580	$ 9,630,580

NOTE 7 - GOVERNMENTAL FUND BALANCES

The fund balances of the Governmental Funds, as shown on Statement 3, are comprised of the following:

	General Fund	Library Fund	TIF 1 Central Business District Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid items	$ 194,068	$ -	$ -	$ -	$ 194,068
Developer agreement receivable	260,000	-	-	-	260,000
Loans	-	-	67,853	-	67,853
Contractual obligations	-	-	-	123,077	123,077
Total nonspendable	454,068	-	67,853	123,077	644,998
Restricted:					
Library services	-	696,713	-	-	696,713
Bond obligations	-	-	195,000	-	195,000
Federal/State regulations	-	-	-	3,678,225	3,678,225
Total restricted	-	696,713	195,000	3,678,225	4,569,938
Committed:					
Redevelopment projects	-	-	2,849,339	-	2,849,339
Assigned:					
Special purposes	-	-	-	726,183	726,183
Unassigned	11,115,313	-	-	-	11,115,313
Total fund balance	$ 11,569,381	$ 696,713	$ 3,112,192	$ 4,527,485	$ 19,905,771

NOTE 8 - ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The City of Pekin's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy

As set by statute, the City's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 11.82 percent. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the

NOTE 8 - continued

IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost
For 2011, the City's annual pension cost was $544,169.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	$ 544,169	100%	$ -
12/31/2010	571,303	100%	-
12/31/2009	359,842	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.0 percent a year, attributable to inflation, c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3 percent annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The City's regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funding Status and Funding Progress
As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 47.69 percent funded. The actuarial accrued liability for benefits was $10,556,268 and the actuarial value of assets was $5,034,198, resulting in an underfunded actuarial accrued liability (UAAL) of $5,522,070. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was $4,603,800 and the ratio of the UAAL to the covered payroll was 120 percent.

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

NOTE 9 - **POLICE PENSION FUND**

The following information regarding the police pension fund is the most recent data available from actuarial reports dated April 30, 2012:

A. Plan Description:

All of the City's full-time police employees participate in the City of Pekin Police Pension Fund, (PPF) a single-employer, defined benefit pension plan. The payroll for employees covered by the PPF for the year ended April 30, 2012 was $3,433,325. Current membership in the PPF is comprised of the following:

	April 30, 2012
Retirees and beneficiaries currently receiving benefits	52
Terminated plan members entitled to but not yet receiving benefits	2
Active employees	53

Pension Benefits:

Employees age 50 or over who have at least 20 years of creditable service and are no longer in service as police officers are entitled to a pension of one-half of the salary attached to the rank held on the last day of service. The pension is increased by 2 percent of such salary for each additional year over 20 years of service through 30 years of service, and 1 percent of such salary for each additional year over 30 years of service, to a maximum of 75 percent of such salary

Disability Benefits:

If a covered employee, as a result of an act of duty, is found to be disabled for service in the policy department, the employee shall be granted a disability pension of 65 percent of the salary attached to the rank held at the date of suspension of duty. If the disability is the result of any cause other than an act of duty, the disability pension is 50 percent of salary.

Separation Benefits:

A covered employee who is separated from service having at least 8 years but less than 20 years of creditable service is entitled upon attainment of age 60 to a pension of 2.5 percent of the salary attached to the rank held on the last day of service for each year of creditable service.

B. Related Party Transactions

There were no securities of the City of Pekin or related parties included in the PPF's assets.

C. Funding Status

The present value of total pension obligations to be borne by the City of Pekin Police Pension Fund was:

Total present value of pension obligations	$	42,204,694
Accumulated assets		24,165,275
Unfunded liability		18,039,419

NOTE 9 - continued

The annual tax levy necessary to meet the annual requirements of the Police Pension Fund at April 30, 2012 was:

Normal costs based on the annual payroll of active participants at April 30, 2012	$ 516,255
Amount necessary to amortize the unfunded accrued liability of $18,039,419	752,727
Interest for one year	88,829
Total amount of tax levy necessary to arrive at the annual requirements of the fund	$ 1,357,811

SUMMARY OF ACTUARIAL INFORMATION

Funding method used-Projected Unit Credit
Amortization method used-30-year period, 90 percent amoritzation target
Interest rate assumption-7.0 percent
Mortality rate assumption-1971 Group Annuity
Decrement assumption other than mortality-Experience Tables
Salary progression assumption-5.5 percent
Status of social security in assumption-None

The attained age at the time of disability or retirement, sex, annual salary or pension, and completed years of service of each individual participant as of the date of the valuation balance sheet is used in calculating the liabilities of the fund.

NOTE 10 - **FIRE PENSION FUND**

The following information regarding the fire pension fund is the most recent data available from actuarial reports dated April 30, 2012:

A. Plan Description

All of the City's full-time employees participate in the City of Pekin Fire Pension Fund, (FPF) a single employer, defined benefit pension plan. The payroll for employees covered by the FPF for the year ended April 30, 2012 was $3,499,291. Current membership in the FPF is comprised of the following:

	April 30, 2011
Retirees and beneficiaries currently receiving benefits	65
Terminated plan members entitled to but not yet receiving benefits	4
Active employees	52

Pension Benefits:

Employees age 50 or over who have at least 20 years of creditable service and are no longer in service as firefighters are entitled to a monthly pension of one-half of the monthly salary attached to the rank held at the date of retirement. The pension is increased by 1/12 of 2 percent of such monthly salary for each additional month over 20 years of service through 30 years of service, and 1/12 of 1 percent of such monthly salary for each additional month over 30 years of service, to a maximum of 75 percent of such monthly salary.

Disability Benefits:

If a covered employee, as a result of an act of duty, or an occupational disease, is found to be disabled for service in the fire department, the employee shall be granted a disability pension of 65 percent of the salary attached to the rank held at the date of removal from the City's payroll. If the disability is the result of any cause and the employee has a minimum of 7 years of creditable service, the disability pension is 50 percent of monthly salary.

Separation Benefits:

A covered employee who is separated from service having at least 10 years but less than 20 years of creditable service is entitled upon attainment of age 60 to a pension based on the monthly salary attached to the rank held on the date of separation of service according to a schedule ranging from 10 years service (15.0 percent of salary) to 19 years service (45.6 percent of salary).

B. Related Party Transactions

There were no securities of the City of Pekin or related parties included in the FPF's assets.

C. Funding Status

The present value of total pension obligations to be borne by the City of Pekin Fire Pension Fund was:

Total present value of pension obligations	$ 45,638,564
Accumulated assets	18,986,284
Unfunded liability	26,652,280

NOTE 10 - continued

The annual tax levy necessary to meet the annual requirements of the Fire Pension Fund at April 30, 2012 was:

Normal costs based on the annual payroll of active participants at April 30, 2012	$ 629,445
Amount necessary to amortize the unfunded accrued liability of $26,652,280	1,112,114
Interest for one year	121,909
Total amount of tax levy necessary to arrive at the annual requirements of the fund	$ 1,863,468

SUMMARY OF ACTUARIAL INFORMATION

Funding method used-Projected Unit Credit
Amortization method used-30-year period, 90 percent amortization target
Investment Return Assumption-7.0 percent
Mortality Rate Assumption-1971 Group Annuity
Decrement assumption other than mortality-Experience Tables
Salary progression assumption-5.5 percent
Status of social security in assumption-None

The attained age at the time of disability or retirement, sex, annual salary or pension, and contemplated years of service of each individual participant as of the date of the valuation balance sheet is used in calculating the liabilities of the fund.

NOTE 11 - **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City belongs to the Illinois Municipal League Risk Management Fund, a public entity risk pool currently operating as a common risk management and insurance program for approximately 709 member governmental units.

The City pays an annual premium for it's general insurance and worker's compensation insurance coverage.

Settled claims resulting from the above-mentioned risks did not exceed insurance coverage in the past year.

NOTE 12 - **POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

All police, fire, and IMRF eligible retirees are entitled to receive the same health insurance benefits they had as active employees. (Plan A).

A summary of the plan benefits is as follows:
PPO In-Network Benefits:
  Claims paid at 100 percent after meeting deductible provisions;
  Deductible - $200 per individual per year/$400 per family per year;
  Prescription Plan - 20% up to maximum of $10/$20/$35 co-pay;
  Maximum out-of-pocket costs per year - $1,000 per person and $2,000 per family.
Out-of-Network Benefits:
  Claims paid at 80 percent after meeting deductible provisions;

The police and fire retirees each have trust funds that receive monthly contributions from active police and fire employees to supplement costs. Retirees contribute to these same funds through deductions from their pensions.

The City's anticipated costs to provide health insurance benefits to eligible retirees has been estimated at $1,887,553 and is recorded as a noncurrent liability in the government-wide financial statements.

NOTE 13 - **CONDUIT DEBT**

From time to time, the City has issued various types of revenue bonds on behalf of private sector and nonprofit entities for the acquisition and/or construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements.

As of April 30, 2012 there were two series of revenue bonds outstanding. The principal amount payable was approximately $2,306,912.

