



City of Pekin

REGULAR COUNCIL MEETING OF DECEMBER 11, 2006
5:30 P.M.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Clerk to Call the Roll

IV. APPROVAL OF AGENDA

ACTION: Motion to approve the meeting agenda

VOTE REQUIRED

V. APPROVAL OF MINUTES

ACTION: Motion to approve minutes of Regular Council Meeting of November 27, 2006 and the Special Council Meeting of November 30, 2006.

VOTE REQUIRED

VI. PUBLIC INPUT ON AGENDA ITEMS

Speakers to state name, address, and spell last name. Questions unrelated to agenda items are accepted during "Public Questions" near the end of the meeting.

VII. CONSENT AGENDA

1. **Receive and File Reports and Minutes:** Police Department November Report, T/PCCC November Report, Building Department Report
2. **Receive and File Pekin Groundwater Guardian Designation 2006**
3. **Receive and File Annual Financial Statements for Year Ended April 30, 2006 and Sewerage Fund April 30, 2006 Prepared by Willock Warning & Co., P.C.**
4. **Proclamation: National Drunk and Drugged Driving (3D) Prevention Month December 2006**
5. **Resolution No. 172-06/07 – Appointment on expiration of current term of Robert Small to the Pekin Housing Authority Board for a 5 year term until January 14, 2012**
6. **T-Mobile Consent to Sublease – co-location tower at Eastside Fire Station**
7. **Receive and File Petition for Annexation – Harlan D. Bessler Lot 99 Country Club Estates**
8. **Receive and File Insight Communication notice of rate increase**

9. **Receive and File Pekin Fire Department 2% Foreign Fire Insurance Fund**
10. **Grant Application/Agreement to be submitted to DCEO for the purpose of sidewalk improvement on a portion of Derby Street**

ACTION: Motion to approve consent agenda.

VOTE REQUIRED TO APPROVE CONSENT AGENDA

VIII. COMMUNICATIONS, PETITIONS, REPORTS

1. **Public Hearing 2008 FY Budget**

DESCRIPTION: hearing for the purpose of considering and hearing testimony relative to the adoption of the budget for the City of Pekin for fiscal year May 1, 2007 through April 30, 2008 and to receive public comment

PRESENTATION: City Manager Dennis Kief

ACTION: Taken under New Business

IX. NEW BUSINESS

1. **Resolution No. 173-06/07 - Budget Resolution**

(DK)

DESCRIPTION: The City's \$44,732,980 Budget be approved

ACTION: Motion to adopt resolution

VOTE REQUIRED

2. **Ordinance No. 2511-06/07- Making, Levying and Assessing Municipal Taxes**

(DK)

DESCRIPTION: The City's property tax levy shall be \$5,210,500, a 4.41% increase. It is anticipated City rate should remain approximately constant at \$1.31.

ACTION: Motion to adopt ordinance

PRESENTATION: Mayor Frank Mackaman

VOTE REQUIRED

3. **Resolution No. 174-06/07 - Abatement of Taxes Ordinance No. 2324 \$1,040,000 Refunding 1991 Corporate Purpose**

(DK)

DESCRIPTION: authorizes that taxes not be levied against taxable real property in the City of Pekin in the amount of \$144,217.50 provided in bond ordinance issued for Public Works Projects.

ACTION: Motion to adopt resolution

PRESENTATION: Corporation Counsel Burt Dancey (Items #3 - #6)

VOTE REQUIRED

4. **Resolution No. 175-06/07 - Abatement of Taxes Ordinance No. 2386 Series 2004 \$2,950,000**

(DK)

DESCRIPTION: authorizes that taxes not be levied against taxable real property in the City of Pekin in the amount of \$454,904.76 provided in bond ordinance issued for vehicles and the Riverfront Project through Herget Bank.

ACTION: Motion to adopt resolution

VOTE REQUIRED

5. **Resolution No. 176-06/07 - Abatement of Taxes Ordinance No. 2387 Series 2004 \$1,410,000** (DK)
DESCRIPTION: *authorizes that taxes not be levied against taxable real property in the City of Pekin in the amount of \$204,942.50 provided in bond ordinance issued for TIF Downtown Business District through Bernardi Securities, Inc.*

ACTION: *Motion to adopt resolution*

VOTE REQUIRED

6. **Resolution No. 177-06/07 - Abatement of Taxes Ordinance No 2415 Series 2005 \$1,120,000** (DK)
DESCRIPTION: *authorizes that taxes not be levied against taxable real property in the City of Pekin in the amount of \$163,660.00 provided in bond ordinance issued for Riverway Business Park Industrial Park Land Expansion.*

ACTION: *Motion to adopt resolution*

VOTE REQUIRED

7. **Resolution No. 178 – 06/07 Amending the City of Pekin Employee Handbook** (DK)
DESCRIPTION: *Amends Internet and E-mail Policies to comply with Local Records and Open Meetings Act*

ACTION: *Motion to adopt resolution*

VOTE REQUIRED

8. **GP Transit Proposal** (GR)
DESCRIPTION: *three year contract with two 2-year options with CityLink to provide municipal bus service*

ACTION: *Motion to support concept and authorization to proceed with action*

VOTE REQUIRED

9. **Memorandum of Understanding Between Illinois Department of Commerce Economic Opportunity** (DK)
DESCRIPTION: *Utilization of City Hall office space part-time for a DCEO Representative*

ACTION: *Motion to adopt agreement*

VOTE REQUIRED

10. **Employment Separation Agreements and Release Between the City of Pekin and Robert Reis, Sr.** (DK)

ACTION: *Possible action after Executive Session of Council*

X. ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Council members

Staff

Public Questions

Press Time

XI. EXECUTIVE SESSION

Threaten Litigation 5 ILCS 120/2 (c) 11. and
Acquisition of Real Estate 5 ILCS 120/2 (c) 5.

***ACTION:** Motion to move to executive session for the purpose of discussing litigation.*

VOTE REQUIRED

XII. ADJOURNMENT

With no further action to come before the Council the Mayor declares meeting closed in open session.

NO VOTE REQUIRED

**PROCEEDINGS OF A SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE CITY HALL COUNCIL CHAMBERS
111 SOUTH CAPITOL STREET
ON THURSDAY, NOVEMBER 30, 2006 AT 5:45 O'CLOCK P.M.
FRANK H. MACKAMAN * MAYOR * PRESIDING**

PRESENT: COMMISSIONERS, MADDOX, AND JONES

ABSENT: COMMISSIONERS, DAGIT AND BLANCHARD

Council received and a proper notice was posted on November 28, 2006, of a special meeting for the purpose if Council to consider the adoption of an ordinance authorizing the issuance of single family mortgage revenue bonds.

Pledge of Allegiance was led by Mayor Mackaman.

Roll was called at 5:45 p.m. Mayor Mackaman, Commissioners Jones and Maddox were present. A quorum was present.

Agenda

Motion by Com'r. Jones, seconded by Com'r. Maddox that the **agenda be approved as presented**. On roll call vote, all voted Aye.

New Business

**ORDINANCE NO. 2510-06/07
AUTHORIZING THE PUBLIC APPROVAL OF
THE ISSUANCE OF CERTAIN COLLATERALIZED
SINGLE FAMILY MORTGAGE REVENUE BONDS
AND CERTAIN DOCUMENTS IN CONNECTION THEREWITH;
AND RELATED MATTERS**

Motion by Com'r. Jones, seconded by Com'r. Maddox that Ordinance No. 2510-06/07 be approved.

Notice of Public Hearing on September 13, 2006 at 9:00 a.m. Aurora City Hall on the issuance of the bonds was properly published in the Pekin Daily Times on August 18, 2006.

The ordinance authorized issuance of \$500 million of bonds through the City of Aurora in order to accommodate the increased demand for Assist Program in the City of Pekin. The program helped 113 families purchase homes in Pekin totaling more than \$8.9 million from the \$ 300 million Assist funds issued for Pekin in the previous funding. A Notice of Public Hearing on October 18, 2006 at 5:30 p.m. to explain the process and need for applying for HOME funding was published in the *Pekin Daly Times* on October 13, 2006.

On roll call vote, all present voted Aye.

No further business to come before the Council, Mayor Mackaman adjourned the meeting.

COUNCIL ADJOURNED AT 5:47 P.M.

Sue E. McMillan
City Clerk

6

**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 NOVEMBER 27, 2006 AT 5:30 O'CLOCK P.M.
FRANK M MACKAMAN * MAYOR * PRESIDING**

PRESENT: COMMISSIONERS, BLANCHARD, JONES, MADDOX AND DAGIT

ABSENT: NONE

The Pledge of Allegiance was led by Mayor Mackaman.

Roll was called and all commissioners were present.

Agenda

Motion by Com'r. Dagit, seconded by Com'r. Jones, that the **agenda be approved as presented**. On roll call vote, all present voted Aye.

Minutes

Mayor Mackaman requested that an editorial change be made to the Budget Work Session minutes dated November 9, 2006 to reflect that the manager did not recommend at this time to increase the wastewater fee but the consensus of the Council was for the manager to be authorized to prepare a recommendation.

Motion Com'r. Dagit, seconded by Com'r. Jones, that the **Minutes of the Regular City Council Meeting of November 13, 2006 and the corrected minutes of the Special Budget Work Sessions of November 9 and the minutes of the second Budget Work Session of November 20, 2006 be approved as written**. On roll call vote, all present voted Aye.

Consent Agenda

Mayor Mackaman presented and read the following items under Consent Agenda.

Motion by Com'r. Dagit, seconded by Com'r. Jones, that the Consent Agenda be **approved as presented**.

1. **Receive and File Reports and Minutes:** October Fire Report, Inspections Department Minutes, and Liquor Commission Minutes
2. **Proclamation:** Arbor Day April 27, 2007

On roll call vote, all present voted Aye.

Communications, Petitions, Reports

Wastewater User Fee

City Manager Dennis Kief explained the history of the sewer user fee in a PowerPoint presentation. The slides presented showed comparison and changes of debt service charges and user rates from inception in April 1986 through Winter Averaging adopted September 2005. The Manager said an adjustment was needed but no recommendation was made. No action was taken by Council.

Landlord Code

Mayor Mackaman introduced the proposed program to register rental houses to insure safe and affordable housing. The drafting of such an ordinance fulfills the vision statement of Conceptual Plan for enhancing the quality of life in the community. Public Works Director Joe Wuellner gave explanation for establishing inspections in rental properties and the provision to be placed in the code for violations. He stated the draft ordinance was modeled after experienced cities. Com'r. Jones question where the money would come from to fund the increased man-hours needed for enforcement. Com'r Blanchard spoke in support of the proposal.

No action was taken. The public was instructed that public input on the issue would be received until December 31 (note: later in the meeting extended to the January 10th)

ORDINANCE NO. 1462-A260-06/07
AMENDING TITLE 8, OF THE TRAFFIC CODE OF THE CITY OF PEKIN 1995
REGARDING ONE-WAY STREETS
FRONT STREET

Motion by Com'r. Dagit, seconded by Com'r. Jones, that Ordinance No. 1462-A260-06/07 be adopted. Council was presented with the recommendation of the Traffic Safety Committee to change Front Street in the area of the grain elevators to one-way to allow grain trucks to unload along trains safely. On roll call vote, all present voted Aye.

ORDINANCE NO. 2499-06/07
AMENDING TITLE 2, OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING BOARDS AND COMMITTEES

MAYOR'S ADVISORY COMMITTEE FOR PERSONS WITH DISABILITIES

Motion by Com'r. Jones, seconded by Com'r. Dagit, that Ordinance No. 2499-06/07 be adopted. The ordinance removes the provision for reimbursing members for out of pocket expenses. The language needed to reflect all other board and committee policies for costs of activities. On roll call vote, all present voted Aye.

Mayor Mackaman invited all interested persons to complete the standard application for serving on a board.

RESOLUTION NO. 171-06/07
AMENDING LOAN TO TAZEWELL/PEKIN CONSOLIDATED COMMUNICATIONS CENTER

Motion by Com'r. Jones, seconded by Com'r. Dagit, that Resolution No. 171-06/07 be adopted. The resolution approves the extension of an additional \$30,000 to T/PCCC for operational expenses. On roll call vote, all present voted Aye.

POLICY NO. 12-06/07
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE CHARTER

Motion by Com'r. Jones, seconded by Com'r. Dagit, that Policy No. 12-06/07 be adopted. The policy would adopt guidelines and authorize the formation of Economic Development Advisory Committee (EDAC) Discussion followed on the provisions for a proposed Economic Development Advisory Committee. Motion by Com'r. Jones, that Pekin residency be a requirement of each committee member, seconded by Com'r. Maddox for purpose of discussion. Council presented disadvantages of eliminating such persons that may represent the business community but do not resided in Pekin and even eliminating the present Director of the Pekin Area Chamber of Commerce from appointment. Motion withdrawn by maker Com'r. Jones and withdrawn by Com'r. Maddox.

Mayor Mackaman asked for the roll on the original motion as presented. On roll call vote, all present voted Aye.

ORDINANCE NO. 2500-06/07
AMENDING TITLE 1, OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING PLANNING AND DEVELOPMENT DEPARTMENT

Motion by Com'r. Jones, seconded by Com'r. Dagit, that Ordinance No. 2500-06/07 be adopted. The ordinance amends the administration section of the code for title of Economic Development Coordinator previously designated as Planning and Economic Development Director. On roll call vote, all present voted Aye.

ORDINANCE NO. 2501-06/07
AMENDING TITLE 9, OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING SIGNS

Motion by Com'r. Blanchard, seconded by Com'r. Maddox, that Ordinance No. 2501-06/07 be adopted. The amendment was in regards to the placement of signs in the City right-of-way and provided for the recovery for costs of removal. Discussion focused on the opinion of Commissioners Jones and Dagit that provisions would be difficult to enforce. Com'r. Maddox spoke in support, noting there were costly inspections department man-hours to remove signs in City right of ways. He felt the candidates needed to be responsible. It was suggested that all candidates filing election petitions sign an acknowledgement of the provisions. On roll call vote, Ayes, Maddox, Blanchard, and Mackaman; Nays, Jones and Dagit. Motion carried.

Public Works Director Joe Wuellner explained that the following 8 ordinances were to update language of the Articles in the Code for current editions of international and state codes.

ORDINANCE NO. 2502-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE A OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING INTERNATIONAL BUILDING CODE**

Motion by Com'r. Blanchard, seconded by Com'r. Maddox, that Ordinance No. 2502-06/07 be adopted. The ordinance amends Article A. Building Code to reflect adopting the 2006 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2503-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE B OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING INTERNATIONAL RESIDENTIAL CODE**

Motion by Com'r. Blanchard, seconded by Com'r. Maddox, that Ordinance No. 2503-06/07 be adopted. The ordinance amends Article B. One and Two Family Dwelling Code to reflect adopting the 2006 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2504-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE C OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING PLUMBING CODE**

Motion by Com'r. Blanchard, seconded by Com'r. Maddox, that Ordinance No. 2504-06/07 be adopted. The ordinance amends Article C, Plumbing Code to reflect adopting the 2004 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2505-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE D OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING ELECTRICAL CODE**

Motion by Com'r. Blanchard, seconded by Com'r. Maddox, that Ordinance No. 2505-06/07 be adopted. The ordinance amends Article D, Electrical Code to reflect adopting the 2005 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2506-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE E OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING PROPERTY MAINTENANCE CODE**

Motion by Com'r. Maddox, seconded by Com'r. Dagit, that Ordinance No. 2506-06/07 be adopted. The ordinance amends Article E, Property Maintenance Code to reflect adopting the 2006 addition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2507-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE F OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING MECHANICAL CODE**

Motion by Com'r. Maddox, seconded by Com'r. Blanchard, that Ordinance No. 2507-06/07 be adopted. The ordinance amends Article F, Mechanical Code to reflect adopting the 2006 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2508-06/07

**AMENDING TITLE 7, CHAPTER 1, ARTICLE G OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING ENERGY CONSERVATION CODE**

Motion by Com'r. Maddox, seconded by Com'r. Blanchard, that Ordinance No. 2508-06/07 be adopted. The ordinance adds Article G, Energy Conservation Code to reflect adopting the 2006 edition. On roll call vote, all present voted Aye.

ORDINANCE NO. 2509-06/07

**AMENDING TITLE 4, CHAPTER 4, OF THE CODE OF THE CITY OF PEKIN 1995
REGARDING ENERGY CONSERVATION CODE**

Motion by Com'r. Maddox, seconded by Com'r. Blanchard, that Ordinance No. 2509-06/07 be adopted.

The ordinance amends Article B, Sewer Regulations revising the section on grease separation/interceptors.
On roll call vote all present voted Aye.

Motion by Com'r. Maddox, seconded by Com'r. Blanchard, that the regular meeting of the City Council scheduled for December 25/26, 2006 be cancelled. Council to consider canceling the second regular Council meeting for the month of December 2006. The Clerk was instructed to post and notify the public of the change appropriately. On roll call vote, all present voted Aye.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Condolences were expressed to the families in the death of former Police Chief Donald Nell and Police Officer Daral Bates. Request for successful surgery of Bob Reiling and Kathy McCoy.

City Manager Dennis Kief distributed the proposed 2008 Budget, intended to be presented for adoption at the December 11 Council meeting..

Dan Shipman 1430 Park Avenue expressed his concern of exposing firefighters to hazardous material operations. He referred to an aid agreement approved by Council between the City of Pekin and Caterpillar Tractor Company.

Gary Allen 213 Gunion addressed Council regarding the registration of rental properties. He told Council he appreciated their consideration to allow the matter to be discussed and open to public input.

Thomas Harrison 3520 Cattail Cove requested the Council's help in getting the drainage berm in the Lutticken's Cove area of new construction for Osbrey Subdivision in place before the heavy rains in the Spring. Reporters from the *Pekin Daily Time* were given the opportunity to ask questions.

Motion by Com'r. Maddox, seconded by Com'r. Blanchard, that Council move to Executive Session at 6:50 P.M. to discuss Pending Litigation 5 ILCS 120/2 (c.) 11. and Acquisition of Real Estate 5 ILCS 120/2 (c.) 5. On roll call vote, all present voted Aye. The Council returned to open session.

No further business to come before the Council, Mayor Mackaman called the meeting closed in open session.

COUNCIL ADJOURNED AT 7:35 P.M.

Sue E. McMillan
City Clerk

City of Pekin

Police Department

PEKIN POLICE DEPARTMENT END OF MONTH REPORT FOR NOVEMBER 2006

	NOVEMBER 2005	OCTOBER 2006	NOVEMBER 2006
TRAFFIC TICKETS	379	390	452
WARNING TICKETS	351	438	314
OFFENSES	380	467	567
ARRESTS	168	184	235
PARKING TICKETS	660	880	593
STOPS	665	778	712

Breakdown of Parking Tickets

Abandoned Vehicle	5	5	1
Fire Lane	0	2	15
No Parking Light	346	505	196
Handicapped	13	8	13
Improper Parking	29	35	27
Restricted Parking	243	292	317
No Parking Zone	22	14	13
Fire Hydrant	0	0	0
Meter Violation	2	19	10
TOTAL	660	880	592



Tazewell / Pekin Consolidated Communications Center
1130 Koch St. Pekin, IL 61554 • Office (309) 478-5410 Fax (309) 477-2302

TPCCC MONTHLY STATISTICAL REPORT

Month NOVEMBER 2006

Number of phone calls received 24,658

Number of 9-1-1 Calls 1711

Number of calls dispatched (all agencies) 4308

***= Included in total # Of calls received**

Additional Comments:

Steven F. Thompson, ENP
Director

BUILDING REPORT 2006

MONTH	DWELLINGS 1	GARAGES 2	MULTI-FAMILY 3	COMMERCIAL 4	COMMERCIAL REMODELING 5	RESIDENTIAL REMODELING 6	MISC. 7	RESIDENTIAL DEMOLITIONS 8	COMMERCIAL DEMOLITIONS 9	BUILDING DOLLARS	BLDG PERMITS						
JANUARY	2.00	\$251,250		4.00	\$194,100	4.00	\$262,486	4.00	\$61,500	2.00	\$2,800	1.00	\$3,000		\$775,086	17.00	
FEBRUARY	5.00	\$845,250	3.00	\$40,600	5.00	\$5,717,400		6.00	\$35,000	9.00	\$52,344				\$6,690,594	28.00	
MARCH	6.00	\$1,070,500	3.00	\$109,705	1.00	\$127,500		3.00	\$99,191	7.00	\$1,406,300	20.00	\$289,691	19.00	\$34,391	\$3,137,278	59.00
APRIL	6.00	\$999,500	5.00	\$48,660	4.00	\$600,000		8.00	\$1,372,600	6.00	\$111,400	26.00	\$157,262	26.00	\$59,470	\$3,348,892	81.00
MAY	9.00	\$1,533,077	9.00	\$182,276	2.00	\$372,580		2.00	\$863,636	21.00	\$175,050	40.00	\$81,316		\$3,207,935	83.00	
JUNE	6.00	\$1,410,327	5.00	\$67,660	2.00	\$259,780		1.00	\$6,600,000	4.00	\$132,000	17.00	\$64,959	33.00	\$116,182	\$8,650,908	68.00
TOTAL 6 MO.	34.00	\$6,109,304	25.00	\$448,901	9.00	\$1,359,860	23.00	\$2,725,772	94.00	\$783,462	129.00	\$146,503	3.00	\$3,000.00	0.00	\$25,810,093	336.00
JULY	5.00	\$954,905	2.00	\$16,090	2.00	\$152,000	2.00	\$20,300	14.00	\$127,830	27.00	\$126,526				\$1,397,651	52.00
AUGUST	12.00	\$1,971,149	1.00	\$9,700	2.00	\$330,768	6.00	\$2,266,364	29.00	\$275,156	15.00	\$52,700	1.00	\$3,000		\$4,864,837	66.00
SEPTEMBER	3.00	\$660,306					2.00	\$1,370,000	23.00	\$111,421	23.00	\$60,312				\$2,202,039	51.00
OCTOBER	7.00	\$1,434,345	8.00	\$101,060			4.00	\$21,729	13.00	\$206,250	15.00	\$50,060				\$8,676,979	54.00
NOVEMBER																	
DECEMBER																	
TOTAL 6 MO.	32.00	\$4,976,705	13.00	\$126,850	2.00	\$330,768	8.00	\$1,412,029	79.00	\$770,657	80.00	\$289,598	1.00	\$3,000.00	0.00	\$17,441,236	223.00
YEAR	61	\$11,086,609	36.00	\$575,751	11.00	\$1,690,628	31.00	\$4,187,801	173.00	\$1,504,119	209.00	\$636,101	2.00	\$6,000.00	0.00	\$42,552,199	559.00



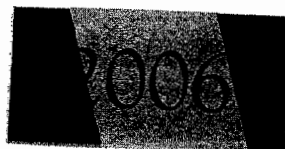
Educating and motivating people to care about and for groundwater

received
11/27/06-DX

November 21, 2006

12/11/06 Consent
Agency

Dennis Kief
Pekin Groundwater Guardian Team
111 S Capitol Street
Pekin, IL 61554



Dear Dennis,

Congratulations on another successful year of groundwater protection and education! The Groundwater Foundation extends sincere thanks to you, your team, and your supporters for your efforts to protect your community's groundwater and congratulates you on your 2006 Groundwater Guardian designation. The contribution of your valuable time and expertise to advance the cause of groundwater education and protection reflects your commitment to the future health and prosperity of your community.

THE 2006 DESIGNATION PLATE IS ENCLOSED. Please attach it to your Groundwater Guardian plaque. Your plaque represents national recognition from The Groundwater Foundation for your community's efforts in groundwater education and protection. As you begin to plan your activities for next year, we encourage you to make the Groundwater Guardian logo a part of your community awareness efforts. The *2006 Groundwater Guardian Profiles* are available on The Groundwater Foundation's website at www.groundwater.org, or by request on CD ROM. Call 1-800-858-4844 or e-mail guardian@groundwater.org to request a copy.

It's time to start thinking about next year! To maintain your team's momentum and designation as a Groundwater Guardian, The Groundwater Foundation encourages you to communicate with your team and begin now to plan your activities for 2007. As a reminder, the Annual Entry Form, Team List, and Activity Plans are due **February 15, 2007**. Please remember we are available via phone, fax, and e-mail to help you in any way that we can! The entry forms can be found in the *Guide to Groundwater Guardian*, on our website at www.groundwater.org, or via e-mail request.

If you have any questions, please feel free to contact me at 1-800-858-4844 or guardian@groundwater.org. Congratulations and good luck on your continuing groundwater protection efforts!

Sincerely,

Jennifer Wemhoff
Groundwater Guardian Director

CITY OF PEKIN, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2006

CITY OF PEKIN, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2006

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS		3-7
GOVERNMENT-WIDE FINANCIAL STATEMENTS:		
Statement of Net Assets	1	8-9
Statement of Activities	2	10
FUND FINANCIAL STATEMENTS:		
Balance Sheet-Governmental Funds	3	11-12
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	4	13-14
Statement of Net Assets-Proprietary Funds	5	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	6	16
Statement of Cash Flows-Proprietary Funds	7	17
Statement of Fiduciary Net Assets-Fiduciary Funds	8	18
Statement of Changes in Fiduciary Net Assets-Pension Trust Funds	9	19
NOTES TO THE FINANCIAL STATEMENTS		20-40
	<u>Schedule</u>	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund	1	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Library Fund	2	42
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Motor Fuel Tax Fund	3	43
OTHER SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund	4	44-47
Combining Balance Sheet-Nonmajor Governmental Funds	5	48
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	6	49
Schedules of Revenues, Expenditures, and Changes in Fund Balance:		
Sanitation Special Revenue Fund	7	50
HUD Metro Development Special Revenue Fund	8	51
TIF Central Business District Special Revenue Fund	9	52
Capital Projects Fund	10	53
Combining Statement of Net Assets-Nonmajor Enterprise Funds	11	54
Combining Statement of Revenues, Expenses, and Changes in Fund Assets-Nonmajor Enterprise Funds	12	55
Statement of Cash Flows-Nonmajor Enterprise Funds	13	56

CITY OF PEKIN, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2006

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Combining Statement of Net Assets-Internal Service Funds	14	57
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets-Internal Service Funds	15	58
Combining Statement of Cash Flows-Internal Service Funds	16	59
Combining Statement of Fiduciary Net Assets-Pension Trust Funds	17	60
Combining Statement of Changes in Fiduciary Net Assets-Pension Trust Funds	18	61
Statement of Net Assets-Special Assessment Fund	19	62
Statement of Revenues, Expenditures, and Changes in Net Assets-Special Assessment Fund	20	63
 SUPPORTING SCHEDULES-UNAUDITED STATISTICAL INFORMATION		
General Government Expenditures by Function-Last Ten Fiscal Years	A	64
General Revenues by Source-All Governmental Fund Types-Last Ten Fiscal Years	B	65
Tax Revenues by Source-Last Ten Fiscal Years	C	66
Schedule of 2005 Tax Levy and Estimated Collection in 2006	D	67
Schedule of Property Taxes Levied and Collected for Latest Three Year Period	E	68
Police Pension and Fire Pension Funds-Schedule of Funding Progress-Last Eight Fiscal Years	F	69
Police Pension and Fire Pension Funds-Statement of Revenues and Other Receipts and Expenditures-Last Ten Fiscal Years	G	70
Miscellaneous Statistics	H	71
 OTHER REPORTS		
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"		72
Schedule of Federal Financial Assistance		73
Schedule of Findings and Questioned Costs		74
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		75-76

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 units, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois as of and for the year ended April 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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 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 units, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois, as of April 30, 2006, 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 November 6, 2006, 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 on internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pekin, Illinois, basic financial statements. 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 basic financial statements of the City of Pekin, Illinois. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Willock Warning & Co, PC

Willock Warning & Co., P.C.

Pekin, Illinois
November 6, 2006



City of Pekin

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR ENDED APRIL 30, 2006

The City of Pekin's (the "City") Management's Discussion and Analysis is designed to help the reader focus on significant issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address future challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues.

As Management's Discussion and Analysis (MD&A) is predicated on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the accompanying transmittal letter and the City's financial statements.

USING THE FINANCIAL SECTION OF THE ANNUAL AUDIT REPORT

Prior to 2004, the primary focus of local governmental financial statements had been summarized on a current financial resource basis. This approach was modified by Government Accounting Standards Board (GASB) Statement No. 34 whereby the City's financial statements present two kinds of statements, each with a different snapshot of the City's finances.

The new financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. While both perspectives (government-wide and major fund) may allow the reader to address relevant questions and broaden basis for comparisons, they may be frustrating as they present information in a new way.

FINANCIAL HIGHLIGHTS

In the General Fund, actual revenues exceeded budget by \$2,269,000 (12.59%) as compared to fiscal year end 2005 \$1,722,000 (10.0%). This was due primarily to the recovery of the various taxes, i.e., replacement, income, sales and use, local motor fuel and telecommunications.

Overall expenditures for the General Fund were less than the budget by \$330,791 (1.9%). At April 30, 2006, the City had borrowed \$2.89 million of a maximum \$2.95 million general obligation bond through the Herget Bank for vehicles (\$1.49 million) and \$1.4 million for the new riverfront park.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (see pages 8 -10) are designed to be "more private industry-like", in that all governmental and business-type activities are consolidated into columns, which add to a total for the Primary Government. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the City and its governmental and business-type activities. This Statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

Following are two-year comparisons of those statements, allowing the reader to discern the direction the City is going from a fiscal standpoint.

