

CITY OF EAST ST. LOUIS, ILLINOIS

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

RANDLE & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF EAST ST. LOUIS, ILLINOIS

YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
Table of Contents	i - ii
Independent Auditor's Report	iii - iv
Management's Discussion and Analysis	v - xi
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets including Discretely Presented Component Units	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds	6
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Assets	7
Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	8
Statements of Enterprise Fund	
Statement of Net Assets – Sewer Fund	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Sewer Fund	10
Statement of Cash Flows – Sewer Fund	11
Statement of Fiduciary Net Assets – Pension Trust Funds	12
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	13
Notes to the Financial Statements	14

Required Supplemental Information:

Statement of Revenues and Expenditures – Budget and Actual – General Fund	54
Statement of Revenues and Expenditures – Budget and Actual – TIF Funds	55
Statement of Revenues and Expenditures – Budget and Actual – Sewer Fund	62
Statement of Revenues and Expenditures – Budget and Actual – Motor Fuel Fund	63
Statement of Revenues and Expenditures – Budget and Actual – Non-Major Funds	64
 Combining and Individual Fund Statements:	
Combining Balance Sheet – TIF Governmental Funds	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – TIF Governmental Funds	91
Combining Balance Sheet – Non-Major Funds	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds	100
Schedule of Cash/Cash Equivalents and Investments	106
Tax Increment Financing (TIF) Financial Statements	108
OMB Circular A-133 Compliance Audit	120



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INDEPENDENT AUDITOR'S REPORT

City Council, Mayor, and City Manager
City of East St. Louis, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East St. Louis, Illinois, as of and for the year ended December 31, 2008, 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 East St. Louis, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City of East St. Louis, Illinois Pension Trust Funds, which represent 25.7%, 0.30%, 58.5%, and 7.8% of assets, liabilities, net assets, and revenues, of the City of East St. Louis, Illinois. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, 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.

The financial statements of East St. Louis Public Library have not been audited, and we were not engaged to audit the East St. Louis Public Library's financial statements as part of our audit of the City's basic financial statements. East St. Louis Public Library's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 100% of the assets, net assets, and revenues, of the City's aggregate discretely presented component unit.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the East St. Louis Public Library's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component unit for the City of East St. Louis, Illinois as of December 31, 2008, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East St. Louis, Illinois, as

Memberships

of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City of East St. Louis, Illinois will continue as a going concern. As discussed in Note 17 to the financial statements, the City has experienced significant declines in its unrestricted net assets of its governmental activities and in its unreserved fund balance of its general fund. These declines combined with the subsequent events discussed in Note 18 to the financial statements, raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 2009 on our consideration of the City's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls 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 v through xi and 49 through 84, respectively, are not a required part of the basic financial statements but are supplementary information required by the 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 supplemental 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 East St. Louis, Illinois basic financial statements. The combining and individual nonmajor fund financial statements and schedules - additional supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the 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 East St. Louis, Illinois. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements taken as a whole and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Randall & Associates, LLC, CPAs
Hazelwood, Missouri
August 27, 2009

Management's Discussion and Analysis

As management of the City of East St. Louis, Illinois, we offer readers of the City of East St. Louis' financial statements this narrative overview and analysis of the financial activities of the City of East St. Louis, Illinois for the fiscal year ended December 31, 2008.

Financially Distressed City

Since September 1990, the City of East St. Louis Illinois has been subject to the Financially Distressed City Law. When the Illinois General Assembly designated the municipality as being a financially distressed city, the State of Illinois assumed oversight of the city's financial accounting, budgeting and taxing procedures and practices. In implementing the Financially Distressed City Law with respect to the City, the State established the East St. Louis Financial Advisory Authority (FAA). The FAA is vested with all the powers given the State under the statute, including the right to approve the financial plans, budgets and contracts. As of the fiscal year ending December 31, 2008, the City has been under the control of the Financial Advisory Authority for seventeen years.

Financial Highlights

- Governmental activities and business-type activities had net assets of \$42,865,750 and \$613,102 respectively, at fiscal year end. This represents a \$12,867,899 (23%) and \$159,836 (21%) decline, respectively, in nets assets for the year.
- As of the close of the current year, the City of East St. Louis' governmental funds reported combined ending fund balances of \$30,784,384, which was an increase of \$5,233,802 from the prior year. The major part of this increase is due to the bond issuance by the TIF department. The \$26 million bond issuance resulted in the approximately \$21 million in current expenditures and \$5 million in deferred costs; the 1998A bonds of approximately \$3 million were refunded yet unpaid, the bonds will be paid in full in 2010; and approximately \$2 million of the bond funds was used to fund the bond trust account.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,663,091; a decrease of 25% from the prior fiscal year.
- The City of East St. Louis' total bonded debt increased \$19,807,984 (121%) to \$36,200,000 during the current fiscal year. This was mainly attributable to the issuance of the \$26 million in TIF 2008A bonds, the payoff of \$5 million of the TIF 1998B bonds and the normal bond payments of \$1.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of East St. Louis, Illinois' basic financial statements, which are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the City of East St. Louis, Illinois' finances, in a manner similar to a private-sector business. Note the government wide financial statements exclude fiduciary fund activities.

The **Statement Of Net Assets** presents information on all of the City of East St. Louis' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of East St. Louis, Illinois is improving or deteriorating.

The **Statement Of Activities** presents information showing the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., pension liabilities, accrued vacation leave).

The government wide financial statements distinguish functions of the City of East St. Louis, Illinois that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of East St. Louis, Illinois include general government, public safety, public works, urban redevelopment and economic development. The sewer operation is the only business-type activity.

The government wide financial statements include not only the City of East St. Louis, Illinois itself (known as the primary government), but also the City of East St. Louis Public Library (a component unit). Although the Library is financially accountable to the City, financial information for the Library is reported separately from the information that is presented for the primary government itself.

The financial statements can be found on pages 1 through 13 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City of East St. Louis, Illinois maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Tax Increment Financing (TIF) fund, the Motor Fuel Tax (MFT) fund, and other governmental funds, all of which are considered to be non-major funds. Data from the other governmental funds (i.e. the remaining items in the special revenue fund and the State fund) are combined into a single, aggregated presentation called "other non-major governmental funds". Individual fund data for each of these non-major governmental funds is provided in the combining statements.

The City adopts an annual appropriated budget for the general fund, the special revenue fund (which includes TIF and MFT), the state fund, and the federal fund that must be approved by the FAA. The City can amend the budget with FAA approval throughout the year. Formal budgetary accounting is in accordance with budget standards set forth by the FAA. Legal budgets are adopted only for the governmental and proprietary funds of the City. Thus, the budgetary financial statements included in this report do not include the fiduciary fund type – Pension Trust funds. For each of the funds for which a formal budget is adopted, the budget basis of accounting is used which is a basis other than generally accepted accounting principles. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 4 through 7 of this report.

Proprietary Funds

The City maintains Enterprise Funds to report the same functions presented as business-type activities in the government wide financial statements. The City uses Enterprise Funds to account for the operations of the sewer plant.

Proprietary Funds provide the same type of information as the government wide financial statements, only in more detail.

The basic Proprietary Fund financial statements can be found on pages 9 through 11 of this report.

Fiduciary Funds

Fiduciary funds (i.e. the City of East St. Louis Police and Firemen's Pension funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government wide financial statements because the resources of those funds are not available to support the City of East St. Louis, Illinois' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The statement of fiduciary net assets can be found on pages 12 through 13 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 54 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 55 through 89 of this report.

Other Supplementary Information

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 90 through 105 of this report. The Schedule of Cash/Cash Equivalents and Investments can be found on pages 106 and 107.

GOVERNMENT WIDE FINANCIAL ANALYSIS

The largest portion of the City of East St. Louis, Illinois' net assets reflect its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of East St. Louis, Illinois uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Assets. The City's combined net assets were approximately \$56 million. Looking at the net assets of governmental and business-type activities separately provides additional information.

The following pages compare the Governmental Activities and Business-type activities by year.

Changes in net assets

The City's total revenue for governmental activities on a government wide basis was \$38,818,908. Taxes represent 86.6% of the City's revenue; grants represent 6.7%; charges for services represent 2%; interest and investment income represent 1.4%; and other miscellaneous revenue represents 3.3% of total revenue.

The total cost of all programs and services was \$50,686,807, a 57% increase from 2007. The increase is mainly attributable to the issuance of the \$26,065,000 in TIF Casino Queen bonds and the payment of \$16,671,385 of expenses covered by the bond issuance: \$15,750,000 in new Casino Queen redevelopment costs, and \$921,385 in underwriting and issuance costs associated with the bonds. Excluding the bond expenses the increase in program costs and services would have been \$1,634,415 or a 5% increase from 2007. The City's expenses cover a range of typical services. A partial list of these services includes police and fire protection, street lighting, repair and maintenance, and occupancy and code enforcement.

Governmental Activities

Governmental activities decreased the City of East St. Louis, Illinois' net assets by \$12,867,899. The current year depreciation expense was \$2,648,436.

Business-type activities

Business-type activities decreased the City's net assets by \$159,838. The current year depreciation expense was \$21,407.

FINANCIAL ANALYSIS OF THE CITY OF EAST ST. LOUIS FUNDS

As noted earlier, the City of East St. Louis, Illinois uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the fiscal year 2008, the unreserved fund balance of the General Fund was \$4,663,091 while the total fund balance was \$7,806,395. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund-operating expenditures. Unreserved fund balance represents 21% of total General Fund expenditures of \$21,290,088 while total fund balance represents 35.6% of total General Fund operating expenditures.

In fiscal year 2008 the City paid from the General Fund \$1,525,000 and \$480,738 toward the principal and interest, respectively, of long-term bonds payable to the Illinois Development Finance Authority (IDFA).

The City's overall General Fund revenues decreased by \$1,605,889 (6.9%) in fiscal year 2008. Furthermore, expenditures from the General Fund increased by \$627,297 (2.9%) from fiscal year 2007 expenditures. This resulted in a \$1,304,645 (14.3%) decrease in the General Fund fund balance.

Changes in fund balances for other major governmental funds can be described as follows:

- The fund balance for the TIF fund increased by \$6,713,427 (55%) from the prior year's fund balance. This increase was largely a result of the issuance of the Casino Queen bonds of \$26,065,000. The bonds funded \$15,750,000 in new Casino Queen Redevelopment Costs, paid off the 1998B bonds of \$4,772,016, and paid the bond issuance cost of \$921,385. The TIF reserves for debt service increase \$8,008,172 to \$9,720,045 (51.8% of fund balance) compared to \$1,711,873 (14.2% of fund balance) in 2007.
- The fund balance for the Motor Fuel Tax fund decreased in 2008 by \$274,874. Revenues in this fund decreased by \$83,200 (9.2%) from 2007. Investment income in this fund decreased by \$76,397 (66%). This fund is funded by the State of Illinois Motor Fuel taxes. Projects from this fund are approved by the Illinois Department of Transportation prior to the commencement of the project. Funds in this account are specifically for the use of road projects within the City.

Proprietary Funds

The City maintains an Enterprise Fund to reflect the operations at its municipal sewer plant. The City's proprietary funds statements provide the same type of information found in the government wide financial statements, but in more detail. Sewer revenues were down by \$90,948 or 29.3%. Operating expenses were also down by \$82,463 or 17.75% over 2007 operating expenses.

The continued decline in the fund balance of the City's Business-type activity indicates an area of concern; expenditures are increasing on a faster pace than the revenue streams. With the

exit of the City's largest industrial sewer user; the City needs to institute a comprehensive, adequately funded program to repair and replace the deteriorating sewer system.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's governmental funds have invested \$125,911,596 in a broad range of capital assets, including roads, buildings, machinery, equipment, automobiles and trucks. This amount represents a net increase for the current fiscal year of \$3,438,738. There were no new assets added to the \$9,845,121 of Enterprise investment in assets.

Capital Assets, Net of Depreciation December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,409,325	\$ -	\$ 4,409,325
Construction in Progress	16,144,463	7,126	16,151,589
Buildings	3,852,166	6,830	3,858,996
Improvements	855,588	-	855,588
Vehicles and Machinery	2,027,303	8,574	2,035,877
Other Furnishings	72,425	-	72,425
Infrastructure	23,537,086	358,979	23,896,065
 Total Net Capital Assets	 \$ 50,898,356	 \$ 381,509	 \$ 51,279,865

LONG-TERM DEBT AND OTHER NON-CURRENT OBLIGATIONS

At the end of December 2008, the City had outstanding long-term debt obligations for governmental activities in the amount of \$39,716,980 compared to \$20,316,397 at the end of 2007. All of the bonds are general obligation bonds or revenue bonds. The River Resources Mortgage is actually a non-interest bearing settlement. The compensated absences balance of \$1,396,980 is considered to be non-current obligations of the City respectively.

	Balance 1/1/08	Issued	Retired	Balance 12/31/08
Illinois Development Finance Authority Debt				
Casino Queen Bonds 2008	\$ 10,170,000	\$ -	\$ 1,525,000	\$ 8,645,000
Casino Queen Bonds Series A	-	26,065,000		26,065,000
Casino Queen Bonds Series B	2,610,000	-	-	2,610,000
River Resource Mortgage	4,772,016	-	4,772,016	-
Compensated Absence	1,200,000		200,000	1,000,000
	1,564,381		167,401	1,396,980
 Total	 \$ 20,316,397	 \$ 26,065,000	 \$ 6,664,417	 \$ 39,716,980

The City of East St. Louis' total bonded debt increased by \$19,400,583 (95.5%) during 2008.
Economic Factors and Subsequent Events

1. The population estimate for the City of East St. Louis was 28,773 in 2008, as compared to 28,996 and 29,342 in 2007 and 2006, respectively. The City population is comprised of 55.1% female and 44.1% male population. The latest estimate of the median age of residents is 31.2 years old; median household income was \$25,293 in East St. Louis while the median household income statewide was \$54,124; estimated median prices of housing units in 2007 was \$60,095, while median prices statewide was \$208,800. The number of new building permits issued for new housing was 3 during 2008, with an average cost of \$78,400.
2. The Illinois Department of Employment Security estimated the City of East St. Louis labor force for 2008 had a 12.9% unemployment rate, compared with 7.9% for St. Clair County and 6.9% for the State of Illinois.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, 301 River Park Drive, East St. Louis, Illinois 6220 at 618-482-1808.

CITY OF EAST ST. LOUIS
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government			Component
			Total	Unit East St. Louis Public Library
	Governmental Activities	Business-type Activity		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 19,240,179	\$ 7,570	\$ 19,247,750	\$ 503,462
Investments		440,718	440,718	-
Accounts/other receivable, net				
Receivable State of Illinois	2,848,185		2,848,185	11,876
Property taxes receivable	13,002,000	-	13,002,000	-
Utility and franchise taxes receivable	252,065	-	252,065	-
Motor fuel tax receivable	152,128	-	152,128	-
Government grants	228,837	-	228,837	-
Other receivables	980,825	-	980,825	-
Current portion of notes & loans receivable	-	18,274	18,274	-
Due from other funds	90,634	-	90,634	-
Total Current Assets	<u>36,794,854</u>	<u>466,562</u>	<u>37,261,416</u>	<u>515,338</u>
Noncurrent Assets:				
Restricted cash	12,863,349	-	12,863,349	-
Notes receivable	744,580	-	744,580	-
Deferred Charges Bond	1,892,242	-	1,892,242	-
Subtotal	<u>15,500,172</u>	<u>-</u>	<u>15,500,172</u>	<u>-</u>
Capital assets:				
Library books	-	-	-	107,606
Land and construction in progress	20,553,788	7,126	20,560,914	-
Buildings and improvements	9,003,172	10,900	9,014,072	3,692,235
Vehicles, equipment & machinery	6,850,143	42,584	6,892,727	181,838
Furniture & fixtures	1,227,863	-	1,227,863	188,184
Infrastructure	88,276,630	-	88,276,630	-
Sewers	-	9,784,511	9,784,511	-
Capital assets (cost)	125,911,598	9,845,120	135,756,717	4,169,863
Less accumulated depreciation	(75,013,240)	(9,463,612)	(84,476,852)	(1,189,957)
Net capital assets	<u>50,898,356</u>	<u>381,508</u>	<u>51,279,865</u>	<u>2,979,906</u>
Total Noncurrent Assets	<u>66,398,528</u>	<u>381,508</u>	<u>66,780,036</u>	<u>2,979,906</u>
Total assets	<u>103,193,382</u>	<u>848,070</u>	<u>104,041,452</u>	<u>3,495,244</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	6,022,458	101,115	6,123,573	6,817
Accrued payroll and related liabilities	490,086	2,269	492,356	20,174
Accrued interest	551,639	950	552,589	-
Deferred revenue	13,105,855	-	13,105,855	-
Due to other funds	-	90,634	90,634	-
Compensated absences	1,396,980	-	1,396,980	-
Loans and notes payable - current portion	2,120,000	15,000	2,135,000	-
Total Current Liabilities	<u>23,687,018</u>	<u>209,968</u>	<u>23,896,987</u>	<u>26,992</u>
Noncurrent liabilities:				
Deferred Credits	440,613	-	440,613	-
Loans and notes payable	36,200,000	25,000	36,225,000	-
Total Noncurrent Liabilities	<u>36,640,613</u>	<u>25,000</u>	<u>36,665,613</u>	<u>-</u>
Total Liabilities	<u>60,327,631</u>	<u>234,968</u>	<u>60,562,600</u>	<u>26,992</u>
NET ASSETS				
Investments in capital assets, net of related debt	50,898,356	381,509	51,279,865	2,979,907
Restricted for:				
Employee benefits-Compensated absences	1,396,980	-	1,396,980	-
Reserved for debt service	12,863,349	-	12,863,349	-
Unrestricted (deficit)	(22,292,936)	231,594	(22,061,342)	487,434
Total net assets	<u>\$ 42,865,750</u>	<u>\$ 613,102</u>	<u>\$ 43,478,852</u>	<u>\$ 3,467,340</u>

Government-Wide Financial Statements: Statement of Net Assets including Discretely Presented Component Units

See Accompanying Notes to Financial Statements

CITY OF EAST ST. LOUIS
STATEMENT OF ACTIVITES
Period Ended December 31, 2008

Functions / Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
Elected Officials					
Treasurer & Clerk	\$ 474,145	\$ 5,855	\$ -	\$ -	
Mayor & Council	353,260	125,260	-	-	
Election commission	478,760	-	-	-	
City administration	9,258,785	20,280	14,399	-	
Police	6,093,932	152,441	310,843	-	
Fire	4,387,689	36,145	43,239	-	
Public Safety	40,952	-	11,435	-	
Public works	3,515,064	2,050	-	-	
Regulatory affairs	227,352	418,050	-	-	
Community development	2,227,741	-	2,135,225	-	
Redevelopment	21,096,061	-	-	-	
Interest on long-term debt	2,533,066	-	-	-	
Other Claims	-	-	-	-	
Total Governmental activities	<u>50,686,807</u>	<u>760,080</u>	<u>2,515,141</u>	<u>-</u>	
Business-Type activities:					
Sewer	386,782	219,695	-	-	
Total Business-Type activities	<u>386,782</u>	<u>219,695</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>51,073,589</u>	<u>979,776</u>	<u>2,515,141</u>	<u>-</u>	
Component Unit:					
East St. Louis Public Library	\$ 528,581	\$ 12,422	\$ 116,899	\$ 128,485	

General revenues:

Taxes:

 Property taxes
 Riverboat gaming revenue
 Franchise & utility taxes
 State income taxes
 State sales & use taxes
 Home rule taxes
 Replacement tax
 Local motor fuel taxes
 Other taxes

Grants and contributions not restricted to specific programs

Gain (loss) on disposal of assets

Interest and investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning of year

Net assets - beginning

Net assets - ending

Statement of Activities

See Accompanying Notes to Financial Statements

CITY OF EAST ST. LOUIS
STATEMENT OF ACTIVITIES
Period Ended December 31, 2008

Net (Expense) Revenue and Changes in Net Assets

Primary Government				Component Unit	
Governmental Activities	Business-Type Activities	Total		City of East St. Louis	Public Library
\$ (468,289.83)	\$ -	\$ (468,289.83)	\$ -		
(228,000)		(228,000)			
(478,760)		(478,760)			
(9,224,107)	-	(9,224,107)			
(5,630,647)	-	(5,630,647)			
(4,308,305)	-	(4,308,305)			
(29,517)	-	(29,517)			
(3,513,014)	-	(3,513,014)			
190,697	-	190,697			
(92,516)	-	(92,516)			
(21,096,061)	-	(21,096,061)			
(2,533,066)	-	(2,533,066)			
<u>(47,411,586)</u>		<u>(47,411,586)</u>			
	<u>(167,086)</u>	<u>(167,086)</u>			
	<u>(167,086)</u>	<u>(167,086)</u>			
	<u>(47,411,586)</u>	<u>(167,086)</u>	<u>(47,578,672)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (270,775)</u>	
11,646,214	-	11,646,214		64,856	
10,308,083	-	10,308,083		-	
2,858,394	-	2,858,394		-	
2,982,390	-	2,982,390		-	
1,410,817	-	1,410,817		-	
979,198	-	979,198		-	
1,520,066	-	1,520,066		265,472	
821,317	-	821,317		-	
232,625	-	232,625		-	
129,515	-	129,515		-	
	-	-			
547,168	7,249	554,418		3,247	
1,107,900	-	1,107,900		12,788	
34,543,687	7,249	34,550,937		346,363	
(12,867,898)	(159,837)	(13,027,735)		75,588	
55,733,648	772,939	56,506,587		3,391,753	
<u>55,733,648</u>	<u>772,939</u>	<u>56,506,587</u>		<u>3,391,753</u>	
<u>\$ 42,865,750</u>	<u>\$ 613,102</u>	<u>\$ 43,478,852</u>	<u>\$ 3,467,340</u>		

See Accompanying Notes to Financial Statements

CITY OF EAST ST. LOUIS
BALANCE SHEET
GOVERNMENT FUNDS
December 31, 2008

			Special Revenue Funds
	General Fund	TIF Fund	MFT Fund
ASSETS			
Cash and cash equivalents	\$ 3,921,739	\$ 10,324,385	\$ 2,716,935
Investments	-	-	-
Accounts/other receivable, net			
Receivable State of Illinois	2,848,185	-	-
Property taxes receivable	-	12,664,000	-
Utility and franchise taxes receivable	252,065	-	-
Other taxes receivable	-	-	-
Motor fuel tax receivable	-	-	152,128
Government grants	-	-	-
Other receivables	72,830	15,311	452
Due from other funds	2,160,460	1,355,594	-
Restricted cash	3,143,304	9,720,045	-
Notes receivable	-	681,654	-
Total Assets	12,398,584	34,760,989	2,869,515
LIABILITIES AND FUND BALANCES			
Accounts payable	3,780,562	1,138,902	145,551
Accrued payroll	421,128	21,876	-
Deferred revenue	75,345	12,664,000	-
Due to other funds	315,154	2,185,656	-
Total Liabilities	4,592,189	16,010,434	145,551
Fund balances:			
Reserved for project completion costs	-	-	-
Reserved for debt service	3,143,304	9,720,045	-
Reserved for Notes Receivables	-	681,654	-
Reserved for self insurance costs	-	-	-
Unreserved fund balance	4,663,091	8,348,857	2,723,965
Total fund balances	7,806,395	18,750,556	2,723,965
Total Liabilities and Fund Equity	\$ 12,398,584	\$ 34,760,989	\$ 2,869,515

Final Financial Statements: Balance Sheet - Government

See Accompanying Notes to Financial Statements

City of East St. Louis, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Period Ended December 31, 2008

	Special Revenue Funds				Total
	General Fund	TIF Fund	MFT Fund	Other Non-Major	Governmental Funds
Revenues:					
Property taxes	\$ 191,924	\$ 12,922,607	\$ -	\$ 278,255	\$ 13,392,786
Riverboat gaming revenue	9,615,537	-	-	-	9,615,537
Franchise & utility taxes	2,009,760	-	-	-	2,009,760
State income taxes	2,029,857	-	-	-	2,029,857
State sales & use taxes	1,253,668	-	-	-	1,253,668
Home rule taxes	893,694	-	-	-	893,694
Replacement tax	1,975,768	-	-	-	1,975,768
Licences, fines, fees & permits	942,366	-	-	-	942,366
Other taxes	890,061	-	-	-	890,061
Governmental grants & reimbursements	77,983.42	-	-	2,838,964	2,916,948
Local motor fuel taxes	-	-	805,339	-	805,339
Investment income	11,507	103,417	4,574	4,300	123,798
Other	24,586	37,027	8,398	601,477	671,488
Total revenues	19,916,711	13,063,051	818,311	3,722,996	37,521,069
Expenditures:					
Current:					
Elected Officials: Clerk, Treasurer	381,496.70				381,496.70
Mayor & Council	306,292.24				306,292.24
Election commission	392,674.37				392,674.37
Administration	3,617,920	1,192,219	-	1,951,015	6,761,153
Police	7,561,062	-	-	603,221	8,164,283
Fire	5,970,524	-	-	73,200	6,043,724
Other public safety	-	-	-	51,396	51,396
Public works	1,778,909	-	1,018,343	-	2,797,252
Regulatory affairs	202,300	-	-	-	202,300
Community development	-	-	-	2,143,149	2,143,149
Redevelopment	-	7,984,485	-	-	7,984,485
Debt service:					
Principal	1,590,000	2,040,000	-	-	3,630,000
Interest on long term debt	421,650	1,764,875	-	-	2,186,525
Other claims	-	-	-	-	-
Total expenditures	22,222,829	12,981,579	1,018,343	4,821,981	41,044,731
Excess (deficiency) of revenues over (under) expenditures	(2,306,119)	81,473	(200,031)	(1,098,985)	(3,523,662)
Other financing sources (uses):					
Proceeds from bond transactions	-	-	-	-	-
Transferred to (from) other funds	(120,535)	33,605	(228,272)	315,202	-
Total other financing sources (uses)	(120,535)	33,605	(228,272)	315,202	-
Excess of revenues and other sources over (under) expenditures and other uses	(2,426,654)	115,078	(428,303)	(783,784)	(3,523,662)
Fund balance at beginning of year	7,806,395	18,750,556	2,723,965	1,503,468	30,784,384
Fund balance at end of year	\$ 5,379,741	\$ 18,865,634	\$ 2,295,662	\$ 719,684	\$ 27,260,722