NOTE 14 - **CONTINGENCIES**

The City is party to various legal proceedings which normally occur in government operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City and accordingly, no provision for losses has been recorded.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Budgeted Amounts Original and Final	Actual	Variance Over (Under)
Revenues:			
Taxes	$ 20,584,444	$ 21,203,999	$ 619,555
Licenses and permits	207,520	227,653	20,133
Intergovernmental	150,898	284,470	133,572
Fees and charges for services	852,110	1,156,500	304,390
Fines and collections	590,450	509,842	(80,608)
Investment earnings	158,000	136,971	(21,029)
Reimbursements and restitutions	91,980	129,325	37,345
Other revenues	500	92,782	92,282
Total revenues	22,635,902	23,741,542	1,105,640
Expenditures:			
General government/administrative	1,885,767	1,674,468	(211,299)
Public safety	16,142,926	16,115,989	(26,937)
Public lands and buildings	715,420	918,618	203,198
Zoning and inspection	539,790	505,918	(33,872)
Public works	221,972	363,238	141,266
Highways and streets	1,630,017	1,377,135	(252,882)
Sanitation	1,435,858	1,871,409	435,551
Capital outlay	636,720	695,419	58,699
Debt service:			
Principal	307,708	1,096,465	788,757
Interest	49,028	32,474	(16,554)
Total expenditures	23,565,206	24,651,133	1,085,927
Deficiency of revenues over expenditures	(929,304)	(909,591)	(19,713)
Other financing sources:			
Transfers in	179,688	178,396	(1,292)
Net change in fund balance	$ (749,616)	(731,195)	$ (18,421)
Fund balance, beginning of year		12,300,576	
Fund balance, end of year		$ 11,569,381	

The notes to the required supplementary information are an integral part of this schedule.

CITY OF PEKIN, ILLINOIS
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Budgeted Amounts Original and Final	Actual	Variance Over (Under)
Revenues:			
Property taxes	$ 1,048,325	$ 1,048,440	$ 115
Replacement taxes	95,338	96,748	1,410
Charges for services	41,180	42,155	975
Intergovernmental	34,400	36,813	2,413
Investment earnings	1,150	9,556	8,406
All other revenues	16,000	55,097	39,097
Total revenues	1,236,393	1,288,809	52,416
Expenditures:			
Library services:			
Personal services	624,254	620,065	(4,189)
Books, programs and services	166,625	160,290	(6,335)
Other services and charges	320,449	345,041	24,592
Capital outlay	125,065	143,545	18,480
Total expenditures	1,236,393	1,268,941	32,548
Net change in fund balance	$ -	19,868	$ 19,868
Fund balance, beginning of year		676,845	
Fund balance, end of year		$ 696,713	

The notes to the required supplementary information are an integral part of this schedule.

CITY OF PEKIN, ILLINOIS
TIF 1 CENTRAL BUSINESS DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Budgeted Amounts Original and Final	Actual	Variance Over (Under)
Revenues:			
Property taxes	$ 540,000	$ 501,609	$ (38,391)
Sales taxes	540,000	548,473	8,473
Investment earnings	34,000	34,166	166
Total revenues	1,114,000	1,084,248	(29,752)
Expenditures:			
Administration	11,000	16,605	5,605
Redevelopment:			
Property acquisition costs	50,000	23,172	(26,828)
Redevelopment grants	800,000	558,137	(241,863)
Property improvements and maintenance	545,000	66,607	(478,393)
Debt service:			
Principal	369,213	699,132	329,919
Interest	30,009	27,168	(2,841)
Total expenditures	1,805,222	1,390,821	(414,401)
Net change in fund balance	$ (691,222)	(306,573)	$ (384,649)
Fund balance, beginning of year		3,418,765	
Fund balance, end of year		$3,112,192	

The notes to the required supplementary information are an integral part of this schedule.

CITY OF PEKIN, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN - IMRF

Actuarial Valuation Date	12/31/11	12/31/10	12/31/09
Actuarial Value of Assets (a)	$ 5,034,198	$ 5,878,033	$ 7,686,654
Actuarial Accrued Liability (AAL)-Entry Age (b)	$ 10,556,268	$ 11,183,715	$ 10,549,429
Unfunded AAL (UAAL) (b-a)	$ 5,522,070	$ 5,305,682	$ 2,862,775
Funded Ratio (a/b)	47.69%	52.56%	72.86%
Covered Payroll (c)	$ 4,603,800	$ 4,792,807	$ 4,526,316
UAAL as a Percentage of Covered Payroll ((b-a) / c)	119.95%	110.70%	63.25%

The notes to the required supplementary informatin are an integral part of this schedule.

NOTE 1 - BUDGETARY ACCOUNTING

In 1996 the City Council adopted budget procedures established by law which replaced the former appropriation ordinances process. The budget, unlike the replaced annual appropriations ordinance, is required to be adopted before the beginning of the fiscal year to which it applies. Unexpended budget items lapse each year.

The budget may be changed in almost any manner and without public hearings at any time during the year pursuant to a two-thirds vote of the Council members. Further, they may delegate the power, by the same vote, to make changes within an appropriation to a budget officer.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The budget for all governmental funds is prepared on the accrual basis of accounting; therefore, the budget comparison with actual is presented in accordance with generally accepted accounting principles.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The excess of actual expenditures over final budget for year ended April 30, 2012 for major funds were:

General Fund (due principally to accelerated debt service payments)	$ 1,085,927
Library Fund (due to capital outlay)	$ 32,548

OTHER SUPPLEMENTARY INFORMATION

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Property taxes	$ 4,843,674	$ 4,898,833	$ 55,159
Replacement taxes	1,073,274	1,151,249	77,975
Income taxes	2,447,496	2,888,651	441,155
State sales and use taxes	5,395,000	5,607,063	212,063
Local sales and use taxes	3,900,000	4,157,407	257,407
Local food/beverage tax	950,000	981,727	31,727
Local packaged liquor tax	180,000	176,765	(3,235)
Local motor fuel taxes	570,000	299,903	(270,097)
Telecommunication tax	1,225,000	1,042,401	(182,599)
Intergovernmental	150,898	284,470	133,572
Franchise fees	300,000	410,255	110,255
Fire protection fees	420,275	443,631	23,356
Charges for services	41,900	133,285	91,385
Fines and collections	590,450	509,842	(80,608)
Parking lot rentals	7,000	9,555	2,555
Other rentals and sale of property	82,935	159,774	76,839
Licenses and permits	207,520	227,653	20,133
Reimbursements and restitutions	91,980	129,325	37,345
Investment earnings	158,000	136,971	(21,029)
Miscellaneous	500	92,782	92,282
Total revenues	22,635,902	23,741,542	1,105,640
Expenditures:			
General government	2,267,961	2,709,370	441,409
Streets	1,680,017	1,431,835	(248,182)
Police	8,328,250	8,399,949	71,699
Fire	8,136,481	8,057,725	(78,756)
Public works	221,972	363,238	141,266
Zoning and inspection	540,190	505,956	(34,234)
Public lands and buildings	757,920	932,020	174,100
Sanitation	1,632,415	2,251,040	618,625
Total expenditures	23,565,206	24,651,133	1,085,927
Deficiency of revenues over expenditures	(929,304)	(909,591)	(19,713)
Other financing sources:			
Transfers in	179,688	178,396	(1,292)
Net change in fund balance	$ (749,616)	(731,195)	$ (18,421)
Fund balance, beginning of year		12,300,576	
Fund balance, end of year		$ 11,569,381	

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
General government:			
Administrative:			
Personal services	$ 282,335	$ 151,106	$ (131,229)
Supplies	700	1,311	611
Other services and charges	46,960	40,886	(6,074)
Capital outlay	600	227	(373)
Total administrative	330,595	193,530	(137,065)
Legal:			
Other services and charges	278,000	229,843	(48,157)
City Clerk:			
Personal services	136,949	138,700	1,751
Supplies	500	643	143
Other services and charges	33,860	30,994	(2,866)
Total city clerk	171,309	170,337	(972)
Finance/Treasurer:			
Personal services	231,176	222,995	(8,181)
Supplies	4,656	4,843	187
Other services and charges	48,827	55,341	6,514
Capital outlay	1,500	-	(1,500)
Total finance	286,159	283,179	(2,980)
Personnel:			
Personal services	77,615	78,731	1,116
Supplies	2,320	908	(1,412)
Other services and charges	18,814	21,708	2,894
Total personnel	98,749	101,347	2,598
Information technology:			
Personal services	129,154	133,204	4,050
Supplies	600	261	(339)
Other services and charges	121,800	70,068	(51,732)
Capital outlay	90,915	86,291	(4,624)
Total information technology	342,469	289,824	(52,645)

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Non-departmental:			
Supplies	-	7,536	7,536
Other services and charges	471,501	485,390	13,889
Debt service-principal	245,795	920,573	674,778
Debt service-interest	43,384	27,811	(15,573)
Total non-departmental	760,680	1,441,310	680,630
Total general government	2,267,961	2,709,370	441,409
Streets:			
Personal services	650,176	770,220	120,044
Supplies	33,860	14,879	(18,981)
Other services and charges	945,981	592,036	(353,945)
Capital outlay	50,000	54,700	4,700
Total streets	1,680,017	1,431,835	(248,182)
Police:			
Personal services	4,475,736	4,453,096	(22,640)
Supplies	35,675	22,238	(13,437)
Other services and charges	3,624,684	3,723,092	98,408
Capital outlay	192,155	201,523	9,368
Total police	8,328,250	8,399,949	71,699
Fire:			
Personal services	4,101,899	4,032,545	(69,354)
Supplies	60,000	45,374	(14,626)
Other services and charges	3,844,932	3,839,644	(5,288)
Capital outlay	129,650	140,162	10,512
Total fire	8,136,481	8,057,725	(78,756)
Public works:			
Personal services	169,243	302,261	133,018
Supplies	900	1,019	119
Other services and charges	51,829	59,958	8,129
Total public works	221,972	363,238	141,266

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Zoning and inspection:			
Personal services	348,828	362,276	13,448
Supplies	2,550	1,557	(993)
Other services and charges	188,412	142,085	(46,327)
Capital outlay	400	38	(362)
Total zoning and inspection	540,190	505,956	(34,234)
Public land and buildings:			
Personal services	141,932	284,455	142,523
Supplies	26,000	33,507	7,507
Other services and charges	547,488	600,656	53,168
Capital outlay	42,500	13,402	(29,098)
Total public land and buildings	757,920	932,020	174,100
Sanitation:			
Personal services	537,249	661,566	124,317
Supplies	1,500	1,208	(292)
Other services and charges	897,109	1,208,635	311,526
Capital outlay	129,000	199,076	70,076
Debt service-principal	61,913	175,892	113,979
Debt service-interest	5,644	4,663	(981)
Total sanitation	1,632,415	2,251,040	618,625
Total general fund	$ 23,565,206	$ 24,651,133	$ 1,085,927