FUND FINANCIAL STATEMENTS

	FY 2006 (in Thousands)				FY 2005 (in Thousands)			
	Governmental	Business-Type	Total	Component Unit	Governmental	Business-Type	Total	Component Unit
	Activities	Activities			Activities	Activities		
Current Assets	\$ 24,822	\$ 3,089	\$ 27,911	\$ 120	\$ 22,144	\$ 2,071	\$ 24,215	\$ 99
Noncurrent Assets	27,685	16,657	44,342	515	25,846	17,375	43,221	612
Total Assets	\$ 52,507	\$ 19,746	\$ 72,253	\$ 635	\$ 47,990	\$ 19,446	\$ 67,436	\$ 711
Current Liabilities	\$ 5,413	\$ 1,537	\$ 6,950	\$ 276	\$ 4,963	\$ 1,792	\$ 6,755	\$ 274
Noncurrent Liabilities	5,493	-	5,493	38	4,954	-	4,954	130
Total Liabilities	\$ 10,906	\$ 1,537	\$ 12,443	\$ 314	\$ 9,917	\$ 1,792	\$ 11,709	\$ 404
Investment in Capital								
Assets (net of related debt)	\$ 21,430	\$ 13,391	\$ 34,821	\$ 396	\$ 19,210	\$ 14,022	\$ 33,232	\$ 403
Reserved	445	-	445	-	-	-	-	-
Restricted	5,137	-	5,137	-	4,965	-	4,965	-
Unrestricted	14,589	4,818	19,407	(75)	13,898	3,632	17,530	(96)
Total Net Assets	\$ 41,601	\$ 18,209	\$ 59,810	\$ 321	\$ 38,073	\$ 17,654	\$ 55,727	\$ 307

STATEMENT OF ACTIVITIES

	FY 2006 (in Thousands)				FY 2005 (in Thousands)			
	Governmental	Business-Type	Total	Component Unit	Governmental	Business-Type	Total	Component Unit
	Activities	Activities			Activities	Activities		
REVENUES								
Program Revenues:								
Grants & Contributions	\$ 1,188	\$ 69	\$ 1,257	\$ -	\$ 880	\$ 153	\$ 1,033	\$ -
Charges for Services	1,963	3,871	5,834	1,183	1,414	4,406	5,820	1,135
General Revenues:								
Taxes	20,854	-	20,854	-	20,171	-	20,171	-
Franchise Fees	408	-	408	-	340	-	340	-
Interest	568	181	749	3	197	8	205	-
Other	1,093	-	1,093	-	288	-	288	-
Total Revenues	26,074	4,121	30,195	1,186	23,290	4,567	27,857	1,135
Expenses:								
Governmental Activities	22,719	-	22,719	-	21,522	-	21,522	-
Business-type Activities	-	3,393	3,393	-	-	3,584	3,584	-
Component Unit	-	-	-	1,172	-	-	-	1,171
Total Expenses	22,719	3,393	26,112	1,172	21,522	3,584	25,106	1,171
Transfers In (Out)	173	(173)	-	-	228	(228)	-	-
Change in Assets	\$ 3,528	\$ 555	\$ 4,083	\$ 14	\$ 1,996	\$ 755	\$ 2,751	\$ (36)

CAPITAL ASSETS - STATEMENT OF CAPITAL ASSETS

	FY 2005 (in Thousands)		FY 2006 (in Thousands)	
	Balance April 30, 2004	Additions/ Deletions	Balance April 30, 2005	Additions/ Deletions
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,202	\$ 2,118	\$ 11,320	\$ 29
Capital assets being depreciated:				
Buildings	9,932	448	10,380	195
Infrastructure	2,067	1,124	3,191	1,865
Machinery and equipment	3,261	29	3,290	334
Vehicles	5,634	898	6,532	525
Library books	1,212	93	1,305	86
Total capital assets being depreciated	22,106	2,592	24,698	3,005
Less accumulated depreciation for:				
Buildings	1,474	207	1,681	211
Infrastructure	103	158	261	253
Machinery and equipment	2,522	160	2,682	151
Vehicles	4,355	434	4,789	469
Library books	645	114	759	111
Total accumulated depreciation	9,099	1,073	10,172	1,195
Net capital assets being depreciated	13,007	1,519	14,526	1,810
Net governmental activities capital assets	\$ 22,209	\$ 3,637	\$ 25,846	\$ 1,839
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 250	\$ -	\$ 250	\$ -
Capital assets being depreciated:				
Land improvements	759	-	759	-
Buildings	425	-	425	-
Machinery and equipment	20,027	163	20,190	19
Vehicles	2,867	87	2,954	103
Total capital assets being depreciated	24,078	250	24,328	122
Less accumulated depreciation for:				
Land improvements	545	40	585	42
Buildings	403	2	405	2
Machinery and equipment	6,548	582	7,130	583
Vehicles	2,275	139	2,414	130
Total accumulated depreciation	9,771	763	10,534	757
Net capital assets being depreciated	14,307	(513)	13,794	(635)
Net business-type activities capital assets	\$ 14,557	\$ (513)	\$ 14,044	\$ (635)
Depreciation in fiscal year was charged to:				
Governmental activities		\$ 1,073		\$ 1,195
Business-type activities		763		757

DEBT OUTSTANDING

The City of Pekin had total long-term debt and a note payable outstanding of \$6.254 million as of April 30, 2006. This debt is comprised of general obligation bonds and a note payable. For more details see Note 6 in the Notes to the Financial Statements.

	Long-Term Debt (in Thousands)				
	Balance April 30, 2004	Additions/ Deletions	Balance April 30, 2005	Additions/ Deletions	Balance April 30, 2006
Governmental activities					
General obligation bonds	\$ 2,345	\$ 2,676	\$ 5,021	\$ 923	\$ 5,944
Notes payable	310	-	310	-	310
Total long-term debt	<u>\$ 2,655</u>	<u>\$ 2,676</u>	<u>\$ 5,331</u>	<u>\$ 923</u>	<u>\$ 6,254</u>

The City maintains an "A" rating ("AAA" for insured) from Standard and Poor's and an "A" rating from Moody's Investor Services. As a home rule entity under the Illinois Constitution, the City does not have a legal debt limit. To obtain the most favorable interest rates, the three GO Bonds issued in fiscal 2005 were insured to obtain an "AAA" rating. Total outstanding debt is less than \$185 per resident.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE GOVERNMENT-WIDE STATEMENT

Utilizing the new model for governmental financial reporting prescribed by GASB 34, the City's net assets (total assets, including depreciated fixed assets, minus total liabilities) were \$59,808,629, an increase of \$4,083,019 over last year. The showing of net assets rather than fund balance and including infrastructure values appears to improve the City's financial position. One must remember that net assets include certain infrastructure assets (streets, sewers, street and traffic lights, etc.) that have limited value outside of a municipality.

The increase in net assets is due to the increase in cash and investments (\$2.9 million), various receivables (\$.7 million), and an increase in noncurrent assets (\$1.1 million). Current liabilities increased (\$.2 million) as did noncurrent liabilities (\$.5 million).

FINANCIAL RATIOS

Ratios are for fiscal years 2005 and 2006 (May 1 through April 30).

"Working Capital" is the amount by which current assets exceed current liabilities.

	Working Capital (in Thousands)	
	FY 2005	FY 2006
Entity-wide summary	\$ 17,460	\$ 20,961
Governmental	17,180	19,409
Business-type	279	1,551

Working Capital increased in FY 2006, primarily in the Governmental area, which is where the basic functions of government are provided, i.e., public safety, public works, etc.

"Current Ratio" (comparing current assets to current liabilities, CA/CL) is an indicator of the ability to pay current obligations.

	<u>Current Ratio</u>	
	<u>FY 2005</u>	<u>FY 2006</u>
Entity-wide summary	3.6	4.0
Governmental	4.5	4.6
Business-type	1.2	2.0

"Liabilities to Net Assets" indicates the extent of borrowing.

	<u>Liabilities to Net Assets</u>	
	<u>FY 2005</u>	<u>FY 2006</u>
Entity-wide summary	21.01%	20.81%
Governmental	26.05%	26.21%
Business-type	10.15%	8.44%

"Return on Assets from Operations" is the percentage of the change in net assets to net assets at the beginning of the year. This illustrates to what extent there will be sufficient funds to replace assets in the future.

	<u>Return on Assets</u>	
	<u>FY 2005</u>	<u>FY 2006</u>
Entity-wide summary	5.2%	7.3%
Governmental	5.5%	9.3%
Business-type	4.5%	3.1%

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation and readers are encouraged to give primary attention to these areas:

Net results of activities, which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for capital, which will increase current assets and long-term debt.

Spending borrowed proceeds on new capital, which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and in related net debt, which will not change the investment in capital assets, net of debt.

Spending of nonborrowed current assets on new capital, which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase investment in capital assets, net of debt.

Principal payment on debt, which will, (a) reduce current assets and long-term debt and, (b) reduce unrestricted net assets and increase investment in capital assets, net of debt.

Reduction of capital assets through depreciation - which will reduce capital assets, net of debt.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pekin's finances for all those with an interest in the government's finances. Copies of this report are available on the City's web-site at www.ci.pekin.il.us under Finance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Pekin, 111 South Capitol Street, Pekin, Illinois 61554.

CITY OF PEKIN, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2006

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	
ASSETS				
Current assets:				
Cash	\$ 1,679,290	\$ 972,183	\$ 2,651,473	\$ 117,336
Investments	14,546,007	1,944,934	16,490,941	-
Receivables (net):				
Taxes	5,981,193	-	5,981,193	-
Loans	1,711,509	-	1,711,509	-
Accounts and other	578,830	171,464	750,294	3,039
Accrued interest	55,236	-	55,236	-
Inventories	97,570	-	97,570	-
Prepaid items	172,379	-	172,379	-
Total current assets	<u>24,822,014</u>	<u>3,088,581</u>	<u>27,910,595</u>	<u>120,375</u>
Noncurrent assets:				
Capital assets:				
Land and improvements	11,348,851	1,009,302	12,358,153	-
Other capital assets, net of accumulated depreciation	<u>16,335,882</u>	<u>12,381,214</u>	<u>28,717,096</u>	<u>515,251</u>
Total capital assets, net of depreciation	27,684,733	13,390,516	41,075,249	515,251
Loans receivable	<u>-</u>	<u>3,266,446</u>	<u>3,266,446</u>	<u>-</u>
Total noncurrent assets	<u>27,684,733</u>	<u>16,656,962</u>	<u>44,341,695</u>	<u>515,251</u>
Total assets	<u>\$52,506,747</u>	<u>\$ 19,745,543</u>	<u>\$ 72,252,290</u>	<u>\$ 635,626</u>

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2006

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>		<u>Component</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities:				
Cash overdraft	\$ -	\$ 1,431,050	\$ 1,431,050	\$ -
Accounts payable and accrued expenses	836,388	95,337	931,725	43,264
Compensated absences	1,132,086	-	1,132,086	-
Accrued interest payable	63,414	-	63,414	-
Deferred revenue, property taxes	2,619,929	-	2,619,929	151,562
Deposits	-	11,110	11,110	-
Current portion of noncurrent liabilities	760,750	-	760,750	81,105
Total current liabilities	<u>5,412,567</u>	<u>1,537,497</u>	<u>6,950,064</u>	<u>275,931</u>
Noncurrent liabilities:				
Loans payable, noncurrent portion	-	-	-	38,221
General obligation bonds and note payable, noncurrent portion	5,493,597	-	5,493,597	-
Total noncurrent liabilities	<u>5,493,597</u>	<u>-</u>	<u>5,493,597</u>	<u>38,221</u>
Total liabilities	<u>10,906,164</u>	<u>1,537,497</u>	<u>12,443,661</u>	<u>314,152</u>
Net assets				
Invested in capital assets, net of related debt	21,430,386	13,390,516	34,820,902	395,925
Reserved for debt service	444,605	-	444,605	-
Restricted for:				
Capital development	1,395,535	-	1,395,535	-
Highways and streets	3,325,069	-	3,325,069	-
Culture and recreation	415,897	-	415,897	-
Unrestricted (deficit)	<u>14,589,091</u>	<u>4,817,530</u>	<u>19,406,621</u>	<u>(74,451)</u>
Total net assets	<u>41,600,583</u>	<u>18,208,046</u>	<u>59,808,629</u>	<u>321,474</u>
Total liabilities and net assets	<u>\$ 52,506,747</u>	<u>\$ 19,745,543</u>	<u>\$ 72,252,290</u>	<u>\$ 635,626</u>

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, 2006

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Business-type Activities	
				Governmental Activities	Total		
Primary Government							
Governmental activities:							
General government	\$ 2,183,495	\$ 149,617	\$ -	\$ (2,033,878)	\$ -	\$ (2,033,878)	\$ -
Public safety	13,555,250	893,717	121,351	(12,540,182)	-	(12,540,182)	-
Public lands	774,756	9,610	600	(764,546)	-	(764,546)	-
Zoning	329,101	222,529	-	(106,572)	-	(106,572)	-
Public works	123,625	-	-	(123,625)	-	(123,625)	-
Streets	2,374,164	79,866	453,374	(1,840,924)	-	(1,840,924)	-
Sanitation	1,676,248	65,481	67,000	(1,543,767)	-	(1,543,767)	-
Planning and development	41,611	2,000	-	(39,611)	-	(39,611)	-
Culture and recreation	1,006,192	111,224	44,963	(850,005)	-	(850,005)	-
Visitors bureau	75,318	-	-	(75,318)	-	(75,318)	-
Residential and public improvements/donations	300,582	428,811	501,115	629,344	-	629,344	-
Interest on long-term debt	278,444	-	-	(278,444)	-	(278,444)	-
Total governmental activities (Note 3)	22,718,796	1,962,855	1,188,403	(19,567,528)	-	(19,567,528)	-
Business-type activities:							
Economic development	63,255	-	-	-	(63,255)	(63,255)	-
Sewerage	1,890,440	2,464,639	-	-	574,199	574,199	-
Other	1,439,387	1,405,733	68,819	-	35,165	35,165	-
Total business-type activities	3,393,082	3,870,372	68,819	-	546,109	546,109	-
Total primary government	\$ 26,111,868	\$ 5,833,227	\$ 1,257,222	\$ (19,567,528)	\$ -	\$ (19,021,419)	\$ -
Component unit:							
TPCCC	\$ 1,171,439	\$ 1,182,864	\$ -				11,425
General revenues:							
Taxes:							
Property taxes				5,258,862	-	5,258,862	-
Income taxes				2,618,891	-	2,618,891	-
Sales taxes				8,809,570	-	8,809,570	-
Other taxes				4,167,064	-	4,167,064	-
Franchise fees				408,479	-	408,479	-
Investment earnings				567,688	181,257	748,945	3,026
Other				1,092,627	-	1,092,627	-
Transfers				172,600	(172,600)	-	-
Total general revenues and transfers				23,095,781	8,657	23,104,438	3,026
Changes in net assets				3,528,253	554,766	4,083,019	14,451
Net assets, beginning of year				38,072,330	17,653,280	55,725,610	307,023
Net assets, end of year				\$ 41,600,583	\$ 18,208,046	\$ 59,808,629	\$ 321,474

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

CITY OF PEKIN, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2006

	General Fund	Library Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 879,904	\$ 11,411	\$ 30,727	\$ 397,593	\$ 1,319,635
Investments	8,606,622	669,386	3,259,098	1,131,979	13,667,085
Due from other funds	-	4,588	-	10,614	15,202
Receivables (net of allowable for uncollectibles):					
Property taxes	1,719,225	900,704	-	-	2,619,929
Accounts, fees, grants, and other taxes	3,768,569	-	77,582	88,357	3,934,508
Loans	-	-	-	1,711,509	1,711,509
Prepaid items	170,829	-	-	1,550	172,379
Total assets	<u>\$ 15,145,149</u>	<u>\$ 1,586,089</u>	<u>\$ 3,367,407</u>	<u>\$ 3,341,602</u>	<u>\$ 23,440,247</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 366,901	\$ 12,830	\$ 42,338	\$ 89,935	\$ 512,004
Accrued wages	193,831	12,009	-	16,038	221,878
Due to other funds	12,219	-	-	2,983	15,202
Other liabilities	4,773	-	-	-	4,773
Deferred revenues	1,719,225	900,704	-	-	2,619,929
Total liabilities	<u>2,296,949</u>	<u>925,543</u>	<u>42,338</u>	<u>108,956</u>	<u>3,373,786</u>
Fund Balances:					
Reserved for debt service	-	-	-	444,605	444,605
Reserved for capital development	-	244,649	-	1,150,886	1,395,535
Unreserved, designated	-	247,400	-	-	247,400
Unreserved, undesignated reported in:					
General fund	12,848,200	-	-	-	12,848,200
Special revenue funds	-	168,497	3,325,069	1,637,155	5,130,721
Total fund balances	<u>12,848,200</u>	<u>660,546</u>	<u>3,325,069</u>	<u>3,232,646</u>	<u>20,066,461</u>
Total liabilities and fund balances	<u>\$ 15,145,149</u>	<u>\$ 1,586,089</u>	<u>\$ 3,367,407</u>	<u>\$ 3,341,602</u>	<u>\$ 23,440,247</u>

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, 2006

Total governmental fund balances	\$ 20,066,461
----------------------------------	---------------

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.	27,684,733
---	------------

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.	1,262,025
---	-----------

Accrued interest receivable is not a financial resource and, therefore, not reported in the funds	55,236
---	--------

Liabilities, including bonds payable, are not payable in the current period and therefore are not reported in the funds:

General obligation bonds payable	(6,254,347)
Compensated absences	(1,132,086)
Accrued interest payable	(63,414)
Other liabilities	<u>(18,025)</u>

Net assets of governmental activities	<u>\$ 41,600,583</u>
---------------------------------------	----------------------

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, 2006

	General Fund	Library Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 17,782,775	\$ 843,595	\$ 976,137	\$ 1,251,880	\$ 20,854,387
Licenses and permits	276,348	-	-	-	276,348
Intergovernmental	236,037	44,963	16,743	890,660	1,188,403
Fees and charges for services	1,089,510	35,986	57,003	-	1,182,499
Fines and collections	410,201	-	-	-	410,201
Investment earnings	294,564	28,249	108,221	37,202	468,236
Reimbursements	109,224	-	-	-	109,224
Other revenues	125,161	71,936	-	499,410	696,507
Total revenues	<u>20,323,820</u>	<u>1,024,729</u>	<u>1,158,104</u>	<u>2,679,152</u>	<u>25,185,805</u>
Expenditures:					
Current:					
General government/administrative	1,759,004	-	-	242,117	2,001,121
Public safety	12,002,561	-	-	-	12,002,561
Public lands and buildings	598,617	-	-	-	598,617
Zoning and inspection	319,550	-	-	-	319,550
Public works	115,871	-	-	-	115,871
Highways and streets	1,218,999	-	871,546	-	2,090,545
Sanitation	-	-	-	1,583,104	1,583,104
Planning and development	55,402	-	-	1,508,266	1,563,668
Culture and recreation	20,146	905,421	-	-	925,567
Visitors bureau	75,318	-	-	-	75,318
Residential and public improvements/donations	-	-	-	494,222	494,222
Debt service:					
Principal	227,000	-	-	150,000	377,000
Interest	113,771	-	-	101,259	215,030
Capital outlay	986,191	159,795	-	-	1,145,986
Total expenditures	<u>17,492,430</u>	<u>1,065,216</u>	<u>871,546</u>	<u>4,078,968</u>	<u>23,508,160</u>
Excess (deficiency) of revenues over expenditures	<u>2,831,390</u>	<u>(40,487)</u>	<u>286,558</u>	<u>(1,399,816)</u>	<u>1,677,645</u>
Other finances sources (uses):					
Bond proceeds	300,000	-	-	1,000,000	1,300,000
Transfers in	100,000	-	-	1,489,755	1,589,755
Transfers out	(1,493,205)	-	-	-	(1,493,205)
Total other financing sources (uses)	<u>(1,093,205)</u>	<u>-</u>	<u>-</u>	<u>2,489,755</u>	<u>1,396,550</u>
Net change in fund balances	<u>1,738,185</u>	<u>(40,487)</u>	<u>286,558</u>	<u>1,089,939</u>	<u>3,074,195</u>
Fund balances, beginning of year	<u>11,110,015</u>	<u>701,033</u>	<u>3,038,511</u>	<u>2,142,707</u>	<u>16,992,266</u>
Fund balances, end of year	<u>\$ 12,848,200</u>	<u>\$ 660,546</u>	<u>\$ 3,325,069</u>	<u>\$ 3,232,646</u>	<u>\$ 20,066,461</u>

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, 2006

Net change in fund balances-governmental funds \$ 3,074,195

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 (\$1,618,482) exceeded depreciation (\$1,195,496) in the current period. 422,986

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 1,132,086

The issuance of bond principal is a financing source in the governmental funds but increases the long-term liabilities in the statement of net assets. 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:

Issuance of bonds	(1,300,000)
Repayment of bond principal	377,000
Interest	(63,414)

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. (114,600)

Change in net assets of governmental activities \$ 3,528,253

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, 2006

	<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>	
	<u>Economic Development Fund</u>	<u>Sewerage Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
ASSETS					
Current assets:					
Cash	\$ -	\$ 484,834	\$ 487,349	\$ 972,183	\$ 424,831
Investments	-	1,812,376	132,558	1,944,934	878,922
Accounts receivable (net of allowance for uncollectibles)	-	58,616	112,848	171,464	5,586
Fuel and parts inventory, at cost	-	-	-	-	97,570
Total current assets	-	<u>2,355,826</u>	<u>732,755</u>	<u>3,088,581</u>	<u>1,406,909</u>
Noncurrent assets:					
Loans receivable	<u>3,266,446</u>	-	-	<u>3,266,446</u>	-
Capital assets:					
Land and improvements	-	73,000	936,302	1,009,302	-
Buildings	-	-	424,500	424,500	-
Equipment	-	20,102,179	68,364	20,170,543	38,745
Vehicles	-	-	3,057,373	3,057,373	-
Less accumulated depreciation	-	<u>(7,639,566)</u>	<u>(3,631,636)</u>	<u>(11,271,202)</u>	<u>(20,720)</u>
Total capital assets (net of accumulated depreciation)	-	<u>12,535,613</u>	<u>854,903</u>	<u>13,390,516</u>	<u>18,025</u>
Total noncurrent assets	<u>3,266,446</u>	<u>12,535,613</u>	<u>854,903</u>	<u>16,656,962</u>	<u>18,025</u>
Total assets	<u>\$3,266,446</u>	<u>\$ 14,891,439</u>	<u>\$ 1,587,658</u>	<u>\$ 19,745,543</u>	<u>\$ 1,424,934</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Cash overdraft	\$1,431,050	\$ -	\$ -	\$ 1,431,050	\$ 65,176
Accounts payable	-	59,453	6,290	65,743	90,979
Accrued wages	-	8,623	20,971	29,594	6,754
Customer deposits	-	11,110	-	11,110	-
Total current liabilities	<u>1,431,050</u>	<u>79,186</u>	<u>27,261</u>	<u>1,537,497</u>	<u>162,909</u>
Net assets:					
Invested in capital assets, net of related debt	-	12,535,613	854,903	13,390,516	18,025
Unrestricted	<u>1,835,396</u>	<u>2,276,640</u>	<u>705,494</u>	<u>4,817,530</u>	<u>1,244,000</u>
Total net assets	<u>1,835,396</u>	<u>14,812,253</u>	<u>1,560,397</u>	<u>18,208,046</u>	<u>1,262,025</u>
Total liabilities and net assets	<u>\$3,266,446</u>	<u>\$ 14,891,439</u>	<u>\$ 1,587,658</u>	<u>\$ 19,745,543</u>	<u>\$ 1,424,934</u>

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, 2006

	<u>Business-type Activities-Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Economic Development Fund</u>	<u>Sewerage Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Operating revenues, charges for services	\$ -	\$ 2,464,639	\$ 1,405,733	\$ 3,870,372	\$ 3,918,649
Operating expenses:					
Personal services	-	381,105	739,089	1,120,194	301,503
Supplies	-	27,230	3,499	30,729	-
Cost of fuel and parts sold	-	-	-	-	493,641
Insurance claims and premiums paid	-	-	-	-	3,179,559
Other services and charges	63,255	903,872	521,376	1,488,503	174,936
Depreciation	-	578,233	175,423	753,656	3,876
Total operating expenses	<u>63,255</u>	<u>1,890,440</u>	<u>1,439,387</u>	<u>3,393,082</u>	<u>4,153,515</u>
Operating income (loss)	<u>(63,255)</u>	<u>574,199</u>	<u>(33,654)</u>	<u>477,290</u>	<u>(234,866)</u>
Nonoperating revenues:					
Grants	-	-	68,819	68,819	-
Investment earnings	<u>145,561</u>	<u>29,445</u>	<u>6,251</u>	<u>181,257</u>	<u>44,216</u>
Total nonoperating revenues	<u>145,561</u>	<u>29,445</u>	<u>75,070</u>	<u>250,076</u>	<u>44,216</u>
Income before transfers	<u>82,306</u>	<u>603,644</u>	<u>41,416</u>	<u>727,366</u>	<u>(190,650)</u>
Transfers in	-	-	109,210	109,210	76,050
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(181,810)</u>	<u>(281,810)</u>	<u>-</u>
Change in net assets	<u>82,306</u>	<u>503,644</u>	<u>(31,184)</u>	<u>554,766</u>	<u>(114,600)</u>
Total net assets, beginning of year	<u>1,753,090</u>	<u>14,308,609</u>	<u>1,591,581</u>	<u>17,653,280</u>	<u>1,376,625</u>
Total net assets, end of year	<u>\$ 1,835,396</u>	<u>\$ 14,812,253</u>	<u>\$ 1,560,397</u>	<u>\$ 18,208,046</u>	<u>\$ 1,262,025</u>

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, 2006

	<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>	
	<u>Economic Development Fund</u>	<u>Sewerage Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from services	\$ -	\$ 2,589,844	\$ 1,293,335	\$ 3,883,179	\$ 3,915,796
Payments for personal services	-	(375,979)	(737,880)	(1,113,859)	(300,405)
Payments to vendors and suppliers	(63,255)	(1,019,400)	(528,597)	(1,611,252)	(3,963,738)
Net cash provided (used) by operating activities	(63,255)	1,194,465	26,858	1,158,068	(348,347)
Cash flows from noncapital financing activities:					
Grant receipts	-	-	68,819	68,819	-
Transfers (to) from other funds	-	(100,000)	(72,600)	(172,600)	76,050
Net cash provided (used) by noncapital financing activities	-	(100,000)	(3,781)	(103,781)	76,050
Cash flows from capital related activities:					
Purchase of capital assets	-	(19,415)	(103,000)	(122,415)	-
Cash flows from investing activities:					
Purchase of investments	-	(1,272,105)	(4,865)	(1,276,970)	(17,372)
Net loans repaid	86,621	-	-	86,621	-
Interest income	145,561	29,445	6,251	181,257	44,216
Net cash provided (used) by investing activities	232,182	(1,242,660)	1,386	(1,009,092)	26,844
Net increase (decrease) in cash	168,927	(167,610)	(78,537)	(77,220)	(245,453)
Cash balance, beginning of year	(1,599,977)	652,444	565,886	(381,647)	605,108
Cash balance, end of year	<u>\$(1,431,050)</u>	<u>\$ 484,834</u>	<u>\$ 487,349</u>	<u>\$ (458,867)</u>	<u>\$ 359,655</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (63,255)	\$ 574,199	\$ (33,654)	\$ 477,290	\$ (234,866)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	578,233	175,423	753,656	3,876
Changes in assets and liabilities:					
(Increase) decrease in receivables	-	125,205	(112,398)	12,807	(2,853)
Increase in inventories	-	-	-	-	(75,344)
Decrease in accounts payable	-	(90,793)	(6,266)	(97,059)	(40,258)
Increase in accrued wages	-	5,126	3,753	8,879	1,098
Increase (decrease) in deposits held	-	2,495	-	2,495	-
Net cash provided (used) by operating activities	<u>\$ (63,255)</u>	<u>\$ 1,194,465</u>	<u>\$ 26,858</u>	<u>\$ 1,158,068</u>	<u>\$ (348,347)</u>

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, 2006

	<u>Pension Trust Funds</u>	<u>Payroll Imprest- Agency Fund</u>
ASSETS		
Cash	\$ 109,764	\$ 44,078
Investments, at market value:		
Money market accounts	672,509	-
Certificates of deposit	500,000	-
U.S. Government and Agency obligations	19,694,915	-
Equity funds	7,027,451	-
Equity mutual funds	4,114,357	-
Foreign bonds	240,000	-
Bond mutual fund	99,499	-
Index funds	15,530	-
Real estate investment trusts	263,297	-
Total assets	<u>\$ 32,737,322</u>	<u>\$ 44,078</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 1,489	\$ -
Payroll taxes	-	30,084
Undistributed assets	-	13,994
Total liabilities	<u>1,489</u>	<u>44,078</u>
 Net assets:		
Held in trust for pension benefits	<u>32,735,833</u>	-
Total liabilities and net assets	<u>\$ 32,737,322</u>	<u>\$ 44,078</u>

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, 2006

	Pension Trust Funds
<u>ADDITIONS:</u>	
Contributions:	
Employer	\$ 2,322,511
Plan members	<u>558,799</u>
Total contributions	<u>2,881,310</u>
Investment income:	
Realized gains on investment sales and net appreciation in fair market value of investments	1,895,662
Interest/dividends	<u>1,153,619</u>
Total investment income	3,049,281
Less investment expense	<u>(124,267)</u>
Net investment income	<u>2,925,014</u>
Total additions	<u>5,806,324</u>
<u>DEDUCTIONS:</u>	
Benefits	3,097,741
Administrative expenses	<u>72,067</u>
Total deductions	<u>3,169,808</u>
Change in net assets	2,636,516
Net assets, beginning of year	<u>30,099,317</u>
Net assets, end of year	<u>\$ 32,735,833</u>

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

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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 four-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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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 Motor Fuel Tax 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 Economic Development Fund and the Sewerage Fund are considered major funds for reporting purposes.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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 exchange, 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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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 forty-five 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. 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.

F. 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 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 likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal year ending in 2007. The City has implemented the general provisions of GASB Statement No. 34 and plans to implement the retroactive infrastructure provisions (under the modified approach) in the fiscal year ending April 30, 2007.

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	20-years
Lighting	20-years

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 1 - continued

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.

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.