See Accompanying Notes to Financial Statements



Other Non-Major	Total Governmental Funds
\$ 2,277,120	\$ 19,240,179
	2,848,185
338,000	13,002,000
	252,065
	152,128
228,837	228,837
892,232	980,825
781,404	4,297,458
	12,863,349
62,926	744,580
<u>4,580,520</u>	<u>54,609,608</u>

957,444	6,022,458
47,082	490,086
366,510	13,105,855
<u>1,706,015</u>	<u>4,206,825</u>
<u>3,077,051</u>	<u>23,825,224</u>

	12,863,349
62,926	744,580
777,840	777,840
<u>662,702</u>	<u>16,398,614</u>
<u>1,503,469</u>	<u>30,784,384</u>
<u>\$ 4,580,520</u>	<u>\$ 54,609,608</u>

City of East St. Louis, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Period Ended December 31, 2008

	General Fund	TIF Fund	MFT Fund	Other Non-Major	Total Governmental Funds
Revenues:					
Property taxes	\$ -	\$ 11,325,368	\$ -	\$ 320,845	\$ 11,646,214
Riverboat gaming revenue	10,308,083	-	-	-	10,308,083
Franchise & utility taxes	2,858,394	-	-	-	2,858,394
State income taxes	2,982,390	-	-	-	2,982,390
State sales & use taxes	1,410,817	-	-	-	1,410,817
Home rule taxes	979,198	-	-	-	979,198
Replacement tax	1,520,066	-	-	-	1,520,066
Licences, fines, fees & permits	760,080	-	-	-	760,080
Other taxes	211,089	-	-	21,536	232,625
Governmental grants & reimbursements	-	-	-	2,644,656	2,644,656
Local motor fuel taxes	-	821,317	-	-	821,317
Investment income	166,324	323,859	39,087	17,898	547,168
Other	309,232	96,087	-	702,581	1,107,900
Total revenues	21,505,673	11,745,314	860,404	3,707,517	37,818,909
Expenditures:					
Current:					
Elected Officials: Clerk, Treasurer	474,144.83				474,144.83
Mayor & Council	353,259.89				353,259.89
Election commission	478,760.36				478,760.36
Administration	6,798,144	1,354,036	-	1,294,278	9,446,458
Police	5,287,763	-	-	1,042,985	6,330,747
Fire	4,261,953	-	-	55,981	4,317,934
Other public safety	13,342	-	-	27,609	40,952
Public works	2,021,592	-	761,875	107,000	2,890,467
Regulatory affairs	222,686	-	-	-	222,686
Community development	-	-	-	2,238,349	2,238,349
Redevelopment	-	23,275,603	-	-	23,275,603
Debt service:					
Principal	1,525,000	4,772,016	-	200,000	6,497,016
Interest on long term debt	480,738	1,602,991	-	-	2,083,729
Other claims	-	-	-	-	-
Total expenditures	21,917,382	31,004,647	761,875	4,966,203	58,650,107
Excess (deficiency) of revenues over (under) expenditures	(411,709)	(19,259,332)	98,529	(1,258,686)	(20,831,198)
Other financing sources (uses):					
Proceeds from bond transactions	-	26,065,000	-	-	26,065,000
Transferred to (from) other funds	(892,936)	(92,240)	(274,874)	1,260,050	-
Total other financing sources (uses)	(892,936)	25,972,760	(274,874)	1,260,050	26,065,000
Excess of revenues and other sources over (under) expenditures and other uses	(1,304,645)	6,713,427	(176,345)	1,364	5,233,802
Fund balance at beginning of year	9,111,040	12,037,128	2,900,310	1,502,105	25,550,583
Fund balance at end of year	\$ 7,806,395	\$ 18,750,556	\$ 2,723,965	\$ 1,503,469	\$ 30,784,384

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

See Accompanying Notes to Financial Statements

City of East St. Louis, Illinois
RECONCILIATION OF STATEMENT OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
December 31, 2008

Governmental Fund Balances - Balance Sheet \$ 30,784,384

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Cost	125,911,596
Accumulated Depreciation	<u>(75,013,240)</u>
	50,898,356

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

All liabilities - both current and long-term - are reported on the government-wide statement of net assets.

Premiums, discounts and bond issuance costs are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of December 31, 2005 are:

Accrued compensated absences and vacation	(1,396,980)
Accrued interest on outstanding debt	(551,639)
Deferred bond changes	1,892,242
Deferred credits	(440,613)
Bonds, notes payable and lease obligations outstanding	<u>(38,320,000)</u>
	<u>(38,816,990)</u>

Accounts receivable for revenues collected beyond 60 days are not recognized as revenues and receivables in the governmental funds, but are reported in the government-wide financials statements.

Total Net Assets of Governmental Activities \$ 42,865,750

Reconciliation of Governmental Fund Balance Sheet to the Statement of net Assets

City of East St. Louis, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
December 31, 2008

Net change in fund balances - total governmental funds \$ 5,233,802

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Cost	3,438,738
Accumulated Depreciation	<u>(2,577,326)</u>
net capital outlays	861,412

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net-assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments - Bonds, notes and other debt

Bond proceeds:

Bond Proceeds	(26,065,000)
Principal & Premium (net)	962,750
Issuance costs & discount amortization	(75,941)
Bond refunding	6,497,016
Accrued interest on long term debt	<u>(449,337)</u> <u>(19,130,513)</u>

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

Increase in Unfunded Pension Obligation Police & Fire	167,401
---	---------

167,401

\$ (12,867,898)

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

CITY OF EAST ST. LOUIS, ILLINOIS
STATEMENT OF NET ASSETS
SEWER FUND
December 31, 2008

ASSETS

Current assets:

Cash and cash equivalents	\$ 7,570
Investments	440,718
Accounts/other receivable, net	18,274
Total current assets	<u>466,562</u>

Capital assets:

Land and construction in progress	7,126
Buildings and improvements	10,900
Vehicles, equipment & machinery	42,584
Sewers	<u>9,784,511</u>
	<u>9,845,120</u>
Less accumulated depreciation	<u>(9,463,612)</u>
Net capital assets	<u>381,508</u>
Total assets	<u>848,070</u>

LIABILITIES

Current liabilities:

Accounts payable	101,115
Accrued payroll	2,269
Due to other funds	90,634
Accrued interest payable	950
Bond payable	<u>15,000</u>
Total current liabilities	<u>209,968</u>

Noncurrent liabilities:

Bonds payable	25,000
Total noncurrent liabilities	<u>25,000</u>
Total Liabilities	<u>234,968</u>

NET ASSETS

Investment in capital assets, net of related debt	381,508
Unrestricted (deficit)	<u>231,594</u>
Net assets	<u>\$ 613,102</u>

Statements of Enterprise Fund: Statement of Net Assets – Sewer Fund

See Accompanying Notes to Financial Statements

CITY OF EAST ST. LOUIS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
SEWER FUND
Period Ended December 31, 2008

Operating revenue:	
Sewer charges	\$ 219,695
Total operating revenues	<u>219,695</u>
Operating expenses:	
Personnel services	75,563
Contractual services	65,833
Sewer operations	229,556
Sewer collections	-
Depreciation	<u>11,233</u>
Total operating expenses	<u>382,184</u>
Operating income (loss)	<u>(162,489)</u>
Nonoperating income (expenses)	
Interest income	7,249
Bank service fees	(2,341)
Sewer Bonds interest	<u>(2,256)</u>
Total nonoperating income (expenses)	<u>2,652</u>
Change in net assets	<u>(159,837)</u>
Net assets, beginning of year	<u>772,939</u>
Net assets, end of year	<u>\$ 613,102</u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Sewer Fund

CITY OF EAST ST. LOUIS, ILLINOIS
STATEMENT OF CASH FLOWS
SEWER FUND
Period Ended December 31, 2008

Cash flows from operating activities:

Receipts from customers and users	\$ 215,631
Payments to suppliers	(148,066)
Payments to employees	<u>(75,294)</u>
Net cash provided (used) by operating activities	<u>(7,728)</u>

Cash flows from capital and related financing activities:

Principal paid on long-term debt	(15,000)
Interest paid on long-term debt	<u>(2,610)</u>
Net cash provided (used) by capital and related financial activities	<u>(17,610)</u>

Cash flows from investing activities:

Net Interest received	<u>(101)</u>
Net cash provided (used) by investing activities	<u>(101)</u>

Net increase (decrease) in cash and cash equivalents:

Cash and cash equivalents, beginning of year:	33,009
Cash and cash equivalents, end of year:	<u>\$ 7,570</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating Income (Loss)	(162,489)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	11,233
Increase in accounts receivable	(4,065)
Increase in due to other funds	47,494
Increase in accrued payroll	270
Increase in accounts payable	<u>99,829</u>
Net cash provided (used) by operating activities	<u>\$ (7,729)</u>

CITY OF EAST ST. LOUIS, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
Period Ended December 31, 2008

	Firemen's Pension	Police Pension	Total
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,812,787	\$ 2,531,394	\$ 4,344,181
INVESTMENTS - AT FAIR VALUE			
U.S. Government and Agency Obligations	3,868,231	8,710,179	12,578,410
Deferred Annuity contracts	-	60,322	60,322
Mutual funds	608,778	-	608,778
Equity investments (common & preferred stock)	2,926,577	4,281,200	7,207,777
Variable annuity contract	31,678	-	31,678
	<u>7,435,264</u>	<u>13,051,701</u>	<u>20,486,965</u>
RECEIVABLES			
Accrued interest receivable	-	-	-
Employer Contribution	1,560,681	1,059,388	2,620,069
Replacement Taxes	54,187	50,801	104,988
Accounts receivable - other	28,852	73,377	102,229
	<u>1,643,720</u>	<u>1,183,566</u>	<u>2,827,286</u>
TOTAL ASSETS	10,891,771	16,766,661	27,658,432
LIABILITIES			
Accounts payable	174,960	-	174,960
Total Liabilities	174,960	-	174,960
NET ASSETS AVAILABLE FOR BENEFITS			
Reserved for statutory requirements	10,716,811	16,766,661	27,483,472
Unreserved balance	-	-	-
TOTAL ASSETS AVAILABLE FOR BENEFITS	\$ 10,716,811	\$ 16,766,661	\$ 27,483,472

Statement of Fiduciary Net Assets – Pension Trust Funds

See Accompanying Notes to Financial Statements

CITY OF EAST ST. LOUIS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
Period Ended December 31, 2008

	Firemen's Pension	Police Pension	Total
INVESTMENT INCOME:			
Gain (loss) on sale of securities	\$ (436,136)	\$ (686,283)	\$ (1,122,419)
Net appreciation in fair value of investments	(1,108,788)	(353,206)	(1,461,994)
Interest and Dividend Income	312,353	508,888	821,241
	<u>(1,232,571)</u>	<u>(530,601)</u>	<u>(1,763,172)</u>
Less: Investment expenses	(43,997)	(103,058)	(147,055)
Total Investment income, net	<u>(1,276,568)</u>	<u>(633,659)</u>	<u>(1,910,227)</u>
Other Income	136,485	2,674	139,159
CONTRIBUTIONS:			
Employee Contributions	290,802	294,950	585,752
Employer Contributions:			
Property Taxes	466,767	376,174	842,941
Corporate Personal Property Replacement Taxes	358,714	336,295	695,009
City Contribution	<u>1,560,681</u>	<u>1,059,388</u>	<u>2,620,069</u>
Total contributions	<u>2,676,964</u>	<u>2,066,807</u>	<u>4,743,771</u>
Total additions	1,536,881	1,435,822	2,972,703
BENEFITS PAID DIRECTLY TO PARTICIPANTS			
Service and Disability	1,691,311	1,685,144	3,376,455
Dependents	811,531	631,118	1,442,649
Total benefits paid	<u>2,502,842</u>	<u>2,316,262</u>	<u>4,819,104</u>
OTHER DEDUCTIONS AND EXPENSES			
Refund of Contributions	-	91,304	91,304
Professional and Contractual Fees	32,548	30,666	63,214
Office Expenses	779	8,448	9,227
Seminar/Travel	7,166	3,741	10,907
Membership Fees and Dues	1,475	4,310	5,785
Other	<u>5,414</u>	<u>13,343</u>	<u>18,757</u>
Total other deductions and expenses	<u>47,382</u>	<u>151,812</u>	<u>199,194</u>
Total deductions	2,550,224	2,468,074	5,018,298
Net increase	(1,013,343)	(1,032,252)	(2,045,595)
NET ASSETS AVAILABLE FOR BENEFITS			
Beginning of year	<u>11,730,154</u>	<u>17,798,913</u>	<u>29,529,067</u>
End of year	<u>\$ 10,716,811</u>	<u>\$ 16,766,661</u>	<u>\$ 27,483,472</u>

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of East St. Louis, Illinois (City) is located in St. Clair County, Illinois, and was originally incorporated on February 16, 1865. The City is a home rule municipality located in Southern Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property taxes, gaming revenues, sales taxes, income taxes, utility taxes, motor fuel taxes, and other taxes), charges for services performed, and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of entitlements at the State and Federal Government level.

The City provides these services to its constituents: police and fire protection, regulatory code enforcement, street construction, repair and reconstruction, sewer service and general administration.

Financially Distressed City

Since September 1990, the City of East St. Louis, Illinois has been subject to the Financially Distressed City Law. When the Illinois General Assembly designated the municipality as being a financially distressed city, the State of Illinois assumed oversight control of the City's financial accounting, budgeting, and taxing procedures and practices. In implementing the Financially Distressed City Law with respect to the City, the State established the East St. Louis Financial Advisory Authority (FAA). The FAA is vested with all the powers given the State under the statute, including the right to approve the financial plans, budgets and contracts.

Financial Reporting Entity

For financial reporting purposes, in accordance with Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, the City of East St. Louis, Illinois, is a primary government in that it is a city with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The City has developed criteria to determine whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City of East St. Louis are financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City of East St. Louis would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of East St. Louis (i.e. entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization).

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Blended component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column/row in the government-wide statements to emphasize that it is legally separate from the government.

Entities that meet criteria as a component unit of the City are as follows:

Blended Component Units

Police and Firemen's Pension Funds of East St. Louis

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

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

The year-end for both the Police and Firemen's Pension Funds is December 31 and both funds have been reflected as fiduciary funds in the financial statements.

The Police Pension Board consists of five (5) members, two (2) are plan participants elected by their fellow participants, two (2) are appointed by the Mayor, one (1) is a plan retiree elected by all of the plan retirees. All members have voting privileges.

The Firemen's Pension Board consists of five (5) members. Two (2) are plan participants elected by their fellow participants, two (2) are appointed by the Mayor and one (1) is a plan retiree elected by all of the plan retirees. All members have voting privileges

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Blended Component Units* (Continued)**

Complete financial statements for each of these individual component units may be obtained at the following addresses:

Police Pension Board
Treasurer for the Pension Board
City of East St. Louis
301 River Park Drive
East St. Louis, Illinois 62201

Firemen's Pension Board
Treasurer for the Pension Board
City of East St. Louis
301 River Park Drive
East St. Louis, Illinois 62201

Discretely Presented Component Unit

East St. Louis Public Library

The East St. Louis Public Library is not a separate legal entity. The Library meets all criteria developed by the City of East St. Louis for determining whether entities are component units of the city. The nature and significance of the City's relationship with the Library are such that exclusion of the Library as a component unit of the City would cause the City's financial statements to be misleading or incomplete. The criteria met are: 1) the City is financially accountable and able to impose its will on the Library as the Library is governed by a nine-member Board of Trustees appointed by the Mayor with the approval of the City Council, 2) the Library is able to impose a financial burden on the City which include assuming obligation to finance deficits and to provide financial support to the Library and 3) the Library has no legal standing except but through the City of East St. Louis. The Library is therefore considered a component unit of the City of East St. Louis.

There is no separately issued financial statement for the East St. Louis Public Library

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets including discretely presented component units and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its components units. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City, primary government has one business-type activity. The Sewer Fund is a business-type activity reported separately for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, business-type activities and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

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

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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

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

Governmental Funds are those through which governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable resources and the related liabilities are accounted for through governmental funds. The City reports the following major governmental funds:

General Fund - This fund is used to account for normal recurring activities of the City not included in any other specific fund. General Fund activities consist of such things as police, fire, public works, and general government. These activities are funded primarily by sales taxes, state income tax allocations, corporate personal property replacement taxes, home rule sales taxes, utility taxes, hotel, gaming, taxes, licenses, fees, user charges, and fines.

TIF Fund – This fund is a special revenue fund used to account for special revenues from the seven Tax Increment Financing (TIF) Districts:

- TIF 1
- TIF 2
- TIF 3A
- TIF 3B
- TIF 3C
- TIF 3D
- TIF 3E

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Motor Fuel Tax (MFT) Fund – This fund accounts for revenues received from the Illinois Department of Transportation for local government's share of the state Motor Fuel Tax (MFT). These revenues are restricted to certain maintenance, repair and construction of roads and bridges.

Additional governmental fund types, which are combined as non-major funds, are as follows:

Other Non-major Funds – These funds are a special revenue fund used to account for special revenues received from governmental grants and property tax levies:

- Community Development Block Grant (CDBG)
- Enterprise Community Grant – federal grant
- Enterprise Community Grant – state grant
- Emergency Services Disaster Agency (ESDA) Grant
- Emergency Services Disaster Agency ESDA (property tax)
- Emergency Shelter Grant
- Federal Emergency Management Assistance (FEMA) Fire Grant
- HOME Programs Grant
- Federal Drug Forfeiture
- Juvenile Accountability
- Urban High Crime
- State Farm Grant
- IMRF
- Debris Removal Grant
- Debris Removal
- Housing Authority Grant
- School Resource Officer (District 189 Grant)
- Task Force Officer (District 189 Grant)
- Tort Liability
- Auto Theft
- % Fire Tax
- State Drug forfeiture
- Justice Assistance Grant

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following proprietary fund:

Sewer Fund - This fund is used to account for the operation of the City's sewer system. The City entered into an agreement with Illinois American Water Company to collect City sewer charges along with their billings of East St. Louis customers for water services. Illinois American Water charges a fee for each sewer bill collected. The City has also entered into sewer agreements with the City of Centreville, and the Common fields of Cahokia

The City also reports the following pension trust funds, component units of the City:

Pension Trust - The pension trust funds account for the assets of the City's Police and Firemen's pension plans. These funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting.

Cash and Cash Equivalents

The City considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. Investments are stated at fair value.

Restricted Cash

Certain cash that is collected and set aside for the repayment of bonds is classified as restricted cash.

Investments

Investments are stated at fair value, which is based on quoted market prices, except money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost. Certificates of deposit are stated at cost, which approximates fair value.

Receivables

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

Prepays

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unamortized Bond Issuance Costs

Bond issuance costs are capitalized and amortized over the life of the bonds using the straight-line method.

Deferred Amounts on Bond Refunding

The deferred amount on bonds refunded represents the difference between the reacquisition price and the carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. Such amounts are deferred and amortized as a component of interest expense in the government-wide financial statements on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Capital Assets

Capital assets, which include property, plant, equipment, media, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the City's government-wide financial statements. The City defines capital assets as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5,000 or more. Infrastructure assets are defined as streets, sidewalks, land improvements, sewers, sewer lines, buildings, building improvements, and land.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings and improvements	8 – 45
Automobiles and trucks	3 - 15
Machinery and equipment	5 - 15
Sewers and sewer lines	40 – 90
Other Infrastructure	20 – 30

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The City participates in many state and federal Grant Programs. Under the terms of some of these programs, funds are paid to the City in advance of the qualifying grant performance expenditures. When these funds are received, they are recorded as deferred revenue until such time as the grant requirements are satisfied. Deferred revenue is recorded in the government-wide and fund financial statements. Included in deferred revenue is the amount of the 2007 property tax levy that will be collected in 2008.

Inter-fund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Inter-fund Receivables and Payables - Short-term amounts owed between funds are classified as "Due to/from other funds." Inter-fund loans are classified as "Advances Receivable/Advances Payable" and are offset by a fund balance reserve account. Inter-fund receivables and payables are not eliminated when preparing the Fund financial statements. Inter-fund receivables and payables are eliminated when preparing the government-wide statement of net assets and statement of activities.

Transfers - Operating transfers represent transfers from one fund to another. An operating transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is authorized to use the resources to finance its operating expenditures or expenses without a requirement for repayment.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences - Primary Government

City employees are entitled to certain compensated absences based on their length of employment. Police, fire, and public works employees' compensated absences are governed by contractual agreements with the various unions. Upon termination, all city employees are entitled to vacation pay accrued, according to personnel policies and contractual agreements.

Sick pay for regular City employees is paid only when used for illness while employed by the City. Sick pay for all union personnel is paid on termination according to contractual agreements. All termination benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only at termination.

Post-employment Benefits

The City provides those post-employment benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The requirements established by COBRA and HIPAA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs. The City also extends medical coverage for those retired individuals choosing to maintain the City's insurance. The premiums are fully funded by the retiree.

Budgetary Data - Primary Government

The City adopts an annual budget that must be approved by the FAA. The City can amend the budget with FAA approval throughout the year. Formal budgetary accounting is in accordance with budget standards set forth by the FAA. Legal budgets are adopted only for the governmental and proprietary funds of the City. Thus, the budgetary financial statements included in this report do not include the fiduciary fund type – Pension Trust funds. For each of the funds for which a formal budget is adopted, the budget basis of accounting is used which is a comprehensive basis of accounting other than generally accepted accounting principles. In accordance with FAA budget standards, prior year general fund surplus cash may be used for capital improvement projects, discretionary projects or other non-recurring projects or costs to undertake in the budget year. Accordingly, for budget purposes, prior year additions to fund balance are presented in the current year budget as carry-forward revenues. Expenditure of such funds may not occur until the estimated cash surplus is verified to the satisfaction

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the FAA and included in the budget. Non-recurring revenues shall be used only for non-recurring expenditures. Carry-forward funds from one fiscal year to the next and unanticipated, windfall revenues during a fiscal year are examples of non-recurring revenues.

Capital equipment (motor vehicles, computers, operating equipment) and street, sewer and building capital improvements are examples of non-recurring expenditures.

At the fund level, actual expenditures cannot exceed budgeted appropriations. However, with

proper approval by the City Council and FAA, budgetary transfers between departments can be made. The budget financial statements represented in this report reflect the original and final budget authorization, including all amendments.

Encumbrances - Primary Government

An encumbrance system is maintained in the governmental funds to account for commitments resulting from approved purchase orders and contracts. Encumbrances at year-end represent the estimated amount of expenditures ultimately to result if approved purchase orders and unperformed contracts are completed. Encumbrances at year-end do not constitute expenditures or liabilities. Encumbrances at year-end for unfulfilled obligations of the current year's budget lapse if not re-appropriated in the succeeding year.

Net Assets/Fund Equity

In the government-wide financial statements, the City reports as restricted net assets amounts that are subject to restrictions externally imposed either by grantors, contributors, or laws.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Expenditures/expenses are first applied to reserved resources when both reserved and unreserved resources are available. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits and Investments - Primary Government, Excluding Pension Trust Funds

According to the City's investment policy, the City is authorized to invest in obligations of the U.S. Treasury; Governmental agencies and instrumentalities; direct obligations of banks and savings institutions; and, State investment pools. Any investments must be authorized within the State of Illinois Public Funds Investment Act.

All City deposits shall be secured by instruments acceptable to the Treasurer as defined by Public Funds Investment Act (30 ILCS 235) as amended. Funds on deposit in excess of Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) limits must be secured by some form of collateral. The amount of collateral provided would not be less than 110% of the fair market value of the net amount of public funds secured. Pledged collateral shall be held in safekeeping, by an independent third party depository, or the Federal Reserve Bank of St. Louis, designated by the appropriate governing body and evidenced by a safekeeping agreement.

In an effort to provide the public with better information about the risks that could potentially impact a government's ability to provide service and pay its debts, the Government Accounting Standards Board (GASB) has published Statement No. 40, *Deposit and Investment Risk Disclosures*, which the City adopted in 2006. The accounting guidance requires state and local governments communicate key information about deposit and investment risks. Under Statement 40, state and local governments are required to disclose information covering four principal areas:

- Interest rate disclosures that include investment maturity information;
- Interest rate sensitivity for investments that are highly sensitive to changes in interest rates;
- Investment credit risk disclosures, including credit quality issued by rating agencies;
- Foreign exchange exposures that would indicate the foreign investment's denomination.

Custodial Credit Risk. Custodial credit risk is the potential for a financial institution or counterparty to fail such that the City would not be able to recover the value of the deposits, investments or collateral securities that are in the possession of an outside party.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk, Credit risk is the risk of loss due to the failure of the security issuer or backer.

Interest Rate, Risk Interest rate risk is the risk that the market value of securities in the portfolio will fail due to changes in general interest rates.

At December 31, 2008, the carrying amount of the City's deposits (includes checking, savings, money market accounts) was \$32,551,799 and the bank balance was \$32,881,454. Of the bank balance \$1,000,000 was covered by federal depository insurance, \$31,034,933 was covered by collateral held by the pledging financial institution's trust department's agent in the City's name. At the end of 2008 there was \$846,521 in deposit that were not collateralized or insured.