CITY OF PEKIN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2012

	Special Revenue				
	Tourism Fund	HUD Metro Development Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total
ASSETS					
Cash	$214,210	$ -	$ 2,426,730	$ 97,774	$ 2,738,714
Due from other funds	-	-	2,800	-	2,800
Receivables:					
Accounts, fees and other taxes	11,973	-	66,190	30,821	108,984
Loans	500,000	1,336,658	-	-	1,836,658
Developer agreement	-	-	-	492,960	492,960
Total assets	$726,183	$1,336,658	$ 2,495,720	$ 621,555	$ 5,180,116
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	$ -	$ 43,506	$ -	$ -	$ 43,506
Accounts payable	-	1,794	108,424	2,433	112,651
Accrued wages	-	429	-	-	429
Due to other funds	-	-	-	3,085	3,085
Deferred revenue	-	-	-	492,960	492,960
Total liabilities	-	45,729	108,424	498,478	652,631
Fund balances:					
Nonspendable	-	-	-	123,077	123,077
Restricted	-	1,290,929	2,387,296	-	3,678,225
Assigned	726,183	-	-	-	726,183
Total fund balance	726,183	1,290,929	2,387,296	123,077	4,527,485
Total liabilities and fund balance	$726,183	$1,336,658	$ 2,495,720	$ 621,555	$ 5,180,116

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Tourism Fund	HUD Metro Development Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total
Revenues:					
Taxes:					
Local motel tax	$ 150,152	$ -	$ -	$ -	$ 150,152
Local motor fuel	-	-	840,776	299,903	1,140,679
Intergovernmental	-	443,098	160,360	2,163,526	2,766,984
Investment earnings	2,140	-	27,837	-	29,977
Other revenues	-	3,542	6,726	23,000	33,268
Total revenues	152,292	446,640	1,035,699	2,486,429	4,121,060
Expenditures:					
Current:					
General government/administrative	2,853	164,310	-	-	167,163
Tourism/development	104,016	-	-	-	104,016
Public works-streets	-	-	1,278,917	-	1,278,917
Planning and development	-	-	-	1,776,961	1,776,961
Residential and public improvements/ donations	-	343,099	-	-	343,099
Total expenditures	106,869	507,409	1,278,917	1,776,961	3,670,156
Net change in fund balance	45,423	(60,769)	(243,218)	709,468	450,904
Fund balances (deficit), beginning of year	680,760	1,351,698	2,630,514	(586,391)	4,076,581
Fund balances, end of year	$ 726,183	$ 1,290,929	$ 2,387,296	$ 123,077	$ 4,527,485

CITY OF PEKIN, ILLINOIS
TOURISM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Motel tax	$ 175,000	$ 150,152	$ (24,848)
Investment earnings	-	2,140	2,140
Total revenues	175,000	152,292	(22,708)
Expenditures:			
Administrative	2,400	2,853	453
Regional dues	62,000	64,850	2,850
Development grants	20,000	12,570	(7,430)
Public relations	11,750	26,596	14,846
Total expenditures	96,150	106,869	10,719
Net change in fund balance	$ 78,850	45,423	$ (33,427)
Fund balance, beginning of year		680,760	
Fund balance, end of year		$ 726,183	

CITY OF PEKIN, ILLINOIS
HUD METRO DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Federal grants	$ 639,172	$ 443,098	$ (196,074)
Other revenues	-	3,542	3,542
Total revenues	639,172	446,640	(192,532)
Expenditures:			
General government	181,689	164,310	(17,379)
Residential housing rehabilitation	265,453	239,318	(26,135)
General public improvements	114,085	84,085	(30,000)
Public facility projects	52,000	19,696	(32,304)
Total expenditures	613,227	507,409	(105,818)
Net change in fund balance	$ 25,945	(60,769)	$ (86,714)
Fund balance, beginning of year		1,351,698	
Fund balance, end of year		$ 1,290,929	

CITY OF PEKIN, ILLINOIS
MOTOR FUEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Motor fuel taxes	$ 997,000	$ 840,776	$ (156,224)
Intergovernmental	777,368	160,360	(617,008)
Franchise fees	130,000	-	(130,000)
Investment earnings	40,000	27,837	(12,163)
Other revenue	40,000	6,726	(33,274)
Total revenues	1,984,368	1,035,699	(948,669)
Expenditures:			
Street construction and maintenance	1,025,000	1,278,917	253,917
Capital outlay	1,300,000	-	(1,300,000)
Total expenditures	2,325,000	1,278,917	(1,046,083)
Deficiency of revenues over expenditures	(340,632)	(243,218)	(97,414)
Other financing uses:			
Transfer out	(1,200,000)	-	(1,200,000)
Net change in fund balance	$ (1,540,632)	(243,218)	$ (1,297,414)
Fund balance, beginning of year		2,630,514	
Fund balance, end of year		$ 2,387,296	

CITY OF PEKIN, ILLINOIS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2012

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Local motor fuel tax	$ 350,000	$ 299,903	$ (50,097)
Intergovernmental grants	12,900,000	2,163,526	(10,736,474)
Developer agreement payment	-	23,000	23,000
Investment earnings	24,500	-	(24,500)
Total revenues	13,274,500	2,486,429	(10,788,071)
Expenditures:			
Contract construction	13,890,000	1,698,697	(12,191,303)
Administrative costs	5,500	7,573	2,073
Capital outlay-land acquisition	300,000	70,691	(229,309)
Total expenditures	14,195,500	1,776,961	(12,418,539)
Excess (deficiency) of revenues over expenditures	(921,000)	709,468	1,630,468
Other financing sources:			
Transfers in	1,200,000	-	(1,200,000)
Net change in fund balance	$ 279,000	709,468	$ 430,468
Fund balance (deficit), beginning of year		(586,391)	
Fund balance, end of year		$ 123,077	

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
APRIL 30, 2012

	Economic Development Fund	Pekin Airport Fund	Total
ASSETS			
Current assets:			
Accounts receivable	$ -	$ 1,976	$ 1,976
Fuel inventory	-	66,011	66,011
Total current assets	-	67,987	67,987
Noncurrent assets:			
Loans receivable	2,288,213	-	2,288,213
Capital assets:			
Land and improvements	-	1,086,192	1,086,192
Buildings	-	794,276	794,276
Equipment	-	44,845	44,845
Less accumulated depreciation	-	(1,211,860)	(1,211,860)
Total capital assets (net of accumulated depreciation)	-	713,453	713,453
Total noncurrent assets	2,288,213	713,453	3,001,666
Total assets	$ 2,288,213	$ 781,440	$ 3,069,653
LIABILITIES AND NET ASSETS			
Current liabilities:			
Cash overdraft	$ 227,561	$ 324,828	$ 552,389
Accounts payable	1,012	1,861	2,873
Accrued wages	624	329	953
Due to other funds	4,205	-	4,205
Total current liabilities	233,402	327,018	560,420
Net assets:			
Invested in capital assets, net of related debt	-	713,453	713,453
Unrestricted	2,054,811	(259,031)	1,795,780
Total net assets	2,054,811	454,422	2,509,233
Total liabilities and net assets	$ 2,288,213	$ 781,440	$ 3,069,653

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Economic Development Fund	Pekin Airport Fund	Total
Operating revenues, charges for services	$ 91,216	$ 217,891	$ 309,107
Operating expenses:			
Personal services	110,456	78,263	188,719
Supplies	993	1,130	2,123
Other services and charges	33,858	190,923	224,781
Depreciation	-	25,684	25,684
Total operating expenses	145,307	296,000	441,307
Operating loss	(54,091)	(78,109)	(132,200)
Nonoperating revenues:			
Grants	-	30,724	30,724
Investment earnings	4,669	-	4,669
Total nonoperating revenues	4,669	30,724	35,393
Change in net assets	(49,422)	(47,385)	(96,807)
Total net assets, beginning of year	2,104,233	501,807	2,606,040
Total net assets, end of year	$2,054,811	$ 454,422	$ 2,509,233

CITY OF PEKIN, ILLINOIS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Economic Development Fund	Pekin Airport Fund	Total
Cash flows from operating activities:			
Receipts from services	$ 106,216	$ 331,210	$ 437,426
Payments for personal services	(115,848)	(80,484)	(196,332)
Payments to vendors and suppliers	(30,634)	(209,311)	(239,945)
Net cash provided (used) by operating activities	(40,266)	41,415	1,149
Cash flows from noncapital financing activities:			
Grant receipts	-	30,724	30,724
Cash flows from capital related activities:			
Purchase of capital assets	-	(145,227)	(145,227)
Cash flows from investing activities:			
Interest income	4,669	-	4,669
Net loans repaid	175,000	-	175,000
Net cash provided by investing activities	179,669	-	179,669
Net increase (decrease) in cash	139,403	(73,088)	66,315
Cash (overdraft) balance, beginning of year	(366,964)	(251,740)	(618,704)
Cash (overdraft) balance, end of year	$ (227,561)	$ (324,828)	$ (552,389)
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (54,091)	$ (78,109)	$ (132,200)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	-	25,684	25,684
Changes in assets and liabilities:			
Decrease in receivables	15,000	113,319	128,319
Increase in fuel inventory	-	(18,372)	(18,372)
Increase in accounts payable	12	1,114	1,126
Decrease in accrued wages	(5,392)	(2,221)	(7,613)
Increase in due to other funds	4,205	-	4,205
Net cash provided (used) by operating activities	$ (40,266)	$ 41,415	$ 1,149