G. Inventory

The only fund having a material amount of inventory is the vehicle maintenance fund, an internal service fund. Inventories of fuel and vehicle parts in this fund are valued at cost on a first-in, first-out basis which approximated market value. Inventory is recorded using the consumption method.

H. Compensated Absences

The City accrues compensated absences (vacation and sick leave benefits) when vested. The governmental funds' compensated absences liabilities are recorded as current liabilities in the government-wide financial statements.

I. 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 2005 tax levy adopted December 12, 2005, 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-September 1 and October 2, 2006. Collections are distributed by the County Treasurer in October through December, 2006. The lien date for uncollected taxes is February 1, 2007.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 1 - continued

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.

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.

G. Inventory

The only fund having a material amount of inventory is the vehicle maintenance fund, an internal service fund. Inventories of fuel and vehicle parts in this fund are valued at cost on a first-in, first-out basis which approximated market value. Inventory is recorded using the consumption method.

H. Compensated Absences

The City accrues compensated absences (vacation and sick leave benefits) when vested. The governmental funds' compensated absences liabilities are recorded as current liabilities in the government-wide financial statements.

I. 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 2005 tax levy adopted December 12, 2005, 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-September 1 and October 2, 2006. Collections are distributed by the County Treasurer in October through December, 2006. The lien date for uncollected taxes is February 1, 2007.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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, 2006, the carrying amount of the City's deposits totaled \$1,473,682 with the bank balances totaling \$1,778,794. 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	<u>\$ 1,778,794</u>
--	---------------------

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, 2006, the City's investments by category of risk were as follows:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>
Corporate debt and equity	\$ 23,355,886	\$ -	\$ -	\$ 23,355,886
U.S. government securities	19,694,915	-	-	19,694,915
Foreign government debt	240,000	-	-	240,000
	<u>\$ 43,290,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>43,290,801</u>
Investments not subject to categorization:				
Illinois State Funds Money Market Fund				4,983,519
Money Market Funds				843,706
Total				<u>\$ 49,118,026</u>

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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 2 - continued

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

Cash	\$ 2,075
Deposits with financial institutions	13,008,111
Investments	<u>38,986,886</u>
	<u>\$ 51,997,072</u>
Government-wide financial statement of net assets:	
Cash and cash equivalents	\$ 2,768,809
Investments	<u>16,490,941</u>
	<u>\$ 19,259,750</u>
Statement of fiduciary net assets:	
Cash and cash equivalents	\$ 109,764
Investments	<u>32,627,558</u>
	<u>\$ 32,737,322</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended April 30, 2006:

	Balance April 30, 2005	Additions	Deletions	Balance April 30, 2006
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$11,319,511	\$ 29,340	\$ -	\$ 11,348,851
Capital assets being depreciated:				
Buildings	10,379,620	194,911	-	10,574,531
Infrastructure	3,190,901	1,865,215	-	5,056,116
Machinery and equipment	3,289,899	334,390	-	3,624,289
Vehicles	6,531,681	525,034	-	7,056,715
Library books	1,305,539	85,470	-	1,391,009
Total capital assets being depreciated	<u>24,697,640</u>	<u>3,005,020</u>	<u>-</u>	<u>27,702,660</u>
Less accumulated depreciation for:				
Buildings	1,681,009	211,346	-	1,892,355
Infrastructure	260,813	252,806	-	513,619
Machinery and equipment	2,682,094	150,364	-	2,832,458
Vehicles	4,788,648	469,430	-	5,258,078
Library books	758,718	111,550	-	870,268
Total accumulated depreciation	<u>10,171,282</u>	<u>1,195,496</u>	<u>-</u>	<u>11,366,778</u>
Total capital assets being depreciated, net	<u>14,526,358</u>	<u>1,809,524</u>	<u>-</u>	<u>16,335,882</u>
Governmental activities capital assets, net	<u>\$25,845,869</u>	<u>\$ 1,838,864</u>	<u>\$ -</u>	<u>\$ 27,684,733</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 249,883	\$ -	\$ -	\$ 249,883
Capital assets being depreciated:				
Land improvements	759,419	-	-	759,419
Buildings	424,500	-	-	424,500
Machinery and equipment	20,189,873	19,415	-	20,209,288
Vehicles	2,954,373	103,000	-	3,057,373
Total capital assets being depreciated	<u>24,328,165</u>	<u>122,415</u>	<u>-</u>	<u>24,450,580</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 3 - continued

Less accumulated depreciation for:

Land improvements	\$ 585,146	\$ 42,264	\$ -	\$ 627,410
Buildings	405,500	2,000	-	407,500
Machinery and equipment	7,130,240	582,776	-	7,713,016
Vehicles	2,413,504	130,492	-	2,543,996
Total accumulated depreciation	10,534,390	757,532	-	11,291,922
Total capital assets being depreciated, net	13,793,775	(635,117)	-	13,158,658
Business-type activities capital assets, net	\$14,043,658	\$ (635,117)	\$ -	\$ 13,408,541

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

Governmental Activities

General government	\$ 156,384
Public safety	353,568
Highways and streets	246,601
Sanitation	66,458
Public lands	204,206
Culture and recreation	161,043
Public works	3,143
Zoning	4,093
	<u>\$ 1,195,496</u>

Business-Type Activities

Sewer	\$ 578,233
Municipal bus	24,103
School bus	109,056
Airport	42,264
Vehicle maintenance	3,876
	<u>\$ 757,532</u>

NOTE 4 - INDIVIDUAL FUND DISCLOSURES

The following is a summary of deficit fund balances/net assets of individual funds as of April 30, 2006:

Special Revenue Fund:

Sanitation	\$ 68,750
------------	-----------

Internal Service Fund:

Vehicle maintenance	3,169
---------------------	-------

The excess of expenditures over final budget for year ended April 30, 2006 were:

Library Fund (due primarily to capital outlay)	69,195
Sanitation Fund (due to capital outlay)	213,673
HUD Metro Development Fund	166,847
TIF Central Business District Fund	263,571
Capital Projects Fund	262,009

Interfund receivables/payables at April 30, 2006 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 12,219
TIF/CBD	10,614	-
Library Fund	4,588	-
Sanitation Fund	-	2,983
	<u>\$ 15,202</u>	<u>\$ 15,202</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 4 - continued

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General fund	\$ 100,000	\$ 1,493,205
Nonmajor governmental funds	<u>1,489,755</u>	<u>-</u>
Total governmental activities	<u>1,589,755</u>	<u>1,493,205</u>
Business-type activities:		
Sewerage fund	-	100,000
Nonmajor enterprise funds	<u>109,210</u>	<u>181,810</u>
Total business-type activities	<u>109,210</u>	<u>281,810</u>
Internal service fund	<u>76,050</u>	<u>-</u>
Total	<u>\$ 1,775,015</u>	<u>\$ 1,775,015</u>

NOTE 5 - LEASE COMMITMENTS

Capital Leases:

The City was not obligated under any capital lease contracts as of April 30, 2006.

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 \$13 thousand. These expenditures were made primarily in the General Fund.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended April 30, 2006:

	<u>Balance</u> <u>April 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General Obligation Bonds:					
Series 2003	\$ 900,000	\$ -	\$ 115,000	\$ 785,000	\$ 115,000
Note payable	310,000	-	-	310,000	-
Series 2004 Refunding	1,410,000	-	150,000	1,260,000	165,000
Series 2004	1,591,347	1,300,000	-	2,891,347	368,750
Series 2005	<u>1,120,000</u>	<u>-</u>	<u>112,000</u>	<u>1,008,000</u>	<u>112,000</u>
	<u>\$ 5,331,347</u>	<u>\$ 1,300,000</u>	<u>\$ 377,000</u>	<u>\$ 6,254,347</u>	<u>\$ 760,750</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

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 in annual installments of \$100,000 to \$125,000 through December 1, 2012. Interest rate ranges between 2.0 percent and 3.65 percent.	\$ 785,000
Note Payable - The Pekin Public Library entered into contract to purchase part of a building on October 29, 2002. The promissory note represents one-half of the purchase price. The note is due October 1, 2008 and bears no interest.	310,000
Series 2004 Refunding - Used to refinance outstanding bonds of the Series 1993A issue. Bonds are due in annual installments of \$165,000 to \$195,000 through January 1, 2013. Interest rate ranges from 1.9 percent to 3.65 percent.	1,260,000
Series 2004 - Used to purchase capital items in General Fund, Sanitation Fund, and TIF/CBD Fund. Bonds are due in annual installments of \$368,750 with a final payment of \$116,347 on January 1, 2010. Interest rate is 3.894 percent.	2,891,347
Series 2005 - Used to purchase land for expansion of Riverway Business Park. Bonds are due in annual installments of \$112,000 through April 1, 2015. Interest rate is 5.125 percent.	<u>1,008,000</u>
Total	<u>\$ 6,254,347</u>

Debt Service:

The annual debt service requirements to maturity, including principal and interest for the long-term debt as of April 30, 2006 are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 760,750	\$ 220,434	\$ 981,184
2008	775,750	193,813	969,563
2009	1,065,750	166,029	1,231,779
2010	765,750	138,015	903,765
2011	775,750	108,955	884,705
2012-2015	<u>2,110,597</u>	<u>151,106</u>	<u>2,261,703</u>
Total	<u>\$ 6,254,347</u>	<u>\$ 978,352</u>	<u>\$ 7,232,699</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND

The City of Pekin's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City of Pekin is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 7.28 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2005 was 27 years.

For December 31, 2005 the City of Pekin's annual pension cost of \$303,761 was equal to its required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) 7.50 percent investment rate of return (net of administrative expenses), b) projected salary increases of 4.00 percent a year, attributable to inflation, c) additional projected salary increases ranging from 0.4 percent to 11.6 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 IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$303,761	100%	-
12/31/04	185,320	100%	-
12/31/03	98,976	100%	-
12/31/02	68,893	100%	-
12/31/01	148,447	100%	-
12/31/00	208,258	100%	-
12/31/99	261,058	100%	-
12/31/98	262,646	100%	-
12/31/97	275,151	100%	-
12/31/96	277,540	100%	-

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 7 - continued

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)
12/31/05	\$ 10,791,509	\$ 10,991,174	\$ 199,665
12/31/04	9,769,359	9,707,115	(62,244)
12/31/03	10,339,385	9,393,829	(945,556)
12/31/02	10,450,437	9,163,992	(1,286,445)
12/31/01	10,024,619	8,103,038	(1,921,581)
12/31/00	9,101,819	7,202,578	(1,899,241)
12/31/99	7,565,410	6,464,291	(1,101,119)
12/31/98	5,830,975	5,472,053	(358,922)
12/31/97	5,194,634	5,292,414	97,780
12/31/96	3,908,923	4,358,952	450,029

Actuarial Valuation Date	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/05	98.18%	\$ 4,172,544	4.79%
12/31/04	100.64%	3,698,994	0.00%
12/31/03	110.07%	3,586,098	0.00%
12/31/02	114.04%	3,588,190	0.00%
12/31/01	123.71%	3,373,807	0.00%
12/31/00	126.37%	3,112,969	0.00%
12/31/99	117.03%	3,115,261	0.00%
12/31/98	106.56%	2,864,188	0.00%
12/31/97	98.15%	2,788,927	3.51%
12/31/96	89.68%	2,599,022	17.32%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$10,939,963. On a market basis, the funded ratio would be 99.53%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 8 - POLICE PENSION FUND

Disclosure of pension information, as required by GASB No. 27, was not available for the Police Pension Fund as of the date of this report. The following information regarding the police pension fund is the most recent data available from actuarial reports dated April 30, 2005:

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, 2005 was \$2,728,251. Current membership in the PPF is comprised of the following:

	<u>April 30, 2005</u>
Retirees and beneficiaries currently receiving benefits	45
Active employees	53
Total	<u>98</u>

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 police 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 Illinois Department of Insurance's actuary estimates that as of April 30, 2005 (the date of the latest computation) the present value of total pension obligations to be borne by the City of Pekin Police Pension Fund was:

Reserves for annuities and benefits in force:	
Service retirement annuities	\$ 15,943,511
Disability annuities	1,281,477
Widows and parents annuities	1,318,757
Deferred annuities	44,348
Pensions and benefits on active participants	<u>11,569,749</u>
Total present value of pension obligations	<u>\$ 30,157,842</u>

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 8 - continued

The Police Pension Fund had accumulated reserve assets of \$17,568,424 on the same date. Therefore, the estimated present value of future contributions to be made by the Police Pension Fund on behalf of the present employees at April 30, 2005 was \$12,589,418.

The annual tax levy necessary to meet the annual requirements of the Police Pension Fund at April 30, 2005 was:

Normal costs based on the annual payroll of active participants at April 30, 2005	\$ 406,908
Amount necessary to amortize the unfunded accrued liability of \$12,589,418 over 28.1699 contemplated by Section 3-127 of the Illinois Pension Code	<u>545,511</u>
Total amount of tax levy necessary to arrive at the annual requirements of the fund as contemplated by Section 3-125 of the Illinois Pension Code	<u>\$ 952,419</u>

SUMMARY OF ACTUARIAL INFORMATION

Funding method used-Entry Age Normal Cost
Amortization method used-Level Percentage of Payroll in accordance with Section 3-127 of the Illinois Pension Code
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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 9 - FIRE PENSION FUND

Disclosure of pension information, as required by GASB No. 27, was not available for the Fire Pension Fund as of the date of this report. The following information regarding the fire pension fund is the most recent data available from actuarial reports dated April 30, 2005:

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, 2005 was \$2,488,770. Current membership in the FPF is comprised of the following:

<u>Group</u>	<u>April 30, 2005</u>
Retirees and beneficiaries currently receiving benefits	59
Active employees	49
Total	<u>108</u>

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 Illinois Department of Insurance's actuary estimates that as of April 30, 2005 (the date of the latest computation) the present value of total pension obligations to be borne by the City of Pekin Fire Pension Fund was:

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 9 - continued

Reserves for annuities and benefits in force:

Service retirement annuities	\$ 13,594,818
Disability annuities	6,019,384
Survivors annuities	1,261,246
Pensions and benefits on active participants	<u>13,240,378</u>
Total present value of pension obligations	<u>\$ 34,115,826</u>

The Fire Pension Fund had accumulated reserve assets of \$12,530,893 on the same date. Therefore, the estimated present value of future contributions to be made by the Fire Pension Fund on behalf of the present employees at April 30, 2005 was \$21,584,933.

The annual tax levy necessary to meet the annual requirements of the Fire Pension Fund at April 30, 2005 was:

Normal costs based on the annual payroll of active participants at April 30, 2005	\$ 533,558
---	------------

Amount necessary to amortize the unfunded accrued liability of \$21,584,933 over 28.1699 years as contemplated by Section 4-118 of the Illinois Pension Code	<u>935,295</u>
--	----------------

Total amount of tax levy necessary to arrive at the annual requirements of the fund as contemplated by Section 4-118 of the Illinois Pension Code	<u>\$ 1,468,853</u>
---	---------------------

SUMMARY OF ACTUARIAL INFORMATION

Funding method used-Entry Age Normal Cost
 Amortization method used-Level Percentage of Payroll in accordance with Section 4-118 of the Illinois Pension Code
 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.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 10 - 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 its 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 11 - POST-EMPLOYMENT BENEFITS

Benefits provided to City retirees are mandated by State statute. All police, fire, and IMRF eligible employees are entitled to receive the same health insurance benefits they had as active employees (Plan A). They may also choose to be covered under a reduced benefit package at a less cost to them (Plan B). There are additional plans available to retirees who have current primary medical coverage from another insurance provider.

A summary of Plans A and B are as follows:

Plan A**PPO In-Network Benefits:**

- Claims paid at 90 percent;
- Deductible - \$250 per percent per year/\$500 per family per year;
- Prescription Plan - \$10/\$20/\$35 co-pay;
- Maximum out-of-pocket costs per year - \$1,300 per person and \$2,600 per family.

Out-of-Network Benefits:

- Claims paid at 80 percent;
- Deductible - \$500 per percent per year/\$1,000 per family per year;
- Prescription Plan - \$10/\$20/\$35 co-pay;
- Maximum out-of-pocket costs per year - \$2,600 per person and \$5,200 per family.

Plan B**PPO In-Network Benefits:**

- Claims paid at 80 percent of first \$5,000;
- Deductible - \$2,500 per person per year;
- Prescription Plan - \$10/\$20/\$35 co-pay;
- Maximum out-of-pocket costs per year - \$3,500.

Out-of-Network Benefits:

- Claims paid at 60 percent of first \$10,000;
- Deductible - \$5,000 per person per year;
- Prescription Plan - \$10/\$20/\$35 co-pay;
- Maximum out-of-pocket costs per year - \$9,000.

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.

Total claims paid on behalf of retirees last year was \$425,496. Retiree contributions toward the health plan last year was \$150,573.

CITY OF PEKIN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 12 - 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, 2006 there were two series of revenue bonds outstanding. The principal amount payable was \$1,463,991.

NOTE 13 - 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, 2006

	Budgeted Amounts Original and Final	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 16,353,724	\$ 17,782,775	\$ 1,429,051
Licenses and permits	232,650	276,348	43,698
Intergovernmental	92,186	236,037	143,851
Fees and charges for services	697,175	1,089,510	392,335
Fines and collections	351,000	410,201	59,201
Investment earnings	120,000	294,564	174,564
Reimbursements	18,000	109,224	91,224
All other revenues	189,950	125,161	(64,789)
Total revenues	<u>18,054,685</u>	<u>20,323,820</u>	<u>2,269,135</u>
Expenditures:			
General government/administrative	1,679,750	1,759,004	(79,254)
Public safety	12,220,378	12,002,561	217,817
Public lands and buildings	574,243	598,617	(24,374)
Zoning and inspection	370,865	319,550	51,315
Public works	132,769	115,871	16,898
Highways and streets	1,171,512	1,218,999	(47,487)
Planning and development	160,215	55,402	104,813
Culture and recreation	19,777	20,146	(369)
Visitors bureau	89,365	75,318	14,047
Capital outlay	1,211,428	986,191	225,237
Debt service:			
Principal	115,000	227,000	(112,000)
Interest	77,919	113,771	(35,852)
Total expenditures	<u>17,823,221</u>	<u>17,492,430</u>	<u>330,791</u>
Excess of revenues over expenditures	<u>231,464</u>	<u>2,831,390</u>	<u>2,599,926</u>
Other financing sources (uses):			
Bond proceeds	20,000	300,000	280,000
Operating transfers in	100,000	100,000	-
Operating transfers out	(1,402,273)	(1,493,205)	(90,932)
Total other financing sources (uses)	<u>(1,282,273)</u>	<u>(1,093,205)</u>	<u>189,068</u>
Net change in fund balance	<u>\$ (1,050,809)</u>	<u>1,738,185</u>	<u>\$ 2,788,994</u>
Fund balance, beginning of year		<u>11,110,015</u>	
Fund balance, end of year		<u>\$ 12,848,200</u>	

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

CITY OF PEKIN, ILLINOIS
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Budgeted Amounts Original and Final	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 754,500	\$ 747,224	\$ (7,276)
Replacement taxes	68,000	96,371	28,371
Charges for services	36,200	35,986	(214)
Intergovernmental	46,321	44,963	(1,358)
Investment earnings	3,000	28,249	25,249
All other revenues	10,500	71,936	61,436
Total revenues	<u>918,521</u>	<u>1,024,729</u>	<u>106,208</u>
Expenditures:			
Culture and recreation:			
Personal services	540,097	529,239	10,858
Books, programs and services	141,399	146,983	(5,584)
Other services and charges	223,025	229,199	(6,174)
Capital outlay:			
Equipment and building improvements	<u>91,500</u>	<u>159,795</u>	<u>(68,295)</u>
Total expenditures	<u>996,021</u>	<u>1,065,216</u>	<u>(69,195)</u>
Excess (deficiency) of revenues over expenditures	(77,500)	(40,487)	37,013
Other financing sources:			
Transfers in	<u>77,500</u>	<u>-</u>	<u>(77,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>(40,487)</u>	<u>\$ (40,487)</u>
Fund balance, beginning of year		<u>701,033</u>	
Fund balance, end of year		<u>\$ 660,546</u>	

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

CITY OF PEKIN, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Budgeted <u>Amounts</u> Original and <u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Motor fuel taxes	\$ 960,000	\$ 976,137	\$ 16,137
Franchise fees	67,000	57,003	(9,997)
Intergovernmental	-	16,743	16,743
Investment earnings	<u>23,000</u>	<u>108,221</u>	<u>85,221</u>
Total revenues	1,050,000	1,158,104	108,104
Expenditures-highways and streets:			
Street construction and maintenance	<u>1,248,562</u>	<u>871,546</u>	<u>377,016</u>
Excess of revenues over expenditures	<u>\$ (198,562)</u>	<u>286,558</u>	<u>\$ 485,120</u>
Fund balance, beginning of year		<u>3,038,511</u>	
Fund balance, end of year		<u>\$3,325,069</u>	

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

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, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 4,038,624	\$ 4,006,765	\$ (31,859)
Replacement taxes	809,100	1,247,005	437,905
Income taxes	2,404,000	2,618,891	214,891
State sales and use taxes	4,919,000	5,225,865	306,865
Local sales and use taxes	2,753,000	3,179,118	426,118
Local motor fuel taxes	330,000	345,126	15,126
Telecommunication tax	1,100,000	1,160,005	60,005
Intergovernmental	92,186	236,037	143,851
Franchise fees	337,200	351,476	14,276
Fire protection fees	335,865	345,382	9,517
Charges for services	24,110	32,030	7,920
Fines and collections	351,000	410,201	59,201
Parking lot rentals	12,000	9,554	(2,446)
Other rentals and sale of property	45,300	351,068	305,768
2% foreign fire insurance tax	17,000	25,459	8,459
Licenses and permits	232,650	276,348	43,698
Reimbursements	18,000	109,224	91,224
Investment earnings	120,000	294,564	174,564
Miscellaneous	115,650	99,702	(15,948)
Total revenues	<u>18,054,685</u>	<u>20,323,820</u>	<u>2,269,135</u>
Expenditures:			
General government	2,688,184	2,207,793	480,391
Visitors bureau	89,365	75,318	14,047
Streets	1,331,512	1,314,109	17,403
Police	6,820,360	6,763,902	56,458
Fire	5,731,496	6,007,086	(275,590)
Public works	138,769	115,871	22,898
Zoning and inspection	371,515	319,709	51,806
Public lands and buildings	632,243	668,496	(36,253)
Band	19,777	20,146	(369)
Total expenditures	<u>17,823,221</u>	<u>17,492,430</u>	<u>330,791</u>
Excess of revenues over expenditures	<u>231,464</u>	<u>2,831,390</u>	<u>2,599,926</u>
Other financing sources (uses):			
Bond proceeds	20,000	300,000	280,000
Transfers in	100,000	100,000	-
Transfers out	(1,402,273)	(1,493,205)	(90,932)
Total other financing sources (uses)	<u>(1,282,273)</u>	<u>(1,093,205)</u>	<u>189,068</u>
Net change in fund balance	<u>\$ (1,050,809)</u>	<u>1,738,185</u>	<u>\$ 2,788,994</u>
Fund balance, beginning of year		<u>11,110,015</u>	
Fund balance, end of year		<u>\$ 12,848,200</u>	

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

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
General government:			
Administrative:			
Personal services	\$ 205,448	\$ 210,686	\$ (5,238)
Supplies	1,000	1,091	(91)
Other services and charges	111,610	74,214	37,396
Capital outlay	300	57	243
Total administrative	<u>318,358</u>	<u>286,048</u>	<u>32,310</u>
Planning and development:			
Personal services	84,962	11,489	73,473
Supplies	750	269	481
Other services and charges	74,503	43,644	30,859
Capital outlay	300,000	-	300,000
Total planning and development	<u>460,215</u>	<u>55,402</u>	<u>404,813</u>
Legal:			
Other services and charges	<u>466,000</u>	<u>435,490</u>	<u>30,510</u>
City Clerk:			
Personal services	71,519	73,287	(1,768)
Supplies	450	527	(77)
Other services and charges	<u>26,135</u>	<u>21,775</u>	<u>4,360</u>
Total city clerk	<u>98,104</u>	<u>95,589</u>	<u>2,515</u>
Finance/Treasury:			
Personal services	176,868	185,148	(8,280)
Supplies	6,375	7,036	(661)
Other services and charges	49,423	50,438	(1,015)
Capital outlay	-	143	(143)
Total finance	<u>232,666</u>	<u>242,765</u>	<u>(10,099)</u>
Personnel:			
Personal services	71,519	85,036	(13,517)
Supplies	6,445	6,843	(398)
Other services and charges	<u>18,396</u>	<u>21,192</u>	<u>(2,796)</u>
Total personnel	<u>96,360</u>	<u>113,071</u>	<u>(16,711)</u>
Information technology:			
Personal services	-	74,897	(74,897)
Supplies	-	838	(838)
Other services	-	50,055	(50,055)
Capital outlay	-	52,376	(52,376)
Total information technology	<u>-</u>	<u>178,166</u>	<u>(178,166)</u>

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

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Non-departmental:			
Supplies	3,000	2,771	229
Other services and charges	465,562	457,680	7,882
Capital outlay	355,000	40	354,960
Debt service-principal	115,000	227,000	(112,000)
Debt service-interest	77,919	113,771	(35,852)
Total non-departmental	<u>1,016,481</u>	<u>801,262</u>	<u>215,219</u>
Total general government	<u>2,688,184</u>	<u>2,207,793</u>	<u>480,391</u>
Visitors bureau:			
Personal services	-	6,606	(6,606)
Grants	52,000	29,173	22,827
Supplies	1,350	750	600
Other services and charges	36,015	38,789	(2,774)
Total visitors bureau	<u>89,365</u>	<u>75,318</u>	<u>14,047</u>
Streets:			
Personal services	661,382	611,144	50,238
Supplies	7,750	12,533	(4,783)
Other services and charges	502,380	595,322	(92,942)
Capital outlay	160,000	95,110	64,890
Total streets	<u>1,331,512</u>	<u>1,314,109</u>	<u>17,403</u>
Police:			
Personal services	3,524,233	3,520,348	3,885
Supplies	27,693	24,089	3,604
Other services and charges	2,996,616	2,853,906	142,710
Capital outlay	271,818	365,559	(93,741)
Total police	<u>6,820,360</u>	<u>6,763,902</u>	<u>56,458</u>
Fire:			
Personal services	2,928,238	3,002,968	(74,730)
Supplies	49,650	39,917	9,733
Other services and charges	2,693,948	2,561,333	132,615
Capital outlay	59,660	402,868	(343,208)
Total fire	<u>5,731,496</u>	<u>6,007,086</u>	<u>(275,590)</u>
Public works:			
Personal services	82,056	91,648	(9,592)
Supplies	1,400	395	1,005
Other services and charges	49,313	23,828	25,485
Capital outlay	6,000	-	6,000
Total public works	<u>138,769</u>	<u>115,871</u>	<u>22,898</u>

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

CITY OF PEKIN, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Zoning and inspection:			
Personal services	261,280	206,590	54,690
Supplies	1,550	1,962	(412)
Other services and charges	108,035	110,998	(2,963)
Capital outlay	650	159	491
Total zoning and inspection	<u>371,515</u>	<u>319,709</u>	<u>51,806</u>
Public land and buildings:			
Personal services	221,527	222,979	(1,452)
Supplies	24,200	25,289	(1,089)
Other services and charges	328,516	350,349	(21,833)
Capital outlay	58,000	69,879	(11,879)
Total public land and buildings	<u>632,243</u>	<u>668,496</u>	<u>(36,253)</u>
Band:			
Personal services	16,571	16,938	(367)
Other services and charges	3,206	3,208	(2)
Total band	<u>19,777</u>	<u>20,146</u>	<u>(369)</u>
Total general fund	<u>\$ 17,823,221</u>	<u>\$ 17,492,430</u>	<u>\$ 330,791</u>

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

CITY OF PEKIN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2006

	Special Revenue			Capital Projects Fund	Total
	Sanitation Fund	HUD Metro Development Fund	TIF 1 Central Business District Fund		
ASSETS					
Cash	\$ 2	\$ 16,151	\$ 141,146	\$ 240,294	\$ 397,593
Investments	-	-	249,607	882,372	1,131,979
Due from other funds	-	-	10,614	-	10,614
Receivables:					
Accounts, fees, grants, and other taxes	1,642	-	43,833	42,882	88,357
Loans	-	1,711,509	-	-	1,711,509
Prepaid items	-	1,550	-	-	1,550
Total assets	<u>\$ 1,644</u>	<u>\$ 1,729,210</u>	<u>\$ 445,200</u>	<u>\$ 1,165,548</u>	<u>\$ 3,341,602</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 54,299	\$ 20,379	\$ 595	\$ 14,662	\$ 89,935
Accrued wages	13,112	2,926	-	-	16,038
Due to other fund	2,983	-	-	-	2,983
Total liabilities	<u>70,394</u>	<u>23,305</u>	<u>595</u>	<u>14,662</u>	<u>108,956</u>
Fund balances:					
Reserved for:					
Debt service	-	-	444,605	-	444,605
Capital projects	-	-	-	1,150,886	1,150,886
Unreserved, undesignated	(68,750)	1,705,905	-	-	1,637,155
Total fund balances	<u>(68,750)</u>	<u>1,705,905</u>	<u>444,605</u>	<u>1,150,886</u>	<u>3,232,646</u>
Total liabilities and fund balances	<u>\$ 1,644</u>	<u>\$ 1,729,210</u>	<u>\$ 445,200</u>	<u>\$ 1,165,548</u>	<u>\$ 3,341,602</u>