Deposits and Investments – Pension Trust Funds

The Illinois Pension Code authorizes the Police Pension Plan to make deposits and invest in insured commercial banks, savings institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, certain non-U.S. obligations and other specific deposits and investments.

The Illinois Pension Code also governs investments of the Fireman's Pension Fund. Among the several authorized investments are investments in interest-bearing bonds of the United States, the State of Illinois, or any county, city, township, village, incorporated town, Municipal Corporation, or school district in the state and certain tax anticipation warrants.

The Pension Trust Funds may invest funds as authorized by Illinois Compiled Statutes, generally in obligations of the United States, the State of Illinois and its local districts, certain insurance contracts, insured deposits of federal and state savings and loans, banks, and credit unions, and certain common and preferred stocks.

At year-end, the Police and Firemen's Pension Fund carrying amount and bank balance on deposits was \$111,863 and \$796,989, respectively. Other auditors audit deposits and investments held in both of the Pension Trust Funds and therefore risks relating to the pension fund investments and deposits are not reported.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The following is a listing of the investments of the Police and Firemen's pension plans as of December 31, 2008.

Investments Not Categorized:

	Firemen's Pension Fund	Police Pension Plan
U.S. Government and Agency Obligations	\$3,868,231	\$8,710,179
Common and Preferred Stocks	2,926,577	4,281,200
Money Market Funds	1,015,798	2,419,711
Annuities and Mutual Funds	640,456	60,322
Total	\$8,451,062	\$15,471,412

Deposits and Investments - Discretely Presented Component Units

East St. Louis Public Library

In accordance with Illinois Compiled Statutes Chapter 70, paragraph 315/15, the Library is authorized to invest in direct or fully guaranteed obligations of the United States Government or in certificates of deposit of banks or savings and loan associations eligible as depositories of funds of the Library and fully secured by such obligations.

At year-end, carrying amount of the Library's deposit was \$503,462 and the bank balance was \$506,650, which was covered by federal depository insurance.

NOTE 3- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the City on January 1. Taxes are due and payable in two installments in June and September.

Property taxes are accrued as a receivable in the period in which the City has an enforceable lien on property. However, recognition of the revenue is deferred until the property taxes are both measurable and available. Property tax revenue recorded by the City for the year ended December 31, 2008 represents installments of the 2007 property taxes, which were received during 2008.

The amount of property tax receivable deferred at year-end represents the tax levied in the latter portion of 2008, for which an enforceable lien exists at year-end, but is levied for the 2009 budget and will be collected from taxpayers during 2009.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 4- RESTRICTED CASH - PRIMARY GOVERNMENT

In accordance with the appropriate bond ordinances, Cash held with trustees as of December 31, 2008:

	2008	2007
IFDA Bonds 2003/2005	\$ 3,143,304	\$ 2,868,853
Casino Queen Bond Trust	<u>9,720,045</u>	<u>1,711,873</u>
TOTAL	<u>\$ 12,863,349</u>	<u>\$ 4,580,726</u>

NOTE 5 – FUND BALANCE RESERVES - PRIMARY GOVERNMENT

Reserved for Project Completion Costs

TIF Fund – The reserve for project completion costs in the TIF Fund represents monies set aside to complete projects approved under TIF 50/50 Rehabilitation Program.

MFT Fund – The reserve for certain maintenance, repair and construction of road and bridges projects represents the balance in the Motor Fuel Tax Fund, a Special Revenue Fund, restricted by law for the purpose of road projects as approved by the State of Illinois.

Reserved for Debt Service

The reserve for debt service represents the restricted cash balances set aside in accordance with the terms of the bond agreements.

Reserve for Notes Receivables

TIF Fund – The reserve for TIF fund notes receivables represents long-term notes receivable not available for current spending. These receivables relate to the TIF Business Retention Loan Program.

Other Non-major Funds – The reserve for Federal fund notes receivable represents long-term notes receivable not available for current spending. These receivables relate to Community Development Block Grant and Enterprise Community Federal business loans to local enterprises and Enterprise Community State business loans to local enterprises.

Reserve for Self Insurance Costs

The reserve for self-insurance costs represents funds set aside for self-insurance costs from the Insurance Claims Fund.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT

General Obligation Bonds and Other Debt

All long-term debt, consisting of loans payable, pension obligations and compensated absences benefiting general operations is recorded in the government-wide financial statements of net assets. Revenue bonds payable benefiting operations of sewer operations are recorded in the Enterprise Funds. Details of long-term debt by funds are shown below:

IDFA Loan Agreement - \$8,645,000
(2003 Series \$5,720,000; and 2005 Series \$2,925,000)

The City entered into a loan agreement with the Illinois Development Finance Authority (the "Authority") as part of the City's 1994 debt restructuring plan. The Authority issued debt-restructuring revenue bonds, Series 1994 for \$21,435,000. In 2003, the City advance refunded \$9,020,000 of IDFA Series 1994 Bonds. The City issued \$9,655,000 of Illinois Development Finance Authority (IDFA) Revenue Refunding Bonds to defease the \$9,020,000 of IDFA Series 1994 Bonds. The Revenue Refunding Bonds, Series 2003, having annual interest rates from 4.00% to 5.00%, are issued as fully registered bonds with coupons and pay interest semi-annually in arrears on May 15 and November 15 and mature November 15, 2013.

In 2005, the City advance refunded the remaining \$4,530,000 of the IDFA Series 1994 Bonds. The City issued \$4,680,000 of Illinois Development Finance Authority (IDFA) Revenue Refunding Bonds Series 2005 to defease the \$4,530,000 in outstanding Series 1994 Bonds. The Revenue Refunding Bonds, Series 2005, having annual interest rates from 2.75% to 5.00%, are issued as fully registered bonds with coupons and pay interest semi-annually on May 15 and November 15 of each year and mature November 15, 2013.

River Resources, Inc Mortgage - \$1,000,000

The City settled a suit pending in the United States District Court with River Resources, Inc. The settlement proposal specifically provides for the execution of a mortgage for the old Alcoa Site over to River Resources, Inc, to secure the performance of the settlement provisions. The City was to pay to River Resources (mortgagee) the sum of \$3,000,000 payable in annual installments of \$200,000 per year. The City is required to pay to the mortgagee

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (Continued)

General Obligation Bonds and Other Debt (Continued)

all rentals, royalties and any other monies paid to it as a result of any activity at the Alcoa Site to the extent the amount of such monies received exceed \$200,000 until the judgment amount has been paid in full.

**Casino Queen Revenue Bonds - \$28,675,000
(Series 1998A \$2,610,000; Series 2008A \$26,065,000)**

In March 1999, the City issued conduit bonds through Southwestern Illinois Development Authority (SWIDA). The \$11,000,000 SWIDA Local Government Revenue Bonds are backed by taxes from the TIF 1 district. The proceeds of the SWIDA bonds were used to fund construction for the Casino Queen "Redevelopment Agreement". The bonds were issued in two series: \$8,000,000 Series 1998-A bonds, which were privately placed and \$3,000,000 Series 1998-B bonds, which are held by the owners of the Casino Queen.

In February 2008 the City issued \$26,065,000 of 2008-A Casino Queen conduit bonds through SWIDA. These bonds were used to fund a new redevelopment agreement with the Casino Queen for reimbursable project cost associated with the 2005 Casino Queen project. The 2005 Casino Queen project was paid \$15,750,000, the Casino Queen 1998B \$4,772,016 bonds were paid off, the remainder of the funds received from the bond issuance was used to pay issuance costs and fund the bond escrow accounts. The 1998A bonds were refinanced but will not be paid in full on the original maturity date of April 1, 2010.

The Series 1998-A bonds pay interest of 6% semi-annually on April 1 and October 1. The City has pledged 80% of its TIF 1 revenues and 80% of the Casino Queen sales tax increment for the next 10 years in order to fund the Casino Queen bonds. The 2008-A series bonds pay interest semi-annually on April 1 and October 1. The average coupon rate is 7.00%. The City has pledged 90% of the tax increment for certain parcels land and 100% of the increment for other parcels of land.

The City refunded the casino Queen 1998-A and 1998-B bonds for \$8,340,000 and issued an additional \$17,725,000 in bonds to fund the development cost necessary for the new Casino Queen project.

The bond indenture for the Casino Queen 1998-A states that: ' the Series 1998-A Bonds shall not be subject to optional redemption prior to maturity;. The Series 1998-B series were subject to redemption after April 1, 2000. The 1998-B bonds could only be redeemed if the principal and interest on the 1998-A bonds were paid in full or the payment was fully provided for.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (Continued)

Therefore the 1998-A bonds were refunded, and the funds put into a trust account; the 1998-A bonds are still outstanding. The City experienced a \$5,200,052 loss on the refunding of the series 1998-A and 1998-B bonds.

Payment of the bond principal depends entirely on the TIF 1 funds collected minus previous committed TIF 1 revenues to be paid by the trustee. To ensure the City complied with the covenants of the bond agreement, all TIF 1 revenues are forwarded directly from the County Treasurer to the bond trustee, who will fund escrow accounts to defray the bond costs (minus committed TIF 1 revenues) before forwarding the balance to the City.

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (Continued)

The Annual requirement to amortize all debt outstanding as of December 31, 2009 totaling \$56,758,870, including interest payments are as follows:

Description of Issues:

Amount of issue	\$4,680,000	\$9,655,000
Date of issue	August 29,2005	April 9, 2003
Date(s) interest payable	May 15 & Nov. 15	May 15 & Nov. 15
Date(s) principal payable	November 15	May 15
Interest rate(s)	2.75 – 5.00%	4%

	IDFA Series 2005		IDFA Series 2003	
	Principal	Interest	Principal	Interest
2009	\$ 530,000	\$ 146,250	\$ 1,060,000	\$ 275,000
2010	555,000	119,750	1,095,000	233,400
2011	585,000	92,000	1,135,000	178,250
2012	610,000	62,750	1,180,000	121,000
2013	645,000	32,770	1,250,000	62,500
2014 & after	-	-	-	-
	\$ 2,925,000	\$ 453,020	\$ 5,720,000	\$ 870,650

Amount of issue	\$8,000,000
Date of issue	March 11, 1998
Date(s) interest payable	April 1 & October 1
	October 1
Date(s) principal payable	March 11, 1998
Interest rate(s)	6%

Casino Queen Tax Increment Financing		
Revenue bonds - Series 1998A		
	Principal	Interest
2009	\$ -	\$ 156,000
2010	2,610,000	78,300
	\$ 2,610,000	\$ 234,900

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Amount of issue	\$26,065,000	\$3,000,000
Date of issue	February 26, 2008	April 15, 1998
Date(s) interest payable	April 1 & October 1	January 1 & July 1
Date(s) principal payable	October 1	January 1
Interest rate(s)	7.00%	No Interest

Casino Queen Tax Increment Financing

	Revenue bonds - Series 2008A		River Resources	
	Principal	Interest	Principal	Interest
Year payable				
2009	\$ 530,000	\$ 1,817,725	\$ 200,000	\$ -
2010	740,000	1,775,200	200,000	-
2011	855,000	1,721,475	200,000	-
2012	975,000	1,659,525	200,000	-
2013	1,110,000	1,589,000	200,000	-
2014-2018	8,030,000	6,514,375		
2019 -2023	13,825,000	2,708,650		
	\$ 26,065,000	\$ 17,785,950	\$ 1,000,000	\$ -

**Total Debt Service Requirements to
Maturity**

Year Payable	Principal	Interest	Total
	Principal	Interest	Total
2009	\$ 2,320,000	\$ 2,409,475	\$ 4,729,475
2010	5,200,000	2,219,750	7,419,750
2011	2,775,000	2,005,225	4,780,225
2012	2,320,000	1,824,505	4,144,505
2013	3,850,000	1,730,020	5,580,020
2014-2018	8,030,000	6,514,375	14,544,375
2019-2023	13,825,000	2,708,650	16,533,650
	\$ 38,320,000	\$ 19,412,000	\$ 57,732,000

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Enterprise Fund Obligations

Revenue Notes Payable - \$40,000

The City Enterprise Fund has outstanding Southwest Particular Sewage Revenue Note payable through GMAC. The note bears interest at 4.75%. Interest is payable semi-annually in arrears. Payments are due January 1 and July 1 through July 1, 2010. The Bonds are to be paid through users' fees.

According to provisions of applicable revenue bond ordinances, receipts generated from operations of the City's sewer operations were to be segregated into a restricted separate account for the bond issue. In the past, the City did not bill residents for sewer services. Therefore, the City did not meet the terms of the bond agreement to fund the separate escrow account. However, the City did make the required payments to retire the debt from operating revenues.

Amount of issue	\$130,000
Date of issue	April 15, 1989
Date(s) interest payable	January 1 & July 1
Date(s) principal payable	January 1
Interest rate(s)	5.00% to 5.30%

	Sewer Revenue Bonds	
	Principal	Interest
Year payable		
2009	20,000	1,900
2010	20,000	2,850
	\$ 40,000	\$ 4,750

Compensated Absences - \$1,396,980

City employees are allowed to accumulate unlimited sick time (90 days for sworn fire personnel) and ten days of annual vacation time may be carried over from one year to the next. Upon termination, fifty percent of accumulated sick leave may be paid (or 100 percent applied to retirement years of service) to sworn police officers; twenty percent of accumulated sick leave may be paid to sworn fire personnel. All other city employees are paid for sick leave only upon illness while employed by the City. The total of \$1,396,980 represents the City's estimate of termination benefits for unused sick and vacation time for all employees.

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Summary of Long-Term Debt

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

Primary Government	Balance			Balance
	January 1,	Additions	Reductions	
	2008			2008
IDFA Bonds Series 2003	\$ 6,735,000	\$ -	\$ 1,015,000	\$ 5,720,000
IDFA Bonds Series 2005	3,435,000		510,000	2,925,000
Casino Queen 2008-A	-	26,065,000	-	26,065,000
SWIDA Casino Queen Bonds Series A 1998	2,610,000	-	-	2,610,000
SWIDA Casino Queen Bonds Series B 1998	4,772,016	0	4,772,016	-
River Resources Mortgage	<u>1,200,000</u>		<u>200,000</u>	<u>1,000,000</u>
	SUBTOTAL	18,752,016	26,065,000	6,497,016
Compensated absences	<u>1,564,381</u>		<u>167,401</u>	<u>1,396,980</u>
Total Debt Governmental Funds	\$ <u>20,316,397</u>	\$ <u>26,065,000</u>	\$ <u>6,679,417</u>	\$ <u>39,716,980</u>

Business-Type Activities

Sewer Revenue Bonds	\$ 55,000	\$ -	\$ 15,000	\$ 40,000
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Primary Government

	Current Portion	Long-Term Portion
IDFA Bonds Series 2003	\$ 1,060,000	\$ 4,660,000
IDFA Bonds Series 2005	530,000	2,395,00
SWIDA Casino Queen Bonds Series A 1998	-	2,610,000
SWIDA Casino Queen Bonds Series A 2008	530,000	25,535,000
River Resources Mortgage	<u>200,000</u>	<u>800,000</u>
Total Debt Governmental Funds	\$ <u>2,320,000</u>	\$ <u>36,000,000</u>

Business-Type Activities

Sewer Revenue Bonds	\$ 15,000	\$ 40,000
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CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 6 - LONG-TERM DEBT - PRIMARY GOVERNMENT (CONTINUED)

Legal Debt Margin

The City is a home rule municipality. Article VII, Section 6(k) of the 1970 Illinois constitution governs computation of the legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from *ad valorem* property tax receipts, only in excess of the following percentages of the assessed value of its taxable property: (1) if its population is 500,000 or more, an aggregate of three percent; (2) if its population is more than 25,000 and less than 500,000, an aggregate of one percent; and (3) if its population is 25,000 or less, an aggregate of one-half percent. Indebtedness which is outstanding on the effective date of this Constitution or which is thereafter approved by referendum or assumed from another unit of local government shall not be included in the foregoing percentage amounts." To date, the General Assembly has set no limits for home rule municipalities.

Prior Year's Debt Defeasance & Debt Restructuring Plan

In 1993, with the approval of the City of East St. Louis Financial Advisory Authority, the City devised a Debt Restructuring Plan (DRP) with the Illinois Development Finance Authority.

Under the DRP, the City reached agreements with its vendors, claimants, employees, and governmental units to accept reduced amounts on their claims for prompt payments. The Authority issued Debt Restructuring Revenue Bonds for \$21,434,000 and loaned the proceeds to the City. The City retired and settled claims for approximately \$56 million and defeased in substance another \$750,000, with an economic savings to the City of \$34 million. The City has begun retiring the loan from the IDFA; State revenues are intercepted by the Bond Trustee and the bond escrow accounts are funded with the balance remitted to the City. The initial Series 1994 have all been refunded. The refunding was to take advantage of the lower interest rates. As a result of this year's refunding the total amount of the bonds outstanding is \$8,645,000 at December 31, 2008.

On April 9, 2003, the IDFA issued \$9,655,000 in Revenue Refunding Bonds to advance refund \$9,020,000 in IDFA Series 1994 Bonds. On August 29, 2005, the IDFA issued \$4,680,000 in Revenue Refunding Bonds to currently refund the remaining \$4,530,000 in IDFA Series 1994 Bonds. As a result of refunding, the 2003 IDFA and 2005 IDFA bonds have an outstanding balance of \$8,645,000 at December 31, 2008.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 7 – CAPITAL ASSETS

The City capitalizes assets over \$5,000. The following is a summary of the changes in capital assets for the year ended December 31, 2008:

	<u>1/1/2008</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u> <u>Balance</u>
Government Activities:				
<i>Non-Depreciable Assets:</i>				
Land	\$ 4,397,325	\$12,000	\$ -	\$ 4,409,325
Construction/Infrastructure In Progress	13,591,773	2,552,690	-	16,144,463
<i>Depreciable Assets:</i>				
Buildings	8,096,132	-	-	8,096,132
Improvements	704,051	202,989	-	907,040
Vehicles and Machinery	6,806,024	391,622	-	7,197,646
Other Furnishings	880,361	-	-	880,361
Infrastructure	87,997,193	279,436	-	88,276,629
Totals	122,472,859	3,438,737	-	125,911,596
<i>Less Accumulated Depreciation for:</i>				
Buildings	(3,973,016)	(270,950)	-	(4,243,966)
Improvements	(37,194)	(14,258)	-	(51,452)
Vehicles and Machinery	(4,722,942)	(447,401)	-	(5,170,343)
Other Furnishings	(755,596)	(52,340)	-	(807,936)
Infrastructure	(62,947,167)	(1,792,376)	-	(64,739,543)
Total Accumulated Depreciation	(72,435,915)	(2,577,325)	-	(75,013,240)
Government Activities				
Capital Assets, net	\$ 50,036,944	\$861,412	\$ -	\$ 50,898,356

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	<u>1/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u>
<i>Business Type Activities:</i>				
<i>Non-Depreciable Assets:</i>				
Construction/Infrastructure In Progress	\$ 7,126	\$ -	\$ -	\$ 7,126
<i>Depreciable Assets:</i>				
Buildings	10,900	-	-	10,900
Improvements	-	-	-	-
Vehicles and Machinery	42,584	-	-	42,584
Other Furnishings	-	-	-	-
Bridges/Roadways/Sidewalks	-	-	-	-
Sewer	9,784,511	-	-	9,784,511
Totals at Historical Cost	9,845,121	-	-	9,845,121
<i>Less Accumulated Depreciation for:</i>				
Buildings	(3,974)	(96)	-	(4,070)
Improvements	-	-	-	-
Vehicles and Machinery	(28,941)	(5,069)	-	(34,010)
Other Furnishings	-	-	-	-
Bridges/Roadways/Sidewalks	-	-	-	-
Sewer	(9,419,464)	(6,068)	-	(9,425,532)
Total Accumulated Depreciation	(9,452,379)	(11,233)	-	(9,463,612)
Business-Type Activities				
capital assets, net	\$ 392,742	\$ (11,233)	\$ -	\$ 381,509

Depreciation was charged to the primary governmental activities as follows:

Community Services	\$21,898
TIF	1,399,514
Police	216,438
Fire	91,206
Personnel	485
Treasurer	1,088
Finance	1,402
Public works	840,627
Regulatory affairs	4,667
Total	\$ 2,577,325

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 8 - RECEIVABLES

Accounts Receivable

Accounts receivables, loans and accrued interest receivable at December 31, 2008 are net of allowance for uncollectible accounts in the amounts. The City has several sources of revenues which result in accounts receivable including, State income taxes, State sales & uses taxes, property taxes, utility and franchise taxes, motor fuel taxes, Home Rule taxes, Replacement taxes and interest. The City's balance of accounts receivable as of year end 2008 totaled \$17,464,040, of which \$13,002,000 represented real estate taxes levied at the end of 2008, yet deferred for collection in 2009.

Loans Receivable

Tax Increment Financing District (TIF)

In November 2005, the City's Tax Increment Financing (TIF) Department instituted a program to help retain small businesses. The program defined small businesses as for-profit incorporated entities having fewer than fifty (50) employees, within the City's TIF Districts 1, 2, 3A, 3B and 3C. The program allows a qualifying business to borrow between \$5,000 and \$50,000 at an interest rate of 3% for up to ten (10) years. The funds must be used to rehabilitate or improve interior and/or exterior of the building structure. Repayment is based on a self-amortizing mortgage loan schedule of 120 months. Payments begin thirty (30) days after completion of construction. At December 31, 2008 there are sixteen (16) participants having a total of \$769,923 loans outstanding.

Community Development Block Grant

The City, through its federal Community Development Block Grant (CDBG), assists individuals and companies seeking to locate new business or expand an existing business within the City by providing low interest loans. The City receives funds for its CDBG loan programs from a federal grant provided by the U.S. Department of Housing and Urban Development (HUD). The loans receivable from small business enterprises, which have received funding under these programs, aggregated \$11,480 in 2008.

NOTE 9 – INTER-FUND TRANSACTIONS

Inter-Fund Receivables and Payables

Inter-fund receivables and payables are short-term loans between funds. These inter-fund loans are expected to be repaid within a reasonable time. These loans are recorded as soon as the fund has a legal claim or obligation. The majority of these inter-fund transactions resulted from payroll activity and reimbursable grant activity.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 9 – INTER-FUND TRANSACTIONS (CONTINUED)

Inter-Fund Receivables and Payables (Continued)

As of December 31, 2008, inter-fund receivables and payables resulting from various inter-fund transactions were as follows:

<u>FUND</u>	<u>Due to Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$ 2,160,460	\$ 315,154
Motor Fuel Tax Fund		
TIF Fund	1,355,594	2,185,655
Other Non-Major Funds	781,404	1,705,015
Enterprise Fund		90,634
 TOTAL	 <u>\$ 4,297,458</u>	 <u>\$ 4,297,458</u>

Inter-fund Transfers

Inter-fund transfers represents an assignment of current financial resources to other funds pending their eventual disposition by that fund. Individual fund transfers are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>December 31, 2008</u>
General Fund	Insurance Claim Fund	\$ 1,240,543
Motor Fuel Tax Fund	General Fund	(274,874)
General Fund	TIF	(92,240)
General Fund	Auto Theft	15,838
General Fund	Juvenile Offender	<u>3,669</u>
	Total	<u>\$ 892,936</u>

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 10 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

(a) Expenses in excess of final budget amount in individual funds are as follows:

At December 31, 2008 the following four (4) funds had actual expenses in excess of the final budget amount for that fund:

	Final Budget	Actual	Overage
TIF 1	\$ 9,224,914	\$ 27,129,338	\$ 18,303,577
School Resource Officers	252,000	278,651	26,651
Juvenile Offenders	26,544	34,221	7,677
State Drug Forfeiture	65,000	86,134	21,134

(a) Deficit Fund Balances

December 31, 2008, the following funds had deficit fund balances

Economic Development Federal Grant Fund	\$ 11,938
Emergency Services Disaster Agency (ESDA) State Grant Fund	8,881
Auto Theft	1,941
Enterprise Community State	8,390
2% Fire Tax	19,668
Tax Incremental Financing District 2 Fund	38,680
Federal Drug Fund	3,368
Emergency Services Disaster Agency Property Tax Fund	16,349
DCCA Mary Brown	92,436
Urban High Crime	<u>26,841</u>
TOTAL	\$ 228,492

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is covered by excess liability insurance for general liability, workmen's compensation, auto liability, physical damage, police professional liability, public official liability and other combined liability insurance. These policies call for various levels of deductibles or self-insurance retention levels. The City maintains an insurance reserve account as coverage for its deductible for insurance claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City estimates the level of workers' compensation claims to be approximately \$500,000 annually, based on claims history.

	<u>Workers Compensation</u>	<u>Auto Liability</u>	<u>General Liability</u>	<u>Physical Damage</u>
Fund Balance - December 31, 2007	\$ 682,068	\$ 145,267	\$ 121,096	\$ 64,158
Adjustment to Beginning Balance	(45,618)	75,734	45,863	(67)
Corrected Fund Balance - December 31, 2007	226,450	221,001	166,959	64,091
2008 Reserve Adjustment	626,004	27,933	83,041	10,028
Claims and Other Payments:				
	(794,716)	(45,587)	(147,779)	(95,074)
Fund Balance - December 31, 2008	\$ 57,738	\$ 203,347	\$ 102,221	\$ (20,954)
	<u>Police Professional Liability</u>	<u>Public Official Liability</u>	<u>Other Combined Liability</u>	<u>Total All Reserves</u>
Fund Balance - December 31, 2007	\$ 91,506	\$ 76,510	\$ 82,763	\$ 702,509
Adjustment to Beginning Balance	141,372	69,213	179,965	617,322
Corrected Fund Balance - December 31, 2007	232,878	145,723	262,728	1,319,831
2008 Reserve Adjustment	17,122	54,277	73,180	891,586
Claims and Other Payments	(101,127)	(4,986)	(-)	(1,189,269)
Fund Balance - December 31, 2008	\$ 148,873	\$ 195,014	\$ 335,909	\$ 1,022,148

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

The City of East St. Louis also has a Tort Liability Fund. This fund is used to pay for judgments and settlements not covered by the insurance. This fund is funded by property taxes. The fund had a beginning fund balance of \$118,849. Property tax revenue and interest earnings were \$259,239 253,775 and \$3,848 respectively. During 2008, the City expended \$267,480 on judgments and settlements from the Tort Liability Fund. The Tort Liability Fund balance as of December 31, 2008 was of \$108,992.