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
APRIL 30, 2012

	Vehicle Maintenance Fund	Employees Benefits Fund	Total
ASSETS			
Current assets:			
Accounts receivable	$ 1,255	$ -	$ 1,255
Fuel and parts inventory, at cost	379,556	-	379,556
Total current assets	380,811	-	380,811
Noncurrent assets:			
Capital assets:			
Equipment	73,521	-	73,521
Less accumulated depreciation	(49,615)	-	(49,615)
Total capital assets, net of accumulated depreciation	23,906	-	23,906
Total assets	$ 404,717	$ -	$ 404,717
LIABILITIES AND NET ASSETS			
Current liabilities:			
Cash overdraft	$ 889,060	$ 383,638	$1,272,698
Accounts payable	16,460	251,619	268,079
Accrued wages	2,159	-	2,159
Accrued retiree benefit premiums	-	157,364	157,364
Total current liabilities	907,679	792,621	1,700,300
Net assets:			
Invested in capital assets, net of related debt	23,906	-	23,906
Unrestricted (deficit)	(526,868)	(792,621)	(1,319,489)
Total net assets	(502,962)	(792,621)	(1,295,583)
Total liabilities and net assets	$ 404,717	$ -	$ 404,717

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Vehicle Maintenance Fund	Employees Benefits Fund	Total
Operating revenues, charges for services	$ 1,818,852	$ 3,756,890	$ 5,575,742
Operating expenses:			
Personal services	508,333	-	508,333
Cost of fuel and parts sold	851,067	-	851,067
Insurance claims and premiums paid	-	4,044,668	4,044,668
Other services and charges	475,102	312,709	787,811
Depreciation	6,155	-	6,155
Total operating expenses	1,840,657	4,357,377	6,198,034
Operating loss	(21,805)	(600,487)	(622,292)
Nonoperating revenues:			
Investment earnings	-	2,156	2,156
Change in net assets	(21,805)	(598,331)	(620,136)
Total net assets, beginning of year	(481,157)	(194,290)	(675,447)
Total net assets, end of year	$ (502,962)	$ (792,621)	$ (1,295,583)

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Vehicle Maintenance Fund	Employees Benefit Fund	Total
Cash flows from operating activities:			
Receipts from services	$ 1,822,989	$ 3,757,354	$ 5,580,343
Payments for personal services	(529,560)	-	(529,560)
Payments to vendors and suppliers	(1,670,676)	(4,113,556)	(5,784,232)
Net cash used by operating activities	(377,247)	(356,202)	(733,449)
Cash flows from investing activities:			
Interest income	-	2,156	2,156
Net decrease in cash	(377,247)	(354,046)	(731,293)
Cash (overdraft) balance, beginning of year	(511,813)	(29,592)	(541,405)
Cash (overdraft) balance, end of year	$ (889,060)	$ (383,638)	$ (1,272,698)
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (21,805)	$ (600,487)	$ (622,292)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	6,155	-	6,155
Changes in net assets and liabilities:			
Decrease in accounts receivable	4,137	464	4,601
Increase in inventories	(285,472)	-	(285,472)
Increase (decrease) in accounts payable	(59,035)	239,154	180,119
Decrease in accrued wages	(21,227)	-	(21,227)
Increase in accrued retiree benefit premiums	-	4,667	4,667
Net cash used by operating activities	$ (377,247)	$ (356,202)	$ (733,449)

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2012

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash	$ 13,874	$ 12,936	$ 26,810
Investments, at market value:			
Money market accounts	302,830	416,264	719,094
Corporate obligations	167,826	539,241	707,067
U.S. Government and Agency obligations	6,043,531	9,030,982	15,074,513
Equity funds	1,187,539	1,924,640	3,112,179
Equity mutual funds	15,834,756	6,619,032	22,453,788
Due from other funds	33,202	83,364	116,566
Total assets	$ 23,583,558	$ 18,626,459	$ 42,210,017
LIABILITIES			
Accounts payable	$ 2,250	$ -	$ 2,250
Due to other funds	41,694	-	41,694
Total liabilities	43,944	-	43,944
NET ASSETS			
Net assets:			
Held in trust for pension benefits	23,539,614	18,626,459	42,166,073
Total liabilities and net assets	$ 23,583,558	$ 18,626,459	$ 42,210,017

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS:			
Contributions:			
Employer	$ 1,411,688	$ 2,274,254	$ 3,685,942
Plan members	360,876	326,254	687,130
Total contributions	1,772,564	2,600,508	4,373,072
Investment income:			
Net realized gains (losses) on investment sales and net appreciation (depreciation) in fair market value of investments	(7,264)	375,819	368,555
Interest/dividends	832,608	423,125	1,255,733
Total investment income	825,344	798,944	1,624,288
Less investment expense	(82,611)	(73,299)	(155,910)
Net investment income	742,733	725,645	1,468,378
Total additions	2,515,297	3,326,153	5,841,450
DEDUCTIONS:			
Benefits	2,133,601	2,533,251	4,666,852
Administrative expenses	54,165	16,842	71,007
Total deductions	2,187,766	2,550,093	4,737,859
Change in net assets	327,531	776,060	1,103,591
Net assets, beginning of year	23,212,083	17,850,399	41,062,482
Net assets, end of year	$23,539,614	$18,626,459	$42,166,073

SUPPORTING SCHEDULES

UNAUDITED STATISTICAL INFORMATION

CITY OF PEKIN, ILLINOIS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS

Year Ended April 30,	General Government	Public Safety	Highways and Streets	Sanitation	Library Services	Tourism	Zoning and Inspection	Debt Service	Public Land and Buildings	Public Works	Planning and Development	Capital Outlay	Total
2003	$ 1,438,585	$ 10,549,088	$ 2,519,149	$ 1,292,922	$ 871,355	$ 106,392	$ 292,045	$ 329,090	$ 497,749	$ 212,221	$ 3,475,488	$ 3,627,877	$ 25,211,961
2004	1,791,598	10,496,463	1,486,404	1,335,480	868,974	111,521	348,658	351,496	467,701	246,434	3,060,001	945,860	21,510,590
2005	1,768,134	11,463,165	2,118,021	2,052,959	984,015	61,538	355,188	185,293	533,335	127,606	2,501,056	2,505,552	24,655,862
2006	2,001,121	12,002,561	2,090,545	1,583,104	925,567	75,318	319,550	592,030	598,617	115,871	2,057,890	1,145,986	23,508,160
2007	1,601,064	12,955,743	2,873,107	1,482,562	950,476	56,942	390,833	980,546	750,801	148,087	1,159,219	3,574,997	26,924,377
2008	1,776,954	13,806,681	2,850,716	1,705,853	1,008,530	61,890	451,477	968,992	767,345	218,113	886,332	1,394,868	25,897,751
2009	1,421,801	14,345,011	3,626,573	1,869,204	1,058,861	107,291	458,952	1,231,356	847,601	254,135	2,781,391	2,009,831	30,012,007
2010	1,588,525	14,887,305	3,031,362	1,905,143	1,059,727	85,224	521,935	909,337	740,231	260,223	2,264,592	631,528	27,885,132
2011	1,752,354	15,658,256	2,582,900	1,863,561	1,105,317	141,268	519,373	882,457	872,608	298,627	896,267	778,354	27,351,342
2012	1,858,236	16,115,989	2,656,052	1,871,409	1,125,396	104,016	505,918	1,855,239	918,618	363,238	2,767,976	838,964	30,981,051

*Includes General, Special Revenue and Capital Project Funds.
Source: Statement of Revenues, Expenditures, and Changes in Fund Balance 2003-2012.

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
GENERAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES*
LAST TEN FISCAL YEARS

Year Ended April 30,	Taxes	Licenses and Permits	Intergovernmental	Fees and Charges for Services	Fines and Collections	Investment Earnings	Other Revenues	Total
2003	$ 16,790,044	$ 257,428	$ 1,204,090	$ 758,186	$ 322,076	$ 432,469	$ 668,574	$ 20,432,867
2004	17,876,951	288,024	930,756	802,372	332,516	177,808	623,908	21,032,335
2005	20,170,613	278,885	880,397	811,698	359,889	233,979	271,163	23,006,624
2006	20,854,387	276,348	1,188,403	1,182,499	410,201	468,236	805,731	25,185,805
2007	22,302,399	262,043	1,088,752	1,959,556	415,275	841,065	2,277,694	29,146,784
2008	23,352,920	290,739	485,555	1,106,192	362,158	753,664	573,760	26,924,988
2009	22,965,632	234,724	1,503,090	1,410,119	409,925	382,949	604,110	27,510,549
2010	23,224,827	231,856	611,306	1,192,604	657,508	375,821	794,835	27,088,757
2011	23,901,372	200,997	1,134,451	1,302,437	633,763	381,544	286,437	27,841,001
2012	24,690,100	227,653	3,088,267	1,198,655	509,842	210,670	310,472	30,235,659

*Includes General, Special Revenue and Capital Project Funds.
Source: Statement of Revenues, Expenditures, and Changes in Fund Balance: 2003-2012.