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2006

	Special Revenue			Capital	
	Sanitation	HUD Metro	TIF 1 Central	Projects	Total
	Fund	Development	Business District	Fund	
	Fund	Fund	Fund	Fund	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 504,873	\$ -	\$ 504,873
Sales	-	-	404,587	-	404,587
Local motor fuel	-	-	-	342,420	342,420
Intergovernmental	67,000	501,115	-	322,545	890,660
Sales and rental	63,234	-	2,000	3,118	68,352
Investment earnings	-	2,109	7,079	28,014	37,202
Other revenues	2,247	428,811	-	-	431,058
Total revenues	<u>132,481</u>	<u>932,035</u>	<u>918,539</u>	<u>696,097</u>	<u>2,679,152</u>
Expenditures:					
Current:					
General government/administrative	-	169,508	67,754	4,855	242,117
Sanitation	1,583,104	-	-	-	1,583,104
Planning and development	-	-	742,396	765,870	1,508,266
Residential and public improvements/ donations	-	494,222	-	-	494,222
Debt service:					
Principal	-	-	150,000	-	150,000
Interest	17,893	-	83,366	-	101,259
Total expenditures	<u>1,600,997</u>	<u>663,730</u>	<u>1,043,516</u>	<u>770,725</u>	<u>4,078,968</u>
Excess (deficiency) of revenues over expenditures	<u>(1,468,516)</u>	<u>268,305</u>	<u>(124,977)</u>	<u>(74,628)</u>	<u>(1,399,816)</u>
Other financing sources:					
Bond proceeds	-	-	1,000,000	-	1,000,000
Transfers in	1,489,755	-	-	-	1,489,755
Total other financing sources	<u>1,489,755</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>2,489,755</u>
Net change in fund balances	<u>21,239</u>	<u>268,305</u>	<u>875,023</u>	<u>(74,628)</u>	<u>1,089,939</u>
Fund balances, beginning of year	<u>(89,989)</u>	<u>1,437,600</u>	<u>(430,418)</u>	<u>1,225,514</u>	<u>2,142,707</u>
Fund balances, end of year	<u>\$ (68,750)</u>	<u>\$ 1,705,905</u>	<u>\$ 444,605</u>	<u>\$ 1,150,886</u>	<u>\$ 3,232,646</u>

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

CITY OF PEKIN, ILLINOIS
 SANITATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 67,000	\$ 67,000	\$ -
Sales and rental of totes	26,000	63,234	37,234
Other revenues	750	2,247	1,497
Total revenues	<u>93,750</u>	<u>132,481</u>	<u>38,731</u>
Expenditures:			
Garbage pick-up costs	401,511	496,198	(94,687)
Landfill costs	312,500	347,766	(35,266)
Yard waste costs	294,007	253,922	40,085
Recycling costs	362,363	305,632	56,731
Capital outlay	-	179,586	(179,586)
Debt service:			
Interest	16,943	17,893	(950)
Total expenditures	<u>1,387,324</u>	<u>1,600,997</u>	<u>(213,673)</u>
Deficiency of revenues over expenditures	(1,293,574)	(1,468,516)	(174,942)
Other financing sources:			
Transfers in	1,293,574	1,489,755	196,181
Net change in fund balance	<u>\$ -</u>	<u>21,239</u>	<u>\$ 21,239</u>
Fund balance (deficit), beginning of year		<u>(89,989)</u>	
Fund balance (deficit), end of year		<u>\$ (68,750)</u>	

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

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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Federal grants	\$ 492,000	\$ 501,115	\$ 9,115
Investment earnings	6,636	2,109	(4,527)
Other revenues	<u>120,000</u>	<u>428,811</u>	<u>308,811</u>
Total revenues	<u>618,636</u>	<u>932,035</u>	<u>313,399</u>
Expenditures:			
General government	171,680	169,508	2,172
Capital outlay:			
Residential housing rehabilitation	74,500	89,788	(15,288)
General public improvements	205,703	359,668	(153,965)
Contribution to public agencies	<u>45,000</u>	<u>44,766</u>	<u>234</u>
Total expenditures	<u>496,883</u>	<u>663,730</u>	<u>(166,847)</u>
Excess of revenues over expenditures	<u>\$ 121,753</u>	<u>268,305</u>	<u>\$ 146,552</u>
Fund balance, beginning of year		<u>1,437,600</u>	
Fund balance, end of year		<u>\$ 1,705,905</u>	

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

CITY OF PEKIN, ILLINOIS
TIF CENTRAL BUSINESS DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 493,500	\$ 504,873	\$ 11,373
Sales tax	450,000	404,587	(45,413)
Investment earnings	-	7,079	7,079
Rental of property	-	2,000	2,000
Total revenues	<u>943,500</u>	<u>918,539</u>	<u>(24,961)</u>
Expenditures:			
Economic development:			
Administrative	38,550	67,754	(29,204)
Redeveloping costs	500,000	742,396	(242,396)
Debt service:			
Principal	150,000	150,000	-
Interest	<u>91,395</u>	<u>83,366</u>	<u>8,029</u>
Total expenditures	<u>779,945</u>	<u>1,043,516</u>	<u>(263,571)</u>
Excess (deficiency) of revenues over expenditures	163,555	(124,977)	(288,532)
Other financing sources:			
Bond proceeds	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Net change in fund balance	<u>\$ 163,555</u>	<u>875,023</u>	<u>\$ 711,468</u>
Fund balance (deficit), beginning of year		<u>(430,418)</u>	
Fund balance, end of year		<u>\$ 444,605</u>	

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

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, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local motor fuel tax	\$ 330,000	\$ 342,420	\$ 12,420
Intergovernmental grants	-	322,545	322,545
Investment earnings	16,000	28,014	12,014
Other revenues	6,180	3,118	(3,062)
Total revenues	<u>352,180</u>	<u>696,097</u>	<u>343,917</u>
Expenditures:			
Contract construction	505,000	765,870	(260,870)
Administrative costs	3,716	4,855	(1,139)
Total expenditures	<u>508,716</u>	<u>770,725</u>	<u>(262,009)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (156,536)</u>	<u>(74,628)</u>	<u>\$ 81,908</u>
Fund balance, beginning of year		<u>1,225,514</u>	
Fund balance, end of year		<u>\$ 1,150,886</u>	

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

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
APRIL 30, 2006

	<u>Municipal Bus Fund</u>	<u>School Bus Fund</u>	<u>Pekin Airport Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 65,240	\$ 422,107	\$ 2	\$ 487,349
Investments	-	132,558	-	132,558
Accounts receivable (net of allowance for uncollectibles)	-	112,254	594	112,848
Total current assets	<u>65,240</u>	<u>666,919</u>	<u>596</u>	<u>732,755</u>
Noncurrent assets:				
Capital assets:				
Land and improvements	-	-	936,302	936,302
Buildings	-	50,000	374,500	424,500
Equipment	30,041	-	38,323	68,364
Vehicles	649,154	2,408,219	-	3,057,373
Less accumulated depreciation	<u>(663,366)</u>	<u>(1,945,005)</u>	<u>(1,023,265)</u>	<u>(3,631,636)</u>
Total capital assets (net of accumulated depreciation)	<u>15,829</u>	<u>513,214</u>	<u>325,860</u>	<u>854,903</u>
Total assets	<u>\$ 81,069</u>	<u>\$ 1,180,133</u>	<u>\$ 326,456</u>	<u>\$ 1,587,658</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 2,002	\$ 2,328	\$ 1,960	\$ 6,290
Accrued wages	3,848	17,123	-	20,971
Total current liabilities	<u>5,850</u>	<u>19,451</u>	<u>1,960</u>	<u>27,261</u>
Net assets:				
Invested in capital assets, net of related debt	15,829	513,214	325,860	854,903
Unrestricted	59,390	647,468	(1,364)	705,494
Total net assets	<u>75,219</u>	<u>1,160,682</u>	<u>324,496</u>	<u>1,560,397</u>
Total liabilities and net assets	<u>\$ 81,069</u>	<u>\$ 1,180,133</u>	<u>\$ 326,456</u>	<u>\$ 1,587,658</u>

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	<u>Municipal Bus Fund</u>	<u>School Bus Fund</u>	<u>Pekin Airport Fund</u>	<u>Total</u>
Operating revenues, charges for services	\$ 15,566	\$1,334,417	\$ 55,750	\$ 1,405,733
Operating expenses:				
Personal services	147,867	591,222	-	739,089
Supplies	1,070	2,363	66	3,499
Other services and charges	95,548	359,938	65,890	521,376
Depreciation	24,103	109,056	42,264	175,423
Total operating expenses	<u>268,588</u>	<u>1,062,579</u>	<u>108,220</u>	<u>1,439,387</u>
Operating income (loss)	<u>(253,022)</u>	<u>271,838</u>	<u>(52,470)</u>	<u>(33,654)</u>
Nonoperating revenues:				
Grants	68,819	-	-	68,819
Investment earnings	44	6,204	3	6,251
Total nonoperating revenues	<u>68,863</u>	<u>6,204</u>	<u>3</u>	<u>75,070</u>
Income (loss) before transfers	<u>(184,159)</u>	<u>278,042</u>	<u>(52,467)</u>	<u>41,416</u>
Transfers in	105,760	-	3,450	109,210
Transfers out	-	(181,810)	-	(181,810)
Change in net assets	<u>(78,399)</u>	<u>96,232</u>	<u>(49,017)</u>	<u>(31,184)</u>
Total net assets, beginning of year	<u>153,618</u>	<u>1,064,450</u>	<u>373,513</u>	<u>1,591,581</u>
Total net assets, end of year	<u>\$ 75,219</u>	<u>\$1,160,682</u>	<u>\$ 324,496</u>	<u>\$ 1,560,397</u>

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

CITY OF PEKIN, ILLINOIS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	<u>Municipal Bus Fund</u>	<u>School Bus Fund</u>	<u>Pekin Airport Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from services	\$ 15,566	\$ 1,222,163	\$ 55,606	\$ 1,293,335
Payments for personal services	(149,139)	(588,741)	-	(737,880)
Payments to vendors and suppliers	(92,072)	(362,940)	(73,585)	(528,597)
Net cash provided (used) by operating activities	(225,645)	270,482	(17,979)	26,858
Cash flows from noncapital financing activities:				
Grant receipts	68,819	-	-	68,819
Transfers (to) from other funds	105,760	(181,810)	3,450	(72,600)
Net cash provided (used) by noncapital financing activities	174,579	(181,810)	3,450	(3,781)
Cash flows from capital related activities:				
Purchase of capital assets	-	(103,000)	-	(103,000)
Cash flows from investing activities:				
Purchase of investments	-	(4,865)	-	(4,865)
Interest income	44	6,204	3	6,251
Net cash provided by investing activities	44	1,339	3	1,386
Net decrease in cash	(51,022)	(12,989)	(14,526)	(78,537)
Cash balance, beginning of year	116,262	435,096	14,528	565,886
Cash balance, end of year	\$ 65,240	\$ 422,107	\$ 2	\$ 487,349
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$(253,022)	\$ 271,838	\$ (52,470)	\$ (33,654)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	24,103	109,056	42,264	175,423
Changes in assets and liabilities:				
Increase in receivables	-	(112,254)	(144)	(112,398)
Increase (decrease) in accounts payable	2,002	(639)	(7,629)	(6,266)
Increase in accrued wages	1,272	2,481	-	3,753
Net cash provided (used) by operating activities	\$ (225,645)	\$ 270,482	\$ (17,979)	\$ 26,858

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
APRIL 30, 2006

	Vehicle Maintenance <u>Fund</u>	Employees Benefits <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ -	\$ 424,831	\$ 424,831
Investments	-	878,922	878,922
Accounts receivable	5,586	-	5,586
Fuel and parts inventory, at cost	97,570	-	97,570
Total current assets	<u>103,156</u>	<u>1,303,753</u>	<u>1,406,909</u>
Noncurrent assets:			
Capital assets:			
Equipment	38,745	-	38,745
Less accumulated depreciation	<u>(20,720)</u>	<u>-</u>	<u>(20,720)</u>
Total capital assets, net of accumulated depreciation	<u>18,025</u>	<u>-</u>	<u>18,025</u>
Total assets	<u>\$ 121,181</u>	<u>\$ 1,303,753</u>	<u>\$ 1,424,934</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Cash overdraft	\$ 65,176	\$ -	\$ 65,176
Accounts payable	52,420	38,559	90,979
Accrued wages	<u>6,754</u>	<u>-</u>	<u>6,754</u>
Total current liabilities	<u>124,350</u>	<u>38,559</u>	<u>162,909</u>
Net assets:			
Invested in capital assets, net of related debt	18,025	-	18,025
Unrestricted	<u>(21,194)</u>	<u>1,265,194</u>	<u>1,244,000</u>
Total net assets	<u>(3,169)</u>	<u>1,265,194</u>	<u>1,262,025</u>
Total liabilities and net assets	<u>\$ 121,181</u>	<u>\$ 1,303,753</u>	<u>\$ 1,424,934</u>

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	Vehicle Maintenance Fund	Employees Benefits Fund	Total
Operating revenues, charges for services	\$ 868,721	\$ 3,049,928	\$ 3,918,649
Operating expenses:			
Personal services	301,503	-	301,503
Cost of fuel and parts sold	493,641	-	493,641
Insurance claims and premiums paid	-	3,179,559	3,179,559
Other services and charges	130,363	44,573	174,936
Depreciation	3,876	-	3,876
Total operating expenses	929,383	3,224,132	4,153,515
Operating income (loss)	(60,662)	(174,204)	(234,866)
Nonoperating revenues:			
Investment earnings	-	44,216	44,216
Income (loss) before transfers	(60,662)	(129,988)	(190,650)
Transfers in	76,050	-	76,050
Change in net assets	15,388	(129,988)	(114,600)
Total net assets, beginning of year	(18,557)	1,395,182	1,376,625
Total net assets, end of year	\$ (3,169)	\$ 1,265,194	\$ 1,262,025

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	Vehicle Maintenance Fund	Employees Benefit Fund	Total
Cash flows from operating activities:			
Receipts from services	\$ 865,868	\$ 3,049,928	\$ 3,915,796
Payments for personal services	(300,405)	-	(300,405)
Payments to vendors and suppliers	(708,776)	(3,254,962)	(3,963,738)
Net cash used by operating activities	(143,313)	(205,034)	(348,347)
Cash flows from noncapital financing activities:			
Transfers from other funds	76,050	-	76,050
Cash flows from investing activities:			
Purchase of investments	-	(17,372)	(17,372)
Interest income	-	44,216	44,216
Net cash provided by investing activities	-	26,844	26,844
Net decrease in cash	(67,263)	(178,190)	(245,453)
Cash balance, beginning of year	2,087	603,021	605,108
Cash balance, end of year	\$ (65,176)	\$ 424,831	\$ 359,655
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (60,662)	\$ (174,204)	\$ (234,866)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	3,876	-	3,876
Changes in net assets and liabilities:			
Increase in accounts receivable	(2,853)	-	(2,853)
Increase in inventories	(75,344)	-	(75,344)
Decrease in accounts payable	(9,428)	(30,830)	(40,258)
Increase in accrued wages	1,098	-	1,098
Net cash used by operating activities	\$ (143,313)	\$ (205,034)	\$ (348,347)

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

CITY OF PEKIN, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2006

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 32,941	\$ 76,823	\$ 109,764
Investments, at market value:			
Money market accounts	444,506	228,003	672,509
Certificates of deposit	500,000	-	500,000
U.S. Government and Agency obligations	12,418,853	7,276,062	19,694,915
Equity funds	1,506,399	5,521,052	7,027,451
Equity mutual funds	3,444,003	670,354	4,114,357
Foreign bonds	240,000	-	240,000
Bond mutual fund	58,992	40,507	99,499
Index funds	15,530	-	15,530
Real estate investment trusts	263,297	-	263,297
Total assets	<u>\$ 18,924,521</u>	<u>\$ 13,812,801</u>	<u>\$ 32,737,322</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	\$ 700	\$ 789	\$ 1,489
Net assets:			
Held in trust for pension benefits	<u>18,923,821</u>	<u>13,812,012</u>	<u>32,735,833</u>
Total liabilities and net assets	<u>\$ 18,924,521</u>	<u>\$ 13,812,801</u>	<u>\$ 32,737,322</u>

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

CITY OF PEKIN, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	Police Pension Fund	Fire Pension Fund	Total
<u>ADDITIONS:</u>			
Contributions:			
Employer	\$ 914,578	\$ 1,407,933	\$ 2,322,511
Plan members	286,590	272,209	558,799
Total contributions	<u>1,201,168</u>	<u>1,680,142</u>	<u>2,881,310</u>
Investment income:			
Realized gains on investment sales and net appreciation in fair market value of investments	996,024	899,638	1,895,662
Interest/dividends	<u>669,959</u>	<u>483,660</u>	<u>1,153,619</u>
Total investment income	1,665,983	1,383,298	3,049,281
Less investment expense	<u>(70,599)</u>	<u>(53,668)</u>	<u>(124,267)</u>
Net investment income	<u>1,595,384</u>	<u>1,329,630</u>	<u>2,925,014</u>
Total additions	<u>2,796,552</u>	<u>3,009,772</u>	<u>5,806,324</u>
<u>DEDUCTIONS:</u>			
Benefits	1,380,307	1,717,434	3,097,741
Administrative expenses	<u>60,848</u>	<u>11,219</u>	<u>72,067</u>
Total deductions	<u>1,441,155</u>	<u>1,728,653</u>	<u>3,169,808</u>
Change in net assets	1,355,397	1,281,119	2,636,516
Net assets, beginning of year	<u>17,568,424</u>	<u>12,530,893</u>	<u>30,099,317</u>
Net assets, end of year	<u>\$ 18,923,821</u>	<u>\$ 13,812,012</u>	<u>\$ 32,735,833</u>

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

CITY OF PEKIN, ILLINOIS
SPECIAL ASSESSMENT FUND
STATEMENT OF NET ASSETS
APRIL 30, 2006

ASSETS

Assessment receivable	<u>\$ 7,187</u>
-----------------------	-----------------

LIABILITIES AND NET ASSETS

Liabilities:

Cash overdraft	\$ 2,562
----------------	----------

Net assets	<u>4,625</u>
------------	--------------

Total liabilities and net assets	<u>\$ 7,187</u>
----------------------------------	-----------------

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

CITY OF PEKIN, ILLINOIS
SPECIAL ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2006

Revenues	\$ -
Expenditures	<u>-</u>
Excess of revenues over expenditures	-
Net assets, beginning of year	<u>4,625</u>
Net assets, end of year	<u>\$ 4,625</u>

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

SUPPORTING SCHEDULES
UNAUDITED STATISTICAL INFORMATION

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

SCHEDULE A

83

Year Ended April 30,	General Government	Public Safety	Highways and Streets	Sanitation	Culture and Recreation	Visitors Bureau	Zoning and Inspection	Debt Service	Public Land and Buildings	Public Works	Planning and Development	Capital Outlay	Total
1997	\$ 1,078,922	\$ 6,130,906	\$ 2,079,106	\$ 1,029,604	\$ 687,249	\$ 850	\$ 195,777	\$ 590,195	\$ 356,873	\$ 135,355	\$ 902,047	\$ 2,167,571	\$ 15,354,455
1998	924,001	6,544,588	2,039,013	1,127,016	773,051	21,040	195,944	389,475	399,235	209,603	743,492	2,549,273	15,915,731
1999	797,433	8,283,459	1,898,742	1,119,046	761,782	35,477	197,000	353,914	490,714	163,423	533,780	2,838,401	17,473,171
2000	920,232	8,417,893	2,334,729	1,184,143	787,358	52,719	208,198	356,756	445,070	123,554	1,142,064	2,722,823	18,695,539
2001	994,107	8,871,744	2,418,111	1,237,572	791,624	37,606	234,177	379,196	503,912	239,898	3,649,654	1,723,208	21,080,809
2002	1,214,986	9,795,461	1,992,719	1,251,752	822,753	130,710	265,108	424,213	529,984	107,665	2,563,337	5,831,370	24,930,058
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

*Includes General, Special Revenue and Capital Project Funds.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance 1997-2006.

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
1997	\$ 14,750,452	\$ 163,552	\$ 668,670	\$ 710,766	\$ 179,580	\$ 399,181	\$ 585,402	\$ 17,457,603
1998	17,502,564	135,113	1,604,112	799,501	254,154	660,526	592,895	21,548,865
1999	16,823,489	198,093	1,471,959	756,463	199,539	931,638	314,717	20,695,898
2000	17,217,949	200,198	1,469,695	954,259	250,890	968,717	765,839	21,827,547
2001	17,940,950	188,208	1,506,333	737,672	281,892	1,270,871	1,655,559	23,581,485
2002	16,363,324	250,873	1,282,976	1,049,418	299,358	825,000	1,068,787	21,139,736
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

*Includes General, Special Revenue and Capital Project Funds.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance: 1997-2006.

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	Local Motel Tax	Replacement Tax	Motor Fuel Tax	State Motor Fuel Tax	Local Motor Fuel Tax	Foreign Fire Tax	Telecommunication Tax	Total
1997	\$ 5,369,920	\$ 40,435	\$ 1,967,385	\$ 4,538,099	\$ 2,249,600	\$ 70,000	\$ 840,137	\$ 756,657	\$ 573,047	\$ 13,715	\$ -	\$ -	\$ 16,418,995
1998	4,919,838	41,930	2,641,576	5,451,860	3,268,197	94,679	931,541	830,666	866,818	14,730	-	-	19,061,835
1999	4,608,413	45,704	2,132,692	4,734,110	2,821,248	111,543	979,390	782,566	614,672	19,895	-	-	16,850,233
2000	4,265,504	48,376	2,494,530	4,945,073	2,848,410	61,616	1,044,134	898,220	612,086	18,214	-	-	17,236,163
2001	4,239,303	49,355	2,588,437	5,415,168	3,057,816	85,032	993,685	963,071	598,438	17,017	-	-	18,007,322
2002	4,198,454	51,169	2,229,408	4,460,272	2,904,301	96,452	928,224	943,355	551,689	15,969	-	-	16,379,293
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

Source: Annual Financial Reports 1997-2006

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

CITY OF PEKIN, ILLINOIS
SCHEDULE OF 2005 TAX LEVY AND ESTIMATED COLLECTION IN 2006

Assessed valuation: \$ 380,633,855

	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>	<u>Estimated Collection</u>
Taxes assessed:				
Police protection	\$ 859,613	.2257	\$ 859,090	\$ 850,499
Fire protection	859,612	.2257	859,090	850,499
Firemen's pension	1,457,738	.3827	1,456,685	1,442,118
Police pension	912,833	.2397	912,379	903,255
Library	900,704	.2365	900,200	891,198
	<u>\$ 4,990,500</u>	<u>1.3103</u>	<u>\$ 4,987,444</u>	<u>4,937,569</u>

City's 50% share of Road and Bridge Tax levied
by Township's within the City limits

42,316
\$4,979,885

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

Assessed valuation	2002 Levy				2003 Levy				2004 Levy			
	Levy	Rate	Extension	Total Collection	Levy	Rate	Extension	Total Collection	Levy	Rate	Extension	Total Collection
Taxes assessed:												
Police protection	\$ 579,250	.1715	\$ 578,972	\$ 573,871	\$ 859,613	.2416	\$ 859,099	\$ 855,859	\$ 859,613	.2408	\$ 859,251	\$ 851,104
Fire protection	485,500	.1438	485,459	481,182	859,612	.2416	859,099	855,859	859,612	.2408	859,251	851,103
Firemen's pension	1,182,250	.3500	1,181,575	1,171,166	1,367,350	.3843	1,366,522	1,361,369	1,382,201	.3872	1,381,652	1,368,553
Police pension	678,500	.2009	678,224	672,249	798,825	.2245	798,293	795,284	897,198	.2514	897,075	888,570
Library	674,500	.1997	674,173	668,234	754,500	.2121	754,200	751,358	754,500	.2114	754,342	747,224
	<u>\$3,600,000</u>	<u>1.0659</u>	<u>\$3,598,403</u>	<u>3,566,702</u>	<u>\$4,639,900</u>	<u>1.3041</u>	<u>\$4,637,213</u>	<u>4,619,729</u>	<u>\$4,753,124</u>	<u>1.3316</u>	<u>\$4,751,571</u>	<u>4,706,554</u>
City's 50% share of Road and Bridge Tax levied by Townships within City limits				<u>41,143</u>				<u>41,484</u>				<u>47,432</u>
				<u>\$3,607,845</u>				<u>\$4,661,213</u>				<u>\$4,753,986</u>

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
POLICE PENSION FUND:						
4/30/05	\$ 17,634,193	\$ 30,157,842	\$ 12,523,649	58.47%	\$ 2,728,251	442.96%
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%
4/30/02	16,623,145	26,506,773	9,883,628	62.71%	2,491,659	396.67%
4/30/01	16,195,153	24,988,934	8,793,781	64.81%	2,364,771	371.87%
4/30/00	16,159,440	23,350,514	7,191,074	69.20%	2,243,574	320.52%
4/30/99	15,020,070	19,905,121	4,885,051	75.46%	2,125,643	229.81%
4/30/98	12,366,053	19,267,089	6,901,036	64.18%	1,954,579	353.07%
4/30/97	12,188,930	18,362,978	6,174,048	66.38%	1,955,265	315.77%
4/30/96	10,549,265	15,436,481	4,887,216	68.34%	2,066,235	236.53%
FIRE PENSION FUND:						
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%
4/30/02	10,768,673	29,659,438	18,890,765	36.31%	2,200,420	858.51%
4/30/01	11,194,200	28,912,103	17,717,903	38.72%	2,096,156	845.26%
4/30/00	9,859,854	26,199,785	16,339,931	37.63%	1,996,246	818.53%
4/30/99	9,710,701	22,232,147	12,521,446	56.32%	1,895,143	660.71%
4/30/98	8,900,063	20,727,124	11,827,061	42.94%	1,904,283	621.08%
4/30/97	8,341,304	19,961,772	11,620,468	41.79%	1,871,858	620.80%
4/30/96	7,821,073	21,675,194	13,854,121	36.08%	1,886,747	734.29%

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

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
POLICE PENSION FUND										
Revenues and other receipts:										
Property taxes	\$ 888,570	\$ 795,284	\$ 672,249	\$ 672,455	\$ 698,423	\$ 651,373	\$ 642,603	\$ 625,250	\$ 598,739	\$ 707,686
Replacement taxes	26,008	26,000	29,266	27,443	23,728	20,800	18,053	16,474	13,104	13,104
Payroll deductions	286,590	284,377	258,921	248,563	244,020	220,412	204,479	191,381	186,675	175,271
Investment earnings	1,665,983	576,308	1,218,250	121,893	599,966	105,183	656,178	869,454	1,814,937	804,867
Total revenue and other receipts	2,867,151	1,681,969	2,178,686	1,070,354	1,566,137	997,768	1,521,313	1,702,559	2,613,455	1,700,928
Expenditures:										
Benefit payments	1,380,307	1,279,161	1,278,575	1,192,929	1,071,395	927,671	851,647	810,862	744,432	663,949
Other services and charges	131,447	93,584	70,903	70,578	76,750	24,385	8,534	30,580	34,126	48,542
Total expenditures	1,511,754	1,372,745	1,349,478	1,263,507	1,148,145	952,056	860,181	841,442	778,558	712,491
Net income (loss)	\$ 1,355,397	\$ 309,224	\$ 829,208	\$ (193,153)	\$ 417,992	\$ 45,712	\$ 661,132	\$ 861,117	\$ 1,834,897	\$ 988,437
FIRE PENSION FUND										
Revenues and other receipts:										
Property taxes	\$ 1,368,553	\$ 1,361,370	\$ 1,171,166	\$ 1,171,510	\$ 1,113,588	\$ 1,004,951	\$ 991,111	\$ 964,345	\$ 923,272	\$ 909,882
Replacement taxes	39,380	39,796	39,845	33,530	36,472	31,720	29,307	30,500	24,156	24,156
Payroll deductions	272,209	250,244	212,298	204,940	197,962	182,734	173,792	166,378	160,652	159,655
Investment earnings	1,383,298	709,021	1,148,193	194,562	(322,142)	232,061	101,600	416,746	1,336,553	552,384
Contribution from municipality	-	-	-	-	-	1,250,000	-	110,000	-	-
Total revenues and other receipts	3,063,440	2,360,431	2,571,502	1,604,542	1,025,880	2,701,466	1,295,810	1,687,969	2,444,633	1,646,077
Expenditures:										
Benefit payments	1,717,434	1,643,907	1,505,541	1,430,246	1,353,526	1,319,010	1,303,478	1,204,055	1,133,651	1,071,216
Other services and charges	64,887	52,749	63,014	78,798	97,881	6,223	12,766	111,736	69,794	60,248
Total expenditures	1,782,321	1,696,656	1,568,555	1,509,044	1,451,407	1,325,233	1,316,244	1,315,791	1,203,445	1,131,464
Net income (loss)	\$ 1,281,119	\$ 663,775	\$ 1,002,947	\$ 95,498	\$ (425,527)	\$ 1,376,233	\$ (20,434)	\$ 372,178	\$ 1,241,188	\$ 514,613

Source: City of Pekin, Illinois Annual Financial Statements: 1997-2006

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

CITY OF PEKIN, ILLINOIS
 MISCELLANEOUS STATISTICS
APRIL 30, 2006

Date of Incorporation	August 21, 1849
Form of Government	Council-Manager
Area	14.5 square miles
Miles of Streets	200 miles
Number of Street Lights	2,594
Fire Protection:	
Number of Stations	3
Number of Firemen and Officers	49
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	54
Sewers:	
Sanitary Sewers	120 miles
Storm Sewers	85 miles
Combination	45 miles
New Residential Building Permits Issued	89
Library:	
Number of Volumes	125,469
Employees:	
Administrative	35
Union	203
Other	<u>40</u>
Total	<u>278</u>

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
 FAX (309) 347-3153

**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 units, each major fund, and the aggregate remaining fund information of the City of Pekin, Illinois, as of and for the year ended April 30, 2006, which collectively comprise the City of Pekin, Illinois basic financial statements and have issued our report thereon dated November 6, 2006. 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

In planning and performing our audit, we considered the City of Pekin, Illinois' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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".

However, we noted certain matters that we reported to the management of the City of Pekin, Illinois in a separate letter dated November 6, 2006.