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Plan Descriptions

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

The Illinois Pension Code establishes the benefit provisions of IMRF that can only be amended by the Illinois General Assembly. Additionally, the employer contributions levels of the Police Pension Fund and the Firemen's Pension Fund are mandated by Illinois State Statute (Chapter 40, Article 3 and Chapter 108-1/2, Article 4, respectively) and may also be amended only by the Illinois legislature.

Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing the plan.

Illinois Municipal Retirement Fund	Police Pension Board City of East St. Louis 301 River Park Drive East St. Louis, Illinois 62201	Fire Pension Board City of East St. Louis 301 River Park Drive East St. Louis, Illinois 62201
2211 York Road, Suite 500 Oak Brook, Illinois 60523		

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	<u>IMRF</u>	<u>Police</u>	<u>Fire</u>
Number of Participants:			
Current Membership (receiving benefits)			
And terminated entitles, not yet receiving		81	86
Current active members	118	70	58

Funding Policy and Annual Pension Cost - Pension Plans

The member rate for IMRF and the employee and employer levels are statutorily dictated and can only be amended with State legislative action. The IMRF employee contribution requirements are established and may be amended by the IMRF Board of Trustees. Benefits and refunds of the Police and Firemen's Pension Funds are recognized when due and payable in accordance with the Plans.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pension Plan Descriptions (Continued)

The City's annual pension cost for the current year and related information for each plan is as follows:

	<u>Illinois Municipal Retirement Fund</u>	<u>Police Pension Fund of East St. Louis</u>	<u>Firemen's Pension Fund of East St. Louis</u>
Contribution rates:			
City	1.11%	90.09%	90.545%
Plan members	4.50%	9.91%	9.455%
Annual pension cost:			
Annual required contribution	\$ 45,610	\$ 1,784,322	\$ 2,399,364
Interest on net pension obligation	-	-	-
Adjustment to ARC	-	-	-
Total annual pension cost	45,610	1,784,322	2,399,364
Contributions made	45,610	1,771,857	2,386,162
Decrease in net pension obligation	-	-	-
Net pension obligation (asset):			
Beginning of period	\$ -	\$ -	\$ -
End of year	\$ -	\$ -	\$ -
Actuarial valuation date			
Actuarial cost method	12/31/2008	12/31/2007	12/31/2007
Amortization method	Entry age Level percent Payroll	Entry age Level percent Payroll	Entry age Level percent Payroll
Remaining amortization period	24 years	25.4986 years	25.4986 years
Asset valuation method	Quoted Market Value	Mixed Market Value and Amortized Cost	Mixed Market Value and Amortized Cost
Actuarial assumptions:			
Investment rate of return*	7.50%	7.00%	7.00%
Projected salary increases*	4.00% (3)	5.50%	5.50%
*Includes inflation at	4.00%	3.00%	3.00%
Post-retirement benefit increases	3.00%	3.00%	3.00%

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pension Plans Description (Continued)

- (1) Proceeds from a tax levy equal to the sum of: (a) state replacement taxes, property taxes and City contributions.
- (2) Not Available
- (3) Additional projected salary increases ranging from 0.4% to 10.0% depending on age and service, attributable to seniority/merit.

Annual Pension Cost and Net Pension Obligation

The amounts required to calculate the Annual Pension Cost (APC), as required by GASB 27 were not present in the Pension Plan audits. GASB 27 defines APC as the sum of the Annual Required Contribution (ARC) one year's interest on the Net Pension Obligation (NPO) and an adjustment to offset the effect of actuarial amortization of the past under-or-over contributions.

IMRF
Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$45,610	100%	\$ -
12/31/07	75,242	100%	-
12/31/06	45,369	100%	-
12/31/05	38,749	100%	-
12/31/04	31,952	100%	-
12/31/03	59,347	100%	-
12/31/02	29,435	100%	-
12/31/01	28,434	100%	-
12/31/00	28,073	100%	-
12/31/99	31,423	100%	-
12/31/98	133,449	100%	-
12/31/97	211,226	100%	-
12/31/96	\$242,009	100%	-

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pension Plan Descriptions (Continued)

Schedule of Funding Progress

ILLINOIS MUNICIPAL RETIREMENT FUND

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Accrued AAL (b-a)	Unfunded	Funded Ratio (a/b)	Covered Payroll (c)	UAAL % of Covered Payroll (b-a)/c)
12/31/08	\$10,691,905	\$ 8,698,488	(1,993,417)		122.92%	\$4,109,045	0.00%
12/31/07	14,931,667	8,984,037	(5,947,630)		166.20%	3,828,393	0.00%
12/31/06	13,656,368	8,487,091	(5,175,477)		161.02%	3,725,893	0.00%
12/31/05	12,862,768	8,416,196	(4,446,572)		152.83%	3,725,893	0.00%
12/31/04	12,547,898	8,234,363	(4,352,351)		152.86%	3,043,026	0.00%
12/31/03	12,391,423	7,696,097	(4,695,326)		161.01%	2,909,490	0.00%
12/31/02	12,255,665	7,698,237	(4,557,428)		159.20%	2,803,299	0.00%
12/31/01	13,638,159	6,227,447	(7,410,712)		219.00%	2,682,467	0.00%
12/31/00	14,219,921	6,411,966	(7,807,955)		221.77%	2,379,099	0.00%
12/31/99	13,015,021	6,810,447	(6,205,054)		191.11%	3,050,852	0.00%
12/31/98	11,247,727	6,699,699	(4,548,028)		167.88%	3,103,466	0.00%
12/31/97	9,661,131	6,086,859	(3,574,272)		158.72%	3,619,706	0.00%
12/31/96	8,052,828	5,107,722	(2,945,106)		157.66%	4,122,894	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$10,691,905. On a market basis, the funded ratio would be 122.92%.

Digest of Changes – Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005 - 2007 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented
- For Regular members, fewer normal and early retirements are expected to occur.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Pension Plan Descriptions (Continued)

FIREMEN'S PENSION FUND

Actuarial Valuation (a)	Actuarial		Accrued Liability (AAL) (1)	Unfunded AAL (UAAL) (a/b) (1)	Funded Ratio (c) (1)	Covered Payroll (1)	of Covered Payroll (b-a)/c (1)
	UAAL %	Value of Assets (b)					
	Value of Assets (1)	Entry Age (b-a) (1)					
12/31/07	\$12,014,019	\$46,507,466	\$(34,493,447)	25.83%	\$3,586,553	961.74%	
12/31/06	11,272,168	42,141,100	(30,868,932)	26.75	3,348,339	921.92%	
12/31/05	11,401,875	38,997,105	(27,595,230)	29.24	2,858,180	965.48%	
12/31/04	10,235,760	38,912,614	(28,676,854)	26.30	2,907,612	986.27%	
12/31/03	10,837,912	37,234,990	(26,397,078)	29.11	2,567,450	1028.14%	
12/31/02	10,405,742	35,863,828	(25,458,086)	29.01	2,346,757	1084.82%	
12/31/01	10,039,032	34,977,623	(24,938,591)	28.70	2,343,487	1064.17%	
12/31/00	10,114,010	31,979,345	(21,865,335)	31.63	1,813,974	1205.38%	
12/31/99	10,114,010	31,589,272	(21,475,262)	32.02	1,987,159	1080.70%	

POLICE PENSION FUND

Actuarial Valuation (a)	Actuarial		Accrued Liability (AAL) (1)	Unfunded AAL (UAAL) (a/b) (b)	Funded Ratio (a/b) (c)	Covered Payroll (1)	UAAL % (b-a)/c (1)
	Value of Assets	Entry Age					
	Value of Assets (1)	(b-a) (b)					
12/31/07	\$17,471,333	\$42,028,141	\$(24,556,808)	41.57%	\$3,669,746	669.17%	
12/31/06	16,801,585	41,219,652	(24,418,067)	40.76%	3,497,654	698.13%	
12/31/05	16,038,415	41,943,185	(25,904,770)	38.24%	3,981,101	650.69%	
12/31/04	15,880,905	38,146,540	(22,265,635)	41.63%	3,332,191	668.20%	
12/31/03	15,447,430	37,088,249	(21,640,819)	41.65%	2,755,909	785.25%	
12/31/02	14,247,588	36,905,548	(22,657,960)	38.61%	2,772,456	817.25%	
12/31/01	15,425,469	35,087,318	(19,661,849)	43.96%	2,372,180	828.85%	
12/31/00	16,258,320	33,199,154	(16,940,834)	48.97%	2,341,101	723.63%	

Actuarial valuations are performed by the Illinois Department of Insurance as of December 31 of each year with the related contributions to be made in the following year.

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 13 – LEASES

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, therefore the results of the lease agreements are not reflected in the City's financial statements.

<u>Operating Lease Obligations</u>	
2009	86,885
2010	83,56
2011	81,197
2012	81,197
2013	<u>81,197</u>
Total	<u>\$ 413,043</u>

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 14 – COMMITMENTS

The following lists the City's current YTD costs for it's' projects:

<u>Project</u>	<u>Cost of Project</u>
24TH MISSOURI TO KANSAS	\$7,475.00
800 N. 89TH STREET	\$3,448.50
DESIGN	\$31,480.41
CONSTRUCTION	\$4,905.00
CITY HALL PARKING LOT	\$3,677.50
29TH ST MISS - LOUIS	\$934.00
43RD-HWY 157	\$2,401.84
MARY BROWN CENTER	\$82,427.75
CONSTRUCTION MANAGEMENT	\$4,269.41
MANHOLE COVER REPLACEMENT	\$9,000.00
STATE STREET/38TH-56TH	\$5,164.00
29THST. & MO	\$18,536.00
STATE STREET EXPANSION	\$15,492.00
STATE/38TH TO 56TH ST	\$21,172.40
COLLINSVILLE/MO	\$6,145.70
43RD TO HIGHWAY 157	\$164,998.20
STATE/38TH TO 56TH	\$7,229.60
43RD-HWY157	\$133,255.47
23RD (STATE-OHIO)	\$18,245.95
PIGGOTT/17 TO 19TH	\$51,149.27
MANAGEMENT	\$4,809.80
74TH (STATE - EUREKA) DESIGN	\$35,000.00
GROSS (15TH - 18TH) CM	\$11,803.69
GROSS (15TH - 18TH) CONSTRUCTI	\$110,505.01
74TH (EUREKA - CHURCH LN) CM	\$58,773.00
PERSHING (STATE-CHURCH)	\$543,916.60
61ST STREET (STATE TO BELMONT)	\$16,450.00
61ST ST (STATE TO BELMONT)	\$278,258.69
425 ROOF REPLACEMENT	\$52,226.00
DESIGN	\$90,777.80
40 TH & MONROE SEWER REPAIR	\$8,000.00
8TH STREET & MARKET SEWER REPA	\$4,000.00
GROSS (15TH - 18TH) DESIGN	\$25,000.00
25TH ST. INTERSECTION	\$37,000.00
JEFFERSON (29TH - 33RD) DESIGN	\$56,700.00
LYNCH (15TH - 25TH) DESIGN	\$50,000.00
OLD POLICE STATION	\$15,000.00
29TH WAVERLY TO MORRIS	\$79,532.66

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 14 – COMMITMENTS (CONTINUED)

<u>Project</u>	<u>Cost of Project</u>
ST. CLAIR 15TH TO 18TH	\$23,800.00
62ND STREET BELMONT - DEAD END	\$3,960.00
FORST 25TH TO 29TH	\$2,880.00
CITY HALL RENOVATIONS 07	\$7,500.00
COLAS (11TH -13TH)	\$20,000.00
23RD (OHIO-ST.CLAIR)	\$507,723.75
62ND STREET (STATE TO BELMONT)	\$8,551.80
COLLINSVILLE (MLK - RIVER PARK	\$0.00
27TH (RIDGE - LOUISANNA)	\$518,294.97
62ND (BELMONT - DEAD END)	\$29,140.00
FIREHOUSE 424 RENOVATIONS	\$2,160.00
62ND ST (BELMONT TO DEAD END)	\$158,816.43
GROSS 15TH-18TH	\$30,015.11
PARKSIDE SEWER REPAIR	\$121,140.00
PIGOTT AVE 17 TO 19TH	\$152,778.14
CITY HALL PARKING LOT	\$96,061.71
74TH (STATE - EUREKA) CONSTRUC	\$165,433.27
61ST ST BELMONT TO OHIO	\$232,478.00
62ND BELMONT TO DEAD END	\$305,851.07
FOREST 25TH TO 29TH	\$358,083.97
PERSHING (STATE - CHURCH)	\$355,049.11
53RD STREET (OHIO TO SUMMIT)	\$286,123.88
MISSOURI (COLLINSVILLE-3RD)	\$6,191.25
FIREHOUSES RENOVATION	\$1,440.00
HANKS EXCAVATING	\$79,172.97
29TH STREET WAVERLY TO MORRIS	\$3,510.00
62ND ST (STATE TO BELMONT)	\$1,618.92
16TH (BOND-MARKET)	\$25,000.00
DESIGN PIGOTT AVE.	\$28,962.13
29TH STREET (STATE TO RIDGE)	\$378,372.50
PERSHING (STATE TO CHURCH LN)	\$308,372.08
29TH (WAVERLY-MORRIS)	\$431,589.86
74TH (STATE - EUREKA) CM	\$14,762.31
53RD/OHIO TO SUMMIT	\$5,185.00
WINSTANLEY PARK 17TH TO 19TH	\$16,000.00
61ST (BELMONT - OHIO)	\$7,309.32
29TH STREET WAVERLY TO MORRIS'	\$31,570.00
CONSTRUCTION MANAGEMENT	\$78,585.51
CONSTRUCTION	\$894,303.29
36TH TO WAVERLY SEWER PROJECT	\$12,870.00
FIREHOUSE 424	\$32,312.50
27TH (RIDGE - LOUISANNA) CONST	\$1,395.00
61ST ST. (STATE TO BELMONT)	\$1,532.50

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 14 – COMMITMENTS (CONTINUED)

<u>Project</u>	<u>Cost of Project</u>
29TH STATE TO RIDGE	\$110,767.04
53RD (OHIO - SUMMIT)	\$15,555.00
29TH STREET RIDGE TO LOUISIANA	\$152,926.82
ENGINEERING	\$7,280.22
TRENDLEY AVE. (11TH -13TH)	\$20,000.00
29TH & MISSOURI SEWER BREAK	\$7,537.50
N. PARK DR. (CASEYVILLE-ARGONE	\$38,000.00
74TH (CHURC DEAD END)	\$20,000.00
ST. CLAIR AVE (15TH - 18TH)	\$4,728.50
FIRE HOUSES RENNOV DESIGN	\$44,650.00
14TH (BOND-MARKET)	\$20,000.00
62ND (STATE TO BELMONT)	\$125,100.00
PERSING (CHURCH TO STATE)	\$155,361.17
74TH (EUREKA - CHURCH LN) DESI	\$35,000.00
CATCH BASIN SEWER REPAIR	\$40,000.00
29TH RIDGE TO LOUISIANA	\$268,487.66
PIGGOTT 17TH TO 19TH	\$143,778.26
LIBRARY DRAINAGE	\$375.00
25TH STREET INTERSECTION	\$37,000.00
CONSTRUCTION MNMGMT	\$8,371.87
8TH STREET & TRENDLY STREET RE	\$20,500.00
8TH STREET PUMP STATION	\$30,600.00
MAIN ST. (DIV.-MO)	\$18,000.00
29TH STREET (RIDGE TO LOUISANA	\$7,789.18
53RD & SUMMITT	\$20,000.00
MISSOURI AVE (3RD-COLLINSVILLE	\$101,000.00
PIGGOTT/17TH TO 19TH	\$3,991.06
76TH (STATE -EUREKA)	\$25,000.00
PERSHING (STATE TO CHURCH)	\$3,390.90
424 HVAC REPLACEMENT	\$21,078.20
76TH (EUREKA-CHURCH)	\$40,000.00
GARAGE MAINTENANCE	\$6,912.10
40TH & FOREST SEWER REPAIR	\$58,720.00
MISSOURI AVE. (COLLINSVILLE AV	\$2,660.71
27TH (RIDGE - LOUISANNA) DESIG	\$45,928.60
6TH (BROADWAY- WALNUT)	\$9,080.00
74TH (EUREKA - CHURCH LN) CONS	\$664,700.39
53RD OHIO TO SUMMIT	\$22,802.21
61ST STREET (BELMONT TO OHIO)	\$23,248.00
PUBLIC WORKS GARAGE	\$150.00
FOREST (25TH-29TH)	\$35,329.44
Total	\$10,230,857.43

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 15 - CONTINGENT LIABILITIES

The City is a defendant in several lawsuits involving claims for workmen's compensation, tort liabilities and other grievances. Total damages claimed are substantial. However, it has been the City's experience that such actions are settled for amounts less than the claimed amounts. The City's attorney estimates that the potential claims against the City, not covered by insurance policies, would not materially affect the financial condition of the City.

The City currently has insurance for most liabilities with Self Insurance Reserve System (SIRS) deductibles ranging from \$30,000 to \$100,000. As a result, most of the City's liability exposure for cases filed after January 1, 2001 is capped. However, some cases fall outside the areas where the City has liability insurance, or the cases pre-date the City's current insurance structure. The following is a description of any significant liability that the City may be facing that is not covered by insurance coverage at this time.

NOTE 16 - BUDGET BASIS OF ACCOUNTING

The City prepares its annual budget on a basis (budget basis) that differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, TIF, Federal, Motor Fuel Tax, and Non-Major Funds to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are:

- 1) For GAAP purposes, some inter-fund transactions are transfers and some transactions are reimbursements of expenditures or expenses. Inter-fund transfers should be distinguished from fund revenues and expenditures or expenses. The City budgets all inter-fund transactions as expenses in the disbursing fund and new revenues in the receiving fund. The City budgets the Motor Fuel Tax (Special Revenue) labor expenditures as new revenue in the general fund. For GAAP purposes, these funds are treated as a reimbursement of expenses or a reduction of General Fund Public Works labor expenditures. The City budgets the Motor Fuel Tax equipment rental charges as new revenue in the General Fund. For GAAP purposes, these charges are considered operating transfers. The fund receiving the revenue is the fund from which the resources will be expended. The Motor Fuel Tax (Special Revenue) rental charges are for the replacement of General Fund Public Works vehicles and equipment.
- 2) The City also budgets the Grant match funds as expenditures in the fund disbursing and revenues in the fund receiving the match. For GAAP purposes these funds are treated as operating transfers. The City budgets the State Replacement Tax for the Police and Fire Pension funds and the Library funds as revenue and expenditures in the General Fund. For GAAP purposes revenue is recognized only in the fund that is legally entitled to spend the revenues.
- 3) The City transfer funds from the State Sales Tax revenue to the Special Revenue fund to aid in the retirement of TIF Casino Queen debt. These funds are treated as operating transfers for GAAP purposes; The City grant funds recognize revenue when received for budget purposes. GAAP requires that grant revenues should be recognized when the eligible

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

expenditures are made.

NOTE 16 - BUDGET BASIS OF ACCOUNTING (CONTINUED)

- 4) The City also budgets payments made and received for inter-company payables and receivable as revenues and expenditures. For GAAP purposes the annual payments made from the General Fund to the Motor Fuel Tax Fund are reclassified as a reduction of the Advance To/ Advance From Other Funds, and The City also budgets payments received from employees to cover health care benefits as revenues. These payments are considered reimbursements of health care expenditures for GAAP purposes.
- 5) Net GAAP adjustment to the Enterprise Fund is the \$15,000 revenue bond principal payment.

NOTE 17 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The City of East St. Louis, Illinois has experienced consistent declines in the unrestricted net assets of its governmental activities on a government-wide basis and in its general fund's unreserved fund balance on a fund basis. These declines are the result of the City's expenses continually exceeding its revenue. As a result of the declines in unrestricted net assets and undesignated fund balance and the required pay-out resulting from the police union settlement, as noted in NOTE 18, subsequent to December 31, 2008, substantial doubt is raised in relation to the City being able to continually meet its operating obligations without utilizing funding restricted or reserved for other purposes.

The City's ability to meet its current obligations as they become due is dependent on its ability to improve its operational position. Management is currently exploring ways to reduce expenses, generate additional revenues and amended its 2009 year budget in consideration of the potential shortfall. The financial statements do not include any adjustment that might be necessary should the City of East St. Louis, Illinois be unable to continue as a going concern.

NOTE 18 – SUBSEQUENT EVENTS

Police Union Settlement – The City of East St. Louis and the Fraternal Order of Police (FOP) reached a collective bargaining agreement for 2006, 2007 and 2008 in January of 2009. The City agreed to a 4.5% salary increase for 3 years. The fiscal years affected were 2006, 2007 and 2008. The back pay resulted in an \$891,000 payout to the Police Officers on April 30, 2009.

TIF Trustee Payment - On April 1, 2009, the Bond Trustee for the 2008-A SWIDA bonds decided to redeem \$1,510,000 of bonds from the surplus generated by 2008 property tax collections. According to 3.1(c) of the Indenture of Trust: "the bonds are subject to mandatory redemption prior to maturity in part by lot in such manner as shall be designated by the Trustee on April 1 of each year, commencing with April 1, 2009.