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Year Ended April 30,	Property Taxes	Road and Bridge Tax	State Income Tax	State Sales/Use Taxes	Local Sales Tax	Food/Bev Tax	Packaged Liquor Tax	Local Motel Tax	Replacement Tax	State Motor Fuel Tax	Local Motor Fuel Tax	Foreign Fire Tax	Telecom. Tax	Total
2003	$ 4,304,184	$ 52,745	$ 2,202,309	$ 4,997,805	$ 2,491,667	$ -	$ -	$ 96,975	$ 760,178	$ 965,013	$ 598,609	$ 18,588	$ 320,557	$ 16,808,630
2004	4,335,019	41,143	1,992,404	5,031,084	2,613,422	-	-	110,461	845,746	963,059	660,369	23,509	1,284,244	17,900,460
2005	5,113,299	41,484	2,359,185	5,764,304	2,883,772	-	-	114,210	894,377	1,007,363	716,744	21,922	1,253,953	20,170,613
2006	5,211,430	47,432	2,618,891	5,399,625	3,269,159	-	-	140,786	1,343,376	976,137	687,546	25,459	1,160,005	20,879,846
2007	5,541,916	45,826	2,920,181	5,623,272	3,904,885	-	-	159,037	1,348,701	982,373	629,942	25,073	1,146,266	22,327,472
2008	5,738,892	46,957	3,189,883	5,700,610	4,262,912	-	-	162,007	1,482,914	945,211	594,124	23,561	1,231,410	23,376,481
2009	5,870,419	90,182	2,981,635	5,636,165	4,230,405	-	-	172,514	1,296,845	899,216	594,294	-	1,193,957	22,965,632
2010	6,197,568	85,503	2,611,283	5,318,971	4,200,862	905,008	165,258	95,025	1,125,851	854,452	562,248	-	1,102,798	23,224,827
2011	6,223,214	62,635	2,620,092	5,679,693	4,268,935	918,592	172,699	89,515	1,398,073	856,521	549,012	-	1,062,391	23,901,372
2012	6,393,404	55,478	2,888,651	5,891,284	4,421,659	981,727	176,765	150,152	1,247,997	840,776	599,806	-	1,042,401	24,690,100

Source: Annual Financial Reports 2003-2012.

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
SCHEDULE OF 2011 TAX LEVY AND ESTIMATED COLLECTION IN 2012

Assessed valuation: $ 446,705,014

	Levy	Rate	Extension	Estimated Collection
Taxes assessed:				
Corporate	$ 123,335	.02831	$ 126,276	$ 125,013
IMRF	$ 754,150	.17305	$ 771,884	$ 764,165
Fire pension	2,300,000	.52777	2,354,101	2,330,560
Police pension	1,650,000	.37862	1,688,822	1,671,934
Library	1,064,500	.24464	1,091,209	1,080,297
	$ 5,891,985	1.35239	$ 6,032,292	5,971,969
City's 50% share of Road and Bridge Tax levied by Township's within the City limits				55,974
				$6,027,943

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
SCHEDULE OF PROPERTY TAXES LEVIED AND COLLECTED FOR LATEST THREE (3) YEAR PERIOD

	2008 Levy				2009 Levy				2010 Levy			
Assessed valuation		$ 442,650,081				$ 446,628,087				$ 451,888,805		
Taxes assessed:	Levy	Rate	Extension	Total Collection	Levy	Rate	Extension	Total Collection	Levy	Rate	Extension	Total Collection
Corporate	$ -		$ -	$ -	$ 658,592	.14736	$ 658,151	$ 666,002	$ 1,256,007	.28496	$ 1,256,024	$1,254,194
IMRF	-	-	-	-	474,885	.10625	474,542	474,243	-	-	-	-
Police protection	860,837	.1943	$ 860,201	$ 851,599	-	-	-	-	-	-	-	-
Fire protection	860,837	.1943	860,201	851,599	-	-	-	-	-	-	-	-
Fire pension	1,807,071	.4079	1,805,746	1,787,689	2,170,230	.48554	2,168,558	2,170,512	2,221,363	.50398	2,221,403	2,218,172
Police pension	1,116,695	.2521	1,115,876	1,104,717	1,341,733	.30019	1,340,733	1,341,941	1,366,304	.30998	1,366,305	1,364,318
Library	1,022,756	.2309	1,021,947	1,011,728	1,022,756	.22884	1,022,063	1,022,010	1,048,325	.23822	1,048,338	1,048,440
Prior year adjustment	-	-	-	-	-	-	-	-	-	(.00079)	(3,477)	(3,470)
	$ 5,668,196	1.2795	$ 5,663,971	5,607,332	$ 5,668,196	1.26818	$ 5,664,047	5,674,708	$ 5,891,999	1.33635	$ 5,888,593	5,881,654
City's 50% share of Road and Bridge Tax levied by Townships within City limits				90,182				62,635				55,478
				$ 5,697,514				$ 5,737,343				$ 5,937,132

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
POLICE PENSION AND FIRE PENSION FUNDS
SCHEDULE OF FUNDING PROGRESS
LAST TEN FISCAL YEARS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
POLICE PENSION FUND:						
4/30/12	$ 24,165,275	$ 42,204,694	$ 18,039,419	57.3%	$ 3,433,325	525.42%
4/30/11	23,212,083	41,964,757	18,752,674	55.3%	$ 3,269,927	573.49%
4/30/10	21,220,112	37,724,433	16,504,321	56.3%	3,219,123	512.70%
4/30/09	19,136,989	35,556,321	16,419,332	53.8%	3,347,537	490.49%
4/30/08	20,969,340	33,647,827	12,678,487	62.3%	3,263,096	388.54%
4/30/07	20,303,661	32,896,806	12,593,145	61.7%	3,023,780	416.47%
4/30/06	18,923,821	28,268,185	9,344,364	66.9%	2,874,491	325.08%
4/30/05	17,634,193	30,157,842	12,523,649	58.47%	2,728,251	459.04%
4/30/04	17,259,200	28,606,668	11,347,468	60.33%	2,632,320	431.08%
4/30/03	16,429,992	28,094,070	11,664,078	58.48%	2,534,807	460.16%
FIRE PENSION FUND:						
4/30/12	$ 18,986,284	$ 45,638,564	$ 26,652,280	41.60%	$ 3,499,291	761.65%
4/30/11	17,850,399	44,271,251	26,420,852	40.32%	3,408,144	775.23%
4/30/10	15,963,616	44,005,491	28,041,875	36.3%	3,284,976	853.64%
4/30/09	13,682,722	42,749,824	29,067,102	32.0%	3,022,445	961.71%
4/30/08	15,707,222	39,302,791	23,595,569	39.96%	2,839,776	830.90%
4/30/07	15,200,255	37,490,700	22,290,445	40.54%	2,882,426	773.32%
4/30/06	13,812,012	33,400,183	19,588,171	41.4%	2,699,849	725.53%
4/30/05	12,538,583	34,115,286	21,576,703	36.75%	2,488,770	866.96%
4/30/04	11,867,118	32,634,687	20,767,569	36.36%	2,397,089	866.37%
4/30/03	10,864,171	30,698,486	19,834,315	35.39%	2,342,718	846.64%

This schedule is unaudited-see the accountant's report regarding this information.

SCHEDULE G

CITY OF PEKIN, ILLINOIS
POLICE AND FIRE PENSION FUNDS
STATEMENT OF REVENUES AND OTHER RECEIPTS AND EXPENDITURES
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
POLICE PENSION FUND										
Revenues and other receipts:										
Property taxes	$ 1,366,304	$ 1,341,941	$ 1,115,209	$ 841,313	$ 985,094	$ 913,213	$ 888,570	$ 795,284	$ 672,249	$ 672,455
Replacement taxes	45,384	38,788	35,743	31,967	33,882	30,542	26,008	26,000	29,266	27,443
Payroll deductions/member contributions	360,876	361,849	330,171	331,027	328,452	385,141	286,590	284,377	258,921	248,563
Investment earnings (losses)	825,344	2,266,822	2,493,686	(1,291,720)	1,020,839	1,610,107	1,665,983	576,308	1,218,250	121,893
Total revenue and other receipts	2,597,908	4,009,400	3,974,809	(87,413)	2,368,267	2,939,003	2,867,151	1,681,969	2,178,686	1,070,354
Expenditures:										
Benefit payments	2,133,601	1,920,492	1,803,038	1,657,895	1,615,569	1,465,744	1,380,307	1,279,161	1,278,575	1,192,929
Other services and charges	136,776	96,937	88,648	87,043	87,019	93,419	131,447	93,584	70,903	70,578
Total expenditures	2,270,377	2,017,429	1,891,686	1,744,938	1,702,588	1,559,163	1,511,754	1,372,745	1,349,478	1,263,507
Change in net assets	$ 327,531	$ 1,991,971	$ 2,083,123	$ (1,832,351)	$ 665,679	$ 1,379,840	$ 1,355,397	$ 309,224	$ 829,208	$ (193,153)
FIRE PENSION FUND										
Revenues and other receipts:										
Property taxes	$ 2,221,363	$ 2,170,512	$ 1,804,667	$ 1,458,161	$ 1,519,422	$ 1,458,345	$ 1,368,553	$ 1,361,370	$ 1,171,166	$ 1,171,510
Replacement taxes	52,891	55,882	48,671	48,065	53,007	44,652	39,380	39,796	39,845	33,530
Payroll deductions/member contributions	326,254	314,324	320,935	333,368	315,441	338,429	272,209	250,244	212,298	204,940
Investment earnings (losses)	798,944	1,813,808	2,464,692	(1,745,248)	661,570	1,462,852	1,383,298	709,021	1,148,193	194,562
Total revenues and other receipts	3,399,452	4,354,526	4,638,965	94,346	2,549,440	3,304,278	3,063,440	2,360,431	2,571,502	1,604,542
Expenditures:										
Benefit payments	2,533,251	2,393,060	2,285,627	2,049,254	1,968,109	1,842,947	1,717,434	1,643,907	1,505,541	1,430,246
Other services and charges	90,141	74,683	72,444	69,592	74,364	73,088	64,887	52,749	63,014	78,798
Total expenditures	2,623,392	2,467,743	2,358,071	2,118,846	2,042,473	1,916,035	1,782,321	1,696,656	1,568,555	1,509,044
Change in net assets	$ 776,060	$ 1,886,783	$ 2,280,894	$ (2,024,500)	$ 506,967	$ 1,388,243	$ 1,281,119	$ 663,775	$ 1,002,947	$ 95,498

Source: City of Pekin, Illinois Annual Financial Statements: 2003-2012.