This report is intended solely for the information and use of the management, City Council, and federal awarding agencies 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., PC
 November 6, 2006

CITY OF PEKIN, ILLINOIS
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED APRIL 30, 2006

<u>FEDERAL GRANTS/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of House and Urban Development</u>		
Direct Program Major:		
Community Development Block Grant	14.218	\$ 501,115

CITY OF PEKIN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Type of Report Issued on the Financial Statements

The Independent Auditor's Report on the general purpose financial statements of the City of Pekin, Illinois as of and for the year ended April 30, 2006 was an unqualified opinion.

B. Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements

The audit of the general purpose financial statements of the City of Pekin, Illinois as of and for the year ended April 30, 2006, disclosed no matters involving the internal control over financial reporting and its operations that are considered to be material weaknesses.

C. Noncompliance Material to the Financial Statements

The audit disclosed no instances of noncompliance which are material to the general purpose financial statements of the City of Pekin, Illinois as of and for the year ended April 30, 2006.

D. Threshold for Distinguishing Between Type A and Type B Programs

The threshold for distinguishing between Type A and Type B programs was \$500,000 for the year ended April 30, 2006.

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Material Weaknesses

None

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the City Council
City of Pekin, Illinois

Compliance

We have audited the compliance of the City of Pekin, Illinois, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended April 30, 2006. 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 on the City of Pekin, Illinois' compliance with those requirements.

In our opinion, the City of Pekin, Illinois, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2006.

Internal Control Over Compliance

The management of the City of Pekin, Illinois, is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, City Council, and federal awarding agencies 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., PC
Pekin, Illinois
November 6, 2006

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

23 OLT AVENUE
PEKIN, ILLINOIS 61554

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

November 20, 2006

Sue E. McMillian, Clerk
City of Pekin
111 So. Capitol Street
Pekin, Illinois 61554

Please find enclosed three (3) paper copies of the State of Illinois Comptroller's Annual Financial Report for the fiscal year ended April 30, 2006.

A signed copy of the Comptroller's Annual Financial Report and a copy of the audited financial statements must be furnished to the Peoria County Clerk and the Tazewell County Clerk's office as soon as possible.

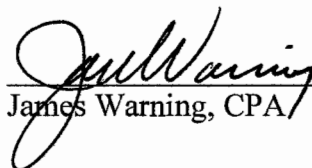
One copy of the audited financial statement must be submitted to the State Comptroller's office by the extended due date of December 26, 2006.

Also enclosed herewith are transmittal letters which have been typed on the City's letterhead. And per your request, we have provided an unbound copy of the financial statement at April 30, 2006.

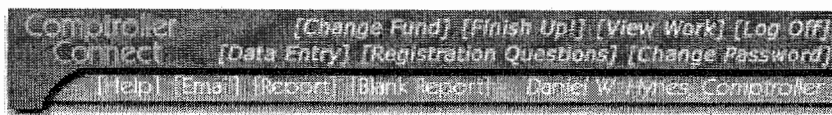
We suggest copies of your transmittal letters be retained with the extra copies of financial statements in your file.

If there are any questions, please feel free to contact our office.

Very truly yours,


James Warning, CPA

Enclosures, as above
JW/dl



Toll-Free Local Government Assistance Hotline (877) 304-3899
Pekin City (090/070/30)
Fiscal Year 2006

Confirmation of 2006 AFR Submission

Pekin City (090/070/30) has successfully submitted their 2006 Annual Financial Report to the Office of the State Comptroller on 11/15/2006

Instructions of Printing a Hard Copy of Your Report

To print a hard copy of your report, click [here](#). After the report is displayed in the browser's window, click on the "Printer" icon in the applet's window (not the printer icon on your browser). When the Print Dialog Box is displayed, click on the "Properties" button, select Landscape, and click on the "OK" button. Finally, click on the "OK" button again. **DO NOT** close the browser until the report is completely printed or your report will not get printed.



City of Pekin

November 20, 2006

Office of the Comptroller
State of Illinois
Local Government Division
100 W. Randolph St. – Suite 15-500
Chicago, Illinois 60601-3252

COPY

Re: City of Pekin 2006 Annual Audited
Financial Statements

Enclosed is a copy of our audited financial statements of the City of Pekin for fiscal year ended April 30, 2006.

We submitted the 2006 AFR via the Internet November 15, 2006. Please find enclosed a copy of your extension confirmation extending the date of report filing to December 26, 2006.

A copy of these reports are also being filed with the Tazewell County Clerk's office and the Peoria County Clerk's office.

Sue E. McMillian, Clerk

Enclosures, as above



City of Pekin

November 20, 2006

JoAnn Thomas
Peoria County Clerk
324 Main Street
Peoria, Illinois 61602

COPY

Re: City of Pekin 2006 Annual Report
And Financial Statements

Enclosed for your files are copies of our City's Annual Financial Reports for fiscal year ended April 30, 2006.

Also attached is a copy of our audited financial statements.

Respectfully submitted,

Sue E. McMillian, Clerk

Enclosures, as above



City of Pekin

November 20, 2006

Christie Webb
Tazewell County Clerk
McKenzie Building
11 South Fourth Street
Pekin, Illinois 61554-4201

COPY

Re: City of Pekin 2006 Annual Report
and Financial Statements

Enclosed for your files are copies of our City's Annual Financial Reports for fiscal year ended April 30, 2006.

Also attached is a copy of our audited financial statements.

Respectfully submitted,

Sue E. McMillian, Clerk

Enclosures, as above



October 18 , 2006

Sue E. McMillian, Clerk

Pekin City

111 So. Capitol St.

Pekin, IL 61554

Unit Code: 090/070/30

COPY

EXTENSION CONFIRMATION

As you requested, the Office of the Comptroller has granted Pekin City an extension of sixty (60) days to file their 2006 Annual Report and/or Annual Audit. Please be advised that your unit's report(s) should be filed with our office no later than 12/26/2006.

Please send the completed reports to the Office of the Comptroller, Local Government Division, 100 West Randolph Street, Suite 15-500, Chicago, Illinois 60601.

If you need the required form(s) or require any other assistance in complying, please call the Toll-Free Local Government Division Hotline at (877) 304-3899 or email us at logov@mail.ioc.state.il.us. Our staff will be happy to assist you. Thank you for your cooperation.

Sincerely,

Aurea Grace A. Scadron
Deputy Director
Compliance Manager
Local Government Division

CC: JAMES WARNING

Office of the State Comptroller
James R. Thompson Center
100 W. Randolph, Suite 15-500
Chicago, IL 60601-3252
Tel: 877/304-3899 Fax: 312/814-2986



FY 2006 Annual Financial Report

Multi-Purpose Long Form

CC Copy - 11/14/2006 3:40:46PM

DO NOT SEND THIS PAPER COPY - THIS IS YOUR COPY.

MAKE SURE YOU HAVE CLICKED THE SUBMIT BUTTON IN THE COMPTROLLER CONNECT PROGRAM. THIS WILL PROVIDE THE COMPTROLLER'S OFFICE WITH A COPY OF YOUR ANNUAL FINANCIAL REPORT.

Unit Name: Pekin City

County: TAZEWELL

Unit Code: 090/070/30

I attest that, to the best of my knowledge, this report represents a complete and accurate statement of the financial position of Pekin City as of the end of this fiscal year.

Written signature of government official
Sue E. McMillian, Clerk
Please Sign

Date

PLEASE CROSS OUT ALL INCORRECT INFORMATION AND PROVIDE CORRECTIONS

STEP 1: ENTER CONTACT INFORMATION

Is the following information correct and complete?

X Yes

No

COPY

A. Contact Person (elected or appointed official responsible for filling out this form):		B. Chief Executive Officer (elected or appointed official responsible for the executive administration, i.e. mayor, supervisor, or chairman):		C. Chief Financial Officer (elected or appointed official responsible for maintaining the government's financial records):	
Sue E.	McMillian	Frank	Mackaman	Angie	Evans
Clerk		Mayor		Fin. Officer	
111 So. Capitol St.		111 So. Capitol St.		111 So. Capitol St.	
Pekin		Pekin		Pekin	
IL		IL		IL	
61554		61554		61554	
Phone: 309-477-2300		Phone: 309-477-2300		Phone: 309-477-2305	
Fax:		Fax:		Fax:	
E-mail:		E-mail:		E-mail:	

☐ If the Chief Executive Officer and the Chief Financial Officer are the same person as the Contact Person, please check this box and skip to Step 2. If not, please do not leave columns B and C blank.

Unit Name: Pekin City

Unit Code Number: 090/070/30

104

► STEP 2: VERIFY FISCAL YEAR END

FY END DATE: 04/30/2006

If the fiscal year end date, listed above, is incorrect, cross out the incorrect date and provide the correct date. Official documentation of this change must be sent to the Chicago office before the fiscal year end date is officially changed.

► STEP 3: GASB 34, ACCOUNTING SYSTEM, DEBT, UTILITY, HOME RULE AND TIF

A. Has your government implemented GASB 34 in FY 2006 reporting or in previous reporting years? X Yes No

If Yes:

☐ Governments who have implemented GASB 34 and are using "other basis of accounting" (OCBOA) such as "Cash Basis" and "Modified Cash Basis" as their accounting system will now be able to select these types as their accounting system.

☐ Please fill out the Alternative Assets & Liabilities page, located on page F1(b)

B. Which type of accounting system does Pekin City use:

 Cash - with no assets (Cash Basis) X Modified Accrual/Accrual

 Cash - with assets (Modified Cash Basis) Combination (explain)

C. Does the government have debt this reporting fiscal year? X Yes No

D. If "Yes", indicate the type(s) of debt.

X G.O. Bonds Revenue Bonds

 Alternate Revenue Bonds X Contractual Commitments

 Other

E. Does Pekin City own a public utility company? Yes X No

F. Is Pekin City a home rule unit? X Yes No

G. Does Pekin City have a Tax Increment Finance (TIF) district? X Yes No

2

Office of the Comptroller, Daniel W. Hynes
FY 2006 AFR
Multi-Purpose Form

105

► **STEP 4: POPULATION, EAV AND EMPLOYEES**

^What is the total population of Pekin City?		33,500
What is the total EAV of Pekin City?	\$	380,633,855
*How many full time employees are paid?		197
*How many part time employees are paid?		97
What is the total salary paid to all employees?	\$	10,894,598

^Or provide estimated population

*Do not include contractual employees.

► **STEPS 5 AND 6: COMPONENT UNITS AND APPROPRIATIONS**

Provide the appropriation for the primary government listed in the first row of the table below.

In the remaining rows, provide the names of all component units along with their appropriations. Indicate if the component units are blended or discretely presented, its fiscal year end date and if the component unit was funded with governmental fund types or enterprise fund types. If the component units are already indicated, that data is based on forms submitted last year. If you have more component units than the rows provided below, please indicate them on an attachment.

If you need assistance with the terms indicated below, refer to the *Chart of Accounts and Definitions* and the *How to Fill Out An AFR* documents.

Name of Unit/Component FUNDS SHOULD NOT BE LISTED HERE	Appropriation	Type of Component Unit	FISCAL YEAR END	Enterprise Fund Type or Governmental Fund Type
Pekin City	\$35,129,445		04/30	
Tazewell/Pekin Consolidated Communications	\$1,171,800	Discretely Presented	04/30	Enterprise
Total Appropriations	\$36,301,245			

▶ STEP 7: AUDITS

Provide CPA's information if Pekin City is required to submit an audit to the Office of the Comptroller.

Firm Name:	WILLOCK WARNING & CO., P.C.
CPA's first name:	JAMES
CPA's last name:	WARNING
CPA's Title:	AUDITOR
Address:	23 OLT AVENUE
City:	PEKIN
State:	IL
ZIP:	61554
Phone:	3093473152
Fax:	3093473153
Email:	wwco@insightbb.com
State Registration Number:	060-004112

▶ STEP 8: OTHER GOVERNMENTS

Indicate any payments Pekin City made to other governments for services or programs (include programs performed on a reimbursement, cost-sharing basis or federal payroll taxes).

Intergovernmental agreements - indicate how much was paid	0
Federal government payroll taxes	0
All other intergovernmental payments	0

Unit Name: Pekin City

Unit Code Number: 090/070/30

► **STEP 9: FUND LISTING & ACCOUNT GROUPS**

A. List all funds and how much was spent in FY 2006 for each fund. Also, indicate the Fund Type (Fund Types are at the top of each column beginning on page F1). If any fund names appear below, the data is based on forms submitted last year. Please make all necessary corrections. If you have more fund names than the rows provided below, please indicate them on an attachment.

Fund Name	Expenditure	Fund Type	FY End
Airport Fund	108,220	Enterprise Fund	04/30
Capital Projects Fund	770,725	Capital Projects Fund	04/30
Economic Development Fund	63,255	Enterprise Fund	04/30
Employees Benefits Fund	3,224,132	Internal Service Fund	04/30
Firefighter Pension Fund	1,782,321	Fiduciary Fund	04/30
Garbage Fund	1,600,997	Special Revenue Fund	04/30
General Fund	17,492,430	General Fund	04/30
HUD Metro Development Fund	663,730	Special Revenue Fund	04/30
Library Fund	1,065,216	Special Revenue Fund	04/30
Motor Fuel Tax Fund	871,546	Special Revenue Fund	04/30
Municipal Bus Fund	268,588	Enterprise Fund	04/30
Police Pension Fund	1,511,754	Fiduciary Fund	04/30
School Bus Fund	1,062,579	Enterprise Fund	04/30
Sewerage Fund	1,890,440	Enterprise Fund	04/30
Tax Increment Financing Fund	1,043,516	Special Revenue Fund	04/30
Vehicle Maintenance Fund	929,383	Internal Service Fund	04/30
Total Expenditures	34,348,832		

B. Does Pekin City have assets or liabilities that should be recorded as a part of Account Groups? See Chart of Accounts and Definitions and the How to Fill Out An AFR documents for more information about Account Groups.

Yes ☐ No ☒

5

Office of the Comptroller, Daniel W. Hynes
FY 2006 AFR
Multi-Purpose Form

STEP 10: GOVERNMENTAL ENTITIES

List of governmental entities that are part of or related to the primary government. Exclude component units detailed in Steps 5 & 6. Most small governments do not have governmental entities.

Entity Name	Relationship

STEP 11: REPORTING

Check any state or local entity where financial reports are filed.

STATE AGENCIES	
___ - Board of Education	___ - Board of Higher Education
___ - DCCA	___ - Department of Insurance
OTHER STATE OR LOCAL OFFICES	
X ___ - Illinois Comptroller	___ - Secretary of State
___ - General Assembly - House	___ - General Assembly - Senate
X ___ - County Clerk	___ - Circuit Clerk
___ - Governor's Office	___ - Other - _____

Assets

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Assets					
Report in Whole Numbers					
101t	Cash and Cash Equivalent	1,679,290	972,183	153,842	117,336
102t	Investments	14,546,007	1,944,934	32,627,558	0
115t	Receivables	8,326,768	171,464	0	3,039
109t	Inventories	97,570	0	0	0
112t	Other Assets (Explain)	172,379	0	0	0
Non-Current Assets					
Report in Whole Numbers					
116t	Capital Assets/Net of Accumulated Depreciation	27,684,733	13,390,516	0	515,251
117t	Other Capital Assets	0	3,266,446	0	0
120t	TOTAL ASSETS	52,506,747	19,745,543	32,781,400	635,626

Liabilities

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Liabilities					
Report in Whole Numbers					
122t	All Payables	2,031,888	1,537,497	45,567	43,264
132t	Deferred Revenues	2,619,929	0	0	151,562
128t	Other Liabilities (Explain)	0	0	0	0
Non-Current/Long-Term Liabilities					
Report in Whole Numbers					
129t	Due Within One Year	760,750	0	0	81,105
130t	Due Beyond One Year	5,493,597	0	0	38,221
131t	Other Non-Current/Long Term Liabilities	0	0	0	0
135t	TOTAL LIABILITIES	10,906,164	1,537,497	45,567	314,152

Net Assets

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
143t	Investments in Capital Assets/Net of Related Debt	21,430,386	13,390,516	0	395,925
148t	Net Assets - Restricted	5,136,501	0	32,735,833	0
149t	Net Assets - Unrestricted	15,033,696	4,817,530	0	-74,451
146t	TOTAL NET ASSETS	41,600,583	18,208,046	32,735,833	321,474
147t	TOTAL LIABILITIES & NET ASSETS	52,506,747	19,745,543	32,781,400	635,626

F1b

Revenues and Receipts

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Local Taxes									
201t	Property Tax	4,006,765	1,252,097	0	0	0	0	0	0
202t	Local Sales Tax	3,179,118	0	0	0	0	0	0	0
203t	Utilities Tax	1,160,005	0	0	0	0	0	0	0
203a	Electric Utilities	0	0	0	0	0	0	0	0
203b	Water Utilities	0	0	0	0	0	0	0	0
203c	Communications Utilities	1,160,005	0	0	0	0	0	0	0
203d	Other Utilities Tax (Explain)	0	0	0	0	0	0	0	0
204t	Other Taxes (Explain)	345,126	0	342,420	0	0	0	0	0

Local Taxes

Report in Whole Numbers

1

Intergovernmental Receipts & State or Federal Grants

211t	State Income Tax	2,618,891	0	0	0	0	0	0	0
212t	State Sales Tax	5,225,865	404,587	0	0	0	0	0	0
213t	State Motor Fuel Tax	0	976,137	0	0	0	0	0	0
214t	State Replacement Tax	1,247,005	96,371	0	0	0	0	0	0
205t	State Gaming Tax(es)	0	0	0	0	0	0	0	0
215t	Other State Sources (Explain)	236,037	61,706	322,545	0	68,819	0	0	0
215a	General Support	0	0	0	0	0	0	0	0
215b	Public Welfare	121,351	0	0	0	0	0	0	0
215c	Health and/or Hospitals	0	0	0	0	0	0	0	0
215d	Streets and Highways	114,086	16,743	322,545	0	0	0	0	0
215e	Culture and Recreation	0	44,963	0	0	0	0	0	0
215f	Housing and Community Dev	0	0	0	0	0	0	0	0
215g	Water Supply System	0	0	0	0	0	0	0	0
215h	Electric/Gas Power System	0	0	0	0	0	0	0	0
215i	Mass Transit	0	0	0	0	68,819	0	0	0
215j	Other (Explain)	600	0	0	0	0	0	0	0
225t	Federal Sources	0	501,115	0	0	0	0	0	0
225a	General Support	0	0	0	0	0	0	0	0
225b	Public Welfare	0	0	0	0	0	0	0	0
225c	Health and/or Hospitals	0	0	0	0	0	0	0	0
225d	Streets and Highways	0	0	0	0	0	0	0	0
225e	Culture and Recreation	0	0	0	0	0	0	0	0
225f	Housing and Community Dev	0	501,115	0	0	0	0	0	0
225g	Water Supply System	0	0	0	0	0	0	0	0

F2

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Intergovernmental Receipts & State or Federal Grants									
225h	Electric/Gas Power System	0	0	0	0	0	0	0	0
225i	Mass Transit	0	0	0	0	0	0	0	0
225j	Other (Explain)	0	0	0	0	0	0	0	0
226t	Other Intergovernmental (Explain)	0	67,000	0	0	0	0	0	0

Other Sources

231t	Licenses and Permits	276,348	0	0	0	0	0	0	0
233t	Fines and Forfeitures	410,201	0	0	0	0	0	0	0
234t	Charges for Services	738,442	521,800	0	0	3,870,372	3,918,649	0	1,182,864
234a	Water Utilities	0	0	0	0	0	0	0	0
234b	Gas Utilities	0	0	0	0	0	0	0	0
234c	Electric Utilities	0	0	0	0	0	0	0	0
234d	Transit Utilities	0	0	0	0	0	0	0	0
234e	Sewer Utilities	0	0	0	0	2,464,639	0	0	0
234f	Refuse and Disposal Charges	0	0	0	0	0	0	0	0
234g	Parking	9,554	0	0	0	0	0	0	0
234h	Housing	0	0	0	0	0	0	0	0
234i	Highway or Bridge Tolls	0	0	0	0	0	0	0	0
234j	Culture and Recreation	0	35,986	0	0	0	0	0	0
234k	Other (Explain)	728,888	485,814	0	0	1,405,733	3,918,649	0	1,182,864
235t	Interest	294,564	145,658	28,014	0	181,257	44,216	1,153,619	3,026
236t	Miscellaneous (Explain)	585,453	139,417	3,118	0	0	0	4,776,972	0
240t	Total Receipts and Revenue	20,323,820	4,165,888	696,097	0	4,120,448	3,962,865	5,930,591	1,185,890

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
251t	General Government	2,297,083	237,262	4,855	0	63,255	0	196,334	18
251a	Financial Administration	242,622	0	0	0	0	0	124,267	0
251b	General Administrative Buildings	598,617	0	0	0	0	0	0	0
251c	Central Administration	1,080,892	237,262	4,855	0	63,255	0	72,067	0
251d	Other (Explain)	374,952	0	0	0	0	0	0	0
252t	Public Safety	12,002,561	0	0	0	0	0	3,097,741	1,074,294
252a	Police	6,398,343	0	0	0	0	0	0	0
252b	Fire	5,604,218	0	0	0	0	0	0	0
252c	Regulation - Building Inspection	0	0	0	0	0	0	0	0
252d	Other (Explain)	0	0	0	0	0	0	3,097,741	1,074,294
253t	Corrections	0	0	0	0	0	0	0	0
254t	Judiciary and Legal	435,490	0	0	0	0	0	0	0
255t	Transportation and Public Works	1,334,870	2,108,164	765,870	0	1,263,964	925,507	0	0
255a	Streets and Highways	1,218,999	871,546	765,870	0	0	0	0	0
255b	Airports	0	0	0	0	65,956	0	0	0
255c	Parking Meters	0	0	0	0	0	0	0	0
255d	Parking Facilities	0	0	0	0	0	0	0	0
255e	Other (Explain)	115,871	1,236,618	0	0	1,198,008	925,507	0	0
256t	Social Services	0	0	0	0	0	3,224,132	0	0
256a	Welfare	0	0	0	0	0	0	0	0
256b	Health (Other than hospitals)	0	0	0	0	0	3,224,132	0	0
256c	Hospital Operations	0	0	0	0	0	0	0	0
256d	Cemeteries	0	0	0	0	0	0	0	0
256e	Other (Explain)	0	0	0	0	0	0	0	0
257t	Culture and Recreation	95,464	905,421	0	0	0	0	0	0
257a	Library	0	905,421	0	0	0	0	0	0
257b	Parks	0	0	0	0	0	0	0	0
257c	Other (Explain)	95,464	0	0	0	0	0	0	0
258t	Housing	0	0	0	0	0	0	0	0
275t	Environment	0	1,403,518	0	0	1,312,207	0	0	0
275a	Sewage	0	0	0	0	1,312,207	0	0	0

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
275b	Solid Waste Management	0	1,403,518	0	0	0	0	0	14
275c	Other (Explain)	0	0	0	0	0	0	0	0
259t	Debt	340,771	251,259	0	0	0	0	0	0
259a	Interest	113,771	101,259	0	0	0	0	0	0
259b	Principal	227,000	150,000	0	0	0	0	0	0
271t	Public Utility Company	0	0	0	0	0	0	0	0
271a	Water	0	0	0	0	0	0	0	0
271b	Electric	0	0	0	0	0	0	0	0
271c	Transit	0	0	0	0	0	0	0	0
271d	Other (Explain)	0	0	0	0	0	0	0	0
272t	Depreciation	0	0	0	0	753,656	3,876	0	97,145
280t	Capital Outlay	986,191	339,381	0	0	0	0	0	0
260t	Other Expenditures (Explain)	0	0	0	0	0	0	0	0
270t	Total Expenditures/Expense	17,492,430	5,245,005	770,725	0	3,393,082	4,153,515	3,294,075	1,171,439

F5

Office of the Comptroller, Daniel W. Hynes
FY 2006 AFR
Multi-Purpose Form

Fund Balances and Other Financing Sources (Uses)

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
301t	Excess of receipts/revenues over (under) expenditures/expenses (240t-270t)	2,831,390	-1,079,117	-74,628	0	727,366	-190,650	2,636,516	14,451
302t	Operating transfers in	100,000	1,489,755	0	0	109,210	76,050	0	0
303t	Operating transfers out	-1,493,205	0	0	0	-281,810	0	0	0
304t	Bond proceeds	300,000	1,000,000	0	0	0	0	0	0
305t	Other (Explain)	0	0	0	0	0	0	0	0
306t	Net increase(decrease) in fund balance (301t + 302t - 303t + 304t + 305t)	1,738,185	1,410,638	-74,628	0	554,766	-114,600	2,636,516	14,451
307t	Previous year fund balance	11,110,015	4,656,737	1,225,514	0	17,653,280	1,376,625	30,099,317	307,023
308t	Other (Explain)	0	0	0	0	0	0	0	0
310t	Current Year Ending Fund Balance (306t + 307t + 308t)	12,848,200	6,067,375	1,150,886	0	18,208,046	1,262,025	32,735,833	321,474

115

Statement of Indebtedness

Debt Instruments for All Funds		Code	Outstanding Beginning of Year	Code	Issued Current Fiscal Year	Code	Retired Current Fiscal Year	Code	Outstanding End of Year
Report in Whole Numbers									
General Obligation Bonds		400	5,021,347	406	1,300,000	412	377,000	418	5,944,347
Water		400a	0	406a	0	412a	0	418a	0
Electric		400b	0	406b	0	412b	0	418b	0
Transportation		400c	0	406c	0	412c	0	418c	0
Housing		400d	0	406d	0	412d	0	418d	0
Other (Explain)		400e	5,021,347	406e	1,300,000	412e	377,000	418e	5,944,347
Revenue Bonds		401	0	407	0	413	0	419	0
Water		401a	0	407a	0	413a	0	419a	0
Electric		401b	0	407b	0	413b	0	419b	0
Transportation		401c	0	407c	0	413c	0	419c	0
Housing		401d	0	407d	0	413d	0	419d	0
Other (Explain)		401e	0	407e	0	413e	0	419e	0
Alternate Revenue Bonds		402	0	408	0	414	0	420	0
Contractual Commitments		403	310,000	409	0	415	0	421	310,000
Other (Explain)		404	0	410	0	416	0	422	0
Total Debt		405	5,331,347	411	1,300,000	417	377,000	423	6,254,347

Gen
 Code 112 - Other Assets - Governmental - Prepaid Items - \$172,379
 Code 117 - Other Capital Assets - Business-Like - Loan Receivable - \$3,266,446
 Code 204 - Other Taxes - General - Local Motor Fuel - \$345,126
 Code 234K - Other - General - Franchise Fees - \$345,382 + Other fees - \$32,030 = \$728,888
 Code 236 - Misc - General - Rental and Sale of Property - \$351,068 + Foreign Fire Tax - \$25,459 + Reimbursements \$109,224 + Miscellaneous - \$99,702 = \$585,453
 Code 215I - Other - General - Illinois EPA - \$600
 Code 251D - Other - General - Planning and Development - \$55,402 + Zoning and Inspection - \$319,550 = \$374,952
 Code 255E - Other - General - Public Works - \$115,871
 Code 257C - Other - General - Band - \$20,146 + Visitor's Bureau - \$75,318 = \$95,464
 Code 234K - Other - Special Revenue - Franchise Fees - \$57,003 + Program Income - \$428,811 = \$485,814
 Code 236 - Misc - Special Revenue - Donations - \$68,012 + Sales and Rentals - \$65,234 + Misc - \$6,171 = \$139,417
 Code 226 - Other - Special Revenue - County - \$67,000
 Code 225E - Other - Special Revenue - Public Improvement - \$494,222 + Planning and Development - \$742,396 = \$1,236,618
 Code 204 - Other - Capital Projects - Local Motor Fuel - \$342,420
 Code 236 - Misc - Capital Projects - Sales and Rentals - \$3,118
 Code 234K - Other - Enterprise - Municipal Bus and School Bus Fees - \$1,349,983 + Airport Fees - \$55,750 = \$1,405,733
 Code 255E - Other - Enterprise - Municipal Bus and School Bus Operations - \$1,198,008
 Code 234K - Other - Internal Service - Vehicle Maintenance - \$868,721 + Employee Benefits - \$3,049,928 = \$3,918,649
 Code 255E - Other - Internal Service - Vehicle Maintenance - \$925,507
 Code 236 - Misc - Fiduciary - Employer Contributions - \$2,322,511 + Employee Contributions - \$558,799 + Realized/Unrealized Gains on Investments - \$1,895,662 = \$4,776,972
 Code 252D - Other - Fiduciary - Benefits Paid - \$3,097,741
 Code 234K - Other - Component Units - Public Safety Communications System - \$1,182,864
 Code 252D - Component Units - Public Safety Communication Fees - \$1,074,294
 Code 400E - G.O. Bonds - Various Public Projects - \$5,944,347

F7

Office of the Comptroller, Daniel W. Hynes
 FY 2006 AFR
 Multi-Purpose Form

* Pekin City Capital Outlay

Code	Function	These are not funds	
		Construction	Land, Structures, and Equipment
601t	General Government	0	122,654
602t	Law Enforcement	0	365,559
603t	Corrections	0	0
604t	Fire	0	402,868
605t	Sewerage	0	19,415
606t	Sanitation and Wastewater	0	179,586
607t	Parks and Recreation	0	0
608t	Housing and Community Development	0	0
609t	Highways, Roads and Bridges	765,870	95,110
610t	Parking Facilities	0	0
611t	Welfare	0	0
612t	Hospital	0	0
613t	Water	0	0
614t	Nursing Homes	0	0
615t	Conservation and Natural Resources	0	0
616t	Libraries	0	159,795
617t	Other	0	103,000

*This page should only be filled out if you have spent funds for capital projects or development.

*The Capital outlay page is requested by the U.S. Census Bureau and is considered optional by the State Comptroller.

*If you complete this page you WILL NOT have to complete the Survey of Government Finances from the U.S. Census Bureau.

*If you do NOT complete this page the U.S. Census Bureau will contact you for further information.

