

Town of the City of Peoria, Illinois

Financial Report
March 31, 2014

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Independent Auditor's Report

To the Town Officials
Town of the City of Peoria, Illinois
Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and major fund of the Town of the City of Peoria, Illinois (Town) as of and for the years ended March 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of cash receipts and disbursements described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and major fund of the Town of the City of Peoria, Illinois as of March 31, 2014 and 2013, and the respective changes in cash basis financial position thereof for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 – 10), the schedules of funding progress (pages 24 – 25), the combining cash receipts, disbursements and changes in cash and cash equivalents - cash basis - governmental funds - General Fund, by accounts (pages 26 – 27) and the budgetary comparison information (pages 28 – 37) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Peoria, Illinois
July 9, 2014

Town of the City of Peoria, Illinois

Management's Discussion and Analysis March 31, 2014, 2013 and 2012

The Town of the City of Peoria, Illinois' (Town) Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on the Town's significant financial issues, (2) provide an overview of the Town's financial activity, (3) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the Town's approved budget ordinance and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on financial activities for the years ended March 31, 2014, 2013 and 2012, resulting changes and currently known facts, please read it in conjunction with the Town's March 31, 2014 financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2014

- Receipts for the Town were \$2,556,190.
- Disbursements for the Town were \$2,691,725.
- As of the close of the year ended March 31, 2014, the Town's governmental fund (General Town Account, General Assistance Account and Retirement Account) reported combined ending cash and cash equivalents of \$2,013,143, a decrease of \$135,535 (6.3%) in comparison with the prior year. Of this amount, \$886,782 (44.0%) is unassigned and available to meet ongoing and future obligations of the Town.

FINANCIAL HIGHLIGHTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

- Receipts for the Town were \$2,474,555.
- Disbursements for the Town were \$2,593,090.
- As of the close of the year ended March 31, 2013, the Town's governmental fund (General Town Account, General Assistance Account and Retirement Account) reported combined ending cash and cash equivalents of \$2,148,678, a decrease of \$118,535 (5.2%) in comparison with the prior year. Of this amount, \$978,917 (45.6%) is unassigned and available to meet ongoing and future obligations of the Town.

FINANCIAL HIGHLIGHTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2012

- Receipts for the Town were \$2,452,182.
- Disbursements for the Town were \$2,742,803.
- As of the close of the year ended March 31, 2012, the Town's governmental fund (General Town Account, General Assistance Account and Retirement Account) reported combined ending cash and cash equivalents of \$2,267,213, a decrease of \$290,621 (11.4%) in comparison with the prior year. Of this amount, \$1,225,877 (54.1%) is unassigned and available to meet ongoing and future obligations of the Town.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three primary components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. The Town's financial statements also contain required supplementary information in addition to the basic financial statements.

Town of the City of Peoria, Illinois

Management's Discussion and Analysis
March 31, 2014, 2013 and 2012

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statements of activities and changes in cash and cash equivalents - cash basis present information on the Town's cash position and how the Town's cash and cash equivalents changed during the years ended March 31, 2014 and 2013. Over time, increases or decreases in available cash and cash equivalents may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. All changes in cash and cash equivalents are reported as soon as cash is received or disbursed, regardless of when the event giving rise to the change occurred.

The governmental activities of the Town include general government and public welfare. Real estate taxes and governmental receipts consisting of State of Illinois replacement taxes, temporary assistance reimbursements (see explanation following Table 3 in this discussion) and interest income finance these activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund, comprised of the General Town Account, General Assistance Account and Retirement Account, is the only fund of the Town and is classified for financial reporting purposes as a governmental fund.

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 the near-term inflows and outflows of available resources, as well as balances of available resources at the end of the fiscal year.

Information for the General Town Account, General Assistance Account and the Retirement Account are presented separately in the statement of cash receipts, disbursements and changes in cash and cash equivalents as supplementary information. The General Fund is considered to be the major fund as it is the only fund of the Town. The Town adopts an annual appropriated budget for each of its governmental accounts.