CITY OF EAST ST. LOUIS, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES RECONCILIATION
Period Ended December 31, 2008

	Budgeted Amounts		Actual Amount	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final	Budgetary Basis	Over (Under)	
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ (512,279.62)	\$ -
Riverboat gaming revenue	10,500,000	10,500,000	10,308,083	(191,917)	10,820,363
Franchise & utility taxes	3,005,000	3,005,000	2,858,394	(146,606)	3,267,553
State income taxes	2,480,000	2,480,000	2,982,390	502,390	2,584,341
State sales & use taxes	1,325,000	1,325,000	1,410,817	88,817	1,337,327
Home rule taxes	845,000	845,000	979,198	134,198	755,491
Replacement tax	1,950,000	1,950,000	1,520,066	(429,934)	1,142,277
Licenses, fines, fees & permits	860,696	860,696	760,080	(100,616)	808,387
Other taxes	330,223	330,223	211,089	(119,134)	192,787
Governmental grants & reimbursements	-	-	-	-	-
Local motor fuel taxes	-	-	-	-	-
Investment income	340,636	340,636	166,324	(174,312)	271,348
Other	530,159	530,159	309,232	(220,927)	292,957
Total revenues	22,166,714	22,166,714	21,505,673	32,843.18	21,472,830
Expenditures:					
Current:					
Elected Officials: Clerk, Treasurer	490,690	490,690	474,145	(16,545)	461,456
Mayor & Council	374,735	374,735	353,260	(21,475)	318,401
Election Commission	490,111	490,111	478,760	(11,351)	422,748
Administration	8,904,668	8,904,668	7,535,303	(1,369,365)	4,452,120
Police	5,775,542	5,775,542	5,307,270	(468,272)	6,050,281
Fire	4,292,515	4,292,515	4,261,953	(31,562)	4,967,906
Other Public Safety	26,291	26,291	13,342	(13,949)	23,496
Public works	2,035,854	2,035,854	2,157,862	122,008	1,729,916
Regulatory affairs	241,412	241,412	222,686	(18,726)	204,646
Community development	-	-	-	-	-
Redevelopment	-	-	-	-	-
Debt service:					
Principal	1,525,000	1,525,000	1,525,000	115,000.00	1,410,000
Interest on long term debt	480,738	480,738	480,738	(107,924.50)	588,663
Other Claims					
Total Expenditures:	24,637,556	24,637,556	22,810,318	2,180,685.73	20,629,633
Excess (deficiency) of revenues over (under) expenditures	(2,470,842)	(2,470,842)	(1,304,645)	(2,147,842.55)	843,198
Other financing sources (uses)					
Carryforward	912,000	912,000	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	-	-	-	-
Total other financing sources (uses)	912,000	912,000	(596,732)	-	(596,732)
Excess of revenues and other sources over (under) expenditures and other uses	(1,558,842)	(1,558,842)	(1,901,377)	(2,147,842.55)	246,466
Fund balances at beginning of year	8,365,088	8,365,088	7,945,602	-	7,945,602
Fund balance at end of year	\$ 6,806,246	\$ 6,806,246	6,044,225	(2,147,842.55)	\$ 8,192,068

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

Tax Increment Financing District 1 Fund

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 5,650,000	\$ 2,046,325	\$ 5,767,166	\$ 3,720,841
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	53,000	46,000	43,760	(2,240)
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	67,000	150,000	222,035	72,035
Other	10,500	9,500	82,077	72,577
Total revenues	5,780,500	2,251,825	6,115,038	3,863,213
Expenditures:				
Current:				
Administration	821,641	1,106,812	661,414	(445,398)
Police	-	-	-	-
Fire	-	-	-	-
Other public safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	7,203,273	6,518,949	20,092,917	13,573,968
Debt service:				
Principal	1,200,000	1,200,000	4,772,016	3,572,016
Interest on long term debt	-	-	1,602,991	1,602,991
Other Claims				
Total Expenditures:	9,224,914	8,825,761	27,129,338	18,303,577
Excess (deficiency) of revenues over (under) expenditures	(3,444,414)	(6,573,936)	(21,014,300)	(14,440,364)
Other financing sources (uses)				
Carry forwards	3,444,414	6,573,936	-	(6,573,936)
Proceeds from bond transactions	-	-	26,065,000	26,065,000
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	3,444,414	6,573,936	26,065,000	19,491,064
Excess of revenues and other sources over (under) expenditures and other uses	-	-	5,050,700	5,050,700
Fund balances at beginning of year	6,531,540	6,531,540	6,531,540	-
Fund balance at end of year	\$ 6,531,540	\$ 6,531,540	\$ 11,582,240	\$ 5,050,700

Statement of Revenues and Expenditures – Budget and Actual – TIF Funds

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

Tax Increment Financing District 2 Fund

	Budgeted Amounts				Variance with Final Budget- Over/(Under)
	Original	Final	Actual		
Revenues:					
Property taxes	\$ 265,000	\$ 260,000	\$ 274,267	\$ 14,267	
Riverboat gaming revenue	-	-	-	-	
Franchise & utility taxes	-	-	-	-	
State income taxes	-	-	-	-	
State sales & use taxes	-	-	-	-	
Home rule taxes	-	-	-	-	
Replacement tax	-	-	-	-	
Licenses, fines, fees & permits	-	-	-	-	
Other taxes	-	-	-	-	
Governmental grants & reimbursements	-	-	-	-	
Local motor fuel taxes	-	-	-	-	
Investment income	8,500	4,500	5,748	1,248	
Other	-	-	5,023	5,023	
Total revenues	273,500	264,500	285,038	20,538	
Expenditures:					
Current:					
Administration	116,655	173,454	29,467	(143,987)	
Police	-	-	-	-	
Fire	-	-	-	-	
Other Public Safety	-	-	-	-	
Public works	-	-	-	-	
Regulatory affairs	-	-	-	-	
Community development	-	-	-	-	
Redevelopment	388,074	390,074	80,656	(309,418)	
Debt service:					
Principal	-	-	-	-	
Interest on long term debt	-	-	-	-	
Other Claims	-	-	-	-	
Total Expenditures:	504,729	563,528	110,123	(453,405)	
Excess (deficiency) of revenues over (under) expenditures	(231,229)	(299,028)	174,915	473,943	
Other financing sources (uses)					
Carry forwards	231,229	299,028	-	(299,028)	
Transferred to (from) other funds	-	-	-	-	
Total other financing sources (uses)	231,229	299,028	-	(299,028)	
Excess of revenues and other sources over (under) expenditures and other uses	-	-	174,915	174,915	
Fund balances at beginning of year	(213,595)	(213,595)	(213,595)	-	
Fund balance at end of year	\$ (213,595)	\$ (213,595)	\$ (38,680)	\$ 174,915	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

Tax Increment Financing District 3A Fund

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 3,250,000	\$ 2,865,000	\$ 3,608,745	\$ 743,745
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	43,500	55,000	47,594	(7,406)
Other	5,000	105,000	4,601	(100,399)
Total revenues	3,298,500	3,025,000	3,660,940	635,940
Expenditures:				
Current:				
Administration	461,455	658,220	513,014	(145,206)
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	5,701,230	4,558,615	1,938,764	(2,619,851)
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	6,162,685	5,216,835	2,451,778	(2,765,057)
Excess (deficiency) of revenues over (under) expenditures	(2,864,185)	(2,191,835)	1,209,162	3,400,997
Other financing sources (uses)				
Carry forwards	2,864,185	2,191,835	-	(2,191,835)
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	2,864,185	2,191,835	-	(2,191,835)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	1,209,162	1,209,162
Fund balances at beginning of year	3,324,286	3,324,286	3,324,286	-
Fund balance at end of year	\$ 3,324,286	\$ 3,324,286	\$ 4,533,448	\$ 1,209,162

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

Tax Increment Financing District 3B Fund					
	Budgeted Amounts			Variance with Final Budget- Over/(Under)	
	Original	Final	Actual		
Revenues:					
Property taxes	\$ 652,000	\$ 600,000	\$ 647,463	\$ 47,463	-
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	-	-	-
Governmental grants & reimbursements	-	-	-	-	-
Local motor fuel taxes	-	-	-	-	-
Investment income	6,500	20,000	5,979	(14,021)	-
Other	-	-	3,904	3,904	3,904
Total revenues	658,500	620,000	657,346	37,346	37,346
Expenditures:					
Current:					
Administration	246,564	159,563	138,330	(21,233)	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Regulatory affairs	-	-	-	-	-
Community development	-	-	-	-	-
Redevelopment	1,074,168	869,130	211,679	(657,451)	-
Debt service:					
Principal	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Other Claims					
Total Expenditures:	1,320,732	1,028,693	350,009	(678,684)	-
Excess (deficiency) of revenues over (under) expenditures	(662,232)	(408,693)	307,337	716,030	-
Other financing sources (uses)					
Carry forwards	662,232	408,693	-	(408,693)	-
Transferred to (from) other funds	-	-	-	-	-
Total other financing sources (uses)	662,232	408,693	-	(408,693)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	307,337	307,337	-
Fund balances at beginning of year	535,527	535,527	535,527	-	-
Fund balance at end of year	\$ 535,527	\$ 535,527	\$ 842,864	\$ 307,337	-

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

Tax Increment Financing District 3C Fund

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 785,000	\$ 720,000	\$ 944,996	\$ 224,996
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	10,000	30,000	25,354	(4,646)
Other	-	-	-	-
Total revenues	795,000	750,000	970,350	220,350
Expenditures:				
Current:				
Administration	147,067	203,242	103,193	(100,049)
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	1,199,171	1,702,571	769,119	(933,452)
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	1,346,238	1,905,813	872,312	(1,033,501)
Excess (deficiency) of revenues over (under) expenditures	(551,238)	(1,155,813)	98,038	1,253,851
Other financing sources (uses)				
Carry forwards	551,238	1,155,813	-	(1,155,813)
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	551,238	1,155,813	-	(1,155,813)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	98,038	98,038
Fund balances at beginning of year	1,090,617	1,090,617	1,090,617	-
Fund balance at end of year	\$ 1,090,617	\$ 1,090,617	\$ 1,188,655	\$ 98,038

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended December 31, 2008

Tax Increment Financing District 3D Fund

	Budgeted Amounts				Variance with Final Budget- Over/(Under)
	Original	Final	Actual		
Revenues:					
Property taxes	\$ 38,500	\$ 35,000	\$ 33,538	\$ (1,462)	
Riverboat gaming revenue	-	-	-	-	
Franchise & utility taxes	-	-	-	-	
State income taxes	-	-	-	-	
State sales & use taxes	-	-	-	-	
Home rule taxes	-	-	-	-	
Replacement tax	-	-	-	-	
Licenses, fines, fees & permits	-	-	-	-	
Other taxes	-	-	-	-	
Governmental grants & reimbursements	-	-	-	-	
Local motor fuel taxes	-	-	-	-	
Investment income	1,000	5,000	4,487	(513)	
Other	-	-	-	-	
Total revenues	39,500	40,000	38,025	(1,975)	
Expenditures:					
Current:					
Administration	18,286	27,170	12,648	(14,522)	
Police	-	-	-	-	
Fire	-	-	-	-	
Public works	-	-	-	-	
Regulatory affairs	-	-	-	-	
Community development	-	-	-	-	
Redevelopment	233,984	253,316	12,890	(240,426)	
Debt service:					
Principal	-	-	-	-	
Interest on long term debt	-	-	-	-	
Other Claims	-	-	-	-	
Total Expenditures:	252,270	280,486	25,538	(254,948)	
Excess (deficiency) of revenues over (under) expenditures	(212,770)	(240,486)	12,486	252,972	
Other financing sources (uses)					
Carry forwards	212,770	240,486	-	(240,486)	
Transferred to (from) other funds	-	-	-	-	
Total other financing sources (uses)	212,770	240,486	-	(240,486)	
Excess of revenues and other sources over (under) expenditures and other uses	-	-	12,486	12,486	
Fund balances at beginning of year	233,874	233,874	233,874	-	
Fund balance at end of year	\$ 233,874	\$ 233,874	\$ 246,360	\$ 12,486	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENTAL FINANCING FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended December 31, 2008

Tax Increment Financing District 3E Fund

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 115,000	\$ 85,000	\$ 49,194	\$ (35,806)
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	3,000	12,000	12,662	662
Other	-	-	483	483
Total revenues	118,000	97,000	62,339	(34,661)
Expenditures:				
Current:				
Administration	46,110	55,248	31,971	(23,277)
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	616,871	584,672	169,580	(415,092)
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	662,981	639,920	201,551	(438,369)
Excess (deficiency) of revenues over (under) expenditures	(544,981)	(542,920)	(139,212)	403,708
Other financing sources (uses)				
Carry forwards	544,981	542,920	-	(542,920)
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	544,981	542,920	-	(542,920)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(139,212)	(139,212)
Fund balances at beginning of year	534,880	534,880	534,880	-
Fund balance at end of year	\$ 534,880	\$ 534,880	\$ 395,668	\$ (139,212)

CITY OF EAST ST. LOUIS, ILLINOIS
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
	\$	\$	\$	
Operating Revenues:				
Sewer charges	\$ 160,000	\$ 160,000	\$ 219,695	\$ 59,695
Total operating revenues	<u>160,000</u>	<u>160,000</u>	<u>219,695</u>	<u>59,695</u>
Operating Expenditures:				
Personnel Services	101,854	101,854	75,563	(26,291)
Contractual Services	37,674	37,674	-	(37,674)
Sewer operations	570,029	570,029	233,749	(336,280)
Sewer collections	-	-	63,982	63,982
Depreciation	-	-	11,233	11,233
Total operating expenditures:	<u>709,557</u>	<u>709,557</u>	<u>384,526</u>	<u>(325,031)</u>
Operating income (loss)	<u>(549,557)</u>	<u>(549,557)</u>	<u>(164,830)</u>	<u>384,727</u>
Nonoperating income (expenses)				
Interest income	10,000	10,000	7,249	(2,751)
Interest expense	-	-	-	-
Total nonoperating income (expenses)	<u>10,000</u>	<u>10,000</u>	<u>7,249</u>	<u>(2,751)</u>
Other financing sources				
Carryforward	1,129,529	1,129,529	-	(1,129,529)
Sewer Bonds	(25,938)	(25,938)	(2,256)	23,682
Transferred (to) from other funds	-	-	(2,256)	(1,105,847)
Change in net assets	<u>564,034</u>	<u>564,034</u>	<u>(159,837)</u>	<u>(723,871)</u>
Net assets, beginning of year	<u>772,939</u>	<u>772,939</u>	<u>772,939</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,336,973</u>	<u>\$ 1,336,973</u>	<u>\$ 613,102</u>	<u>\$ (723,871)</u>

Statement of Revenues and Expenditures – Budget and Actual – Sewer Funds

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – MOTOR FUEL TAX
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Period Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	921,448	921,448	821,317	(100,131)
Investment income	104,532	104,532	39,087	(65,445)
Other	-	-	-	-
Total revenues	1,025,980	1,025,980	860,404	(165,576)
Expenditures:				
Current:				
Elected Officials: Clerk, Treasurer	-	-	-	-
Mayor & Council	-	-	-	-
Election Commission	-	-	-	-
Administration	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	2,619,113	2,792,233	1,036,748	(1,755,485)
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	2,619,113	2,792,233	1,036,748	(1,755,485)
Excess (deficiency) of revenues over (under) expenditures	(1,593,133)	(1,766,253)	(176,344)	1,589,909
Other financing sources (uses)				
Carryforward	2,413,475	2,413,475	-	(2,413,475)
Bond Proceeds	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	2,413,475	2,413,475	-	(2,413,475)
Excess of revenues and other sources over (under) expenditures and other uses	820,342	647,222	(176,344)	(823,566)
Fund balances at beginning of year	3,879,403	3,879,403	2,900,310	979,093
Fund balance at end of year	\$ 4,699,745	\$ 4,526,625	\$ 2,723,965	\$ (1,802,660)

Statement of Revenues and Expenditures – Budget and Actual – Motor Fuel Fund

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

ESDA Property Tax					
	Budgeted Amounts			Variance with Final Budget-	
	Original	Final	Actual		
Revenues:					
Property taxes	\$ 25,000	\$ 25,000	\$ 21,764	\$ (3,236)	
Riverboat gaming revenue	-	-	-	-	
Franchise & utility taxes	-	-	-	-	
State income taxes	-	-	-	-	
State sales & use taxes	-	-	-	-	
Home rule taxes	-	-	-	-	
Replacement tax	-	-	-	-	
Licenses, fines, fees & permits	-	-	-	-	
Other taxes	-	-	-	-	
Governmental grants & reimbursements	-	-	-	-	
Local motor fuel taxes	-	-	-	-	
Investment income	-	-	-	-	
Other	-	-	-	-	
Total revenues	25,000	25,000	21,764	(3,236)	
Expenditures:					
Current:					
Administration	-	-	-	-	
Police	-	-	-	-	
Fire	-	-	-	-	
Other Public Safety	25,000	25,000	18,112	(6,888)	
Public works	-	-	-	-	
Regulatory affairs	-	-	-	-	
Community development	-	-	-	-	
Redevelopment	-	-	-	-	
Debt service:					
Principal	-	-	-	-	
Interest on long term debt	-	-	-	-	
Other Claims					
Total Expenditures:	25,000	25,000	18,112	(6,888)	
Excess (deficiency) of revenues over (under) expenditures			3,652	3,652	
Other financing sources (uses)					
Carry forwards	-	-	-	-	
Transferred to (from) other funds	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	
Excess of revenues and other sources over (under) expenditures and other uses			3,652	3,652	
Fund balances at beginning of year	(20,001)	(20,001)	(20,001)	-	
Fund balance at end of year	\$ (20,001)	\$ (20,001)	\$ (16,349)	\$ 3,652	

Statement of Revenues and Expenditures – Budget and Actual – Non-Major Funds

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	State Farm State Grant			
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	- -	- -	- -	- -
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	<u>10,000</u>	<u>10,000</u>	<u>13,500</u>	<u>3,500</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>13,500</u>	<u>3,500</u>
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	- -	- -	- -	- -
Fire	<u>15,500</u>	<u>15,500</u>	<u>11,261</u>	<u>(4,239)</u>
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	<u>15,500</u>	<u>15,500</u>	<u>11,261</u>	<u>(4,239)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,500)</u>	<u>(5,500)</u>	<u>2,239</u>	<u>7,739</u>
Other financing sources (uses)				
Carry forwards	5,500	5,500	-	(5,500)
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	<u>5,500</u>	<u>5,500</u>	<u>- -</u>	<u>(5,500)</u>
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	<u>2,239</u>	<u>2,239</u>
Fund balances at beginning of year	<u>(48)</u>	<u>(48)</u>	<u>(48)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ 2,191</u>	<u>\$ 2,239</u>

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

IMRF

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 50,000	\$ 50,000	\$ 45,307	\$ (4,693)
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	77	77
Other	-	-	-	-
Total revenues	50,000	50,000	45,383	(4,617)
Expenditures:				
Current:				
Administration	50,000	50,000	33,192	(16,808)
Police	-	-	-	-
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims				
Total Expenditures:	50,000	50,000	33,192	(16,808)
Excess (deficiency) of revenues over (under) expenditures	-	-	12,192	12,192
Other financing sources (uses)				
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	12,192	12,192
Fund balances at beginning of year	243,077	243,077	243,077	-
Fund balance at end of year	\$ 243,077	\$ 243,077	\$ 255,269	\$ 12,192

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	Tort Liability				Variance with Final Budget- Over/(Under)	
	Budgeted Amounts			Actual		
	Original	Final				
Revenues:						
Property taxes	\$ 280,000	\$ 280,000	\$ 259,231	\$ (20,769)		
Riverboat gaming revenue	-	-	-	-		
Franchise & utility taxes	-	-	-	-		
State income taxes	-	-	-	-		
State sales & use taxes	-	-	-	-		
Home rule taxes	-	-	-	-		
Replacement tax	-	-	-	-		
Licenses, fines, fees & permits	-	-	-	-		
Other taxes	-	-	-	-		
Governmental grants & reimbursements	-	-	-	-		
Local motor fuel taxes	-	-	-	-		
Investment income	-	-	5,179	5,179		
Other	-	-				
Total revenues	280,000	280,000	264,410	(15,590)		
Expenditures:						
Current:						
Administration	748,382	748,382	-	(748,382)		
Police	-	-	-	-		
Fire	-	-	-	-		
Other Public Safety	-	-	-	-		
Public works	-	-	-	-		
Regulatory affairs	-	-	-	-		
Community development	-	-	-	-		
Redevelopment	-	-	-	-		
Debt service:						
Principal	-	-	200,000	200,000		
Interest on long term debt	-	-	-	-		
Other Claims	-	-	100,945	100,945		
Total Expenditures:	748,382	748,382	300,945	(447,437)		
Excess (deficiency) of revenues over (under) expenditures	(468,382)	(468,382)	(36,535)	431,847		
Other financing sources (uses)						
Carry forwards	463,382	463,382	-	(463,382)		
Transferred to (from) other funds	-	-	-	-		
Total other financing sources (uses)	463,382	463,382	-	(463,382)		
Excess of revenues and other sources over (under) expenditures and other uses	(5,000)	(5,000)	(36,535)	(31,535)		
Fund balances at beginning of year	155,384	155,384	155,384	-		
Fund balance at end of year	\$ 150,384	\$ 150,384	\$ 118,849	\$ (31,535)		

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Auto Theft					
	Budgeted Amounts			Variance with Final Budget- Over/(Under)	
	Original	Final	Actual		
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -	- -
Governmental grants & reimbursements	69,509	69,509	782	(68,727)	
Local motor fuel taxes	- -	- -	- -	- -	- -
Investment income	- -	- -	- -	- -	- -
Other	- -	- -	15,838	15,838	
Total revenues	69,509	69,509	16,620	(52,889)	
Expenditures:					
Current:					
Administration	- -	- -	- -	- -	- -
Police	69,509	69,509	37,247	(32,262)	
Fire	- -	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -	- -
Public works	- -	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -	- -
Community development	- -	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -	- -
Debt service:	- -	- -	- -	- -	- -
Principal	- -	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -	- -
Total Expenditures:	69,509	69,509	37,247	(32,262)	
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(20,627)	(20,627)	
Other financing sources (uses)					
Carry forwards	- -	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -	
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	(20,627)	(20,627)	
Fund balances at beginning of year	18,686	18,686	18,686	-	
Fund balance at end of year	\$ 18,686	\$ 18,686	\$ (1,941)	\$ (20,627)	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Crown Food Grant				
	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	26,980	26,980	4,500	(22,480)
Total revenues	26,980	26,980	4,500	(22,480)
Expenditures:				
Current:				
Administration	-	-	-	-
Police	26,980	26,980	3,211	(23,769)
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	26,980	26,980	3,211	(23,769)
Excess (deficiency) of revenues over (under) expenditures	-	-	1,289	(1,289)
Other financing sources (uses)				
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	1,289	(1,289)
Fund balances at beginning of year	244	244	244	-
Fund balance at end of year	\$ 244	\$ 244	\$ 1,533	\$ 1,289

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	EC State			Variance with Final Budget- Over/(Under)	
	Budgeted Amounts		Actual		
	Original	Final			
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	
Riverboat gaming revenue	- -	- -	- -	- -	
Franchise & utility taxes	- -	- -	- -	- -	
State income taxes	- -	- -	- -	- -	
State sales & use taxes	- -	- -	- -	- -	
Home rule taxes	- -	- -	- -	- -	
Replacement tax	- -	- -	- -	- -	
Licenses, fines, fees & permits	- -	- -	- -	- -	
Other taxes	- -	- -	- -	- -	
Governmental grants & reimbursements	- -	- -	- -	- -	
Local motor fuel taxes	- -	- -	- -	- -	
Investment income	- -	- -	- -	- -	
Other	- -	- -	4,848	4,848	
Total revenues	- -	- -	4,848	4,848	
Expenditures:					
Current:					
Administration	- -	- -	- -	- -	
Police	- -	- -	- -	- -	
Fire	- -	- -	- -	- -	
Other Public Safety	- -	- -	- -	- -	
Public works	- -	- -	- -	- -	
Regulatory affairs	- -	- -	- -	- -	
Community development	- -	- -	4,377	4,377	
Redevelopment	- -	- -	- -	- -	
Debt service:					
Principal	- -	- -	- -	- -	
Interest on long term debt	- -	- -	- -	- -	
Other Claims	- -	- -	- -	- -	
Total Expenditures:	- -	- -	4,377	4,377	
Excess (deficiency) of revenues over (under) expenditures	- -	- -	471	471	
Other financing sources (uses)					
Carry forwards	28,269	28,269	- -	(28,269)	
Transferred to (from) other funds	- -	- -	- -	- -	
Total other financing sources (uses)	28,269	28,269	- -	(28,269)	
Excess of revenues and other sources over (under) expenditures and other uses	28,269	28,269	470	27,799	
Fund balances at beginning of year	(8,861)	(8,861)	(8,861)	- -	
Fund balance at end of year	\$ 19,408	\$ 19,408	\$ (8,390)	\$ (27,798)	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

2% Fireman's Fund				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	50,000	50,000	21,536	(28,464)
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total revenues	50,000	50,000	21,536	(28,464)
Expenditures:				
Current:				
Administration	-	-	-	-
Police	-	-	-	-
Fire	50,000	50,000	19,591	(30,409)
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	50,000	50,000	19,591	(30,409)
Excess (deficiency) of revenues over (under) expenditures	-	-	1,945	1,945
Other financing sources (uses)				
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	1,945	(1,945)
Fund balances at beginning of year	(21,613)	(21,613)	(21,613)	-
Fund balance at end of year	\$ (21,613)	\$ (21,613)	\$ (19,668)	\$ 1,945

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	Insurance Reserves				Variance with Final Budget- Over/(Under)	
	Budgeted Amounts		Actual			
	Original	Final				
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	-	
Riverboat gaming revenue	-	-	-	-	-	
Franchise & utility taxes	-	-	-	-	-	
State income taxes	-	-	-	-	-	
State sales & use taxes	-	-	-	-	-	
Home rule taxes	-	-	-	-	-	
Replacement tax	-	-	-	-	-	
Licenses, fines, fees & permits	-	-	-	-	-	
Other taxes	-	-	-	-	-	
Governmental grants & reimbursements	-	-	-	-	-	
Local motor fuel taxes	-	-	-	-	-	
Investment income	40,000	40,000	8,658	(31,342)		
Other	<u>1,294,544</u>	<u>1,294,544</u>	<u>1,249,847</u>	<u>(44,697)</u>		
Total revenues	<u>1,334,544</u>	<u>1,334,544</u>	<u>1,258,506</u>	<u>(76,038)</u>		
Expenditures:						
Current:						
Administration	957,000	1,298,000	1,181,020	(116,980)		
Police	-	-	-	-	-	
Fire	-	-	-	-	-	
Other Public Safety	-	-	-	-	-	
Public works	-	-	-	-	-	
Regulatory affairs	-	-	-	-	-	
Community development	-	-	-	-	-	
Redevelopment	-	-	-	-	-	
Debt service:						
Principal	-	-	-	-	-	
Interest on long term debt	-	-	-	-	-	
Other Claims	-	-	-	-	-	
Total Expenditures:	<u>957,000</u>	<u>1,298,000</u>	<u>1,181,020</u>	<u>(116,980)</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>377,544</u>	<u>36,544</u>	<u>77,484</u>	<u>40,941</u>		
Other financing sources (uses)						
Carry forwards	1,347,172	1,347,172	-	(1,347,172)		
Transferred to (from) other funds	-	-	-	-	-	
Total other financing sources (uses)	<u>1,347,172</u>	<u>1,347,172</u>	<u>-</u>	<u>(1,347,172)</u>		
Excess of revenues and other sources over (under) expenditures and other uses	<u>1,724,716</u>	<u>1,383,716</u>	<u>77,484</u>	<u>(1,306,232)</u>		
Fund balances at beginning of year	<u>700,354</u>	<u>700,354</u>	<u>700,354</u>	<u>-</u>		
Fund balance at end of year	<u>\$ 2,425,070</u>	<u>\$ 2,084,070</u>	<u>\$ 777,840</u>	<u>\$ (1,306,231)</u>		

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

CDBG Operations				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	1,889,221	1,806,672	1,907,403	100,731
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	- -	- -	10,239	10,239
Total revenues	1,889,221	1,806,672	1,917,643	110,971
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	3,649,120	3,339,917	1,917,642	(1,422,275)
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	3,649,120	3,339,917	1,917,643	(1,422,275)
Excess (deficiency) of revenues over (under) expenditures	(1,759,899)	(1,533,245)	-	1,533,246
Other financing sources (uses)				
Carry forwards	1,759,899	1,533,245	- -	(1,533,245)
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	1,759,899	1,533,245	- -	(1,533,245)
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	- -	- -
Fund balances at beginning of year	4,298	4,298	4,298	- -
Fund balance at end of year	\$ 4,298	\$ 4,298	\$ 4,298	\$ -

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Home Grant				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	400,673	271,920	204,085	(67,835)
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	- -	- -	1,275	1,275
Total revenues	400,673	271,920	205,360	(66,560)
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	1,334,558	1,415,875	205,460	(1,210,415)
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	1,334,558	1,415,875	205,460	(1,210,415)
Excess (deficiency) of revenues over (under) expenditures	(933,884)	(1,143,955)	(100)	1,143,855
Other financing sources (uses)				
Carry forwards	933,884	1,143,955	- -	(1,143,955)
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	933,884	1,143,955	- -	(1,143,955)
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	(100)	100
Fund balances at beginning of year	5,458	5,458	5,458	- -
Fund balance at end of year	\$ 5,458	\$ 5,458	\$ 5,358	\$ (100)