This schedule is unaudited-see the accountant's report regarding this information.

CITY OF PEKIN, ILLINOIS
MISCELLANEOUS STATISTICS
APRIL 30, 2012

Date of Incorporation		August 21, 1849
Form of Government		Council-Manager
Area		15.3 square miles
Miles of Streets		213 miles
Number of Street Lights		2,669
Fire Protection:		
Number of Stations		3
Number of Firemen and Officers		54
Police Protection:		
Number of Stations		1
Number of Policemen and Officers		57
Sewers:		
Sanitary Sewers		130 miles
Storm Sewers		100 miles
Combination		45 miles
New Residential Building Permits Issued		22
Library:		
Number of Volumes		109,404
Employees:		
Administrative		38
Union		277
Other		29
	Total	344

This schedule is unaudited-see the accountant's report regarding this information.

OTHER REPORTS

WILLOCK WARNING & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

23 OLT AVENUE
PEKIN, ILLINOIS 61554

TELEPHONE (309) 347-3152
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Pekin, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the City of Pekin, Illinois' basic financial statements and have issued our report thereon dated October 26, 2012. 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.

Internal Control Over Financial Reporting
Management of the City of Pekin, Illinois is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the City of Pekin, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pekin, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pekin, Illinois' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

We noted certain matters that we reported to management of City of Pekin, Illinois, in a separate letter dated October 26, 2012.

This report is intended solely for the information and use of management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Willock Warning & Co, PC

WILLOCK WARNING & CO., P.C.
October 26, 2012

WILLOCK WARNING & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

23 OLT AVENUE
PEKIN, ILLINOIS 61554

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Pekin, Illinois

Compliance

We have audited the City of Pekin, Illinois' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012. The City of Pekin, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Pekin, Illinois' management. Our responsibility is to express an opinion on the City of Pekin, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pekin, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Pekin, Illinois' compliance with those requirements.

In our opinion, the City of Pekin, Illinois, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

Internal Control Over Compliance

The management of the City of Pekin, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Pekin, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pekin, Illinois' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Willock Warning + Co, PC

WILLOCK WARNING & CO., P.C.
October 26, 2012

CITY OF PEKIN, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2012

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant	14.218	$ 443,098
U.S. Environmental Protection Agency:		
Congressional Mandated Projects	66.202	$ 223,734
U.S. Department of Transportation:		
Pass-through program from the Illinois Department of Transportation:		
Highway Planning and Construction	20.205	$ 2,006,870
U.S. Department of Transportation:		
Federal Aviation Administration:		
Pass-through program from the Illinois Department of Transportation, Division of Aeronautics:		
Airport Improvement Program	20.106	$ 137,456

See accompanying notes to schedule of expenditures of federal awards.

NOTE A - **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Pekin, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

The Community Development Block Grant is reported in the financial statements in the HUD Metro Development Fund, a nonmajor governmental fund.

The Environmental Protection Agency Grant is reported in the financial statements in the Sewerage Fund, a major proprietary fund.

The Department of Transportation Grant is reported in the financial statements in the Capital Projects Fund, a nonmajor governmental fund.

The Federal Aviation Administration Grant is reported in the financial statements in the Airport Fund, a nonmajor proprietary fund.

NOTE B - **GRANT YEARS OF PROGRAMS-COMMUNITY DEVELOPMENT BLOCK GRANT**

Expenditures of the Community Development Block Grant were made from the following program years:

Prior years' reinvested grants	$ 79,971
Program year 2010	328,081
Program year 2011	35,046
Total	$ 443,098

Unspent grant funds from Program Year 2011 totaling $352,308 were allocated to the 2012 fiscal year budgeted expenditures.

NOTE C - **PROJECT GRANTS**

Environmental Protection Agency:
The total project grant is $481,100, of which $223,734 was received in fiscal year 2012 for sewer expansion costs incurred by the City of Pekin.

Department of Transportation:
Project grant HPP-1749 (102) totals $4,800,000, of which $2,006,870 was received and expended in fiscal year 2012 for expansion of roadway in and around the City of Pekin.

Federal Aviation Administration:
Expenditures of the Airport Improvement Program in the amount of $137,456 were were made from grants from fiscal years 2010 and 2011.

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Pekin.

2. No significant deficiencies in internal control were disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the City of Pekin, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.

5. The auditor's report on compliance for the major federal award programs for the City of Pekin expresses an unqualified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.

7. The programs tested as major programs included:
   CFDA No. 14.218 - U.S. Department of Housing and Urban Development-Community Development Block Grant:
   CFDA No. 20.205-U.S. Department of Transportation

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. The City of Pekin qualified as a low-risk auditee based on the following criteria:
   a) Single audits were performed in accordance with Circular A-133 for each of the last two-years;
   b) The auditor's opinions on the financial statements and Schedule of Federal Awards were unqualified;
   c) There were no deficiencies in internal control that constituted material weaknesses under Government Auditing Standards;
   d) None of the federal programs had audit findings involving:

      - internal control deficiencies identified as material weaknesses;
      - noncompliance with the provisions of laws, regulations and grant agreements that have material effect on Type A programs; or
      - known or likely questioned costs greater than 5 percent of the total federal awards expended for a Type A program during the year.

Pekin
ILLINOIS

REQUEST FOR COUNCIL ACTION

To: Mayor and Council

CC: Joseph Wuellner, City Manager

From: Tourism Committee

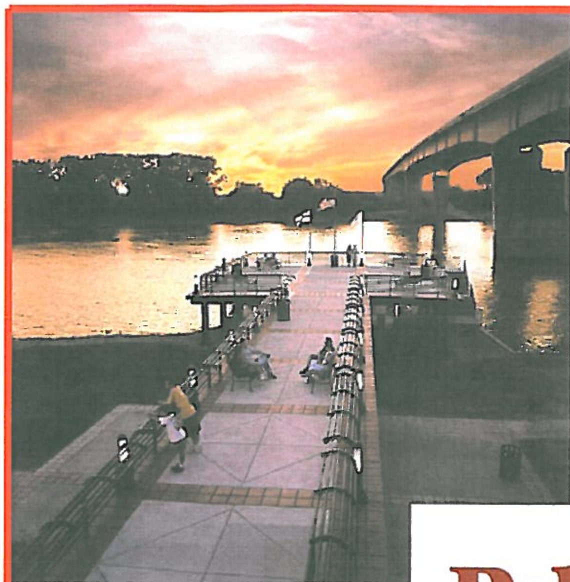
AGENDA ITEM: 2013 IHSA March Madness Experience Partnership	
AGENDA DATE REQUESTED: 1/14/2013	
ACTION REQUESTED: $5,000.00 sponsorship from Tourism Fund	
DESCRIPTION: The Peoria area has been privileged for many years to host the IHSA Boy's State Basketball Tournament. As a regional player, Pekin receives additional traffic from the tournament attendees that stay at our hotels and visit our restaurants and shops over the multiple weekend tournaments that will take place March 7 - 9 and March 14 - 16 2013. The IHSA is requesting a contribution from the City of Pekin to support the continued success of this tournament and the March Madness Experience exhibit and programs. The entire tournament had an attendance of 60,395 in 2012. The City of Pekin Tourism committee is recommending a $5,000 grant contribution to be a regional sponsor for the tournament.	
FINANCIAL IMPACT: $5,000.00/$30,051.50 available in Tourism Grants (208-208-569000)	
NEIGHBORHOOD CONCERNS: NA	
IMPACT IF APPROVED: Tournament is a benefit back to the Pekin and surrounding area businesses and continues our regionalism efforts to support central Illinois	
IMPACT IF DENIED: Eliminates marketing opportunities included in the $5,000 sponsorship and commitment to continue as a regional player (see attached)	
ALTERNATIVES:	
RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes. Copy this check mark √ and paste it to the left of the relevant theme.]	
	A Prosperous Community. To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
	A Safe Community. To protect community life and property by providing effective, principled police and fire services.
	A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
√	**A High Quality of Life.** To support or provide services that improve the quality of life for Pekin's residents.
	An Effective Government. To deliver effectively the services that Pekin's residents want, need, and are willing to support.
REQUIRED SIGNATURES	

Department Director: Date: Leigh Ann Matthews 1/2/13
Finance Department (Certification of Availability of Funds): Date:
Corporation Counsel: Date:
City Manager: Date: 1/3/13 Joseph Wuellner

March Madness Experience Agreement for the City of Pekin

- Banners- 4 (6'x3')
- LED Boards-courtside signage (will rotate throughout the weekend)
- Program AD (this will be a full page and full color AD)
- Give away items (must be approved by IHSA before the tournament)
- Logo and Link on the MME site
- PA announcements (1 per session)
- Booth space in the Experience
- 6 Tickets per session each weekend
- 6 VIP passes per session each weekend
- 2 Parking passes per session each weekend

Total Investment: $ 5,000



Pekin
ILLINOIS
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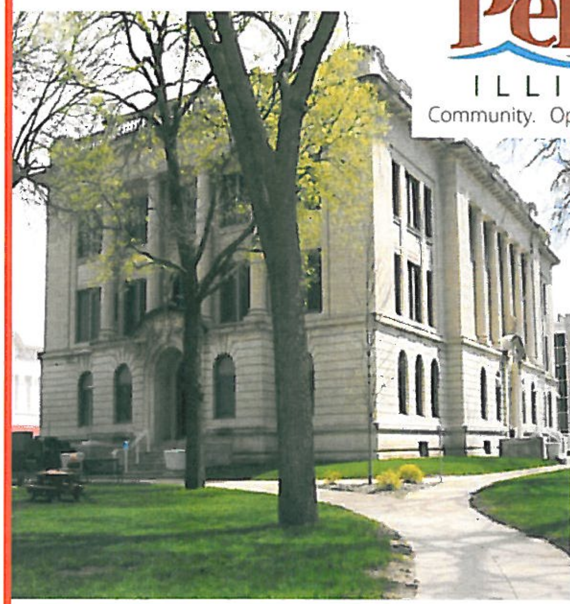