F8

Office of the Comptroller, Daniel W. Hynes
FY 2006 AFR
Multi-Purpose Form

CITY OF PEKIN, ILLINOIS

SEWERAGE FUND

FINANCIAL STATEMENTS

APRIL 30, 2006

CITY OF PEKIN, ILLINOIS
SEWERAGE FUND FINANCIAL STATEMENTS
APRIL 30, 2006

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Statement of Net Assets	2
Statement of Revenues, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Pekin, Illinois

We have audited the accompanying financial statements of the Sewerage Fund of the City of Pekin, Illinois as of and for the year ended April 30, 2006 as listed in the table of contents. These financial statements are the responsibility of the City of Pekin management. Our responsibility is to express an opinion 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. 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 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 opinion.

As discussed in Note 1, the financial statements present only the Sewerage Fund and do not purport to, and do not present fairly the financial position of the City of Pekin, Illinois as of April 30, 2006, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sewerage Fund of the City of Pekin, Illinois, as of April 30, 2006, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Willock Warning & Co., P.C.
WILLOCK WARNING & CO., P.C.

November 6, 2006

CITY OF PEKIN, ILLINOIS

SEWERAGE FUND

STATEMENT OF NET ASSETS

APRIL 30, 2006ASSETS:

Current assets:

Cash	\$ 484,834
Investments	1,812,376
Accounts receivable (net of \$64,000 allowance for uncollectibles)	<u>58,616</u>

Total current assets 2,355,826

Non-current assets:

Capital assets:

Land	73,000
Sewer plants and equipment	20,102,179
Less accumulated depreciation	<u>(7,639,566)</u>

Total capital assets (net of accumulated depreciation) 12,535,613

Total assets \$ 14,891,439

LIABILITIES

Current liabilities:

Accounts payable	\$ 59,453
Accrued wages	8,623
Water company deposits	<u>11,110</u>

Total current liabilities 79,186

NET ASSETS

Invested in capital assets, net of related debt	12,535,613
Unrestricted	<u>2,276,640</u>

Total net assets 14,812,253

Total liabilities and net assets \$ 14,891,439

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

SEWERAGE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

YEAR ENDED APRIL 30, 2006OPERATING REVENUES:

Charges for services:

Wastewater service fees	\$ 2,338,119
Sewer treatment fees	32,136
Sewer connection fees	50,450
Licenses and permits	11,130
Collection fees	26,190
Developer reimbursements	6,604
Other revenues	10

Total operating revenues	<u>2,464,639</u>
--------------------------	------------------

OPERATING EXPENSES:

Contracted sewer operation costs	250,865
Other operation costs	321,789
Wages and payroll taxes	385,360
Employee benefits	20,083
Professional fees	3,900
Insurance	20,049
Maintenance and repairs	172,360
Billing and collection costs	124,082
Postage, office, and administration	2,642
Bad debts	11,077
Depreciation	<u>578,233</u>
Total operating expenses	<u>1,890,440</u>
Operating income	574,199

NONOPERATING REVENUE (EXPENSE):

Investment income	<u>29,445</u>
Income before transfers	603,644
Transfers to City's General Fund	<u>(100,000)</u>
Change in net assets	503,644

Total net assets, beginning	<u>14,308,609</u>
Total net assets, ending	<u>\$ 14,812,253</u>

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

CITY OF PEKIN, ILLINOIS
SEWERAGE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2006

Cash flows from operating activities:

Receipts for services and fees	\$ 2,589,844
Payments to vendors and suppliers	(1,019,400)
Payments for employees and benefits	(375,979)
Net cash provided by operating activities	<u>1,194,465</u>

Cash flows from noncapital financing activities:

Transfer to General Fund	<u>(100,000)</u>
--------------------------	------------------

Cash flows from capital activities:

Purchase of capital assets	<u>(19,415)</u>
----------------------------	-----------------

Cash flows from investing activities:

Purchase of investments	(1,272,105)
Interest income	29,445
Net cash used by investing activities	<u>(1,242,660)</u>

Net decrease in cash (167,610)

Cash balance, beginning of year 652,444

Cash balance, end of year \$ 484,834

Reconciliation of operating loss to net cash provided by operating activities:

Operating income	<u>\$ 574,199</u>
------------------	-------------------

Adjustments to reconcile operating loss to net cash provided by operating activities:

Depreciation	578,233
Changes in assets and liabilities:	
Decrease in accounts receivable	125,205
Decrease in accounts payable	(90,793)
Increase in accrued wages	5,126
Increase in deposits held	2,495
Total adjustments	<u>620,266</u>

Net cash provided by operating activities \$ 1,194,465

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

SEWERAGE FUND

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2006**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

In accordance with generally accepted governmental accounting principles, the Sewerage Fund is a separate accounting fund within the City of Pekin's fund accounting system which is designed to account for and report upon specific activities or certain objectives.

The fund is an Enterprise Fund and, accordingly, employs the accrual basis of accounting wherein revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Allowances for estimated uncollectibles are established as appropriate based on historical collection experience and other relevant circumstances.

Fixed assets used in the operations of the sewerage system are stated at cost where historical records are available and at estimated historical cost where no historical records exist. Depreciation expense is recorded as a charge against income and is computed using the straight-line method based upon the estimated useful lives of the fixed assets, generally 5-40 years.

NOTE 2 - TRANSFER TO GENERAL FUND

The City allocates a portion of its administrative expenses to more accurately reflect costs of sewer operations. City officials have estimated General Fund expenses applicable to the Sewerage Fund to be \$8,333 per month.

NOTE 3 - CONTRACTED SEWER COSTS

The City contracted with United Water Services (UWS), a privately held corporation, to operate and maintain the City's wastewater treatment plant, lift stations, and sewer overflow stations. Fees were based on the type of services, amount of wastewater treated, and other operating costs incurred. That contract expired July 31, 2005.

Effective August 1, 2005, the City did not renew its agreement for contracted sewer operations and, instead, began operating and maintaining its own wastewater treatment plant, lift stations, and sewer overflow stations.

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

23 OLT AVENUE
PEKIN, ILLINOIS 61554

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

November 6, 2006

Mayor Frank Mackaman and City Council
City of Pekin
111 South Capitol St.
Pekin, IL 61554

Re: Sewer User Rates

Dear Mayor and Council Members:

Section 2.01 of Sewer User Ordinance No. 1611 requires an annual review of the adequacy of the City's sewer user rates at the same time and as a part of the annual audit of the Sewerage Fund financial statements.

COMMENTS ON REVIEW OF RATES

Currently there is one charge to users of the City's sewerage collection and treatment system. The water-based usage charge is \$1.99 per thousand gallons of water used with a minimum \$3.00 per month charge. The usage is based on meter readings furnished by Illinois-American Water Co. The current rate was enacted October 27, 2003. Prior to the revised rate, the City charged users two different rates for the sewerage system's operations and capital improvements.

The Sewerage Fund Statement of Net Assets at April 30, 2006 reports current assets of \$2,355,826 and current liabilities of \$79,186, resulting in net working capital of \$2,276,640. The Fund's working capital increased \$1,062,462 from the previous year.

The Fund earned \$503,644 for the year. Included in operating expenses is a depreciation charge of \$578,233 and a nonoperating expense transfer of \$100,000 to the City's General Fund for reimbursement of certain estimated administrative expenses. During the year capitalized additions to fixed assets totaled \$19,415.

For fiscal year 2006, the basic user fee revenue decreased \$294,000. The principal reason for the decrease was utilizing a new method to determine the average user fee during non-summer months and using that average rate during the summer months. The result was a larger decrease in revenue than anticipated.

The actual operating costs (excluding depreciation) decreased almost \$389,000 for fiscal year 2006. The contract to operate the system by an outside firm terminated at the end of July, 2005 and the City began operations on its own August 1, 2005. The cost savings for the year exceeded expectations.

Page 2

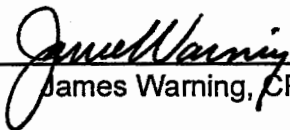
Prior to the increase in the user charge in October 2003, the user rate had not changed in over thirteen years. Due to increases in operating costs and major improvements needed due to obsolescence and expansion of services, the City should consider adjusting the user rate annually or implement a series of increases over a specified period of time.

Attached is a summary of selected financial data for the past five years.

Please contact us if there are questions on these matters.

Yours truly,

WILLOCK WARNING & CO., P.C.

by  _____
James Warning, CPA

JW/dl

Enclosures, as above

cc: City Manager

City Corporation Counsel

City Clerk

Assistant Finance Director

City Treasurer

CITY OF PEKIN, ILLINOIS

SEWERAGE FUND

SELECTED FINANCIAL DATA
FOR THE YEARS 2002-2006

	<u>FYE</u> <u>4/30/02</u>	<u>FYE</u> <u>4/30/03</u>	<u>FYE</u> <u>4/30/04</u>	<u>FYE</u> <u>4/30/05</u>	<u>FYE</u> <u>4/30/06</u>
Total operating revenues	\$ 1,891,403	\$ 1,713,051	\$ 2,233,265	\$ 2,754,059	\$ 2,464,639
Basic user fees	1,098,775	1,130,547	2,094,460	2,632,061	2,338,119
Capital improvement fees	416,674	389,005	N/A	N/A	N/A
Total operating expenses	1,924,506	2,138,826	2,234,001	2,276,659	1,890,440
Depreciation	521,443	567,353	577,144	575,719	578,233
Maintenance and repairs	221,257	236,590	161,213	272,793	172,360
Contracted costs	876,201	998,587	993,285	1,050,237	250,865
Transfers to City General Fund	155,000	175,000	120,000	100,000	100,000
Net income (loss)	(130,910)	(600,492)	(120,714)	382,870	503,644
Capitalized expenditures	1,577,033	720,829	77,324	162,258	19,415
Total current assets	932,521	72,065	532,545	1,376,536	2,355,826
Total current liabilities	140,413	33,324	114,698	162,258	79,186
Total property and equipment (at cost, excluding accumulated depreciation)	19,195,353	19,916,182	19,993,506	20,155,764	20,175,179

NOTE-The revenues and expenses reported include the activities of the Sewerage Fund operations, capital improvement and debt service fees, and capital improvement costs.



Illinois Department of Transportation

Division of Traffic Safety

3215 Executive Park Drive / P.O. Box 19245 / Springfield, Illinois / 62794-9245

November 28, 2006

Dear Mayor/Village President:

In 2005, motor vehicle crashes killed 1,361 people in Illinois. Forty-three percent of those deaths were in alcohol-related crashes. December is traditionally one of the most deadly times of the year for alcohol-impaired driving. Therefore, I am asking you to join the nation and Illinois in proclaiming December as Drunk and Drugged Driving Prevention Month in your community. Your participation in making your citizens, business and schools aware of the dangers of impaired driving and in promoting safe and healthy behaviors is appreciated.

Attached is a sample proclamation which you may use. We welcome reports and pictures of your activities. Thank you for joining us in our continued effort to reduce alcohol-related crashes, fatalities and injuries, not only during this holiday season, but throughout the year. If you have questions or concerns, please contact Melissa Schaive at 217/557-0132.

Sincerely,

Michael R. Stout
Director

Attachment

WHEREAS, motor vehicle crashes killed 1,361 people in Illinois during 2005; and

WHEREAS, 43 percent of those deaths were in alcohol-related crashes; and

WHEREAS, the December holiday season is traditionally one of the most deadly times of the year for alcohol-impaired driving; and

WHEREAS, for thousands of families across the state and the nation, these holidays are a sad time to remember loved ones they lost to impaired drivers during previous holiday seasons; and

WHEREAS, organizations across the state and the nation are joined with the You Drink & Drive. You Lose and other campaigns which foster public awareness of the dangers of DUI and law enforcement initiatives; and

WHEREAS, the community of Pekin is proud to partner with the Illinois Department of Transportation and other traffic safety groups in that effort to make our roads and streets safer.

NOW, THEREFORE, BE IT RESOLVED that I, FRANK H. MACKAMAN, Mayor of the City of Pekin, Tazewell County, Illinois, do hereby proclaim December 2006, as

"DRUNK AND DRUGGED DRIVING (3D) PREVENTION MONTH"

And do hereby call upon all citizens, government, agencies, business leaders, hospitals and health care providers, schools, and public and private institutions to promote awareness of the impaired driving problem, to support programs and policies to reduce the incidence of impaired driving, and to promote safer and healthier behaviors regarding the use of alcohol and other drugs this December season and throughout the year.

ADOPTED, this 11th day of December, in the Year of Our Lord, Two Thousand and Six.

FRANK H. MACKAMAN
Mayor

ATTEST:

SUE E. McMILLAN
City Clerk

RESOLUTION No. _____

December 11,

2006

PEKIN, ILLINOIS, _____

RESOLUTION BY COMMISSIONER _____

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PEKIN, ILLINOIS, THAT:
the Mayor's reappointment of Robert Small to the Pekin Housing Board for a 5-year term
ending January 14, 2012 on expiration of the current term, is approved.

803 Park Avenue

Pekin, IL 61554

347-7993



SIGNED BY _____

MAYOR.

Via Certified Return Receipt Requested
#7005 1160 0003 8589 6276

August 3, 2006

Mr. Dennis Keif, City Manager
City of Pekin
111 S. Capital
Pekin, IL 61554

Re: IL-5057 / Pekin Heights
Co-location of T-Mobile & Land Lease Agreement between City of Pekin
and GTP Acquisition Partners II, LLC (successor in interest to IPCS, Inc.)
dated September 13, 1999.

Dear Mr. Keif:

In accordance with the terms of the Land Lease, this shall serve as notification of our intention to co-locate T-Mobile on this site. The City shall receive additional lease fees on this First Co-location (third user) equal to the greater of thirty-three (33%) percent of the annual gross receipts or \$6,000 per year.

Pursuant to the terms of the above-referenced Land Lease we must secure your signature on behalf of the City consenting to this sublease; which approval shall not be unreasonably withheld.

Since time is of the essence, it would be greatly appreciated if you would fax a signed copy to me at (561) 995-0321 and mail the original.

If you should have any questions or require additional information, please call me.

Thank you for the assistance you have rendered in this matter.

Sincerely,
GLOBAL TOWER PARTNERS

Approval Signature:

Loni Elias

Asset Manager

Dennis Keif, City Manager

GTP/le
Att.

Date: _____

PETITION FOR ANNEXATION

HARLAN D. BESSLER ("Petitioner") petitions and requests the City of Pekin, Illinois, to annex the following described territory to said City, to-wit:

Lot 99 in COUNTRY CLUB ESTATES SUBDIVISION NO. 6, a subdivision in Groveland Township, Tazewell County, Illinois, as shown by Plat recorded in Plat Book "V", Page 249 in the Office of the Recorder of Deeds of Tazewell County, Illinois - commonly known as 1519 California Road, Pekin, IL 61554.

PIN: 05-05-32-102-013

(hereinafter the "Territory"). In support of this petition, the undersigned certifies as follows:

1. The Territory is not presently within the corporate limits of any municipality.
2. The Territory is contiguous to the City of Pekin, Illinois.
3. That there are no electors residing within the Territory other than Petitioner and his spouse, Alita G. Cassidy.
4. Petitioner requests that the corporate authorities of the City of Pekin consider the

question of the annexation of the Territory, adopt an ordinance annexing the Territory to said City and record a copy of the Ordinance together with an accurate map of the Territory with the Recorder of Deeds and the County Clerk of Tazewell County, Illinois.

DATED: 4th Day of Dec 2006



Harlan D Bessler
HARLAN D. BESSLER - Owner

Alita G Cassidy - Spouse

subscribed & signed before me this 4th day of December
2006, Christina Walker



November 22, 2006

received
11/28/06-DK

cc: City Council
City Clerk
12/11/06 Loren

VIA REGISTERED MAIL,
RETURN RECEIPT REQUESTED

City Manager Dennis Kief
111 S. Capitol Street
Pekin, IL 61554

Dear City Manager Kief,

Just as local governments review their budget each year, at Insight we must do the same.

Over the past year we have seen the cost of our video programming and other operational expenses escalate significantly.

While our costs have increased, we also understand the need to keep costs low for our customers. That is why I am pleased to announce that there will not be an increase for the basic tier of service for the next year. The basic tier of service is the level which so many senior citizens and other customers who have other pressing obligations enjoy.

The rate for our Classic tier of service will increase two dollars and seventy-five cents per month, to \$35.15, effective January 1, 2007. We are currently in the process of notifying our customers of this increase through our bill messages.

While we wish we did not have to increase any fees at all, we are proud that the customers who subscribe to the basic tier will not see an increase. Of course, if you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in cursive script that reads "Kim Sheetz".

Kim Sheetz
District Public & Gov't. Affairs Manager

PEKIN FIRE DEPARTMENT

2% FOREIGN FIRE INSURANCE FUND

September 27, 2005 - SEPTEMBER 19, 2006

ANNUAL AUDIT



Pekin Fire Department
2% Foreign Fire Insurance Fund
Cash Disbursements Journal
September 27, 2005 September 19, 2006

Date	Check #	Account	Amount
10/3/05	1358	Honor Guard	\$23.80
10/3/05	1359	Honor Guard	\$217.45
10/24/05	1360	Supplies/Equipment	\$123.00
10/14/05	1361	Supplies/Equipment	\$360.89
11/17/05	1362	Subscriptions	\$654.00
11/17/05	1363	Insurance	\$88.20
11/22/05	1364	Supplies/Equipment	\$4,097.00
12/5/05	1365	Supplies/Equipment	\$75.23
12/5/05	1366	Supplies/Equipment	\$55.91
12/5/05	1367	Supplies/Equipment	\$53.86
12/5/05	1368	Supplies/Equipment	\$100.00
12/22/05	1369	Supplies/Equipment	\$1,722.00
12/23/05	1370	Supplies/Equipment	\$215.97
1/2/06	1371	Supplies/Equipment	\$85.00
1/2/06	1372	Supplies/Equipment	\$100.00
1/2/06	1373	Supplies/Equipment	\$53.86
1/2/06	1374	Supplies/Equipment	\$79.06
2/28/06	1375	Honor Guard	\$120.99
1/12/06	1376	Supplies/Equipment	\$87.41
1/6/06	1377	Honor Guard	\$350.00
1/6/06	1378	Honor Guard	\$565.00
1/11/06	1379	Supplies/Equipment	\$26.17
1/13/06	1380	Health/Fitness	\$1,410.00
1/13/06	1381	Health/Fitness	2,820.00
1/16/06	1382	Subscriptions	\$409.00
1/19/06	1383	Supplies/Equipment	\$102.32
1/19/06	1384	Subscriptions	\$786.54
1/23/06	1385	Supplies/Equipment	\$118.51
2/9/06	1386	Honor Guard	\$75.00
2/9/06	1387	Honor Guard	\$120.99
2/9/06	1388	Honor Guard	\$98.79
2/9/06	1389	Honor Guard	\$98.79
2/9/06	1390	Supplies/Equipment	193.89
2/9/06	1391	Honor Guard	\$98.79
2/16/06	1392	Honor Guard	\$75.00
2/16/06	1393	Honor Guard	\$98.79
3/2/06	1394	Honor Guard	\$98.79
3/2/06	1395	Supplies/Equipment	\$32.66
3/12/06	1396	Supplies/Equipment	\$3,745.00
4/3/06	1397	Supplies/Equipment	\$603.32
3/29/06	1398	Honor Guard	\$98.79
4/5/06	1399	Supplies/Equipment	\$3,745.00
4/19/06	1400	Supplies/Equipment	\$210.97
4/19/06	1401	Honor Guard	\$46.50

4/20/06	1402	Supplies/Equipment	\$43.05
5/11/06	1403	Supplies/Equipment	\$80.00
5/23/06	1404	Supplies/Equipment	\$87.78
6/6/06	1405	Supplies/Equipment	\$96.00
6/7/06	1406	Supplies/Equipment	\$32.32
6/13/06	1407	Honor Guard	\$54.00
6/22/06	1408	Honor Guard	\$54.00
7/4/06	1409	Supplies/Equipment	\$29.40
7/11/06	1410	Supplies/Equipment	\$52.06
7/11/06	1411	Supplies/Equipment	\$52.06
7/19/06	1412	Supplies/Equipment	\$253.76
7/19/06	1413	Supplies/Equipment	\$33.45
7/21/06	1414	Insurance	\$88.20
7/27/06	1415	Supplies/Equipment	\$690.34
8/2/06	1416	Supplies/Equipment	\$196.65
8/21/06	1417	Supplies/Equipment	52.06
9/19/06	1418	Insurance	\$1,077.00

TOTAL 27,314.37

***Pekin Fire Department
2% Foreign Fire Insurance Fund
Statement of Activities
Cash Basis
Checking Account***

Illinois Department of Revenue Foreign Fire Insurance Company Fees
Miscellaneous Revenue
Total Revenue Collected:

Revenues Collected

\$22,459.26
\$ 710.28
\$23,169.54

Conferences
Equipment/Supplies
Health & Fitness
Honor Guard
Insurance
Repairs & Maintenance
Subscriptions
Total Expenditures Paid:

Expenditures Paid

\$ -0-
\$ 17,489.31
\$ 4,230.00
\$ 2,295.47
\$ 1,253.40
\$ -0-
\$ 2,046.19
\$ 27,314.37

Excess of Revenues Collected Over Expenditures	\$ -4144.83
Net Assets Beginning of Year September 27, 2005	\$18,737.46
Net Assets End of Year September 19, 2006	\$14,592.63

2% Audit Committee

1. 

Date: 10/21/06

2. Joe Stubbs

Date: 10/21/06

3. 

Date: 10-21-06

***Pekin Fire Department
2% Foreign Fire Insurance Fund
Statement of Activities
Savings Account***

Revenue

Account Balance	\$ 44.28
Interest Income	\$.38
Miscellaneous Income	\$ -0-
(Equipment Sold) Petty Cash	
Total	\$ 44.66

Cash Expenditures

Equipment/Supplies	\$ -0-
Total	\$ -0-

Net Assets End of Year September 30, 2005 \$ 44.66



FAX COVER SHEET

Date: 11/29/06

TO: Dennis Kief
FAX NUMBER: (309) 346-2095

FROM: Kathy Schleyhahn
FAX NUMBER: (217) 557-9883
PHONE NUMBER: (217) 785-6140
E-MAIL: Kathy.Schleyhahn@illinois.gov

Grant Number: 07-203450

Dear Mr. Kief:

Please have Mayor Mackaman sign the following grant agreement in these places:

1. On the "Notice of Grant Award" (look for the small #2 on the bottom of the page),
2. After section 2.99 where it says "the undersigned is authorized on behalf . . . "
3. Also - check section 6.6 of the Drugfree workplace act and check either A or C.

Return these three pages to me by fax for processing. When the processing is complete, you will receive a grant agreement signed by our Director. Call me if you have any questions.

Kathy Schleyhahn
Grant Management Unit

Internet Address <http://www.commerce.state.il.us>

620 East Adams Street
Springfield, Illinois 62701-1615

217/782-7500
TDD: 800/785-6055

James R. Thompson Center
100 West Randolph Street,
Suite 3-400

Chicago, Illinois 60601-3219
312/814-7179
TDD: 800/785-6055

2309 West Main, Suite 118
Marion, Illinois 62959-1180

618/997-4394
TDD: 800/785-6055

CITY OF PEKIN

	4/30/2006 ACTUAL	FY 2007 BUDGET	11/29/2006 ACTUAL	FY 2008 BUDGET
Taxes	\$18,931,125.94	\$19,607,778.00	\$12,666,777.62	\$21,479,613.00
Intergovernmental	\$1,702,447.07	\$2,620,230.00	\$1,164,003.53	\$3,632,976.00
Fees and Charges	\$7,035,133.93	\$7,751,242.00	\$3,829,711.40	\$7,888,787.00
Fines and Forefeitures	\$450,586.11	\$376,800.00	\$222,907.04	\$419,300.00
Licenses and Permits	\$256,096.86	\$242,235.00	\$135,857.76	\$237,080.00
Investment Earnings	\$3,746,227.59	\$1,897,095.00	\$454,055.00	\$2,407,685.00
Other Revenues	\$1,454,134.16	\$1,139,740.00	\$3,192,988.59	\$1,037,220.00
Debt Proceeds	\$1,300,000.00	\$0.00	\$0.00	\$0.00
Gross Revenues	\$34,875,751.66	\$33,635,120.00	\$21,666,300.94	\$37,102,661.00
Personnel	\$11,782,299.46	\$15,958,662.00	\$7,971,213.11	\$17,388,860.74
Commodities	\$740,057.06	\$1,092,873.00	\$514,684.76	\$1,191,223.00
Contractual	\$10,097,337.65	\$11,818,323.00	\$6,631,988.83	\$12,805,981.00
Capital	\$2,425,098.09	\$4,186,524.00	\$1,930,486.94	\$7,577,541.00
Miscellaneous	\$1,460,274.33	\$102,760.00	\$97,415.72	\$134,760.00
Benefit Payments	\$3,097,740.66	\$3,255,682.00	\$1,651,275.21	\$3,801,353.00
Debt Service	\$589,159.35	\$984,491.00	\$609,825.32	\$973,713.00
Gross Expenditures	\$30,191,966.60	\$37,399,315.00	\$19,406,889.89	\$43,873,431.74
NET REVENUE/ EXP	\$4,683,785.06	(\$3,764,195.00)	\$2,259,411.05	(\$6,770,770.74)
Net Transfers In/Out	392,620	3,464,423	1,595,443	3,690,610
CITY OF PEKIN	\$5,076,405.06	(\$299,772.00)	\$3,854,854.47	(\$3,080,160.74)

**NOTICE OF PUBLIC HEARING
ADOPTION OF BUDGET FOR FISCAL YEAR
MAY 1, 2007 THROUGH APRIL 30, 2008
BY THE CITY COUNCIL AND MAYOR OF THE
CITY OF PEKIN
PEKIN, ILLINOIS**

On Monday evening, December 11, 2006, at 5:30 p.m., a public hearing will be held by the City Council of the City of Pekin in the City Hall at 111 S. Capitol Street, Pekin, Illinois, for the purpose of considering and hearing testimony relative to the adoption of the budget for the City of Pekin for fiscal year May 1, 2007 through April 30, 2008, which budget has been published and is available for the public inspection at the Office of the City Clerk at 111 S. Capitol Street, Pekin, Illinois, during regular business hours.

You are further notified that said proposed budget may be further revised and passed after the public hearing.

All interested parties are invited to attend the public hearing and will be given an opportunity to be heard.

By order of the Corporate Authorities of the City of Pekin, Illinois.

RESOLUTION NO. 173-06/07
RESOLUTION ADOPTING THE FISCAL YEAR
MAY 1, 2007 THROUGH APRIL 30, 2008 BUDGET FOR THE
CITY OF PEKIN, ILLINOIS

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

WHEREAS, the City has caused notice to be published on that a public hearing on the proposed Budget for fiscal year May 1, 2007 through April 30, 2008 would be held on December 11, 2006 and further that said proposed Budget was available for inspection in the City Clerk's Office; and

WHEREAS, a hearing was held this date on the proposed Budget before the City Council;
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS AS FOLLOWS:

Section 1 : That the Budget for the fiscal year May 1, 2007 through April 30, 2008 of the City of Pekin be and the same is hereby adopted.

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

PASSED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS

this _____ day of _____, 2006.

MAYOR

ATTEST:

CITY CLERK

CITY OF PEKIN

	4/30/2006 ACTUAL	FY 2007 BUDGET	11/29/2006 ACTUAL	FY 2008 BUDGET
Taxes	\$18,931,125.94	\$19,607,778.00	\$12,666,777.62	\$21,479,613.00
Intergovernmental	\$1,702,447.07	\$2,620,230.00	\$1,164,003.53	\$3,632,976.00
Fees and Charges	\$7,035,133.93	\$7,751,242.00	\$3,829,711.40	\$7,888,787.00
Fines and Forfeitures	\$450,586.11	\$376,800.00	\$222,907.04	\$419,300.00
Licenses and Permits	\$256,096.86	\$242,235.00	\$135,857.76	\$237,080.00
Investment Earnings	\$3,746,227.59	\$1,897,095.00	\$454,055.00	\$2,407,685.00
Other Revenues	\$1,454,134.16	\$1,139,740.00	\$3,192,988.59	\$1,037,220.00
Debt Proceeds	\$1,300,000.00	\$0.00	\$0.00	\$0.00
Gross Revenues	\$34,875,751.66	\$33,635,120.00	\$21,666,300.94	\$37,102,661.00
Personnel	\$11,782,299.46	\$15,958,662.00	\$7,971,213.11	\$17,388,860.74
Commodities	\$740,057.06	\$1,092,873.00	\$514,684.76	\$1,191,223.00
Contractual	\$10,097,337.65	\$11,818,323.00	\$6,631,988.83	\$12,805,981.00
Capital	\$2,425,098.09	\$4,186,524.00	\$1,930,486.94	\$7,577,541.00
Miscellaneous	\$1,460,274.33	\$102,760.00	\$97,415.72	\$134,760.00
Benefit Payments	\$3,097,740.66	\$3,255,682.00	\$1,651,275.21	\$3,801,353.00
Debt Service	\$589,159.35	\$984,491.00	\$609,825.32	\$973,713.00
Gross Expenditures	\$30,191,966.60	\$37,399,315.00	\$19,406,889.89	\$43,873,431.74
NET REVENUE/EXP	\$4,683,785.06	(\$3,764,195.00)	\$2,259,411.05	(\$6,770,770.74)
Net Transfers In/Out	392,620	3,464,423	1,595,443	3,690,610
CITY OF PEKIN	\$5,076,405.06	(\$299,772.00)	\$3,854,854.47	(\$3,080,160.74)

CITY OF PEKIN

**RESOLUTION NO. 173-06/07
A RESOLUTION ADOPTING THE FISCAL YEAR
MAY 1, 2007 THROUGH APRIL 30, 2008 BUDGET
FOR THE CITY OF PEKIN, ILLINOIS**

**PASSED BY THE CITY COUNCIL
OF THE CITY OF PEKIN
THE 11 TH DAY OF DECEMBER, 2006**

**PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE CITY
COUNCIL OF THE CITY OF PEKIN, TAZEWELL COUNTY, ILLINOIS,
THIS 11 TH DAY OF DECEMBER, 2006**

CERTIFICATE

THE UNDERSIGNED CERTIFIES THAT SHE IS THE CITY CLERK FOR THE CITY OF PEKIN, ILLINOIS, AND THAT THE CITY COUNCIL AT A REGULARLY CONSTITUTED MEETING OF SAID CITY COUNCIL OF THE CITY OF PEKIN ON THE 11TH DAY OF , 2006, ADOPTED RESOLUTION NO. 173 – 06/07, A TRUE AND CORRECT COPY OF WHICH IS CONTAINED IN THIS PAMPHLET.