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Emergency Shelter Grant

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
	\$	\$	\$	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	81,868	81,400	74,386	(7,014)
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total revenues	81,868	81,400	74,386	(7,014)
Expenditures:				
Current:				
Administration	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	163,736	110,052	74,386	(35,666)
Redevelopment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	163,736	110,052	74,386	(35,666)
Excess (deficiency) of revenues over (under) expenditures	(81,868)	(28,652)	-	28,652
Other financing sources (uses)				
Carry forwards	81,868	28,652	-	(28,652)
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	81,868	28,652	-	(28,652)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

EC Federal				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	- -	- -	- -	- -
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	174	174
Other	<u>141,723</u>	<u>68,137</u>	<u>31,262</u>	<u>(36,875)</u>
Total revenues	<u>141,723</u>	<u>68,137</u>	<u>31,436</u>	<u>(36,701)</u>
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	<u>141,723</u>	<u>68,137</u>	<u>36,485</u>	<u>(31,652)</u>
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	<u>141,723</u>	<u>68,137</u>	<u>36,485</u>	<u>(31,652)</u>
Excess (deficiency) of revenues over (under) expenditures			<u>(5,049)</u>	<u>(5,049)</u>
Other financing sources (uses)				
Carry forwards	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	<u>(5,049)</u>	<u>- -</u>
Fund balances at beginning of year	<u>82,916</u>	<u>82,916</u>	<u>82,916</u>	<u>- -</u>
Fund balance at end of year	<u>\$ 82,916</u>	<u>\$ 82,916</u>	<u>\$ 77,868</u>	<u>\$ (5,049)</u>

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	Debris Removal			
	Budgeted Amounts		Actual	Variance with Final Budget- Over/(Under)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	107,220	107,220	74,586	(32,634)
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total revenues	107,220	107,220	74,586	(32,634)
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	- -	- -	- -	- -
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	107,220	107,220	107,000	(220)
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	107,220	107,220	107,000	(220)
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(32,414)	(32,414)
Other financing sources (uses)				
Carry forwards	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	(32,414)	(32,414)
Fund balances at beginning of year	- -	- -	32,414	32,414
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Urban High Crime				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	100,000	100,000	105,973	5,973
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total revenues	100,000	100,000	105,973	5,973
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	200,600	148,367	103,266	(45,101)
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	200,600	148,367	103,266	(45,101)
Excess (deficiency) of revenues over (under) expenditures	(100,600)	(48,367)	2,707	51,074
Other financing sources (uses)				
Carry forwards	100,600	48,367	- -	(48,367)
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	100,600	48,367	- -	(48,367)
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	2,707	2,707
Fund balances at beginning of year	(29,547)	(29,547)	(29,547)	- -
Fund balance at end of year	\$ (29,547)	\$ (29,547)	\$ (26,840)	\$ 2,707

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Federal Drug Fund				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	167,500	167,500	26,089	(141,411)
Local motor fuel taxes	- -	- -	101	101
Investment income	- -	- -	101	101
Other	- -	- -	- -	- -
Total revenues	167,500	167,500	26,190	(141,310)
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	167,500	167,500	143,397	(24,103)
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:	- -	- -	- -	- -
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims				
Total Expenditures:	167,500	167,500	143,397	(24,103)
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(117,207)	(117,207)
Other financing sources (uses)				
Carry forwards	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Excess of revenues and other sources over (under) expenditures and other uses	(117,207)	(117,207)	(117,207)	- -
Fund balances at beginning of year	- -	- -	113,839	113,839
Fund balance at end of year	\$ (117,207)	\$ (117,207)	\$ (3,368)	\$ 113,839

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

IKON

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	19,225	19,225	19,225	-
Total revenues	19,225	19,225	19,225	-
Expenditures:				
Current:				
Administration	19,225	19,225	12,499	(6,726)
Police	-	-	-	-
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	19,225	19,225	12,499	(6,726)
Excess (deficiency) of revenues over (under) expenditures	-	-	6,726	6,726
Other financing sources (uses)	-	-	-	-
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	6,726	-
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 6,726	\$ 6,726

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Justice Assistance grant					
	Budgeted Amounts			Variance with Final Budget- Over/(Under)	
	Original	Final	Actual		
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -	- -
Governmental grants & reimbursements	236,960	236,960	215,098	(21,862)	- -
Local motor fuel taxes	- -	- -	- -	- -	- -
Investment income	- -	- -	4,221	4,221	4,221
Other	- -	- -	- -	- -	- -
Total revenues	236,960	236,960	219,320	(17,640)	- -
Expenditures:					
Current:					
Administration	- -	- -	- -	- -	- -
Police	332,096	332,096	221,113	(110,984)	- -
Fire	- -	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -	- -
Public works	- -	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -	- -
Community development	- -	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -	- -
Debt service:	- -	- -	- -	- -	- -
Principal	- -	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -	- -
Total Expenditures:	332,096	332,096	221,113	(110,984)	- -
Excess (deficiency) of revenues over (under) expenditures	(95,136)	-	(95,136)	(1,793)	93,343
Other financing sources (uses)	- -	- -	- -	- -	- -
Carry forwards	95,136	95,136	- -	(95,136)	- -
Transferred to (from) other funds	- -	- -	- -	- -	- -
Total other financing sources (uses)	95,136	95,136	- -	- -	(95,136)
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	(1,793)	(1,793)	(1,793)
Fund balances at beginning of year	- -	- -	60,216	60,216	60,216
Fund balance at end of year	\$ -	\$ -	\$ 58,423	\$ 58,423	\$ 58,423

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

HOUSING AUTHORITY

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	378,000	378,000	63,000	(315,000)
Total revenues	378,000	378,000	63,000	(315,000)
Expenditures:				
Current:				
Administration	-	-	-	-
Police	378,000	378,000	12,002	(365,998)
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	378,000	378,000	12,002	(365,998)
Excess (deficiency) of revenues over (under) expenditures	-	-	50,998	50,998
Other financing sources (uses)	-	-	-	-
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	50,998	50,998
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 50,998	\$ 50,998

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

SCHOOL RESOURCE OFFICERS					
	Budgeted Amounts			Variance with Final Budget- Over/(Under)	
	Original	Final	Actual		
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	-	-	-
Governmental grants & reimbursements	-	-	-	-	-
Local motor fuel taxes	-	-	-	-	-
Investment income	-	-	-	-	-
Other	<u>217,417</u>	<u>217,417</u>	<u>334,000</u>	<u>116,583</u>	
Total revenues	<u>217,417</u>	<u>217,417</u>	<u>334,000</u>	<u>116,583</u>	
Expenditures:					
Current:					
Administration	-	-	-	-	-
Police	<u>252,000</u>	<u>252,000</u>	<u>278,651</u>	<u>26,651</u>	
Fire	-	-	-	-	-
Other Public Safety	-	-	-	-	-
Public works	-	-	-	-	-
Regulatory affairs	-	-	-	-	-
Community development	-	-	-	-	-
Redevelopment	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Other Claims	-	-	-	-	-
Total Expenditures:	<u>252,000</u>	<u>252,000</u>	<u>278,651</u>	<u>26,651</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(34,583)</u>	<u>(34,583)</u>	<u>55,349</u>	<u>89,932</u>	
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Transferred to (from) other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Excess of revenues and other sources over (under) expenditures and other uses	<u>(34,583)</u>	<u>(34,583)</u>	<u>55,349</u>	<u>89,932</u>	
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance at end of year	<u>\$ (34,583)</u>	<u>\$ (34,583)</u>	<u>55,349</u>	<u>\$ 89,932</u>	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

State Drug Forfeiture				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	65,000	65,000	- -	(65,000)
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	71	71
Other	- -	- -	17,555	17,555
Total revenues	65,000	65,000	17,626	(47,374)
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	65,000	65,000	86,134	21,134
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:	- -	- -	- -	- -
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	65,000	65,000	86,134	21,134
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(68,508)	(68,508)
Other financing sources (uses)				
Carry forwards	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Excess of revenues and other sources over (under) expenditures and other uses	(68,508)	(68,508)	(68,508)	(68,508)
Fund balances at beginning of year	- -	- -	71,446	71,446
Fund balance at end of year	\$ (68,508)	\$ (68,508)	\$ 2,938	\$ 71,446

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

Juvenile Offenders				
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	- -	- -	- -	- -
Franchise & utility taxes	- -	- -	- -	- -
State income taxes	- -	- -	- -	- -
State sales & use taxes	- -	- -	- -	- -
Home rule taxes	- -	- -	- -	- -
Replacement tax	- -	- -	- -	- -
Licenses, fines, fees & permits	- -	- -	- -	- -
Other taxes	- -	- -	- -	- -
Governmental grants & reimbursements	23,889	23,889	30,447	6,558
Local motor fuel taxes	- -	- -	- -	- -
Investment income	- -	- -	- -	- -
Other	2,655	2,655	3,759	1,104
Total revenues	26,544	26,544	34,206	7,662
Expenditures:				
Current:				
Administration	- -	- -	- -	- -
Police	26,544	26,544	34,221	7,677
Fire	- -	- -	- -	- -
Other Public Safety	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Regulatory affairs	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Redevelopment	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest on long term debt	- -	- -	- -	- -
Other Claims	- -	- -	- -	- -
Total Expenditures:	26,544	26,544	34,221	7,677
Excess (deficiency) of revenues over (under) expenditures	- -	- -	(15)	(15)
Other financing sources (uses)				
Carry forwards	- -	- -	- -	- -
Transferred to (from) other funds	- -	- -	- -	- -
Total other financing sources (uses)	- -	- -	- -	- -
Excess of revenues and other sources over (under) expenditures and other uses	- -	- -	(15)	(15)
Fund balances at beginning of year	10,845	10,845	10,845	-
Fund balance at end of year	\$ 10,845	\$ 10,845	\$ 10,830	\$ (15)

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

SCHOOL DISTRICT 189 TASK FORCE OFFICERS

	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	-	-	-	-
Other	386,583	386,583	168,000	(218,583)
Total revenues	386,583	386,583	168,000	(218,583)
Expenditures:				
Current:				
Administration	-	-	-	-
Police	352,000	352,000	117,937	(234,063)
Fire	-	-	-	-
Other Public Safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest on long term debt	-	-	-	-
Other Claims	-	-	-	-
Total Expenditures:	352,000	352,000	117,937	(234,063)
Excess (deficiency) of revenues over (under) expenditures	34,583	34,583	50,063	15,480
Other financing sources (uses)				
Carry forwards	-	-	-	-
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	34,583	34,583	50,063	15,480
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	\$ 34,583	\$ 34,583	\$ 50,063	\$ 15,480

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	Other			Variance with Final Budget- Over/(Under)	
	Budgeted Amounts		Actual		
	Original	Final			
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	
Riverboat gaming revenue	- -	- -	- -	- -	
Franchise & utility taxes	- -	- -	- -	- -	
State income taxes	- -	- -	- -	- -	
State sales & use taxes	- -	- -	- -	- -	
Home rule taxes	- -	- -	- -	- -	
Replacement tax	- -	- -	- -	- -	
Licenses, fines, fees & permits	- -	- -	- -	- -	
Other taxes	- -	- -	- -	- -	
Governmental grants & reimbursements	1,978,425	1,978,425	5,807	(1,972,618)	
Local motor fuel taxes	- -	- -	- -	- -	
Investment income	5,000	5,000	658	(4,342)	
Other	221,068	221,068	25,873	(195,195)	
Total revenues	2,204,493	2,204,493	32,338	(2,172,155)	
Expenditures:					
Current:					
Administration	- -	- -	88	88	
Police	- -	- -	5,807	5,807	
Fire	- -	- -	25,129	25,129	
Other Public Safety	- -	- -	9,497	9,497	
Public works	- -	- -	- -	- -	
Regulatory affairs	- -	- -	- -	- -	
Community development	- -	- -	- -	- -	
Redevelopment	- -	- -	- -	- -	
Debt service:					
Principal	- -	- -	- -	- -	
Interest on long term debt	- -	- -	- -	- -	
Other Claims					
Total Expenditures:	- -	- -	40,521	40,521	
Excess (deficiency) of revenues over (under) expenditures	2,204,493	2,204,493	(8,183)	(2,212,676)	
Other financing sources (uses)					
Carry forwards	- -	- -	- -	- -	
Transferred to (from) other funds	- -	- -	- -	- -	
Total other financing sources (uses)	- -	- -	- -	- -	
Excess of revenues and other sources over (under) expenditures and other uses	2,204,493	2,204,493	(8,183)	(2,212,676)	
Fund balances at beginning of year	119,532	119,532	119,532	- -	
Fund balance at end of year	\$ 2,324,025	\$ 2,324,025	\$ 111,349	\$ (2,212,676)	

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2008

	Total Non-Major			
	Budgeted Amounts			Variance with Final Budget- Over/(Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 355,000	\$ 355,000	326,302	\$ (28,698)
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-
Other taxes	50,000	50,000	21,536	(28,464)
Governmental grants & reimbursements	5,013,045	4,801,275	2,570,071	(2,231,204)
Local motor fuel taxes	-	-	-	-
Investment income	45,000	45,000	19,139	(25,861)
Other	2,671,215	2,597,629	1,962,722	(639,407)
Total revenues	8,134,260	7,848,904	4,899,770	(2,953,634)
Expenditures:				
Current:				
Administration	1,774,607	1,774,607	1,226,799	(547,808)
Police	1,843,249	1,843,249	1,042,985	(800,264)
Fire	15,500	15,500	55,981	40,481
Other Public Safety	25,000	25,000	27,609	2,609
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	5,289,137	5,289,137	2,238,350	(3,050,787)
Redevelopment	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	200,000	200,000
Interest on long term debt	-	-	-	-
Other Claims	-	-	100,945	100,945
Total Expenditures:	8,947,493	8,947,493	4,892,669	(4,054,824)
Excess (deficiency) of revenues over (under) expenditures	(813,232)	(1,098,589)	7,101	1,101,189
Other financing sources (uses)				
Carry forwards	4,815,710	4,815,710	-	(4,815,710)
Transferred to (from) other funds	-	-	-	-
Total other financing sources (uses)	4,815,710	4,815,710	-	(4,815,710)
Excess of revenues and other sources over (under) expenditures and other uses	4,002,478	3,717,122	7,101	(3,714,521)
Fund balances at beginning of year	1,282,095	1,282,095	1,533,253	251,159
Fund balance at end of year	\$ 5,284,573	\$ 4,999,216	\$ 1,540,354	\$ (3,458,862)

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING FUNDS
COMBINING BALANCE SHEET
December 31, 2008

	Tax Incremental Financing District 1 Fund	Tax Incremental Financing District 2 Fund	Tax Incremental Financing District 3A Fund	Tax Incremental Financing District 3B Fund
ASSETS				
Cash and cash equivalents	\$ 3,479,642	\$ 409,119	\$ 3,567,663	\$ 706,075
Short-term Investments	-	-	-	-
Accounts/other receivable, net	-	-	-	-
Receivable State of Illinois	-	-	-	-
Property taxes receivable	7,000,000	280,000	3,700,000	650,000
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grants	-	-	-	-
Other receivables	2,160	673	5,263	837
Due from other funds	36,704	25	1,123,224	185,415
Restricted Cash and long-term investments	9,720,045	-	-	-
Notes receivable	397,069	144,400	64,482	75,704
Total Assets	20,635,620	834,218	8,460,632	1,618,030
LIABILITIES AND FUND BALANCES				
Accounts payable	603,774	13,018	219,748	22,829
Accrued payroll	10,276	438	6,128	2,189
Deferred Revenue	7,000,000	280,000	3,700,000	650,000
Due to other funds	1,439,330	579,442	1,308	100,149
Total Liabilities	9,053,380	872,897	3,927,184	775,167
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	9,720,045	-	-	-
Reserved for Notes Receivables	397,069	144,400	64,482	75,704
Reserved for self insurance costs	-	-	-	-
Unreserved fund balance	1,465,126	(183,080)	4,468,966	767,160
Total fund balances	11,582,240	(38,680)	4,533,448	842,864
Total Liabilities and Fund Balances	\$ 20,635,620	\$ 834,218	\$ 8,460,632	\$ 1,618,030

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Period Ended December 31, 2008

Tax Incremental Financing District 3C Fund	Tax Incremental Financing District 3D Fund	Tax Incremental Financing District 3E Fund	Total Tax Incremental Financing District Funds
\$ 1,500,776	\$ 253,335	\$ 407,775	\$ 10,324,385
-	-	-	-
-	-	-	-
950,000	34,000	50,000	12,664,000
-	-	-	-
-	-	-	-
-	-	-	-
4,939	450	988	15,311
-	345	9,881	1,355,594
-	-	-	9,720,045
-	-	-	681,654
<u>2,455,715</u>	<u>288,130</u>	<u>468,644</u>	<u>34,760,989</u>
255,556	1,756	22,221	1,138,902
1,970	219	657	21,876
950,000	34,000	50,000	12,664,000
<u>59,534</u>	<u>5,795</u>	<u>99</u>	<u>2,185,656</u>
<u>1,267,060</u>	<u>41,769</u>	<u>72,976</u>	<u>16,010,434</u>
-	-	-	9,720,045
-	-	-	681,654
-	-	-	-
<u>1,188,655</u>	<u>246,361</u>	<u>395,668</u>	<u>8,348,857</u>
<u>1,188,655</u>	<u>246,361</u>	<u>395,668</u>	<u>18,750,556</u>
<u>\$ 2,455,715</u>	<u>\$ 288,130</u>	<u>\$ 468,644</u>	<u>\$ 34,760,989</u>

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Period Ended December 31, 2008

	Tax Incremental Financing District 1 Fund	Tax Incremental Financing District 2 Fund	Tax Incremental Financing District 3A Fund	Tax Incremental Financing District 3B Fund
Revenues:				
Property taxes	\$ 5,767,166	\$ 274,267	\$ 3,608,745	\$ 647,463
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licences, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	222,035	5,748	47,594	5,979
Other	<u>82,077</u>	<u>5,023</u>	<u>4,601</u>	<u>3,904</u>
Total revenues	<u>6,071,278</u>	<u>285,038</u>	<u>3,660,939</u>	<u>657,346</u>
Expenditures:				
Current:				
Administration	597,493	25,387	474,934	124,730
Police	-	-	-	-
Fire	-	-	-	-
Other public safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	20,092,917	80,656	1,938,763	211,679
Debt service:				
Principal	4,772,016	-	-	-
Interest on long term debt	1,602,991	-	-	-
Other claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>27,065,417</u>	<u>106,043</u>	<u>2,413,697</u>	<u>336,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,994,140)</u>	<u>178,995</u>	<u>1,247,242</u>	<u>320,937</u>
Other financing sources (uses):				
Proceeds from bond transactions	26,065,000	-	-	-
Transferred to (from) other funds	<u>(20,160)</u>	<u>(4,080)</u>	<u>(38,080)</u>	<u>(13,600)</u>
Total other financing sources (uses)	<u>26,044,840</u>	<u>(4,080)</u>	<u>(38,080)</u>	<u>(13,600)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>5,050,700</u>	<u>174,915</u>	<u>1,209,162</u>	<u>307,337</u>
Fund balance at beginning of year	<u>6,531,540</u>	<u>(213,595)</u>	<u>3,324,286</u>	<u>535,527</u>
Fund balance at end of year	<u>\$ 11,582,240</u>	<u>\$ (38,680)</u>	<u>\$ 4,533,448</u>	<u>\$ 842,864</u>

Combining Statement of Revenues, Expenditures, and Change in Fund Balance – TIF Governmental Funds

**SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008**

Tax Incremental Financing District 3C Fund	Tax Incremental Financing District 3D Fund	Tax Incremental Financing District 3E Fund	Total Tax Incremental Financing District Funds
\$ 944,996	\$ 33,538	\$ 49,194	\$ 11,325,368
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
25,354	4,487	12,662	323,859
		483	96,087
<u>970,350</u>	<u>38,025</u>	<u>62,338</u>	<u>11,745,314</u>
90,953	11,288	29,251	1,354,036
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
769,119	12,890	169,579	23,275,603
			4,772,016
			1,602,991
<u>860,073</u>	<u>24,177</u>	<u>198,830</u>	<u>31,004,647</u>
<u>110,278</u>	<u>13,847</u>	<u>(136,492)</u>	<u>(19,259,332)</u>
(12,240)	(1,360)	(2,720)	26,065,000
<u>(12,240)</u>	<u>(1,360)</u>	<u>(2,720)</u>	<u>(92,240)</u>
			25,972,760
98,038	12,487	(139,212)	6,713,427
1,090,617	233,874	534,880	12,037,128
<u>\$ 1,188,655</u>	<u>\$ 246,361</u>	<u>\$ 395,668</u>	<u>\$ 18,750,556</u>

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	ESDA Property Tax	State Farm State Grant	IMRF	Tort Liability
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 507,324
Investments	-	-	-	-
Accounts/other receivables, net				
Receivables state of illinois	-	-	-	-
Property taxes receivable	22,000	-	46,000	270,000
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grant	-	-	-	-
Other receivables	-	-	-	107,787
Due from other funds	14,588	13,870	279,676	46,782
Restricted cash and long-term investments	-	-	-	-
Notes receivable	-	-	-	-
Total Assets	36,588	13,870	325,676	931,893
LIABILITIES AND FUND BALANCES				
Accounts payable	-	4,737	23,051	-
Accrued payroll	-	-	1,357	542
Deferred revenue	22,000	-	46,000	270,000
Due to other funds	30,937	6,942	-	552,359
Total Liabilities	52,937	11,679	70,408	822,901
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	-	-	-	-
Reserve for self insurance costs	-	-	-	-
Unreserved fund balances	(16,349)	2,191	255,269	108,992
Total fund balances	(16,349)	2,191	255,269	108,992
Total Liabilities and fund balances	\$ 36,588	\$ 13,870	\$ 325,676	\$ 931,893

Combining Balance Sheet - Non-Major Funds

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	Auto Theft	Police Grant	EC State	2% FireTax
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 8,568	\$ -
Short-term investments	-	-	-	-
Accounts/other receivables, net				
Receivables state of illinois	-	-	-	-
Property taxes receivable	-	-	-	-
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grant	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	37,287	1,533	336	-
Restricted cash and long-term investments	-	-	-	-
Notes receivable	-	-	11,592	-
Total Assets	37,287	1,533	20,494	-
LIABILITIES AND FUND BALANCES				
Accounts payable	-	-	4,489	3,886
Accrued payroll	2,028	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	37,199	-	24,395	15,782
Total Liabilities	39,227	-	28,884	19,668
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	-	-	11,592	-
Reserve for self insurance costs	-	-	-	-
Unreserved fund balances	(1,941)	1,533	(19,982)	(19,668)
Total fund balances	(1,941)	1,533	(8,390)	(19,668)
Total Liabilities and fund balances	\$ 37,287	\$ 1,533	\$ 20,494	\$ -

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	Insurance Reserves	CDBG Operations	Home grant	Emergency Shelter Grant
ASSETS				
Cash and cash equivalents	\$ 1,022,224	\$ 9,907	\$ 27,459	\$ 649
Short-term investments	-	-	-	-
Accounts/other receivables, net				
Receivables state of illinois	-	-	-	-
Property taxes receivable	-	-	-	-
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grant	-	108,992	39,830	2,480
Other receivables	360,464	-	-	-
Due from other funds	2,378	1,698	-	-
Restricted cash and long-term investments	-	-	-	-
Notes receivable	-	31,838	-	-
Total Assets	1,385,064	152,434	67,289	3,129
LIABILITIES AND FUND BALANCES				
Accounts payable	560,442	79,139	38,525	2,607
Accrued payroll	-	16,719	2,573	131
Deferred revenue	-	-	-	-
Due to other funds	46,782	52,277	20,833	391
Total Liabilities	607,224	148,135	61,931	3,129
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	-	31,838	-	-
Reserve for self insurance costs	777,840	-	-	-
Unreserved fund balances	-	(27,540)	5,358	-
Total fund balances	777,840	4,298	5,358	-
Total Liabilities and fund balances	\$ 1,385,064	\$ 152,434	\$ 67,289	\$ 3,129

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	EC Federal	Debris Removal	Urban High Crime	Fed Drug Fund
ASSETS				
Cash and cash equivalents	\$ 62,027	\$ -	\$ -	\$ 15,749
Short-term investments	-	-	-	-
Accounts/other receivables, net				
Receivables state of Illinois	-	-	-	-
Property taxes receivable	-	-	-	-
Utility and franchise taxes receiv	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	74,586	-	-
Government grant	-			
Other receivables	-	-	-	-
Due from other funds	-	-	36,936	-
Restricted cash and long-term investr	-	-	-	-
Notes receivable	19,497	-	-	-
Total Assets	81,524	74,586	36,936	15,749
LIABILITIES AND FUND BALANCES				
Accounts payable	537	-	466	19,118
Accrued payroll	1,269	-	3,578	-
Deferred revenue	-	-	-	-
Due to other funds	1,851	74,586	59,733	-
Total Liabilities	3,656	74,586	63,777	19,118
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	19,497	-	-	-
Reserve for self insurance costs	-	-	-	-
Unreserved fund balances	58,371	-	(26,841)	(3,368)
Total fund balances	77,868	-	(26,841)	(3,368)
Total Liabilities and fund balances	\$ 81,524	\$ 74,586	\$ 36,936	\$ 15,749