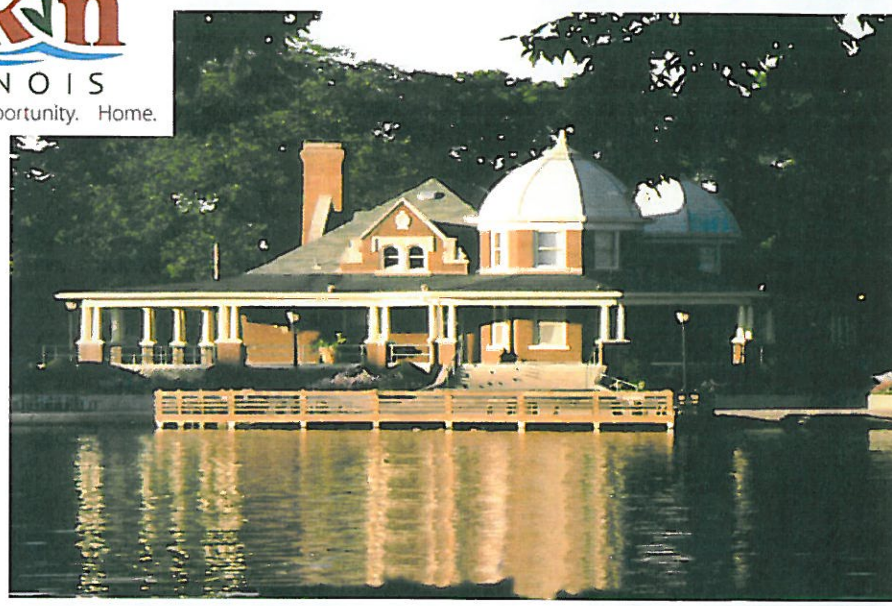

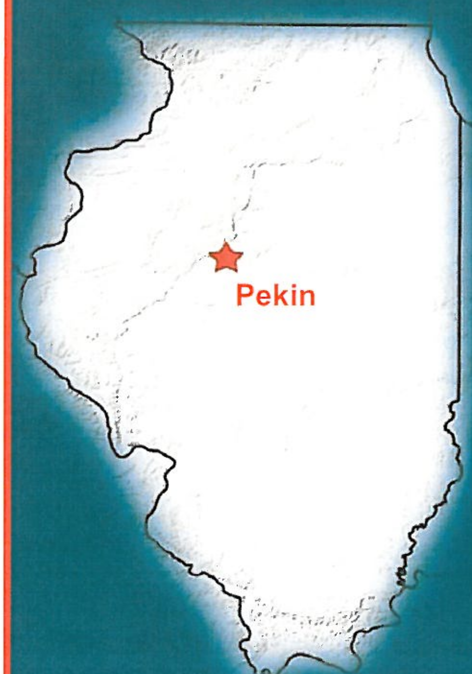

- *Visit our scenic Riverfront Park on the Illinois River*
- *Play our 4 Championship Golf Courses*
- *2500 Acres of Parks to Enjoy,* www.pekinparkdistrict.org
- *Historic Downtown District, Illinois Main Street Community*
- *Riverway Business Park,* www.pekinedc.com
  - *Excellent Industrial & Commercial Sites Available*
- *Annual Community Events*
  - *Pekin Area Chamber of Commerce,* www.pekin.net
  - *Pekin Main Street,* www.pekinmainstreet.com
- *Avanti's Dome, Sports & Entertainment Complex*

City of Pekin
111 S. Capitol
Pekin, IL 61554
309-477-2300
www.ci.pekin.il.us

Pekin Visitors Bureau
111 S. Capitol
Pekin, IL 61554
309-477-2300
www.pekintourism.com

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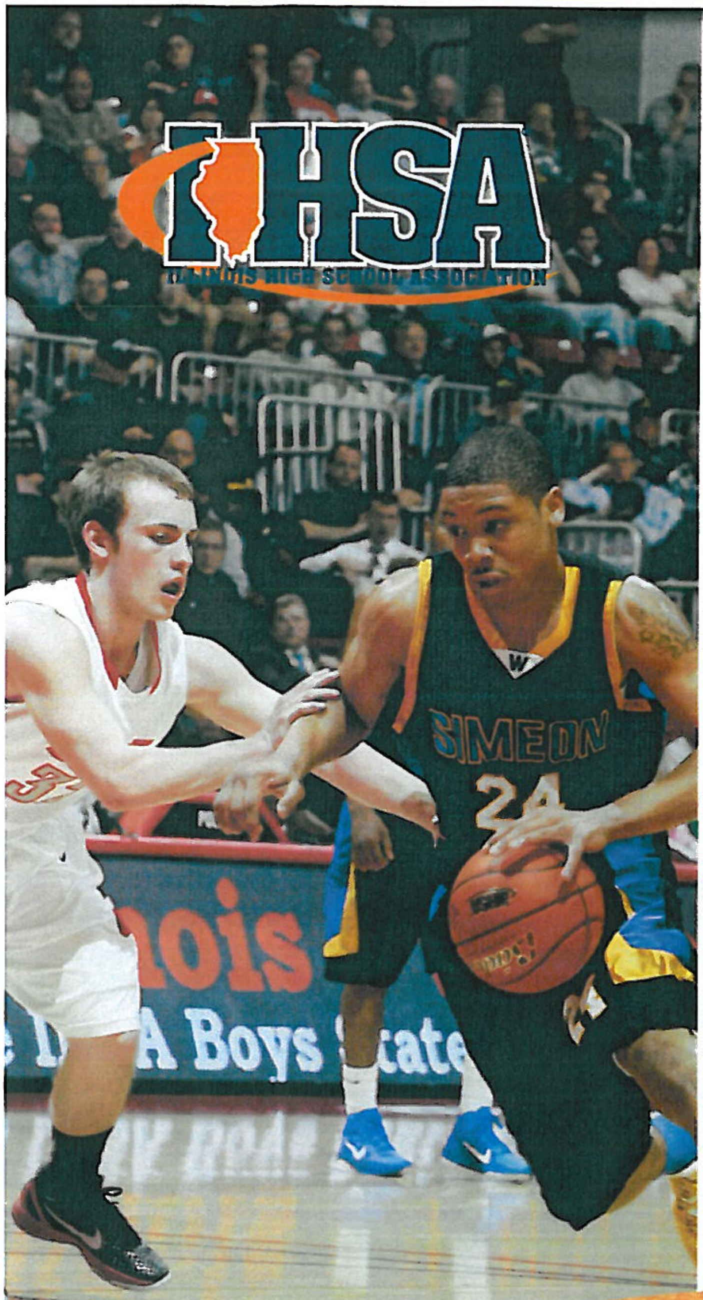

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★★★★ MARCH MADNESS ATTRACTIONS ★★★★

Our center courts will be the stages for some of the state's best sports. Students in grades five through eight will get the chance to display their basketball skills in the *Peoria Journal Star's* Jump Ball Jamboree. By writing essays displaying the values of good sportsmanship, these young student-athletes earned their opportunity to play in Peoria. Talented cheerleaders and gymnasts will perform on both courts, too.

- During your visit to the Peoria Civic Center's Exhibit Hall, stop by the Minerva Sportswear Booth to pick up all your official IHSA March Madness® souvenirs. And while you're there, for just $1 you can purchase a chance to win a ball autographed by one of this year's Final Four™ teams.

- On Saturday, March 17, legendary high school basketball coaches from throughout the state will hold court as the Learning from the Legends Basketball Clinic returns to Peoria. Check-in runs from 7:30 a.m.–8:00 a.m., with the clinic beginning at 8:15 a.m.

EXPERIENCE MARCH MADNESS IHSA

2012 MARCH MADNESS EXPERIENCE

★★★ PLAYING IN PEORIA ★★★

AMERICA'S ORIGINAL MARCH MADNESS

EXPERIENCE MARCH MADNESS IHSA 2012

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ILLINOIS

REQUEST FOR COUNCIL ACTION

To: **Mayor and City Council**

CC: **City Manager Joseph Wuellner**

From: **Darin W. Girdler, Assistant City Manager**

Re: **Addendum to Electric Supply Agreement**

AGENDA ITEM: Authority to negotiate Electric Power Agreement.

AGENDA DATE REQUESTED: January 14, 2013

ACTION REQUESTED: Authorize the City Manager to negotiate a modification to the current electric power agreement with Noble Americas Energy Solutions, LLC. This change will require a two (2) year extension to the current agreement and will extend us until December 31, 2015.

DESCRIPTION: This is called a 'blend and extend' addendum which will lower our fixed costs by taking advantage of even lower electric market rates. By doing this we will save even more than we are now on our municipal electric accounts. Our projected savings for 2013 is $47,000, our final savings would be determined when they lock in the market after the agreement is signed.

FINANCIAL IMPACT: Increase the savings on the City of Pekin's electric accounts.

IMPACT IF APPROVED: Continued and improved savings.

IMPACT IF DENIED: Continue under the current rates and risk an increase in rates when our current agreement ends.

ALTERNATIVES: Allow current agreements to expire and seek new consolidation opportunities near the end of 2013.

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes. Copy this check mark √ and paste it to the left of the relevant theme.]