GIVEN UNDER MY HAND AND SEAL THIS _____ DAY OF _____, 2006

(SEAL)

SUE E. MCMILLAN
CITY CLERK

CITY OF PEKIN

**ORDINANCE NO.
AN ORDINANCE MAKING LEVYING AND ASSESSING
MUNICIPAL TAXES IN THE CITY OF PEKIN TAZEWELL
AND PEORIA COUNTIES ILLINOIS
FOR THE FISCAL YEAR FROM MAY 1, 2006 TO APRIL 30, 2007
AND KNOWN AS THE ANNUAL LEVY ORDINANCE**

**PASSED BY THE CITY COUNCIL
OF THE CITY OF PEKIN
THE 11TH DAY OF DECEMBER, 2006**

**PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE CITY
COUNCIL OF THE CITY OF PEKIN, TAZEWELL COUNTY, ILLINOIS,
THIS 11TH DAY OF DECEMBER, 2006**

ORDINANCE NO.
 AN ORDINANCE MAKING, LEVYING AND ASSESSING MUNICIPAL TAXES
 IN THE CITY OF PEKIN, TAZEWELL AND PEORIA COUNTIES, ILLINOIS,
 FOR THE FISCAL YEAR FROM MAY 1, 2006 TO APRIL 30, 2007
 AND KNOWN AS THE ANNUAL LEVY ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS:

SECTION I. That there be levied upon all taxable property within the corporate limits of the City of Pekin, the same being subject to taxation, and equalization for the State and County purposes for the current year A.D. 2006, the sum of \$5,210,500.00 pursuant to the Budget Resolution #91-04/05 passed heretofore as follows (the following summary, Exhibit A attached hereto and incorporated by reference, contains the detailed levy for each affected department and fund):

NO.	DEPARTMENT NAME	AMOUNT BUDGETED	AMOUNT LEVIED
100-001	ADMINISTRATION	\$ 297,095	\$
100-002	PLANNING & DEVELOPMENT	123,452	
100-003	LEGAL	329,9961	
100-004	CITY CLERK	103,939	
100-005	PERSONNEL	117,146	
100-006	FINANCE	233,634	
100-007	PUBLIC WORKS	267,315	
100-008	VISITOR'S BUREAU	118,785	
100-009	I.T. DEPARTMENT	305,173	
100-023	GARBAGE	730,954	
100-010	CITY TREASURER	43,187	
100-032	STREETS	1,626,022	
100-034	FIRE	5,756,754	889,795
100-036	MUNICIPAL BAND	0	
100-068	PUBLIC, LANDS & BUILDINGS	991,920	
100-093	LIABILITY	1,500	
100-760	POLICE ADMINISTRATION	0	
100-761	POLICE PATROL	5,222,578	889,795
100-763	POLICE SPECIAL SERVICES	724,692	
100-764	POLICE RECORDS	340,495	
100-766	POLICE PARKING	112,402	
100-793	ZONING & INSPECTIONS	479,566	
100-990	GENERAL MISCELLANEOUS	709,639	
223-023	GARBAGE	1,425,316	
223-025	YARDWASTE	267,503	
223-026	RECYCLING	308,049	
231-029	UTILITY BILLING	225,021	
231-030	GENERAL SEWER OPERATION	959,242	
231-031	SEWER TREATMENT PLANT	3,381,063	
231-232	STORM SEWER DEPARTMENT	847,608	
240-240	MOTOR FUEL TAX	1,802,000	
261-261	HUD METRO DEVELOPMENT	648,181	
270-270	TIF #1 CBD	705,806	
445-445	CAPITOL PROJECTS	3,101,000	
500-500	MUNICIPAL BUS	190,911	
501-501	SCHOOL BUS	1,176,439	
525-525	AIRPORT	83,230	
570-570	ECONOMIC DEVELOPMENT	148,000	
695-098	LIABILITY	221,500	
695-094	WORKERS' COMP	316,000	
695-095	MEDICAL INSURANCE	3,205,404	
699-095	CITY MECHANICS	1,288,148	
699-070	COUNTY VEHICLE MAINTENANCE	55,000	
900-762	TAZ COMM	1,264,566	

924-924	MUNICIPAL LIBRARY	1,263,150	937,000
941-941	POLICE PENSION	1,746,853	980,991
944-944	FIRE PENSION	2,197,700	1,512,919
TOTAL EXPENDITURE		<u>\$44,732.980</u>	<u>\$5,210,500</u>

BUDGET SUMMARY by FUND

FUND NAME	AMOUNT BUDGETED	AMOUNT LEVIED
GENERAL FUND	\$17,905,290	\$1,779,590
SOLID WASTE FUND	2,000,868	
SEWAGE DISPOSAL FUND	4,565,326	
STORM SEWER	847,608	
MOTOR FUEL TAX	1,802,000	
HUD #2: METRO DEVELOPMENT FUND	648,181	
TIF #1: CENTRAL BUSINESS DISTRICT FUND	705,806	
CAPITAL PROJECTS	3,101,000	
MUNICIPAL BUS FUND	190,911	
SCHOOL BUS FUND	1,176,439	
AIRPORT FUND	83,230	
ECONOMIC DEVELOPMENT	148,000	
INSURANCE FUND	3,742,904	
VEHICLE MAINTENANCE	1,343,148	
TAZEWELL PEKIN COMMUNICATIONS	1,264,566	
MUNICIPAL LIBRARY FUND	1,263,150	937,000
POLICE PENSION	1,746,853	980,991
FIRE PENSION	<u>2,197,700</u>	<u>1,512,919</u>
TOTAL EXPENDITURES	<u>\$44,732,980</u>	<u>\$ 5,210,500</u>

SECTION II. This Levy Ordinance is adopted pursuant to procedures and authority set forth in the Illinois Municipal Code and Article VII, Section 6 of the Constitution of the State of Illinois; it is hereby provided that any limitations in the Illinois Municipal Code in conflict with this Ordinance shall not apply to this Ordinance as per the provisions of Section 6 of Article VII of the Constitution of the State of Illinois.

SECTION III. The Clerk of the City of Pekin is hereby directed and ordered to file a certified copy of this Ordinance with the County Clerk of Tazewell and Peoria Counties, Illinois, on or before December 26, 2006.

SECTION IV. This Ordinance shall be in full force and effect from and after its passage and approval according to law.

PASSED in due form of law by the City Council of the City of Pekin, Illinois, at its regular meeting held on the 11th day of December, 2006; and upon roll call the vote was as follows:

AYES:

NAYS:

ABSENT:

ABSTAINING:

PRESENT:

150

APPROVED this 11th day of December, 2006.

Frank H. Mackaman

ATTEST:

Sue E. McMillan, City Clerk

**CITY OF PEKIN
PROPOSED LEVY**

	2005 Tax Levy		2006 Tax Levy	
	LEVY	RATE	LEVY	RATE
Library	\$ 900,704	\$0.2365	\$ 937,000	\$0.2360
Police Protection	\$ 859,613	\$0.2257	\$ 889,795	\$0.2241
Fire Protection	\$ 859,612	\$0.2257	\$ 889,795	\$0.2241
Police Pension	\$ 912,833	\$0.2397	\$ 980,991	\$0.2471
Fire Pension	<u>\$1,457,738</u>	<u>\$0.3827</u>	<u>\$1,512,919</u>	<u>\$0.3811</u>
TOTAL	<u>\$4,990,500</u>	<u>\$1.3103</u>	<u>\$5,210,500</u>	<u>\$1.3124</u>
% Inc / (Dec)			4.41%	(0.16)%
EAV	\$380,866,970		\$397,027,200	

A copy of the proposed 2006 Levy Ordinance is on file in the Office of the City Clerk, 111 South Capitol Street, Pekin, Illinois 61554-4108

Sue E. McMillan
City Clerk

CERTIFICATION OF TAX LEVY ORDINANCE

CITY OF PEKIN

THE UNDERSIGNED, DULY ELECTED, QUALIFIED AND ACTING CLERK OF THE CITY OF PEKIN, TAZEWELL AND PEORIA COUNTIES, ILLINOIS, DOES HEREBY CERTIFY THAT THE ATTACHED HERETO IS A TRUE AND CORRECT COPY OF THE TAX LEVY ORDINANCE OF SAID CITY FOR THE FISCAL YEAR BEGINNING MAY 1, 2006 AND ENDING APRIL 30, 2007, AS ADOPTED ON DECEMBER 11, 2006.

THIS CERTIFICATION IS MADE AND FILED PURSUANT TO THE REQUIREMENTS OF (65 ILCS 5/8-3-1) AND ON BEHALF OF THE CITY OF PEKIN, TAZEWELL AND PEORIA COUNTIES, ILLINOIS. THIS CERTIFICATION MUST BE FILED BY THE 26TH DAY, DECEMBER, 2006.

DATED THIS 11TH DAY OF DECEMBER, 2006

SUE E. MCMILLAN
CITY CLERK

RESOLUTION NO. _____

WHEREAS, on February 24, 2003, the City Council of the City of Pekin passed Ordinance No. 2324 entitled "AN ORDINANCE providing for the issue of \$1,040,000.00 Aggregate Principal Amount of General Obligation Refunding Bonds, Series 2003, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds", authorizing the sale of \$1,040,000.00 principal amount of general obligation refunding bonds; and

WHEREAS, said Ordinance 2324 (hereinafter referred to as the "Bond Ordinance"), imposed tax levies against all taxable real property in the City of Pekin; and

WHEREAS, the tax levy for the year 2006 contained in the Bond Ordinance was based upon the assumption that a levy would be necessary to provide funds for the payment of principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, there are sufficient sources of funds from property taxes and other revenues as contemplated in the Bond Ordinance available for the payment of the principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, the tax levy for the year 2006 provided for in the Bond Ordinance is therefore substantially greater than is necessary to meet the obligation to pay the interest due created by the sale of the bonds authorized by the Bond Ordinance.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS, THAT:

Section 1. The levy of taxes for the year 2006 in the amount of \$144,217.50 provided for in Section 8 of Ordinance No. 2324 entitled "AN ORDINANCE providing for the issue of \$1,040,000.00 Aggregate Principal Amount of General Obligation Refunding Bonds, Series 2003, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds" is hereby abated and

eliminated; it being the intent of the City Council that no taxes be levied for the year 2006 as provided in said Section 8 of Ordinance No. 2324.

Section 2. The remaining levies of taxes as set forth in the Bond Ordinance for the years subsequent to 2006 are not abated or affected in any manner whatsoever by the passage of this Resolution.

Section 3. In the event a court of competent jurisdiction determines that the tax levies for the years subsequent to 2006 as provided for in the Bond ordinance are in any way affected by this Resolution, then this Resolution shall be void and of no effect whatever.

Section 4. Upon the effective date of this Resolution, a copy hereof certified by the City Clerk, which certificate shall recite that this Resolution has been passed by the City Council and approved by the Mayor, shall be filed with the County Clerks of Tazewell and Peoria Counties, Illinois; said County Clerks are hereby directed to abate and eliminate the levies for the year 2006 contained in the Bond Ordinance, but only to the extent specifically provided herein.

Section 5. This Resolution is in addition to all other Resolutions on the subject and shall be construed therewith excepting as to the part in direct conflict with any other Resolution, and in the event of such conflict, the provisions hereof shall govern.

Section 6. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

ADOPTED AND APPROVED at a regular meeting of the City Council of the City of Pekin,
this 11th day of December 2006.

MAYOR

ATTEST:

CITY CLERK

The Preliminary Official Statement of the City, dated February 17, 2003, relating to the Bonds, heretofore presented to the Corporate Authorities is hereby ratified and approved. The form of the Official Statement of the City relating to the Bonds (the "*Official Statement*"), presented to the Corporate Authorities at this meeting is hereby approved, and the purchasers are hereby authorized on behalf of the City to distribute copies of the Official Statement to the ultimate purchasers of the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and to describe accurately the current condition of the City.

The Mayor, the City Clerk and the City Treasurer of the City are each hereby authorized to execute and deliver the Official Statement on behalf of the City.

Section 8. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the City a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the City, the following direct annual tax, to-wit:

FOR THE YEAR	TAX SUFFICIENT TO PRODUCE THE SUM OF:
2005 3	\$200,807.58 for principal and interest up to and including June 1, 2005
2004	139,517.50 for principal and interest
2005	137,073.75 for principal and interest
2006	144,217.50 for principal and interest
2007	116,305.00 for principal and interest
2008	118,380.00 for principal and interest
2009	120,017.50 for principal and interest
2010	116,305.00 for principal and interest
2011	122,190.00 for principal and interest
2014	0.00

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the City, and

CERTIFICATE

I, SUE E. MCMILLAN, CITY CLERK IN AND FOR THE CITY OF PEKIN, IN THE COUNTIES OF TAZEWELL AND PEORIA, IN THE STATE OF ILLINOIS, AND KEEPER OF THE RECORDS AND FILES THEREOF, AS PROVIDED BY STATUTE, DO HEREBY CERTIFY THE ATTACHED TO BE A TRUE, PERFECT AND COMPLETE COPY OF RESOLUTION NO. _____ ADOPTED BY THE CITY COUNCIL OF THE CITY OF PEKIN AT ITS COUNCIL MEETING HELD ON _____.

GIVEN UNDER MY HAND AND SEAL THIS _____ DAY OF _____, 2006.

(SEAL)

SUE E. MCMILLAN
CITY CLERK

RESOLUTION NO. _____

WHEREAS, on September 27, 2004, the City Council of the City of Pekin passed Ordinance No. 2386 entitled "AN ORDINANCE providing for the issue of \$2,950,000.00 Aggregate Principal Amount of General Obligation Bonds, Series 2004, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds", authorizing the sale of \$2,950,000.00 principal amount of general obligation bonds; and

WHEREAS, said Ordinance 2386 (hereinafter referred to as the "Bond Ordinance"), imposed tax levies against all taxable real property in the City of Pekin; and

WHEREAS, the tax levy for the year 2006 contained in the Bond Ordinance was based upon the assumption that a levy would be necessary to provide funds for the payment of principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, there are sufficient sources of funds from property taxes and other revenues as contemplated in the Bond Ordinance available for the payment of the principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, the tax levy for the year 2006 provided for in the Bond Ordinance is therefore substantially greater than is necessary to meet the obligation to pay the interest due created by the sale of the bonds authorized by the Bond Ordinance.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS, THAT:

Section 1. The levy of taxes for the year 2006 in the amount of \$454,904.76 provided for in Section 9 of Ordinance No. 2386 entitled "AN ORDINANCE providing for the issue of \$2,950,000.00 Aggregate Principal Amount of General Obligation Bonds, Series 2004, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds" is hereby abated and eliminated; it

being the intent of the City Council that no taxes be levied for the year 2006 as provided in said Section 9 of Ordinance No. 2386.

Section 2. The remaining levies of taxes as set forth in the Bond Ordinance for the years subsequent to 2006 are not abated or affected in any manner whatsoever by the passage of this Resolution.

Section 3. In the event a court of competent jurisdiction determines that the tax levies for the years subsequent to 2006 as provided for in the Bond ordinance are in any way affected by this Resolution, then this Resolution shall be void and of no effect whatever.

Section 4. Upon the effective date of this Resolution, a copy hereof certified by the City Clerk, which certificate shall recite that this Resolution has been passed by the City Council and approved by the Mayor, shall be filed with the County Clerks of Tazewell and Peoria Counties, Illinois; said County Clerks are hereby directed to abate and eliminate the levies for the year 2006 contained in the Bond Ordinance, but only to the extent specifically provided herein.

Section 5. This Resolution is in addition to all other Resolutions on the subject and shall be construed therewith excepting as to the part in direct conflict with any other Resolution, and in the event of such conflict, the provisions hereof shall govern.

Section 6. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

ADOPTED AND APPROVED at a regular meeting of the City Council of the City of Pekin,
this 11th day of December 2006.

MAYOR

ATTEST:

CITY CLERK

Section 8. Sale of Bond. The Bond hereby authorized shall be executed as in this ordinance provided as soon after the passage hereof as may be, and thereupon, be deposited with the Treasurer of the City, and be by said Treasurer delivered to The Herget National Bank of Pekin, in Pekin, Illinois (the "*Purchaser*"), upon receipt of the purchase price of the Bond, being par plus accrued interest, if any. No person holding an office of the City either by election or appointment is in any manner interested, either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in said arrangement for the purchase of the Bond.

Section 9. Tax Levy. In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bond as it falls due, and also to pay and discharge the principal installments thereof at maturity, there be and there is hereby levied upon all the taxable property within the City a direct annual tax for each of the years while the Bond is outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the City, the following direct annual tax, to-wit:

FOR THE YEAR	TAX SUFFICIENT TO PRODUCE THE SUM OF:
2004	\$569,777.75 for principal and interest up to and including July 1, 2006
2005	469,263.88 for principal and interest
2006	454,904.76 for principal and interest
2007	440,545.62 for principal and interest
2008	426,186.50 for principal and interest
2009	411,827.38 for principal and interest
2010	397,468.26 for principal and interest
2011	383,109.12 for principal and interest

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the City, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

CERTIFICATE

I, SUE E. MCMILLAN, CITY CLERK IN AND FOR THE CITY OF PEKIN, IN THE COUNTIES OF TAZEWELL AND PEORIA, IN THE STATE OF ILLINOIS, AND KEEPER OF THE RECORDS AND FILES THEREOF, AS PROVIDED BY STATUTE, DO HEREBY CERTIFY THE ATTACHED TO BE A TRUE, PERFECT AND COMPLETE COPY OF RESOLUTION NO. _____ ADOPTED BY THE CITY COUNCIL OF THE CITY OF PEKIN AT ITS COUNCIL MEETING HELD ON _____.

GIVEN UNDER MY HAND AND SEAL THIS _____ DAY OF _____, 2006.

(SEAL)

SUE E. MCMILLAN
CITY CLERK

RESOLUTION NO. _____

WHEREAS, on October 11, 2004, the City Council of the City of Pekin passed Ordinance No. 2387 entitled "AN ORDINANCE providing for the issue of \$1,410,000.00 Aggregate Principal Amount of General Obligation Refunding Bonds, Series 2004, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds", authorizing the sale of \$1,410,000.00 principal amount of general obligation refunding bonds; and

WHEREAS, said Ordinance 2387 (hereinafter referred to as the "Bond Ordinance"), imposed tax levies against all taxable real property in the City of Pekin; and

WHEREAS, the tax levy for the year 2006 contained in the Bond Ordinance was based upon the assumption that a levy would be necessary to provide funds for the payment of principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, there are sufficient sources of funds from property taxes and other revenues as contemplated in the Bond Ordinance available for the payment of the principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, the tax levy for the year 2006 provided for in the Bond Ordinance is therefore substantially greater than is necessary to meet the obligation to pay the interest due created by the sale of the bonds authorized by the Bond Ordinance.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS, THAT:

Section 1. The levy of taxes for the year 2006 in the amount of \$204,942.50 provided for in Section 8 of Ordinance No. 2387 entitled "AN ORDINANCE providing for the issue of \$1,410,000.00 Aggregate Principal Amount of General Obligation Refunding Bonds, Series 2004, of the City of Pekin, Tazewell and Peoria Counties, Illinois, and for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds" is hereby abated and

eliminated; it being the intent of the City Council that no taxes be levied for the year 2006 as provided in said Section 8 of Ordinance No. 2387.

Section 2. The remaining levies of taxes as set forth in the Bond Ordinance for the years subsequent to 2006 are not abated or affected in any manner whatsoever by the passage of this Resolution.

Section 3. In the event a court of competent jurisdiction determines that the tax levies for the years subsequent to 2006 as provided for in the Bond ordinance are in any way affected by this Resolution, then this Resolution shall be void and of no effect whatever.

Section 4. Upon the effective date of this Resolution, a copy hereof certified by the City Clerk, which certificate shall recite that this Resolution has been passed by the City Council and approved by the Mayor, shall be filed with the County Clerks of Tazewell and Peoria Counties, Illinois; said County Clerks are hereby directed to abate and eliminate the levies for the year 2006 contained in the Bond Ordinance, but only to the extent specifically provided herein.

Section 5. This Resolution is in addition to all other Resolutions on the subject and shall be construed therewith excepting as to the part in direct conflict with any other Resolution, and in the event of such conflict, the provisions hereof shall govern.

Section 6. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

ADOPTED AND APPROVED at a regular meeting of the City Council of the City of Pekin,
this 11th day of December 2006.

MAYOR

ATTEST:

CITY CLERK

FOR THE YEAR	TAX SUFFICIENT TO PRODUCE THE SUM OF:
2004	\$200,367.08 for principal and interest up to and including January 1, 2006
2005	203,737.50 for principal and interest
2006	204,942.50 for principal and interest
2007	205,522.50 for principal and interest
2008	205,447.50 for principal and interest
2009	204,777.50 for principal and interest
2010	203,672.50 for principal and interest
2011	202,117.50 for principal and interest

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the City, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The City covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy and the City and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds; *provided, however,* that whenever other funds (including the proceeds of bonds issued to refund the Bonds) are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of taxes levied for the same, the Corporate Authorities shall, by ordinance, direct the deposit of such funds into the Bond Fund hereinafter created and defined or into a proper escrow account created solely for such purpose, and further, in and by such ordinance, shall direct the abatement of the taxes by the amount so deposited, and proper notification of such abatement shall be filed with the County Clerks, in a timely manner to effect such abatement. It is the expectation of the City that the principal of and interest on the Bonds

CERTIFICATE

I, SUE E. MCMILLAN, CITY CLERK IN AND FOR THE CITY OF PEKIN, IN THE COUNTIES OF TAZEWELL AND PEORIA, IN THE STATE OF ILLINOIS, AND KEEPER OF THE RECORDS AND FILES THEREOF, AS PROVIDED BY STATUTE, DO HEREBY CERTIFY THE ATTACHED TO BE A TRUE, PERFECT AND COMPLETE COPY OF RESOLUTION NO. _____ ADOPTED BY THE CITY COUNCIL OF THE CITY OF PEKIN AT ITS COUNCIL MEETING HELD ON _____.

GIVEN UNDER MY HAND AND SEAL THIS _____ DAY OF _____, 2006.

(SEAL)

SUE E. MCMILLAN
CITY CLERK

RESOLUTION NO. _____

WHEREAS, on March 14, 2005, the City Council of the City of Pekin passed Ordinance No. 2415 entitled "AN ORDINANCE providing for the issue of a Taxable General Obligation Bond, Series 2005, of the City of Pekin, Tazewell and Peoria Counties, Illinois, in the principal amount of \$1,120,000 and for the levy and collection of a direct annual tax for payment of the principal installments of an interest on said bond; and

WHEREAS, said Ordinance 2415 (hereinafter referred to as the "Bond Ordinance"), imposed tax levies against all taxable real property in the City of Pekin; and

WHEREAS, the tax levy for the year 2006 contained in the Bond Ordinance was based upon the assumption that a levy would be necessary to provide funds for the payment of principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, there are sufficient sources of funds from property taxes and other revenues as contemplated in the Bond Ordinance available for the payment of the principal and interest on the bonds authorized by the Bond Ordinance; and

WHEREAS, the tax levy for the year 2006 provided for in the Bond Ordinance is therefore substantially greater than is necessary to meet the obligation to pay the interest due created by the sale of the bonds authorized by the Bond Ordinance.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS, THAT:

Section 1. The levy of taxes for the year 2006 in the amount of \$163,660.00 provided for in Section 9 of Ordinance No. 2415 entitled "AN ORDINANCE providing for the issue of a Taxable General Obligation Bond, Series 2005, of the City of Pekin, Tazewell and Peoria Counties, Illinois, in the principal amount of \$1,120,000 and for the levy and collection of a direct annual tax for payment of the principal installments of an interest on said bond" is hereby abated and eliminated; it being the intent of the City Council that no taxes be levied for the year 2006 as provided in said Section 9 of Ordinance No. 2415.

Section 2. The remaining levies of taxes as set forth in the Bond Ordinance for the years subsequent to 2006 are not abated or affected in any manner whatsoever by the passage of this Resolution.

Section 3. In the event a court of competent jurisdiction determines that the tax levies for the years subsequent to 2006 as provided for in the Bond ordinance are in any way affected by this Resolution, then this Resolution shall be void and of no effect whatever.

Section 4. Upon the effective date of this Resolution, a copy hereof certified by the City Clerk, which certificate shall recite that this Resolution has been passed by the City Council and approved by the Mayor, shall be filed with the County Clerks of Tazewell and Peoria Counties, Illinois; said County Clerks are hereby directed to abate and eliminate the levies for the year 2006 contained in the Bond Ordinance, but only to the extent specifically provided herein.

Section 5. This Resolution is in addition to all other Resolutions on the subject and shall be construed therewith excepting as to the part in direct conflict with any other Resolution, and in the event of such conflict, the provisions hereof shall govern.

Section 6. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

ADOPTED AND APPROVED at a regular meeting of the City Council of the City of Pekin,
this 11th day of December 2006.

MAYOR

ATTEST:

CITY CLERK

FOR THE YEAR

TAX SUFFICIENT TO PRODUCE THE SUM OF:

2005	\$169,559.44	for principal and interest up to and including April 1, 2007
2006	\$163,660.00	for principal and interest
2007	\$157,920.00	for principal and interest
2008	\$152,180.00	for principal and interest
2009	\$146,440.00	for principal and interest
2010	\$140,700.00	for principal and interest
2011	\$134,960.00	for principal and interest
2012	\$129,220.00	for principal and interest
2013	\$123,480.00	for principal and interest

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the City, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The City covenants and agrees with the purchasers and the owners of the Bond that so long as the Bond remains outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy and the City and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal installments of and interest on the Bond; *provided, however*, that whenever other funds (including the proceeds of bonds issued to refund the Bond) are made available for the purpose of paying any principal installment of or interest on the Bond so as to enable the abatement of taxes levied for the same, the Corporate Authorities shall, by ordinance, direct the deposit of such funds into the Bond Fund hereinafter created and defined or into a proper escrow account created solely for such purpose, and further, in and by such ordinance, shall direct the abatement of the taxes by the amount so deposited, and

RESOLUTION NO. _____
AMENDING THE CITY OF PEKIN EMPLOYEE HANDBOOK

WHEREAS, the City of Pekin currently has a Personnel Policy known as the City of Pekin Employee Handbook adopted by Resolution No. 123 dated August 22, 2005, and

WHEREAS, the City of Pekin currently has an E-mail and Internet Policies contained in the Employee Handbook; and

WHEREAS, the City has undertaken a review of the existing policies; and

WHEREAS, the City wants to amend the Employee Handbook that includes the revised governing e-mail and internet policies for the City's personnel, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference (8.3 E-MAIL AND THE INTERNET).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEKIN, PEKIN, ILLINOIS, as follows:

SECTION I. The City Council of the City of Pekin finds as facts the recitals hereinabove set forth.

SECTION II. That the City of Pekin Employee Handbook is hereby amended by deleting 8.3 E-mail and Internet Policy in it's entirety and replacing with a new E-mail and Internet Policy attached hereto as Exhibit A.

ADOPTED AND APPROVED at a regular meeting of the Council of the City of Pekin, this

_____ day of _____, 2006.

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAINING: _____

APPROVED this _____ day of _____, 2006

MAYOR

ATTEST:

CITY CLERK

Employees must cooperate fully with those performing investigations pursuant to this policy. Employees must not confront any individual being investigated; such actions can compromise any ensuing investigation. Employees found to have participated in fraudulent acts will be subject to disciplinary action up to and including termination from employment. Also, criminal or civil actions may be taken against employees who participate in fraudulent acts.

For the purpose of this policy, fraud shall be defined as: The intentional deception by an individual or individuals, either internal or external to the City, which could result in a tangible or intangible benefit to themselves, others, or the City, or could cause detriment to others or the City. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

8.3 E-MAIL AND INTERNET POLICY

The City of Pekin provides access to the information resources of the Internet and the use of E-Mail to help employees do their job and be a more productive employee. The facilities to provide that access represent a considerable commitment on the part of the City of Pekin. The following E-Mail and Internet policy is designed to help you understand our expectations, and to help you use those tools wisely.

The following guidelines are little more than good business practice. When applied to E-Mail and the Internet, these guidelines can help control the cost of the system and maximize its benefits for all the City of Pekin participants.

PURPOSE

The purpose of this policy is to establish an e-mail policy for all municipal offices that create, use, and manage e-mail as part of the daily transaction of business. Additionally, this policy will set forth some general guidelines as to what constitutes a "public record."

INTENT

To establish guidelines that will promote the effective capture, management, and retention of e-mail messages which are public records in compliance with records retention requirements. This policy is not intended to discourage the use of e-mail to conduct municipal business, but rather to establish a framework for its proper use as a communications tool. E-mail can still function as a viable, efficient means to conduct municipal business. Consistency, predictability, and reliability in the manner in which the e-mail system is used and in which public records are maintained within the municipality, are the primary focuses of this policy.

POLICY

All municipal records should be inventoried and analyzed for administrative, legal, financial and historical values to ensure that:

1. Valuable records are adequately preserved; and

2. Non-records and obsolete records are destroyed in accord with authorized records retention schedules and after approval is received from the Local Records Commission.

SCOPE

This policy applies to all e-mail attachments circulated within the municipality.