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	IKON	Justice Assistance Grant	Housing Authority Grant	District 189 SRO
ASSETS				
Cash and cash equivalents	\$ -	\$ 258,336	\$ -	\$ -
Short-term investments	-	-	-	-
Accounts/other receivables, net				
Receivables state of illinois	-	-	-	-
Property taxes receivable	-	-	-	-
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grant	-	-	-	-
Other receivables	-	-	63,000	-
Due from other funds	6,726	-	-	62,668
Restricted cash and long-term investments	-	-	-	-
Notes receivable	-	-	-	-
Total Assets	6,726	258,336	63,000	62,668
LIABILITIES AND FUND BALANCES				
Accounts payable	-	52,842	-	-
Accrued payroll	-	-	3,360	7,320
Deferred revenue	-	21,862	-	-
Due to other funds	-	125,209	8,642	-
Total Liabilities	-	199,913	12,002	7,320
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	-	-	-	-
Reserve for self insurance costs	-	-	-	-
Unreserved fund balances	6,726	58,423	50,999	55,349
Total fund balances	6,726	58,423	50,999	55,349
Total Liabilities and fund balances	\$ 6,726	\$ 258,336	\$ 63,000	\$ 62,668

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	State Drug Forfeiture	Juvenile Offenders	Task Force Officers	OTHER
ASSETS				
Cash and cash equivalents	\$ 32,525	\$ 32,523	\$ -	\$ 299,831
Short-term investments	-	-	-	-
Accounts/other receivables, net	-	-	-	-
Receivables state of illinois	-	-	-	-
Property taxes receivable	-	-	-	-
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	2,447	-	501
Government grant	-	4	168,000	192,977
Other receivables	-	19	-	276,910
Due from other funds	-	-	-	-
Restricted cash and long-term investments	-	-	-	-
Notes receivable	-	-	-	-
Total Assets	32,525	34,992	168,000	770,219
LIABILITIES AND FUND BALANCES				
Accounts payable	29,586	1,097	4,080	132,842
Accrued payroll	-	904	7,301	-
Deferred revenue	-	-	-	6,648
Due to other funds	-	22,162	106,556	519,380
Total Liabilities	29,586	24,163	117,937	658,870
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for notes receivable	-	-	-	-
Reserve for self insurance costs	-	-	-	-
Unreserved fund balances	2,939	10,829	50,063	111,349
Total fund balances	2,939	10,829	50,063	111,349
Total Liabilities and fund balances	\$ 32,525	\$ 34,992	\$ 168,000	\$ 770,219

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 2,277,120
Short-term investments	-
Accounts/other receivables, net	-
Receivables state of illinois	-
Property taxes receivable	338,000
Utility and franchise taxes receivable	-
Other taxes receivable	-
Motor fuel tax receivable	-
Government grant	228,837
Other receivables	892,232
Due from other funds	781,404
Restricted cash and long-term investments	-
Notes receivable	<u>62,926</u>
Total Assets	<u>4,580,520</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	957,444
Accrued payroll	47,082
Deferred revenue	368,510
Due to other funds	<u>1,708,015</u>
Total Liabilities	<u>3,077,051</u>
Fund balances:	
Reserved for project completion	-
Reserved for debt service	-
Reserved for notes receivable	62,926
Reserve for self insurance costs	777,840
Unreserved fund balances	<u>662,702</u>
Total fund balances	<u>1,503,469</u>
Total Liabilities and fund balances	<u>\$ 4,580,520</u>

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDIURES, AND CHANGES IN FUND BALANCE
Period Ended December 31, 2008

	ESDA Property Tax	State Farm State Grant	IMRF	Tort Liability	Auto Theft
Revenues:					
Property taxes	\$ 21,764	\$ -	\$ 45,307	\$ 253,775	\$ -
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	-	-	782
Governmental grants & reimbursements	-	-	-	-	-
Local motor fuel taxes	-	-	77	3,848	-
Investment income	-	-	-	-	-
Other	-	13,500	-	-	-
Total revenues	21,764	13,500	45,383	257,622	782
Expenditures:					
Current:					
Administration	-	-	33,192	67,480	-
Police	-	-	-	-	37,247
Fire	-	11,261	-	-	-
Other Public Safety	18,112	-	-	-	-
Public works	-	-	-	-	-
Regulatory affairs	-	-	-	-	-
Community development	-	-	-	-	-
Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	200,000	-
Interest on long term debt	-	-	-	-	-
Other Claims	-	-	-	-	-
Total Expenditures:	18,112	11,261	33,192	267,480	37,247
Excess (deficiency) of revenues over (under) expenditures	3,652	2,239	12,192	(9,857)	(36,465)
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	-	-	-	15,838
Total other financing sources (uses)	-	-	-	-	15,838
Excess of revenues and other sources over (under) expenditures and other uses	3,652	2,239	12,192	(9,857)	(20,627)
Fund balances at beginning of year	(20,001)	(48)	243,077	118,849	18,686
Fund balance at end of year	\$ (16,349)	\$ 2,191	\$ 255,269	\$ 108,992	\$ (1,941)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDIURES, AND CHANGES IN FUND BALANCE
Period Ended December 31, 2008

	Police Grant	EC State	2% Fire Tax	Insurance Reserves	CDBG Operations
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	21,536	-	-
Governmental grants & reimbursements	-	-	-	-	1,907,403
Local motor fuel taxes	-	-	-	-	-
Investment income	-	-	-	8,658	-
Other	4,500	4,848	-	9,304	10,239
Total revenues	4,500	4,848	21,536	17,963	1,917,642
Expenditures:					
Current:					
Administration	-	-	-	1,181,020	-
Police	3,211	-	-	-	-
Fire	-	-	19,591	-	-
Other Public Safety	-	-	-	-	-
Public works	-	-	-	-	-
Regulatory affairs	-	-	-	-	-
Community development	-	4,377	-	-	1,917,642
Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Other Claims	-	-	-	-	-
Total Expenditures:	3,211	4,377	19,591	1,181,020	1,917,642
Excess (deficiency) of revenues over (under) expenditures	1,289	471	1,945	(1,163,058)	-
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	-	-	1,240,543	-
Total other financing sources (uses)	-	-	-	1,240,543	-
Excess of revenues and other sources over (under) expenditures and other uses	1,289	471	1,945	77,486	-
Fund balances at beginning of year	244	(8,861)	(21,613)	700,354	4,298
Fund balance at end of year	\$ 1,533	\$ (8,390)	\$ (19,668)	\$ 777,840	\$ 4,298

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDIURES, AND CHANGES IN FUND BALANCE
Period Ended December 31, 2008

	Home Grant	Emergency Shelter Grant	EC Federal	Debris Removal	Urban High Crime
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	-	-	-
Governmental grants & reimbursements	204,085	74,386	-	74,586	105,973
Local motor fuel taxes	-	-	-	-	-
Investment income	-	-	174	-	-
Other	1,275	-	31,262	-	-
Total revenues	205,360	74,386	31,437	74,586	105,973
Expenditures:					
Current:					
Administration	-	-	-	-	103,266
Police	-	-	-	-	-
Fire	-	-	-	-	-
Other Public Safety	-	-	-	-	-
Public works	-	-	-	107,000	-
Regulatory affairs	-	-	-	-	-
Community development	205,460	74,386	36,485	-	-
Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Other Claims	-	-	-	-	-
Total Expenditures:	205,460	74,386	36,485	107,000	103,266
Excess (deficiency) of revenues over (under) expenditures	(100)	-	(5,049)	(32,414)	2,707
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(100)	-	(5,049)	(32,414)	2,707
Fund balances at beginning of year	5,458	-	82,916	32,414	(29,547)
Fund balance at end of year	\$ 5,358	\$ -	\$ 77,868	\$ -	\$ (26,841)

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDIURES, AND CHANGES IN FUND BALANCE
Period Ended December 31, 2008

	Fed Drug Fund	IKON	Justice Assistance Grant	Housing Authority Grant	District 189 SRO
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	-
Other taxes	-	-	-	-	-
Governmental grants & reimbursements	26,089	-	215,098	-	-
Local motor fuel taxes	-	-	-	-	-
Investment income	101	-	4,221	-	-
Other	-	19,225	-	63,000	334,000
Total revenues	26,189	19,225	219,320	63,000	334,000
Expenditures:					
Current:					
Administration	-	12,499	-	-	-
Police	143,397	-	221,113	12,002	278,651
Fire	-	-	-	-	-
Other Public Safety	-	-	-	-	-
Public works	-	-	-	-	-
Regulatory affairs	-	-	-	-	-
Community development	-	-	-	-	-
Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Other Claims	-	-	-	-	-
Total Expenditures:	143,397	12,499	221,113	12,002	278,651
Excess (deficiency) of revenues over (under) expenditures	(117,207)	6,726	(1,793)	50,999	55,349
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(117,207)	6,726	(1,793)	50,999	55,349
Fund balances at beginning of year	113,839	-	60,218	-	-
Fund balance at end of year	\$ (3,368)	\$ 6,726	\$ 58,423	\$ 50,999	\$ 55,349

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDIURES, AND CHANGES IN FUND BALANCE
Period Ended December 31, 2008

	State Drug Forfeiture	Juvenile Offenders	Task Force Officers	OTHER	Total Non- Major Funds
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 320,845
Riverboat gaming revenue	-	-	-	-	-
Franchise & utility taxes	-	-	-	-	-
State income taxes	-	-	-	-	-
State sales & use taxes	-	-	-	-	-
Home rule taxes	-	-	-	-	-
Replacement tax	-	-	-	-	-
Licenses, fines, fees & permits	-	-	-	-	21,536
Other taxes	-	-	-	-	-
Governmental grants & reimbursements	-	30,447	-	5,807	2,644,656
Local motor fuel taxes	-	-	-	-	-
Investment income	71	90	-	658	17,898
Other	17,555	-	168,000	25,873	702,581
Total revenues	17,626	30,537	168,000	32,338	3,707,517
Expenditures:					
Current:					
Administration	-	-	-	88	1,294,278
Police	86,134	34,221	117,937	5,807	1,042,985
Fire	-	-	-	25,129	55,981
Other Public Safety	-	-	-	9,497	27,609
Public works	-	-	-	-	107,000
Regulatory affairs	-	-	-	-	-
Community development	-	-	-	-	2,238,349
Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	200,000
Interest on long term debt	-	-	-	-	-
Other Claims					
Total Expenditures:	86,134	34,221	117,937	40,521	4,966,203
Excess (deficiency) of revenues over (under) expenditures	(68,507)	(3,684)	50,063	(8,183)	(1,258,686)
Other financing sources (uses)					
Carry forwards	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transferred to (from) other funds	-	3,669	-	-	1,260,050
Total other financing sources (uses)	-	3,669	-	-	1,260,050
Excess of revenues and other sources over (under) expenditures and other uses	(68,507)	(15)	50,063	(8,183)	1,364
Fund balances at beginning of year	71,446	10,845	-	119,532	1,502,105
Fund balance at end of year	\$ 2,939	\$ 10,829	\$ 50,063	\$ 111,349	\$ 1,503,469

CITY OF EAST ST. LOUIS, ILLINOIS
Schedule of Cash/Cash Equivalents and Investments
December 31, 2008

ACCOUNT:	Cash	CD/Repos Trustees	Maturity Date	Obligated Funds(5)	Unobligated Cash	Unobligated Investments
General Revenue Fund:						
General Revenue:1ST IL GF DSB	-	\$ -	Demand	-	\$ -	\$ -
General Revenue:Associated	(958)		Demand		(958)	
UP - PAYROLL ACCT	(7,879)	-	Demand		(7,879)	
CASH-FIRE DEPT IMPREST	1,118		Demand		1,118	
CASH-RESTOR. OF VEH & EQU	14,000	380,218	Demand	394,218	-	
1ST IL BK-GEN REV#520701	1,789,239		Demand		1,789,239	
1st Illinois	21,561		Demand	21,561	-	
Police Petty Cash	1,501		Demand	1,501	-	
Public Works Imprest-UP	637		Demand	637	-	
Investments-Certificate of Deposits	1,526,501	CD			1,526,501	
REGIONS BANK	195,802	Trust			195,802	
MORGAN STANLEY- GF CLAIMS	-	Trust			-	
JP MORGAN TRUST ACCT	500,529	Trust		500,529		
JPM - SER2005 COST OF ISSUA	0	Demand		0		
JPM - INTEREST	105,054	Trust		105,054		
JPM-SERIES 2005 INTEREST	53,901	Demand		53,901		
JPM - PRINCIPAL	285,435	CD		285,435		
JPM - SER 2005 PRINCIPAL	153,727	Trust		153,727		
JPM - DEBT RESTRICT	-	Trust				
JPM - DEBT SVC RESERVE	2,008,448	Trust		2,008,448		
JPM - EXPENSE FUND	36,209	Demand		36,209		
Accounts Payable	-			-	(3,780,562)	
Total General Revenue Fund	1,855,428	5,209,613		3,561,220	(1,999,042)	1,722,302
Total Unobligated Funds General Fund						(276,740)
Special Revenue Fund(1):						
Tax Increment Financing						
TIF CLEARING - ASSOCIATED BANK	-		Demand	-	-	-
BK OF NY-TIF #372768	4,222,339	Demand		4,222,339	-	-
BK OF NY - CASINO QUEEN	5,497,706	Trust		5,497,706	-	
ASSOCIATED BANK CD	3,998,062	CD			3,998,062	
Investments-Certificate of Deposits	300	CD			300	
TIF 1 ASSOCIATED	658,163	Demand		-	658,163	
TIF 2 - ASSOCIATED BANK	408,192	Demand		-	408,192	
TIF 3A - ASSOCIATED BANK	2,907,624	-	Demand	-	2,907,624	-
Associate Wealth Management	144,309	CD		-	-	144,309
TIF 3B - ASSOCIATED BANK	693,143	Demand		-	693,143	
TIF 3E - ASSOCIATED BANK	405,813	Demand		-	405,813	
TIF 3C - ASSOCIATED BANK	770,948	Demand		-	770,948	
TIF CLEARING - ASSOCIATED BANK	84,773	Demand		84,773	-	
TIF 3D - ASSOCIATED BANK	-	253,057	Demand	-	-	253,057
Accounts Payable	-		Demand	-	(1,099,980)	-
Total Tax Increment Financing	5,928,658	14,115,774		9,804,818	4,743,904	4,395,729
Total Unobligated Funds TIF						9,139,633
Motor Fuel Tax						
REGIONS BANK CD	-	\$ 513,834	Trust	513,834	\$ -	\$ -

Schedule of Cash/Cash Equivalents and Investments

CITY OF EAST ST. LOUIS, ILLINOIS
Schedule of Cash/Cash Equivalents and Investments
December 31, 2008

ACCOUNT:	CD/Repos		Maturity Date	Obligated Funds(5)	Unobligated Cash	Unobligated Investments
	Cash	Trustees				
Motor Fuel Tax(Cont.)						
MFT ILLINOIS FUND	2	\$ -	\$ 166,579	Trust	\$ 166,579	\$ -
SYNDICATED INVESTMENTS	2		702,998	Trust	702,998	
MFT-REGIONS BANK	2	<u>50,000</u>	<u>1,283,525</u>	sw eep	<u>1,333,525</u>	-
Total Motor Fuel		<u>50,000</u>	<u>2,666,935</u>		<u>2,716,935</u>	-
Other						
ASSOCIATED BANK CD	1		506,043	CD	-	506,043
1ST IL SPEC REV #521501	1	507,324		Demand	507,324	-
Investments-Certificate of Deposits 1			-	Demand	-	
BONY Flexicash	1		-	CD	-	
1ST IL INSURANCE CLAIMS	1	455,552		Demand	455,552	
1ST IL WORKMANS COMP	1	37,078		CD	37,078	-
US BK - AUTO LIABILITY	1	23,476		CD	23,476	-
US BANK AUTO LIABILITY 2	1	76		Demand	76	
Total Other		<u>1,023,506</u>	<u>506,043</u>		<u>1,023,506</u>	<u>506,043</u>
Total Special Revenue Fund		<u>7,002,162</u>	<u>17,288,752</u>		<u>13,545,259</u>	<u>4,743,904</u>
Total Unobligated Funds Special Revenue						<u>4,901,772</u>
Enterprise Fund:						<u>9,845,678</u>
ASSOCIATE - SEWER ACCT		7,570		Demand	1,285	6,286
BK OF NY - PFIZER		<u>440,718</u>		Demand	-	<u>440,718</u>
Total Enterprise Fund		<u>448,288</u>			<u>1,285</u>	<u>447,004</u>
Total Unobligated Funds Enterprise						<u>447,004</u>
Federal Grant Funds						
Investments & Certs			-	CD	-	-
1ST IL Bank - Gen Rev# 1520701		-	-	Demand	-	
FED & STATE GRANT SP REV		299,831		Demand		299,831
UNION PLT-CK #1210082074		9,907		Demand	93,043	(83,136)
ASSOCIATED-HOME#550033504		27,459		Demand	-	27,459
UNION PLT. ESG #20360917		649		Demand	9,177	(8,528)
1ST IL -EC FED #802301NK		62,027		Demand	2,787	59,240
1ST BK FED DRUG FUND		15,749		Demand	15,749	-
JUSTICE ASSISTANCE GRANT		258,336		Trust	258,336	-
Total Federal Grant Fund		<u>673,958</u>			<u>379,092</u>	<u>294,866</u>
Total Unobligated Funds Federal Grants						<u>294,866</u>
State Grant Funds (1)						
ENTERPRISE COMM-RIVERCITY		8,547		Demand		8,547
State Drug Delta		32,525				
1ST IL - JUVENILE ACCT		<u>32,523</u>		Demand	<u>32,523</u>	-
Total State Grant Fund		<u>73,595</u>			<u>32,523</u>	<u>8,547</u>
Total Unobligated Funds						<u>8,547</u>
TOTAL-ALL FUNDS		<u>10,053,432</u>	<u>22,498,366</u>		<u>17,519,378</u>	<u>3,495,279</u>
						<u>6,824,074</u>

(1) Amounts are held for the specific use of the applicable fund.
 (2) Cash and repurchase agreements should be combined to reflect actual cash.
 (3) Cash accounts pay disbursement for Urban High Crime and ESDA Federal.
 (4) Cash accounts pay disbursement for ESDA, IMRF and Tort Liability.
 (5) Obligated funds consists of Restricted bank accounts, accounts payable, and accrued expenses.

Note: This schedule is a requirement of the East St. Louis Financial Advisory Authority.



**CITY OF EAST ST. LOUIS, ILLINOIS
TAX INCREMENT FINANCING DISTRICTS
FINANCIAL STATEMENTS
DECEMBER 31, 2008**





RANDLE & ASSOCIATES, LLC, CPAs

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INDEPENDENT AUDITOR'S REPORT

320 Brooks Dr. (Suite 239)
Hazelwood, MO 63042

City Council, Mayor, and City Manager
City of East St. Louis, Illinois

We have audited the accompanying financial statements of the City of East St. Louis, Illinois Tax Increment Financing Districts, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the City of East St. Louis, Illinois' 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 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.

As discussed in Note 2, the financial statements present only the Tax Increment Financing Districts of the City of East St. Louis, Illinois and are not intended to present fairly the financial position and results of operations of the City of East St. Louis, Illinois, 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 City of East St. Louis Tax Increment Financing Districts as of December 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also issued a report dated August 27, 2009 on our consideration of the City of East St. Louis, Illinois Tax Increment Financing Districts' compliance with laws, regulations, contracts and grants.

Randle & Associates, LLC, CPAs
Hazelwood, Missouri
August 27, 2009

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING FUNDS
COMBINING BALANCE SHEET
December 31, 2008

	Tax Incremental Financing District 1 Fund	Tax Incremental Financing District 2 Fund	Tax Incremental Financing District 3A Fund	Tax Incremental Financing District 3B Fund
<hr/>				
ASSETS				
Cash and cash equivalents	\$ 3,479,642	\$ 409,119	\$ 3,567,663	\$ 708,075
Short-term Investments	-	-	-	-
Accounts/other receivable, net	-	-	-	-
Receivable State of Illinois	-	-	-	-
Property taxes receivable	7,000,000	280,000	3,700,000	650,000
Utility and franchise taxes receivable	-	-	-	-
Other taxes receivable	-	-	-	-
Motor fuel tax receivable	-	-	-	-
Government grants	-	-	-	-
Other receivables	2,160	673	5,263	837
Due from other funds	36,704	25	1,123,224	185,415
Restricted Cash and long-term investments	9,720,045	-	-	-
Notes receivable	397,069	144,400	64,482	75,704
Total Assets	20,635,620	834,218	8,460,632	1,618,030
<hr/>				
LIABILITIES AND FUND BALANCES				
Accounts payable	603,774	13,018	219,748	22,829
Accrued payroll	10,276	438	6,128	2,189
Deferred Revenue	7,000,000	280,000	3,700,000	650,000
Due to other funds	1,439,330	579,442	1,308	100,149
Total Liabilities	9,053,380	872,897	3,927,184	775,167
<hr/>				
Fund balances:				
Reserved for project completion	-	-	-	-
Reserved for debt service	9,720,045	-	-	-
Reserved for Notes Receivables	397,069	144,400	64,482	75,704
Reserved for self insurance costs	-	-	-	-
Unreserved fund balance	1,465,126	(183,080)	4,468,966	767,160
Total fund balances	11,582,240	(38,680)	4,533,448	842,864
Total Liabilities and Fund Balances	\$ 20,635,620	\$ 834,218	\$ 8,460,632	\$ 1,618,030

CITY OF EAST ST. LOUIS, ILLINOIS
SPECIAL REVENUE FUNDS – TAX INCREMENT FINANCING FUNDS
COMBINING BALANCE SHEET
December 31, 2008

Tax Incremental Financing District 3C Fund	Tax Incremental Financing District 3D Fund	Tax Incremental Financing District 3E Fund	Total Tax Incremental Financing District Funds
\$ 1,500,776	\$ 253,335	\$ 407,775	\$ 10,324,385
-	-	-	-
-	-	-	-
950,000	34,000	50,000	12,664,000
-	-	-	-
-	-	-	-
-	-	-	-
4,939	450	988	15,311
-	345	9,881	1,355,594
-	-	-	9,720,045
-	-	-	681,654
<u>2,455,715</u>	<u>288,130</u>	<u>468,644</u>	<u>34,760,989</u>
255,556	1,756	22,221	1,138,902
1,970	219	657	21,876
950,000	34,000	50,000	12,664,000
<u>59,534</u>	<u>5,795</u>	<u>99</u>	<u>2,185,656</u>
<u>1,267,060</u>	<u>41,769</u>	<u>72,976</u>	<u>16,010,434</u>
-	-	-	9,720,045
-	-	-	681,654
<u>1,188,655</u>	<u>246,361</u>	<u>395,668</u>	<u>8,348,857</u>
<u>1,188,655</u>	<u>246,361</u>	<u>395,668</u>	<u>18,750,556</u>
<u>\$ 2,455,715</u>	<u>\$ 288,130</u>	<u>\$ 468,644</u>	<u>\$ 34,760,989</u>

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SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DECEMBER 31, 2008

	Tax Incremental Financing District 1 Fund	Tax Incremental Financing District 2 Fund	Tax Incremental Financing District 3A Fund	Tax Incremental Financing District 3B Fund
Revenues:				
Property taxes	\$ 5,767,166	\$ 274,267	\$ 3,608,745	\$ 647,463
Riverboat gaming revenue	-	-	-	-
Franchise & utility taxes	-	-	-	-
State income taxes	-	-	-	-
State sales & use taxes	-	-	-	-
Home rule taxes	-	-	-	-
Replacement tax	-	-	-	-
Licences, fines, fees & permits	-	-	-	-
Other taxes	-	-	-	-
Governmental grants & reimbursements	-	-	-	-
Local motor fuel taxes	-	-	-	-
Investment income	222,035	5,748	47,594	5,979
Other	82,077	5,023	4,601	3,904
Total revenues	6,071,278	285,038	3,660,939	657,346
Expenditures:				
Current:				
Administration	597,493	25,387	474,934	124,730
Police	-	-	-	-
Fire	-	-	-	-
Other public safety	-	-	-	-
Public works	-	-	-	-
Regulatory affairs	-	-	-	-
Community development	-	-	-	-
Redevelopment	20,092,917	80,656	1,938,763	211,679
Debt service:				
Principal	4,772,016	-	-	-
Interest on long term debt	1,602,991	-	-	-
Other claims				
Total expenditures	27,065,417	106,043	2,413,697	336,410
Excess (deficiency) of revenues over (under) expenditures	(20,994,140)	178,995	1,247,242	320,937
Other financing sources (uses):				
Proceeds from bond transactions	26,065,000	-	-	-
Transferred to (from) other funds	(20,160)	(4,080)	(38,080)	(13,600)
Total other financing sources (uses)	26,044,840	(4,080)	(38,080)	(13,600)
Excess of revenues and other sources over (under) expenditures and other uses	5,050,700	174,915	1,209,162	307,337
Fund balance at beginning of year	6,531,540	(213,595)	3,324,286	535,527
Fund balance at end of year	\$ 11,582,240	\$ (38,680)	\$ 4,533,448	\$ 842,864

SPECIAL REVENUE – NON-MJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DECEMBER 31, 2008

Tax Incremental Financing District 3C Fund	Tax Incremental Financing District 3D Fund	Tax Incremental Financing District 3E Fund	Total Tax Incremental Financing District Funds
\$ 944,996	\$ 33,538	\$ 49,194	\$ 11,325,368
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
25,354	4,487	12,662	323,859
-	-	483	96,087
<u>970,350</u>	<u>38,025</u>	<u>62,338</u>	<u>11,745,314</u>
90,953	11,288	29,251	1,354,036
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
769,119	12,890	169,579	23,275,603
-	-	-	4,772,016
-	-	-	1,602,991
<u>860,073</u>	<u>24,177</u>	<u>198,830</u>	<u>31,004,647</u>
110,278	13,847	(136,492)	(19,259,332)
-	-	-	-
(12,240)	(1,360)	(2,720)	26,065,000
<u>(12,240)</u>	<u>(1,360)</u>	<u>(2,720)</u>	<u>(92,240)</u>
98,038	12,487	(139,212)	6,713,427
1,090,617	233,874	534,880	12,037,128
<u>\$ 1,188,655</u>	<u>\$ 246,361</u>	<u>\$ 395,668</u>	<u>\$ 18,750,556</u>

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - GENERAL STATEMENT

The City of East St. Louis, Illinois (the "City") currently has seven TIF Districts established. These include TIF 1, TIF 2, TIF 3A, TIF 3B, TIF 3C, TIF 3D and TIF 3E. The City's oldest TIF District is TIF District 1, which was established in 1986. This TIF District is due to expire in 2028. TIF 2 was established in 1987 and is due to expire in 2010. TIF Districts 3A, 3B, 3C, 3D and 3E were established in 1991. These TIF Districts will expire by the end of 2013.