	A Prosperous Community. To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
	A Safe Community. To protect community life and property by providing effective, principled police and fire services.
	A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
	A High Quality of Life. To support or provide services that improve the quality of life for Pekin's residents.
√	**An Effective Government.** To deliver effectively the services that Pekin's residents want, need, and are willing to support.
REQUIRED SIGNATURES	
Department Director: Date:	
Corporation Counsel: Date:	
Finance: Date:	
City Manager: Date:	

Tiered Price, Fixed Volume Electricity (MISO)
Reference:
ELECTRICITY SALES AND PURCHASE AGREEMENT
Between Noble Americas Energy Solutions LLC ("Seller")
And City Of Pekin, Il ("Buyer")
As of June 17, 2008 ("Effective Date")
Addendum Date: September 17, 2012

This Addendum (the "Addendum") supplements the Electricity Sales and Purchase Agreement referred to above (the "Agreement") **and supersedes that certain Addendum for Tiered Price, Fixed Volume Electricity bearing the Delivery Point set forth below and the Addendum Date June 22, 2010 (the "Underlying Addendum") only for the Delivery Period set forth below**. The Parties hereby agree to the terms and conditions set forth herein for Buyer's Facilities served at the Delivery Point. As supplemented by this Addendum all other Terms and Conditions contained in the Agreement remain in full force and effect. Capitalized terms not otherwise defined in this Addendum shall have their meanings set forth elsewhere in the Agreement, including its Appendices.

1. DELIVERY POINT & DELIVERY PERIOD

Sale and Delivery of Electricity will be made to the interconnection point(s) between the RTO Transmission Grid and Buyer's Local Utility ("the Delivery Point"). Delivery to meters at Buyer's facility(ies) will be made by Buyer's Local Utility. All pricing relates to Contract Quantities, usage and demand determined at the Delivery Point. This Addendum shall be in full force and effect as of the Addendum Date. The terms set forth herein shall apply from the Start Date through the End Date ("Delivery Period"):

Market Area	Delivery Point	Utility
MISO	Ameren IL	Ameren CILCO

Start Date:	End Date:
January 1, 2013	December 31, 2015

2. CONTRACT PRICE

Buyer shall pay Seller both the **Usage Charges** and the **Demand Charges** as described below. *PT means "pass through."*

Usage Charges – Buyer shall pay (a) the *Fixed Price* (in $/MWh) for the Fixed Price Contract Quantity, (b) the *Index Price* plus the *Index Premium* (in $/MWh) for the Index Price Contract Quantity and (c) *Delivery Services Price* (in $/MWh) for the Total Hourly Contract Quantity subject to the Monthly Settlement section below. The Contract Price reflects the value or surplus Marginal Losses allocations assigned by MISO. The Delivery Services Price includes only those components defined as Delivery Services in Section 3.

Fixed Price	Index Price	Index Premium	Delivery Services Price
$43.95	MISO Day Ahead Locational Marginal Price for AMIL.AMILSES	**$6.00**	**$0.85**

Demand Charges – Buyer shall pay the *Capacity Price* multiplied by the Capacity Obligation for every hour during the Delivery Period.

Buyer shall also pay the *Tariff Based Price* multiplied by the Tariff Based Obligation for every hour during the Delivery Period. This price includes Tariff Based Ancillary Services, and Network Transmission related charges. The Tariff Based Price set forth below reflects the MISO tariff rates applicable on the Addendum Date. Seller may pass through increases in such rates without markup.

Capacity Price	Tariff Based Price
Through May 2014 $1.72	**$2.25**
June 2014 Forward $PT	

3. **DELIVERY SERVICES:** Delivery Services shall include all of the components which are indicated below by an "☒". Seller shall pass through to Buyer all other charges associated with Electricity delivery to the Delivery Point, including Buyer's Local Utility charges, Net Inadvertent Distribution, Revenue Neutrality Uplift, Revenue Sufficiency Guarantee, Transmission Expansion Planning charges (MISO Schedule 26 A) and NERC Assessment charges.

☒	Ancillary Services
☒	ISO Fees
☐	State mandated renewable energy charges

4. **MONTHLY SETTLEMENT**

For each monthly billing cycle, Seller shall adjust Buyer's invoice based on Buyer's usage as described below. Buyer's usage is adjusted for losses determined at the Delivery Point.

Excess Quantity: If Buyer's usage (expressed in MWh) during any hour of delivery exceeds the Total Hourly Contract Quantity (the "Excess Quantity"), Buyer shall pay Seller for this Excess Quantity at the *Real Time* market energy price during that hour of excess usage plus related delivery costs, as assessed or defined by the RTO controlling the area where Buyer's Facilities are located, plus $6.00 per MWh.

Deficit Quantity: If Buyer's usage (expressed in MWh) during any hour of delivery is less than the Total Hourly Contract Quantity as set forth above (the "Deficit Quantity," calculated by subtracting Buyer's usage from Buyer's Contract Quantity), Seller shall credit Buyer's account by an amount equal to the Deficit Quantity multiplied by the *Real Time* market energy price during that hour of deficit usage less any applicable RTO charges as assessed or defined by the RTO controlling the area where Buyer's Facilities are located.

5. **CONTRACT QUANTITY**

The Contract Quantities for this Transaction are set forth below. The Tariff Based Obligation is based on the Buyer's historic peak demand. The Capacity Obligation is based on the Buyer's historic peak demand and reflects the appropriate scalar adjustments in effect as of the Addendum Date. If Buyer's actual monthly peak demand exceeds the monthly Tariff Based Obligations, Seller shall have the right to reset the Tariff Based Obligations and/or the Capacity Obligations and charge Buyer for additional costs that may result from the deviation. The Total Hourly Contract Quantity shall be equal to the Fixed Price Contract Quantities plus the Index Price Contract Quantities.

Contract Quantities							
	Hourly On Peak Quantities		Hourly Off Peak Quantities				
Month	Fixed Price Contract Quantity (MW)	Index Price Contract Quantity (MW)	Fixed Price Contract Quantity (MW)	Index Price Contract Quantity (MW)	Buyer's Estimated Baseline Quantity (MWh)	Tariff Based Obligation (MW)	Capacity Obligation (MW)
Jan-13	0.50	0.13	0.42	0.11	427	.72	.76
Feb-13	0.48	0.12	0.40	0.10	366	.68	.71
Mar-13	0.43	0.11	0.35	0.09	362	.65	.68
Apr-13	0.37	0.09	0.30	0.07	297	.55	.57
May-13	0.38	0.10	0.29	0.07	313	.60	.63
Jun-13	0.40	0.10	0.31	0.08	314	.67	.78
Jul-13	0.37	0.09	0.28	0.07	299	.57	.78
Aug-13	0.38	0.10	0.29	0.07	312	.59	.78
Sep-13	0.40	0.10	0.30	0.08	311	.69	.78
Oct-13	0.43	0.11	0.35	0.09	362	.63	.78
Nov-13	0.44	0.11	0.36	0.09	357	.64	.78
Dec-13	0.49	0.12	0.40	0.10	406	.71	.78
Jan-14	.38	.09	.33	.08	328	.56	.78
Feb-14	.39	.10	.35	.09	309	.57	.78
Mar-14	.37	.09	.34	.08	328	.56	.78
Apr-14	.35	.09	.32	.08	300	.52	.78
May-14	.37	.09	.32	.08	318	.63	.78
Jun-14	.41	.10	.35	.09	338	.65	.78
Jul-14	.43	.11	.36	.09	367	.66	.78
Aug-14	.43	.11	.37	.09	370	.72	.78

Sep-14	.41	.10	.35	.09	339	.65	.78
Oct-14	.42	.11	.37	.09	369	.66	.78
Nov-14	.44	.11	.38	.09	365	.65	.78
Dec-14	.35	.09	.30	.08	304	.53	.78
Jan-15	.37	.09	.33	.08	322	.56	.78
Feb-15	.39	.10	.34	.09	307	.57	.78
Mar-15	.38	.09	.34	.09	333	.56	.78
Apr-15	.35	.09	.32	.08	301	.50	.78
May-15	.36	.09	.32	.08	313	.59	.78
Jun-15	.41	.10	.35	.09	338	.65	.78
Jul-15	.42	.11	.36	.09	364	.67	.78
Aug-15	.43	.11	.37	.09	370	.71	.78
Sep-15	.41	.10	.35	.09	343	.66	.78
Oct-15	.41	.10	.36	.09	360	.66	.78
Nov-15	.44	.11	.39	.10	370	.65	.78
Dec-15	.37	.09	.31	.08	312	.66	.78

6. **CHANGE IN CIRCUMSTANCES**
The Contract Price and all other terms and conditions of this Addendum are established in reliance on the accuracy of information provided to Seller concerning Buyer's load requirements. Any incremental costs incurred by Seller as a result of inaccuracies in any such information provided to Seller or due to a change in how Buyer's usage is metered may be passed through to Buyer.

The Contract Price and all other terms and conditions of this Addendum are established in reliance on the existing Laws, rates, charges, Capacity and Tariff Based Obligations, RTO operations, market structure, congestion zone design and protocols that are in effect as of the Addendum Date. The Contract Price may also include costs for RTO provided services. In the event of changes in the above that cause additional costs to Seller, Seller may pass through such costs to Buyer.

Buyer understands and agrees that MISO's market structure for capacity is expected to change on or after June 1, 2013, and that if such change results in additional costs to Seller, Seller may pass through such costs to Buyer without markup.

7. **DEMAND RESPONSE**
If Buyer participates in any demand response programs, Buyer shall notify Seller and reimburse Seller for any costs incurred by Seller as a result of Buyer's participation.

BROKER FEES. Buyer hereby acknowledges that a third party broker has been used for this transaction and that the pricing set forth in this Addendum includes the compensation paid to the broker by Seller on Buyer's behalf.

This Addendum is subject to the Schedule(s) identified below and that are attached hereto:

NOBLE AMERICAS ENERGY SOLUTIONS LLC

By: ___________________________________

Title: _________________________________

CITY OF PEKIN, IL

By: ___________________________________

Title: _________________________________