DEFINITIONS

- A. E-mail messages are text documents which are created, stored, and delivered in an electronic format. As such, e-mail messages are similar to other forms of communicated messages, such as correspondence, memoranda, and circular letters.
- B. Non-record messages are e-mail messages that do not set policy, establish guidelines or procedures, certify a transaction, or become a receipt. Rather, they are informal communications that are similar to communications during telephone conversations or conversations in an office hallway. Generally, non-record messages are short-lived, with no historical significance or public importance, and need not be retained after they have fulfilled their purpose. Examples include:
 1. Routine requests for information or publications which require no administrative action, policy decision, or special compilation or research, and copies of replies.
 2. Originating office copies of letters of transmittal that do not add any information to that contained in the transmitted material.
 3. Quasi-official notices including memoranda and other records that do not serve as the basis of official actions (i.e., holiday notices, meeting confirmations, etc.).
- C. Records retention schedules are listings of agency records and how long they must be retained.

APPROPRIATE USE

E-mail and Internet services are City of Pekin property, and they are to be used primarily to facilitate city business. The City recognizes that there may be occasions where it is necessary to use the systems for incidental personal purposes. This does not, however, allow for continuous use during lunch hours or break times. Reasonable use for personal purposes may be permitted. As always, use of E-mail and Internet services may be monitored, and abuse of non-work related use of the systems may result in a loss of access and/or disciplinary action.

ACCESS AND PRIVACY

Users should take note that the information generated on e-mail may be a public record subject to public inspection.

RETENTION

Generally, e-mail messages are temporary communications which are non-vital and may be discarded routinely. However, depending on the content of the e-mail, it may be considered public record. Accordingly, employees have the same responsibilities for e-mail messages as they do for any other public record and must distinguish between records and non-record information.

Non-record messages should be deleted from files as soon as they have fulfilled their purpose. These are records that are not required to be kept under law or whose preservation is not necessary or convenient to conduct municipal business. On the other hand, messages determined by users to be records should be properly preserved and disposed of as specified in the municipality's approved records retention schedule. Examples of messages considered to be records might include policy documents or contract related documents.

Messages and attachments shall be reviewed at minimum every 15 days and, if they are determined to be records, printed fully (including time, date, sender and receiver) and retained in paper format.

The IT Department shall delete all messages from the server thirty (30) days after they have been opened.

Factors to consider in deciding whether a document is a record are:

- 1) Is it in connection with the transaction of public business (this eliminates all e-mails which do not relate to public business, i.e., personal notes, etc.)?
- 2) Is it official documentary material (a draft of a letter vs. the letter itself)?
- 3) Is it FOIAable? For example, "preliminary drafts, notes, recommendations, memoranda and other records in which opinions are expressed, or policies or actions are formulated" need not be produced under FOIA, "except that a specific record or relevant portion of a record shall not be exempt when the record is publicly cited and identified by the head of the public body." Therefore, unless staff wishes to keep their preliminary drafts, notes, etc., there seems to be no point in keeping these documents and presumably they may be destroyed if paper or deleted if e-mail.
- 4) Is the material "appropriate for preservation by such agency or officer, or any successor thereof, as evidence of the organization, function, policies, decisions, procedures, or other activities thereof, or because of the informational data contained therein"? These would eliminate the necessity of keeping documents which do not reflect the official actions of the municipality, but rather the comments or actions of individuals which reflect not the policy of the municipality but the thought of the individual.
- 5) Does the document have any historical significance? Is the document evidence of the function, policies, decisions, procedures or other activities of the municipality or of just an individual?

6) Even if a document is a record it need not be kept forever. The LRA sets up timetables within which records may be destroyed. Each municipality should refer to its own Records Retention Schedule to determine how long a particular record must be retained. If a Records Retention Schedule does not yet exist, the Local Records Commission should be contacted by the municipality in order to gain assistance in:

- a. creating an inventory of the documents that exist within the municipality;
- b. determining the amount of time each category of records must be retained;
- c. obtaining approval of the retention periods assessed to each record.

Examples of potential records requested to be retained in a Records Retention Schedule, and their generally requested retention periods, include:

- E-mails considered public records -- 1 year
- Unsolicited applications for employment -- 1 year
- Solicited applications for employment -- 2 years
- FOIA requests and denials -- 2 years after the date of filing
- Lawsuits -- 3 years following final settlement
- Bids -- 10 years (successful), 3 years (unsuccessful)
- Annexation agreements, transcripts, plats, ordinances -- permanently

7) Many e-mail documents rapidly become stale and do not reflect "function, policies, decisions, procedures, etc." when a matter is finalized. Therefore, the municipality can simply keep the final document.

8) Are the records duplicative? Only one copy need be retained.

NOTE: A public record that is stored and accessible after this time is still a public record and must be produced upon request, if it does not fall within one of FOIA's exemptions. Accordingly, a systematic deletion program that eliminates obsolete documents should be implemented in conjunction with the system administrator.

EXAMPLES OF E-MAILS THAT GENERALLY CONSTITUTE PUBLIC RECORDS

- E-mail created or received by municipal employees in connection with municipal business
- E-mail that facilitates action, such as initiating, authorizing or completing a transaction in connection with municipal business

EXAMPLES OF E-MAILS THAT GENERALLY DON'T CONSTITUTE PUBLIC RECORDS

- Personal e-mail messages and announcements not related to municipal business

- Copies or extracts of documents e-mailed for convenience or reference
- Internal e-mails created by employees on work-related topics which do not facilitate action (i.e., cover notes, etc.)
- E-mails containing drafts, notes or inter-office memoranda that are not retained by the municipality in the ordinary course of business

EXAMPLES OF E-MAILS THAT MAY CONSTITUTE PUBLIC RECORDS

- E-mail that provides substantive comments on an action taken by the municipality (i.e., comments add to a proper understanding of the execution of the final municipal action)
- E-mail providing documentation of significant official decisions and commitments reached orally and not otherwise documented in the municipality's files

RESPONDING TO FOIA REQUESTS

If an e-mail does fall within the definition of a public record it may not be deleted, except as provided in the municipality's record retention schedule. Further, these e-mails should be reviewed prior to release under FOIA so that any exempt information contained in them may be deleted or redacted. Finally, if the e-mail falls within one of the exemptions (i.e., protected by attorney-client privilege), it need not be produced.

If in doubt as to whether an e-mail message is a public record or contains exempt information, contact Corporation Counsel or City Clerk for clarification.

COPY OF RECORD

Where e-mail communication is between a sender and a recipient, the sender's copy is designated as the copy of record. In other words, it is the sender's copy to which any retention requirements should apply. All other copies are merely "duplicates" and can be disposed of at will. Cases where this principle does not apply include e-mail received from other agencies or from the public.

REVIEW

A periodic review of this policy shall be undertaken to keep the policy current with best practices and new technology.

ACCEPTABLE USES OF THE CITY OF PEKIN E-MAIL AND THE INTERNET

The City of Pekin encourages the use of the e-mail and the Internet because they make communication more efficient and effective. The City also encourages the use of telecommunications to explore occupational topics, conduct research, and contact others in the same job field throughout the country. The City anticipates that the

systems will expedite the sharing of effective practices and lessons across the community and will help the City stay on the leading edge of practice by forming partnerships with others across the nation. E-Mail and Internet service are City of Pekin property, and they are to be used exclusively to facilitate city business. Every employee has a responsibility to maintain and enhance the City of Pekin's public image and to use e-mail and Internet access in a productive manner. Any unauthorized or improper use of e-mail or the Internet is not acceptable and will not be permitted.

UNACCEPTABLE USES OF THE CITY OF PEKIN E-MAIL AND THE INTERNET

The City of Pekin e-mail and Internet access may not be used for transmitting, retrieving or storing any communications of a discriminatory or harassing nature or materials that are obscene or X-rated. Harassment of any kind is prohibited. (Refer to the City of Pekin Sexual Harassment policy). No messages with derogatory or inflammatory remarks about an individual's race, age, disability, religion, national origin, physical attributes or sexual orientation may be transmitted or forwarded using the City of Pekin system. No abusive, profane or offensive language may be transmitted through the City of Pekin's e-mail or Internet system. The City of Pekin's harassment policy applies in full to e-mail and Internet use. Employees do not have a personal privacy right regarding any matter created, received, stored or sent from or on the City of Pekin's e-mail or Internet system or computers.

The City of Pekin e-mail and Internet system also may not be used for any purpose that is illegal, against company policy or contrary to the City of Pekin's best interest. Solicitation of non company business or any use of the City of Pekin e-mail or Internet system for personal gain is prohibited.

RULES FOR ELECTRONIC COMMUNICATIONS

Each employee is responsible for the content of all text, audio or images that he or she places on or sends over the City of Pekin's e-mail or Internet system. Employees may not hide their identities or represent that any e-mail or other electronic communications were sent from someone else or from another business entity. Employees must include their name in all messages communicated on the City of Pekin's e-mail and Internet system.

Any messages or information sent by an employee to another individual outside the City of Pekin via the City of Pekin e-mail or Internet system (including bulletin boards, online services or Internet sites) are statements that reflect on the City of Pekin. Despite personal "disclaimers" in electronic messages, any statements may be tied to the City of Pekin. Any communication defaming another person, group or organization is strictly prohibited.

All communications sent by employees via the City of Pekin's e-mail or Internet system must comply with all policies and may not disclose any confidential or proprietary information relating to the City of Pekin.

If employees receive unsolicited e-mail from outside the City that appears to violate this policy, the employee should notify his or her supervisor immediately. Similarly, if any employee accidentally accesses an inappropriate web site in the normal course of business, the employee should notify his or her supervisor immediately.

DOWNLOADING SOFTWARE

To prevent the downloading of computer viruses that could contaminate the e-mail or Internet system, no employee may download software from the Internet without prior authorization from his/her department head. If unsure, the department head should clear the request with the IT Department before authorization is granted. Any and all software that is downloaded from the Internet must be registered with the City of Pekin.

COPYRIGHT AND TRADEMARK ISSUES

Copyrighted and trademarked material that does not belong to the City of Pekin may not be transmitted by employees on the City of Pekin's e-mail or Internet system without permission from the holder of the copyright or trademark. Every employee who obtains access to other companies' or individuals' materials must respect all copyrights and trademarks and may not copy, retrieve, modify or forward copyrighted materials, except with permission or as a single copy for reference only.

SYSTEM SECURITY

The City of Pekin reserves the right to monitor how employees use e-mail and the Internet. The City of Pekin will monitor e-mail messages, Internet use and other electronic files created by employees on a random basis, and where there is good cause for such monitoring or some legal obligation to do so. All messages created, sent or received over the City of Pekin's e-mail or Internet system are the City of Pekin's property and should not be considered private information. The City of Pekin reserves the right to access and monitor EVERY message and file on the e-mail or Internet system. Despite the existence of any passwords, employees should not assume that any electronic communication is private. Highly confidential information or data should be transmitted in other ways.

VIOLATIONS

Any employee who violates these rules or otherwise abuses the privilege of the City of Pekin's e-mail and Internet system will be subject to corrective action up to and including termination. If necessary, the City of Pekin also reserves the right to advise appropriate officials of any illegal activities.

CITY OF PEKIN E-MAIL AND INTERNET USER AGREEMENT

I have received a copy of the City of Pekin policy guidelines on acceptable use of e-mail and the Internet. I understand that use of this equipment for private purposes is limited as set forth in the policy. As part of the City of Pekin organization and a user of the City of Pekin gateway to the Internet and e-mail system, I understand that this e-mail and Internet system policy applies to me.

I have read the policy and agree to follow all policies and procedures that are set forth therein for the duration of my employment with the City of Pekin. I am aware that violations of this policy on acceptable e-mail and Internet system use may subject me to disciplinary action, up to and including discharge from employment.

Furthermore, I understand this document can be amended at any time.

Employee Signature

Employee Printed Name

Date:

8.4 SEXUAL HARASSMENT POLICY

POLICY STATEMENT

Harassment on the basis of sex is a violation of Section 703 of Title VII of the US Civil Rights Act of 1964. Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

The City recognizes sexual harassment as a form of unlawful discrimination, and condemns its practice. It is the policy of the City to take affirmative action to eradicate sexual harassment in the workplace. Consequently, employees who act in contravention to this policy shall be subject to the guidelines as stipulated in this policy. Employees are encouraged to report harassment whenever it occurs, so that it can be expeditiously eliminated from the working environment.

PROCEDURES

Employees encountering harassment shall tell the person that their actions are unwelcome and offensive. The employee shall document all incidents of harassment in order to provide the fullest basis for investigation.

Any employee who believes that he or she is being harassed shall report the incident to his or her department head as soon as possible so that steps may be taken to protect the employee from further harassment, and appropriate investigative and disciplinary measures may be initiated.

Memo

To: City Council

From: Greg Ranney

Recommended By: Dennis Kief

CC: City Clerk

Date: 12/6/2006

Re: City Municipal Bus Service

Due to state and Federal funding cuts, we feel it is in the best interest of the City of Pekin to support CityLink in the offer to provide the City of Pekin Municipal Bus Service. On a yearly basis, we continue to receive fewer funds due to the continuing changes of the funding rules. We also received a notice of complaint filed with the Federal Transit Administration in Chicago. The complaint was based on the fact the City of Pekin operates the city bus system and the school bus system from the same physical facility. The operation has been operated this way since the early 1970's. This too could be a funding problem. We have talked about the possibility for the past three years and feel this is the proper time to start this program. It is very important that this service continues for the residents of Pekin who depend on the bus for their means of transportation.

The action that we are requesting at the December 11th City Council meeting is for the support of the attached proposal. A final agreement would then come back to the City Council at a later date. Also attached to this Memo are Jim Warning's comments on the issue.

SERVICE PROPOSAL CITY OF PEKIN

DRAFT

The Greater Peoria Mass Transit District (GPMTD) is pleased to submit this proposal for the operation of Pekin's city bus service. With this proposal GPMTD will demonstrate its understanding of the needs of the City of Pekin, the riding general public, the community and the efforts to provide ADA paratransit service. GPMTD's experience and qualifications, its operating strategy and its ability to assist Pekin is included within the proposal. GPMTD will work with Pekin to make transit service customer friendly, safe, timely and efficient as ever. The interaction necessary to build a strong relationship between partners.

- GPMTD has a excellent reputation in the area and has been a successful provider of mass transit service since 1970;
- GPMTD is known for its innovation solutions to complex ground transportation issues;
- GPMTD has the expertise and understanding to perform at the level expected in Pekin.

In response to City of Pekin's request GPMTD is prepared to offer the following scenario for the operation of Pekin's transit service.

This proposal is subject to GPMTD board approval and execution of a final written agreement.

TRANSITION OF SERVICE

GPMTD is prepared to provide a smooth transition of service. We Understanding that a seamless conversion is best for all concerned. GPMTD understands the transit needs within Pekin and is willing to work with the City officials to provide this service.

Pekin will make its best efforts during the transition period to effectuate the conversion.

SERVICE LEVELS

GPMTD is proposing to keep the same level of transit service as is currently being operated in Pekin. GPMTD will employ the same routes, hours, frequencies, and service days that are presently operated. This will allow for continuity of the current service in place. GPMTD, for the initial year of any agreement, agrees to maintain the existing City routes and times. After that time, any changes in time or routes would be mutually agreed by and between the parties, and no changes to times or routes would be made without notice and approval by the City of Pekin.

VEHICLES

GPMTD is proposing to use buses that currently operate the system and are owned by Pekin. Pekin's fleet consists of four (4) buses. A title transfer is proposed in order for GPMTD to acquire these buses. GPMTD will provide all maintenance for the vehicles.

The radios on the vehicles will be reprogrammed to GPMTD's frequency and fareboxes will be installed.

If the agreement of the parties is terminated by either party, the City of Pekin shall have the option of requesting return of all transferred buses, and GPMTD will transfer title of those requested buses back to the City of Pekin.

ACQUISITIONS OF ASSETS AND EQUIPMENT

GPMTD proposes that all support equipment including spare parts, radios and cameras for the buses and other supplies will be secured and installed prior to the start of service. GPMTD will also arrange for radio upgrades and camera installation simultaneously. It is imperative that all systems are in place and properly functional prior to service start.

In the event of termination of this agreement by either parties, prior to its full term, any buses returned to the City of Pekin shall include any radios and cameras installed, and other supplies and spare parts utilized for that bus and received initially from the City of Pekin.

OPERATIONAL ISSUES

Monitoring/Supervision

GPMTD proposes to initially, assign a supervisor to Pekin to assist through the start-up phase of operation. During this transition process the supervisor could use space in the building in Pekin where the vehicles are proposed to be housed. At this location the supervisor could do necessary paperwork, handle complaints and communicate with the drivers. After 90 days GPMTD will utilize the same monitoring procedures that are in place for all other GPMTD routes. This includes the use of the existing two-way communication system through GPMTD dispatch and regular road supervision. Supervisors are equipped with communication units to ensure constant communication with the dispatcher and drivers. Providing an adequate network to support the efforts of drivers as they serve the public is essential. GPMTD's continuing philosophy is to staff its supervisory ranks at a level that will allow for availability of professional supervisory personnel whenever and wherever they are needed. The supervisor will also provide first response to vehicle accidents and incidents, assist trip movements, monitor driver's proficiency, assist in customer service issues and provide information, investigate customer complaints and verify and document operating performance.

Dispatching

GPMTD proposes to utilize its existing dispatchers to handle normal dispatching duties for the service in Pekin. Dispatchers are the managers of the road operations and as such are responsible for knowing the conditions of the street operation on a vehicle-by-vehicle minute-by-minute basis. GPMTD's dispatching center is housed at its maintenance facility in Peoria. This is to ensure a completely calm and professional work area and to afford ease of communication with each operator including the ones servicing Pekin.

Manpower

GPMTD is proposing to provide all personnel, needed to successfully operate transit service for the City of Pekin. GPMTD will comply with all federal, state, and local employment regulations and supply all required state and local permits in addition to ensuring that all drivers are properly licensed for the service. Employees of a service organization, especially those with regular contact with passengers, can literally make or break the quality reputation of the service. It is important that employees providing transit service to Pekin understand not only that the community values the service they provide, but that they are valued as well. As an organization GPMTD creates an environment that celebrates the importance of employee efforts and contributions. GPMTD relies on a screening process that includes well-defined descriptions of job duties, acceptable hiring standards, selection criteria that identify the best and a strict adherence to the process which makes it all work.

Transit operators currently employed by the City of Pekin will be considered for employment with GPMTD.

FACILITIES

GPMTD is proposing to store the buses over night at a building owned by the City of Pekin in order to reduce deadhead miles. The building in question is located south of Koch Street in an industrial park. This facility will also be used for rudimentary maintenance on the buses and for the storage of parts and equipment. GPMTD will not be charged rent or utilities for the building. The building is currently for sale and if sold an alternative location would be mutually agreed upon with no additional costs incurred by GPMTD.

VEHICLE MAINTENANCE

GPMTD proposes to provide all vehicle maintenance. To achieve GPMTD's goal of maintaining a positive image for the service, it will be imperative that vehicles be well maintained, minimizing any potential for breakdowns. To build customer ridership, service must be dependable, clean and comfortable. GPMTD proposes that a vehicle inspection with the City of Pekin take place prior to vehicle transfer. Preventive maintenance on the vehicle will take place every 4000 miles. This work will be done at GPMTD's Peoria maintenance facility. Additionally, once or twice a week the buses will be driven back to GPMTD's maintenance facility in Peoria to be serviced. GPMTD will ensure that the vehicles will be cleaned on a regular basis. In addition, GPMTD would have the right to purchase City provided gas at the same rate as the City departments are charged.

ADA PARATRANSIT SERVICE

GPMTD will comply with all the requirements of the Americans with Disabilities Act (ADA) as they pertain to the delivery of demand response services in Pekin. In keeping with that commitment GPMTD is proposing not to change the way ADA paratransit service is currently delivered in Pekin. GPMTD will monitor this part of the operation as to how paratransit impacts the fixed route schedule.

Paratransit Eligibility

GPMTD proposes to use the same ADA eligibility procedure that is currently utilized in Pekin. Pekin residents would obtain an ADA application through GPMTD's Special Services Coordinator's office or through the District's website. This procedure entails submission of completed application back to GPMTD, assessment preformed by IPMR and monitor if the individual meets the criteria a certification card would be issued. No additional staff would be required. Initially because of anticipated low number of ADA applicants from Pekin the additional workload would be minimal and could be absorbed by GPMTD's Paratransit Administrator. If these numbers would grow then additional staff would need to be reassigned to assist with these efforts. Individuals who are currently registered with the Pekin Municipal Bus Service for paratransit service would be "grandfathered" into GPMTD eligibility database. These individuals however will need to be issued a certification card that will allow them to use the paratransit service.

ADA Reservation Calls

GPMTD proposes adequate phone lines to ensure ease of contact by the riding public in Pekin along with proper staffing to ensure effective customer service. It is GPMTD's responsibility to ensure that its reservationists understand that Pekin offers next day and standing order and that next day scheduled service must comply with all ADA regulations. GPMTD proposes to utilize existing telephone staff to handle reservation calls for ADA paratransit service in Pekin. A dedicated telephone line will be installed.

SAFETY SUPPORT

Safety is the most important of all the commitments that GPMTD can make to its customers as well as the communities in which it operates service. No matter how courteous the driver, how timely the service, or how clean the vehicle, unless the transit operation is perceived as safe, all of its efforts are wasted. GPMTD has implemented extensive and comprehensive safety programs throughout its operation. The first duty of GPMTD in its operation of Pekin services is to provide a safe, courteous, clean reliable and effective on-time service to the riding public. Safety continues to be a paramount concern to GPMTD's overall operation; therefore, all staff is charged with the responsibility of insuring the safety all its employees, property, passengers and those who come in contact with the system. GPMTD pledges to deliver safe on time transit service to the residents of Pekin.

FARE HANDLING/ MONEY COUNTING

All fares will be retained By GPMTD and handled in a safe and controlled manner. During the initial year of this agreement, farebox rates shall be the same as the previous year and fares shall be those charged by the City of Pekin in that previous year.

CUSTOMER SERVICE

Phone Calls

The GPMTD telephone operator will essentially serve as the first point of contact for all callers and residents requesting transit service in Pekin. Thus, it is imperative that each call be conducted in a polite, courteous and professional manner, as this experience will

often determine the persons overall impression of the entire system. GPMTD proposes utilize existing GPMTD telephone staff to handle calls for Pekin. GPMTD agrees to set up a Pekin phone number, both parties contemplating use of the same number now currently used for City customers.

Customer Response

All customer service feedback shall be responded to promptly and courteously. Customer comments are generally received from the following sources: telephone, written, personal contact and surveys.

Pass Sales

GPMTD proposes to establish a series of locations in Pekin where passes can be sold similar to that what exist in Peoria. The Transit Center also sells passes that Pekin riders could purchase.

TRAINING

GPMTD proposes an extensive training program of its drivers, road supervisors, dispatchers, telephone operators, and maintenance and customer service personnel. This training will concentrate on familiarizing GPMTD employees with the current routes and schedules, the street network in Pekin and the location of major generator along the routes.

TERM

This proposal shall be for a three (3) year period, with a start date of February 5, 2007, and for two additional two-year options, at the election of the City of Pekin. Notice of the election to renew shall be given by the City of Pekin at least ninety (90) days prior to the end of the previous contract term.

Either party, during the initial term or the extended options shall have the right to terminate, upon one year's notice to the other party.

COST

Pekin as a part of the urbanized area is a recipient of funds from the Federal Transit Administration, Illinois Department of Transportation, and local funds including farebox revenue. Pekin's paratransit system is incorporated with the fixed route. Service is operated five days a week with no night or Saturday service. The cost for GPMTD to operate the system is as follows:

Total Annual Cost:	\$424,310.44
Grant Funds:	\$365,370.74
Local Share:	\$58,939.70

If expected or actual funding is significantly withdrawn, reduced or limited, GPMTD may terminate its agreement for service in whole or in part.

Upon termination, under this provision, or other provisions for termination, any funds received by GPMTD from State or Federal funds, utilizing City of Pekin grants, balance of those funds shall be returned to the City of Pekin.

The costs during the second and third years of the initial term, and during the terms of the option periods, shall be adjusted annually based upon the CPI index, and the parties agree that the contractual costs to the City of Pekin shall be renegotiated for the option terms, based upon prior costs, available funds, and parties will enter in good faith negotiations to determine any adjustments to be made to the costs of services.

GPMTD shall indemnify and hold the City of Pekin harmless in the event of claims, causes of action, or suits, arising out of GPMTD's operation of the City of Pekin bus service.

CONCLUSION

Management activities ultimately support the service on the street and the drivers' efforts to provide that service to the standards expected by passengers. Management's challenge at all levels of the organization is to anticipate changing needs in order to maintain and improve system performance and perception. GPMTD's operating philosophy requires that it not only manage the daily operational details that support street operations but also embraces GPMTD's vision for high quality services in its role as Pekin's transit operator. This requires focus on professionalism. GPMTD will operate the services on behalf of Pekin and in doing so strive to embody the characteristics valued most by GPMTD - customer service.

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

23 OLT AVENUE
PEKIN, ILLINOIS 61554

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

October 24, 2006

Mr. Dennis Kief, City Manager
City of Pekin
111 So. Capitol St.
Pekin, Illinois 61554

Re: Municipal Bus Service

Dear Dennis:

As you know, I have been working with Greg Ranney the past several weeks trying to determine the feasibility of the Greater Peoria Mass Transit District ("GPMTD") operating the bus service within the City of Pekin. Several proposals have been made and alternatives offered to minimize the cost to the City and still provide adequate bus service to the citizens of Pekin.

GPMTD's latest proposal appears to make economic sense to the City of Pekin. My understanding is that the City of Pekin will pay GPMTD approximately \$43,000 annually and that GPMTD will take complete control of the bus service operation. In order to reduce costs, the buses would be stored in the building currently owned by the City located in Riverway Business Park. This saves money in the "deadhead" computation of hours operated but not generating any passenger fare revenue.

Estimated costs and revenues were used to arrive at the \$43,000 net cost to the City. Periodic reviews of actual costs and revenues will be made and GPMTD may ask the City for additional funding. The operating agreement between both parties needs to address this issue.

The City's cost of operating the bus service has continued to increase in terms of dollars spent and the amount of time employees are having to dedicate towards monitoring and documenting various aspects of operating the bus routes. Having the bus service operate as a department of the City rather than as an independent agency has reduced funding of otherwise eligible operating expenses at both the Federal and State level. The GPMTD has an economic advantage as an autonomous agency in that regard. In my opinion, based on the facts as I know them today, I would encourage the City to enter into an agreement for the GPMTD to operate the bus service in the City of Pekin at or near the proposed annual cost of \$43,000.

If there are any questions, please feel free to contact me.

Yours truly,

James Warning, CPA

JW/dl

Cc: Greg Ranney, Superintendent-Pekin Municipal Bus Service

COPY

of, or in the course of their employment. Any liability for damages that City of Pekin may have is expressly limited by and subject to the provisions of the Illinois Court of Claims Act (705 ILCS 505/1) and to the availability of sufficient appropriations pursuant to the State Finance Act (30 ILCS 105 *et. seq.*). DCEO agrees to process any claim, through the State insurance plan, on behalf of City of Pekin for damages incurred by a DCEO representative or DCEO guest on or to City of Pekin property;

11. The Parties agree that any disputes that may arise of this Understanding will be referred to the Illinois Department of Central Management ("CMS") for arbitration. The decisions of CMS will be final and binding;
12. This Understanding, with attachments, as written, is the full and complete agreement between the Parties and there are not oral agreements or understandings between the parties other than what has been reduced to writing herein.

This Understanding is effective as of the date as set forth above.

**ILLINOIS DEPARTMENT OF COMMERCE CITY OF PEKIN
AND ECONOMIC OPPORTUNITY**

BY: _____
 Jack Lavin

BY: _____

TITLE: Director

TITLE: _____

DATE: _____

DATE: _____

**Memorandum of Understanding Between Illinois Department of Commerce and
Economic Opportunity and City of Pekin, Illinois**

This Letter of Understanding (hereinafter "Understanding") is entered into as of this ____ day of _____ 2006, by and between the Illinois Department of Commerce and Economic Opportunity ("DCEO") and City of Pekin, jointly referred to herein as the "Parties."

Whereas, the Illinois Procurement Code permits the State to enter into contracts for leases of real property (30 ILCS 500/40, *et. seq.*); and

Whereas, the Illinois Procurement Code exempts DCEO from needing to request information fro property for space less than 1,000 square feet, and/or leases for rent of less than \$100,000.00 per year;

Now Therefore, in consideration for the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties enter into this Understanding to set forth their respective responsibilities and agree as follows:

1. City of Pekin agrees to lease DCEO office space in its office building located at Pekin City Hall, 111 S. Capitol, Pekin, Illinois 61554. The Parties agree that City of Pekin will provide all utilities, janitorial service and trash pick up associated with said offices space;
2. City of Pekin agrees to allow DCEO's employees to occupy and use said space solely for the purpose of conducting official government business relating to DCEO;
3. The Parties agree that City of Pekin will not provide secretarial services to DCEO;
4. The Parties agree that City of Pekin will provide use of office furniture by DCEO;
5. The Parties agree that City of Pekin will provide for the installation and maintenance of a telephone system, internet services, and facsimile machine for the use of DCEO employees;
6. The Parties agree that City of Pekin will provide the use of the office space to DCEO free of charge;
7. The Parties agree that the DCEO employees and guests will observe and participate when necessary, in all procedures and policies which are generally required by City of Pekin staff;
8. The Parties agree that the term of this Understanding shall be from October 1, 2006 through October 1, 2007, with the option to renew, with no payments for rent due to City of Pekin from DCEO;
9. The Parties agree that should either Party choose not to renew the lease, it will provide at least sixty (60) days written notice to the opposite Party;
10. DCEO, as a state agency, is self-insured through the State of Illinois. Accordingly, DCEO's employees are insured provided their actions arise out