The Tax Increment Financing Act was enacted into law in Illinois in 1977 as a program to enable municipalities to target financial assistance to eliminate or prevent blighted conditions in developed areas, particularly established, or older sections of downtown areas.

Municipalities may establish three types of TIF programs relating either to property tax, utility tax, or sales tax revenues. Property tax TIF districts authorize the City to receive incremental tax revenues generated from the increase in assessed value of the property tax after private redevelopment has occurred. The amount of growth in property tax revenues, or increment, is to be set-aside in a City Special Revenue Fund to pay for redevelopment costs, including debt service, if applicable. By contracting with various businesses in the TIF district to make property improvements, which will then increase the assessed value of the property, the City is entitled to the resulting incremental increase in property tax revenues. Out of these incremental revenues, the City is to repay the businesses for the cost of the improvements. Once the improvements in the TIF districts are completed and all costs paid, any future increments revert back to the local taxing bodies.

All TIF districts established by the City are active and receive annual tax distribution of incremental property tax revenues from St. Clair County. TIF District 1 also receives incremental sale and utility tax revenues from the State of Illinois.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation - The financial statements presented herein represent the combining financial statements of the Tax Increment Financing (TIF) Districts of the City as of and for the year ended December 31, 2008 and are not intended to present the financial position and results of operations of the City in conformity with U.S. generally accepted accounting principles.

Fund Accounting - The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting - The basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of measurement focus.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

The modified accrual basis of accounting is utilized by the City's TIF Districts. Under this method, revenues are recognized when they become both measurable and available for current expenditures. Expenditures are recognized when goods or services have been received and the related fund liability has been incurred except for principal and interest payments on debt. Expenditures for principal and interest payments on debt are recognized when due.

Deposits and Investments – The City considers all investment instruments purchased with a maturity of three months or less to be cash equivalents for financial statement purposes. For the purpose of assessing risks, all nonnegotiable certificates of deposits are considered cash equivalents. Cash equivalents are considered deposits.

At December 31, 2008 the carrying amount of the City's deposits (includes checking, savings, money market accounts) was \$10,324,385 and the bank balance was \$10,324,405. Of the bank balance \$250,000 was covered by federal depository insurance, \$9,930,096 was covered by collateral held by the pledging financial institution's trust department's agent in the City's name and \$144,309 was uncollateralized and uninsured.

The carrying value of investments was \$9,720,044. All investments were insured or collateralized.

NOTE 3 – BONDS PAYABLE

Outstanding bonds payable for the Tax Increment Financing Districts are presented in the Government-Wide Financial Statements and, accordingly, are not reflected in the accompanying financial statements.

Casino Queen Revenue Bonds - \$28,675,000
(Series 1998A \$2,610,000; Series 2008A \$26,065,000)

In March 1999, the City issued conduit bonds through Southwestern Illinois Development Authority (SWIDA). The \$11,000,000 SWIDA Local Government Revenue Bonds are backed by taxes from the TIF 1 district. The proceeds of the SWIDA bonds were used to fund construction for the Casino Queen "Redevelopment Agreement". The bonds were issued in two series: \$8,000,000 Series 1998-A bonds, which were privately placed and \$3,000,000 Series 1998-B bonds, which are held by the owners of the Casino Queen.

In February 2008 the City issued \$26,065,000 of 2008-A Casino Queen conduit bonds through SWIDA. These bonds were used to fund a new redevelopment agreement with the Casino Queen for reimbursable project cost associated with the 2005 Casino Queen project. The 2005 Casino Queen project was paid \$15,750,000, the Casino Queen

1998B \$4,772,016 bonds were paid off, the remainder of the funds received from the bond issuance was used to pay issuance costs and fund the bond escrow accounts. The 1998A bonds were refinanced but will not be paid in full on the original maturity date of April 1, 2010.

CITY OF EAST ST. LOUIS, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

NOTE 3 – BONDS PAYABLE (CONTINUED)

The Series 1998-A bonds pay interest of 6% semi-annually on April 1 and October 1. The City had pledged 80% of its TIF 1 revenues and 80% of the Casino Queen sales tax increment for the next 10 years in order to fund the Casino Queen bonds. The 2008-A series bonds pay interest semi-annually on April 1 and October 1. The average coupon rate is 7.00%. The City has pledged 90% of the tax increment for certain parcels land and 100% of the increment for other parcels of land.

The City refunded the Casino Queen 1998-A and 1998-B bonds for \$8,340,000 and issued an additional \$17,725,000 in bonds to fund the development cost necessary for the new Casino Queen project.

The bond indenture for the Casino Queen 1998-A states that: 'the Series 1998-A Bonds shall not be subject to optional redemption prior to maturity. The Series 1998-B series were subject to redemption after April 1, 2000. The 1998-B bonds could only be redeemed if the principal and interest on the 1998-A bonds were paid in full or the payment was fully provided for.'

Therefore the 1998-A bonds were refunded, and the funds put into a trust account; the 1998-A bonds are still outstanding. The City experienced a \$5,200,052 loss on the refunding of the series 1998-A and 1998-B bonds.

Payment of the bond principal depends entirely on the TIF 1 funds collected minus previous committed TIF 1 revenues to be paid by the trustee. To ensure the City complied with the covenants of the bond agreement, all TIF 1 revenues are forwarded directly from the County Treasurer to the bond trustee, who will fund escrow accounts to defray the bond costs (minus committed TIF 1 revenues) before forwarding the balance to the City.

The following is a summary of the Tax Increment Financing bond transactions of the City for the year ended December 31, 2008:

<u>Description and Purpose</u>	<u>Balance 1/1/2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2008</u>
SWIDA Casino Queen Bonds Series A 1998	\$2,610,000	-	-	\$2,610,000
SWIDA Casino Queen Bonds Series A 2008	-	26,065,000	-	26,065,000
TOTAL	\$2,610,000	\$26,065,000	-	\$28,675,000



RANDLE & ASSOCIATES, LLC, CPAs
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS ^{PERFORMED} ₂₃₉
IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

Fax (314) 731-8001

PERFORMED

Hazelwood, MO 63042

City Council, Mayor, and City Manager
City of East St. Louis, Illinois

We have audited the basic financial statements of the City of East St. Louis, Illinois, Tax Increment Financing Districts (the Districts), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

Compliance with laws, regulations, contracts, and grants applicable to the Districts' is the responsibility of the City of East St. Louis, Illinois's management. As part of obtaining reasonable about whether financial statements are free of material misstatement, we performed tests of the Districts' compliance with certain provisions of laws, regulations, contracts and grants applicable to the Districts, including the Districts' compliance with subsection (q) of Section 11-74.4-3 of the State of Illinois Public Act 85-1142, An Act in Relation to Tax Increment Financing, 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 test disclosed instances of noncompliance with the provisions referred to in the preceding paragraph noted in the schedule of findings and questioned costs as items TIF 2008-1 and TIF 2008-2.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the City of East St. Louis, Illinois, Tax Increment Financing Districts, we considered the Districts' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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.

This report is intended for the information and use of management, City Council, the Mayor, City Manager, Financial Advisory Administration's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randle & Associates, LLC, CPAs
Hazelwood, Missouri
August 27, 2009

**CITY OF EAST ST. LOUIS, ILLINOIS
TAX INCREMENT FINANCING DISTRICTS
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008**

The following are audit findings that the State of Illinois Public Act 85-1142, An "Act in Relation to the Tax Increment Financing" requires to be reported for an audit of TIF Districts.

**TIF 2008-1: Failure to comply with TIF Law – TIF Districts without Redevelopment Agreement
(Repeat 2004 – 2008)**

Condition: The City failed to provide TIF agreements for Districts 3D and 3E.

TIF 2008-2: Inadequate Financial Reporting

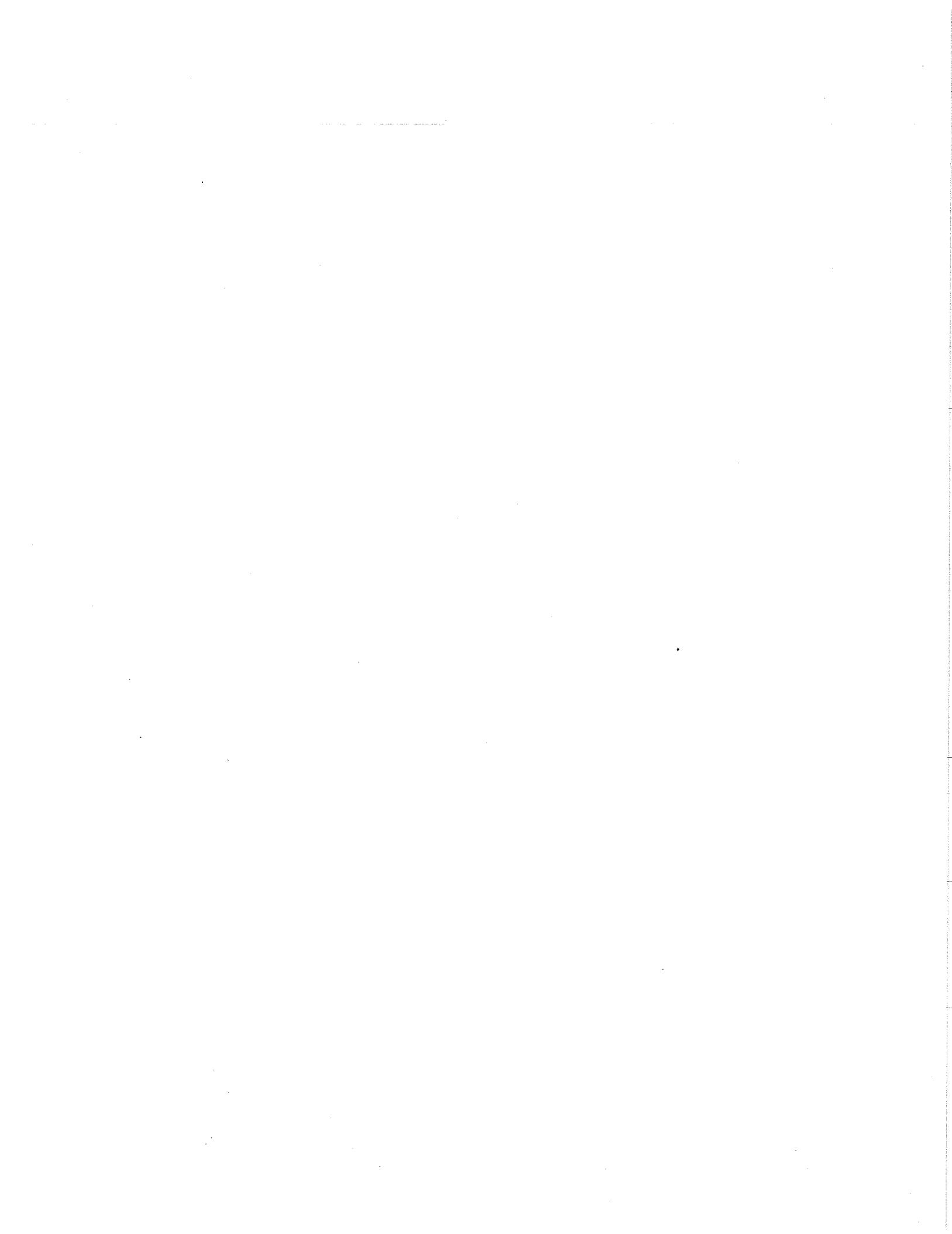
(Repeat 1998 – 2007)

Condition: The City does not categorize TIF expenditures according to the twelve TIF expense categories required by State statute.

CITY OF EAST ST. LOUIS, ILLINOIS
OMB Circular A-133 Compliance Report

December 31, 2008

(With Independent Auditors Reports Thereon)





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

City Council, Mayor, and City Manager
City of East St. Louis, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East St. Louis, Illinois, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 27, 2009. Our opinion on the financial statements, insofar as it relates to the amounts included for the City of East St. Louis, Illinois Pension Trust Funds, a component unit, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of East St. Louis, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the City of East St. Louis, Illinois' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (2008-1 and 2008-2)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of East St. Louis, Illinois' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above, is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of East St. Louis, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2008-2 and 2008-3.

We noted certain other matters that we reported to management of the City of East St. Louis, Illinois, in a separate letter, dated August 27, 2009. The City of East St. Louis, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of East St. Louis, Illinois' response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, City Council, the Mayor, City Manager, Financial Advisory Administration's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rauder & Associates, LLC, CPAs
Hazelwood, Missouri
August 27, 2009



RANDLE & ASSOCIATES, LLC, CPAs

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Hazelwood, MO 63042

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

City Council, Mayor, and City Manager
City of East St. Louis, Illinois

Compliance

We have audited the compliance of the City of East St. Louis, 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 December 31, 2008. City of East St. Louis, Illinois major federal program is 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 City of East St. Louis, Illinois' management. Our responsibility is to express an opinion on the City of East St. Louis, 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 East St. Louis, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of East St. Louis, Illinois' compliance with those requirements.

In our opinion, City of East St. Louis, 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 December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned cost as items 2008-01, 2008-02 and 2008-03.

Internal Control Over Compliance

The management of the City of East St. Louis, 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 East St.

Louis, 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of East St. Louis, Illinois' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We considered the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned cost as items 2008-01, to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2008-01 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East St. Louis, Illinois as of and for the year ended December 31, 2008 and have issued our report thereon dated August 27, 2009. Our audit was performed for the purpose of forming our opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis required by OMB Circular A-133 and it is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of management, City Council, the Mayor, City Manager, Financial Advisory Administration's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randall & Associates, LLC, CPAs

Hazelwood, Missouri
August 27, 2009

**CITY OF EAST ST. LOUIS, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>GRANTOR / PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grants:			
Entitlement Programs	14.218		\$ 1,917,642
HOME Investment Partnerships Program	14.239		205,550
Emergency Shelter Program	14.231		<u>68,971</u>
Total U.S. Department of Housing and Urban Development			<u>2,192,163</u>
U.S. Department of Justice			
Direct			
Shared Federally Forfeited Property Program	16.000		145,190
Pass-through the Illinois Criminal Justice Information Authority			
Special Programs for the Juvenile Accountability			
Incentive Block Grant	16.523	503032	34,221
Urban High Crime	16.528		103,266
Justice Assistance Grant	16.738		<u>219,320</u>
Total U.S. Department of Justice			<u>501,997</u>
U.S. Department of Health and Human Services			
Pass-through the Illinois Department of Human Services			
Empowerment Zone/Enterprise Community Initiative	93.667	5997816735	<u>36,485</u>
Total U.S. Department of Health and Human Services			<u>36,485</u>
U.S. Department of Homeland Security			
Pass-through the Illinois Emergency Management Agency			
Federal Emergency Management Assistance	97.036		80,250
Emergency Management Assistance	97.042	EMA-04-000077	<u>9,497</u>
Total U.S. Department of Homeland Security			<u>89,747</u>
Total expenditures of federal awards			<u>\$ 2,820,392</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF EAST ST. LOUIS, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE – BASIS OF PRESENTATION

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

**CITY OF EAST ST. LOUIS, ILLINOIS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Financial statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified that are considered material weaknesses?	NO
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Reportable conditions identified that are considered material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Program Title</u>
14.218	Community Development Block Grant Entitlement Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

There were no reportable financial statement findings.

**CITY OF EAST ST. LOUIS, ILLINOIS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Section III – Federal Award Findings and Questioned Costs

Finding 2008-1 Cost Allowed and Unallowed

Program Impacted: U.S. Department of Housing and Urban Development, Community Development Block Grant Entitlement Programs – CFDA 14.218

Condition: Testing noted employees charged 100% to the Community Development Program did not perform semi-annual certifications documenting their cost charged to the grant. Additionally, the City's time tracking system does not reflect allocations of employee's time worked on the grant and other cost centers of the City.

Criteria: In accordance with OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments", when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personal activity reports or equivalent documentation which reflect an after the fact distribution of the total actual activity for which each employee is compensated, be prepared at-least monthly and coincide with pay periods, be signed by the employee, and be based on actual data not budgeted.

Effect: The City's failure to properly certify and track personnel time in accordance with the OMB Circular A-87, could result in the disallowance of the personnel cost charged to the program.

Recommendation: Procedures should be implemented requiring all employees charged to any grant program complete and sign a semi-annual certification of working 100% to the program or complete at least monthly an actual allocation of their time reflecting the various cost centers charged.

Finding 2008 – 2 Reporting

Program(s) Impacted: All Federal Awards which expenditures

Condition: The City failed to submit the required data collection form for the audit of the years ended December 31, 2006 and 2007 in the prescribed format.

Criteria: Section 320 of OMB Circular A-133 requires a data collection form be prepared at the completion of each audit and submitted electronically to the federal clearinghouse designated by OMB.

Effect: Failure to submit the required reports in the prescribed format could jeopardize the City's ability to receive additional federal funding.

Recommendation: Procedures should be implemented to ensure timely and accurate reporting of the data collection form and the single audit reporting package to the Federal Audit Clearinghouse as required by OMB Circular A-133

**CITY OF EAST ST. LOUIS, ILLINOIS
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

2008-3 Davis-Bacon

Program Impacted: U.S. Department of Housing and Urban Development, Community Development Block Grant Entitlement Programs – CFDA 14.218

Condition: Wages paid to one individual working on a contract were paid below the Davis-Bacon prevailing wage rate.

Criteria: The Davis Bacon and Related Acts (DBRA) requires all contractors and subcontractors performing work on federal or District of Columbia construction contracts or federally assisted contracts in excess of \$2,000 to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar projects in the area.

Effect: The wages paid below the Davis-Bacon minimum wage rate is a violation of the Davis-Bacon Act.

Population and Items Tested: All 5 employees from the only contract required to comply with the Davis-Bacon Act was selected for audit. One individual was found to be in noncompliance.

Recommendation: Although the City has a system in place to ensure the certified payrolls are submitted, we recommend the payrolls be reviewed to ensure the contractors payrolls comply with the required minimum wage requirements of the project.

**CITY OF EAST ST. LOUIS, ILLINOIS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Finding 2007-1: Inadequate Subrecipient Monitoring Procedures

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Home Investment Partnership Program – CFDA # 14.239
Questioned Costs: \$849,642

Condition: A HUD issued monitoring report of the HOME Investment Partnership Program dated February 8, 2008, determined the City did not monitor its subrecipients Alpha Plaza Development and Denverside Apartments to determine whether the projects' tenants met the affordability requirements.

HUD proposed recommendations to the findings are to recoup or disallow expenditures in the amount of \$200,000 for the Denverside project and \$649,642 for the Alpha Plaza project, or a total of \$849,642.

Current year status:

Finding remains unresolved.

Finding 2007-2: Financial reports issued to USDOJ differed from the City's Financial Status Reports: Inadequate Personnel Time Records; Noncompliance with Special Conditions; Inadequate Documentation supporting certain expenditures.

U.S. Department of Justice
Office of Justice Programs
Urban High Crime Neighborhood Initiative
Project Haven – CFDA # 16.528; Grant 2004-VF-GX-K003

Condition: The City failed to adequately document, 1) time incurred on the project by certain personnel related to salaries for victim advocates (\$48,522); 2) contractual cost related to work on website not in the approved budget (\$17,510); 3) contractual cost related to continental breakfast (\$1,099). The City reported spending (\$270,950) on the FSR at 9/30/07, when special condition 20 prohibited such spending until the City's 2004 audit report had been submitted to the federal audit clearinghouse. The City spent \$376 in supplies and other costs related to a luncheon, books and a literature holder that appeared unrelated to the grant. Cumulative expenditures on the City's financial status report noted \$10,582 more in expenditures than the City's financial statements.

Current year status:

On February 2, 2009, DOJ cleared all but \$39.05 of this finding. Finding is deemed to be resolved.

**CITY OF EAST ST. LOUIS, ILLINOIS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Finding 2004-11: Inadequate Sub-recipient Monitoring Procedures

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Home Investment Partnership Program – CFDA # 14.239
Questioned Costs: \$160,000

Condition: In May 2005, a financial fraud was discovered that appears approximately \$160,000 of HOME Investment Partnerships Program Funds was intentionally misdirected to a personal bank account. The situation has been investigated by federal authorities and judicial action has been taken against the person that committed the fraud. The U.S. Department of Housing and Urban Development recommended that reimbursement from non-restricted reserves be implemented.

Current year status: The City has not implemented a restitution process nor has reimbursement from non-restricted reserves been refunded. Finding remains unresolved.

CITY OF EAST ST. LOUIS, ILLINOIS

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED DECEMBER 31, 2008

Finding 2008-1 Cost Allowed and Unallowed

Condition: Testing noted employees charged 100% to the Community Development Program did not perform semi-annual certifications documenting their cost charged to the grant. Additionally, the City's time tracking system does not reflect allocations of employee's time worked on the grant and other cost centers of the City.

Corrective Action: The City will immediately place in effect Procedures to implement "personnel activity reports" in accordance with OMB Circular A-87 to track employee time spent on projects as they relate to federal funding sources. These reports will be collected weekly, be presented bi-weekly to coincide with employee pay periods and will be certified by each individual employee as required by OMB circular A-87.

Finding 2008-2 Reporting

Condition: The City failed to submit the required data collection form for the audit of the years ended December 31, 2006 and 2007 in the prescribed format.

Corrective Action: It was brought to The City of East St. Louis' attention that our data collection forms for the audits of the years ended December 31, 2006 and 2007 were not submitted. The City submitted the 2006 forms manually with the signature of the auditor. Due to changes implemented by the federal clearinghouse, it was discovered that our previous auditor did not electronically approve the 2007 audit. Therefore, the City will ensure that all forms are submitted and approved by our auditors in the future.

Finding 2008-3 Davis Bacon Act

Condition: Wages paid to one individual working on a contract were paid below the Davis-Bacon prevailing wage rate.

Corrective Action: Throughout the City's previous Action Plans submitted to HUD the Community Development Department has sponsored infrastructure projects. Within the CDBG budget one staff person, physically assigned to the Public Works Department (the CDBG grant pays 20% of salary), is responsible for compliance to all CDBG federal regulations regarding infrastructure projects. This staff person has been trained in compliance the CDBG program and its regulations regarding the Davis Bacon Act; however, training has not been continuous because the employee is not physically located within the Community Development Department. The City will seek additional training for this employee with special emphasis on labor laws (Davis Bacon and Section 3 Compliance) pertaining to CDBG sponsored programs.

In addition to training the employee responsible of monitoring infrastructure projects, the Community Development Department will take additional steps to ensure CDBG regulations are adhered to by implementing inter-departmental agreements between the City's Public Works and Community Development Departments. Prior to 2006, when the City's Entitlement Programs were being administered by a non-profit entity, a *Memorandum of Understanding or Inter-departmental*

CITY OF EAST ST. LOUIS, ILLINOIS

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED DECEMBER 31, 2008

Cooperative Agreement was created between the non-profit (Community Development) and other City Departments. These agreements; signed by the City Manager and Financial Advisory Authority were enforced by the Community Department. The agreement spelled out the laws pertaining to labor and the necessary monthly reporting and monitoring requirements for CDBG sponsored projects. The Community Development Department will begin implementing "Inter-Departmental Cooperative Agreements beginning in 2010.

Finding 2007-1: Inadequate Sub-recipient Monitoring Procedures:

Condition: A HUD issued monitoring report of the HOME Investment Partnership Program dated February 8, 2008, determined the City did not monitor its subrecipients Alpha Plaza Development and Denverside Apartments to determine whether the projects' tenants met the affordability requirements.

Corrective Action: The City of East St. Louis Community Development Department began monitoring both the Denverside and Alpha Plaza apartments immediately following this finding from HUD. The CDBG Housing Inspector, CDBG Manager, Fiscal Clerk and a one other staff member conducted the monitoring visits by inspecting both facilities and examining resident files for income levels and regulations. These monitoring procedures have been conducted yearly since this concern or finding was raised by HUD and is closed. What currently remain open are the recapture requirements on the remaining affordability period requirements on these HOME funded projects. Both properties were apart of Edgemont Development Corporation which went bankrupt. After the bankruptcy completion, HUD wanted assurance that a legal agreement was in place to ensure HOME funds were recaptured if the properties were not kept affordable. According to our HUD representative during our last monitoring visit, HUD was in the process of closing out one portion of the finding on the Denverside apartments after a legal agreement was received from the owners (Cornerstone Reality) and the City. Our attorney's (Hinshaw Law) is currently working on a similar document with the owners of Alpha Plaza (East Lake Development Corporation in Chicago) to remove this finding. We have requested they expedite this process to remove this finding.