Government-Wide Financial Statements

TABLE 1
Statements of Activities and
Changes in Cash and Cash Equivalents - Cash Basis
As of March 31, 2014, 2013 and 2012

	Governmental Activities		
	2014	2013	2012
Cash and cash equivalents:			
Unrestricted	\$ 2,013,143	\$ 2,148,678	\$ 2,267,213

Town of the City of Peoria, Illinois

Management's Discussion and Analysis
March 31, 2014, 2013 and 2012

TABLE 2
Statements of Activities and
Changes in Cash and Cash Equivalents - Cash Basis
For the Years Ended March 31, 2014, 2013 and 2012

	Governmental Activities		
	2014	2013	2012
Receipts:			
General receipts:			
Property taxes	\$ 2,167,600	\$ 2,101,739	\$ 2,106,091
Illinois replacement taxes	273,177	238,290	240,817
Interest	5,777	7,632	15,077
Miscellaneous	95	450	234
Program receipts:			
Temporary assistance reimbursements	109,541	126,444	89,963
	<u>2,556,190</u>	<u>2,474,555</u>	<u>2,452,182</u>
Disbursements:			
General government	1,283,079	1,294,369	1,381,149
Public welfare	1,408,646	1,298,721	1,361,654
	<u>2,691,725</u>	<u>2,593,090</u>	<u>2,742,803</u>
 Decrease in cash and cash equivalents	 \$ (135,535)	 \$ (118,535)	 \$ (290,621)

Financial Analysis of the Town's Fund

Governmental Fund

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of March 31, 2014, the Town's governmental fund reported ending cash and cash equivalents of \$2,013,143, a decrease of 6.3% in comparison to the prior year. Of the total cash and cash equivalents, \$1,011,925 or 50.3% is assigned for the General Assistance Account for program and administration, \$114,436 or 5.7% is assigned for the Retirement Account (Social Security and IMRF funds) and the remaining \$886,782 or 44.0% is unassigned and available through the General Town Account to meet the Town's general services and administration.

As of March 31, 2013, the Town's governmental fund reported ending cash and cash equivalents of \$2,148,678, a decrease of 5.2% in comparison to the prior year. Of the total cash and cash equivalents, \$1,047,429 or 48.7% is assigned for the General Assistance Account for program and administration, \$122,332 or 5.7% is assigned for the Retirement Account (Social Security and IMRF funds) and the remaining \$978,917 or 45.6% is unassigned and available through the General Town Account to meet the Town's general services and administration.

As of March 31, 2012, the Town's governmental fund reported ending cash and cash equivalents of \$2,267,213, a decrease of 11.4% in comparison to the prior year. Of the total cash and cash equivalents, \$926,905 or 40.9% is assigned for the General Assistance Account for program and administration, \$114,431 or 5.0% is assigned for the Retirement Account (Social Security and IMRF funds) and the remaining \$1,225,877 or 54.1% is unassigned and available through the General Town Account to meet the Town's general services and administration.

Town of the City of Peoria, Illinois

Management's Discussion and Analysis
 March 31, 2014, 2013 and 2012

General Town Account

Overview. The General Town Account is the primary operating account of the Town. The March 31, 2014, cash and cash equivalents of the General Town Account decreased by \$92,135 from the prior year, primarily due to disbursements exceeding receipts by the General Town Account. The March 31, 2013, cash and cash equivalents of the General Town Account decreased by \$246,960 from the prior year, primarily due to a decrease in property taxes received by the General Town Account. The March 31, 2012, cash and cash equivalents of the General Town Account decreased by \$227,534 from the prior year, primarily due to an increase in disbursements paid out of the General Town Account. The following table presents a comparison summary of the receipts and disbursements for the fiscal years ended March 31, 2014, 2013 and 2012.

TABLE 3
General Town Account Statements of Receipts and Disbursements
For the Years Ended March 31, 2014, 2013 and 2012

	2014	Increase (Decrease)	2013	Increase (Decrease)	2012
Receipts:					
Property taxes	\$ 585,214	\$ 101,885	\$ 483,329	\$ (43,167)	\$ 526,496
Replacement taxes	233,430	29,811	203,619	(2,159)	205,778
Interest	2,823	(699)	3,522	(2,949)	6,471
Miscellaneous	95	(355)	450	216	234
	<u>\$ 821,562</u>	<u>\$ 130,642</u>	<u>\$ 690,920</u>	<u>\$ (48,059)</u>	<u>\$ 738,979</u>
Disbursements:					
Assessor	\$ 393,379	\$ (41,419)	\$ 434,798	\$ (10,565)	\$ 445,363
Town Clerk	63,168	(4,590)	67,758	(413)	68,171
Town Collector	42,307	(710)	43,017	(10,636)	53,653
Supervisor	89,371	2,929	86,442	2,841	83,601
Other	325,472	19,607	305,865	(9,860)	315,725
	<u>\$ 913,697</u>	<u>\$ (24,183)</u>	<u>\$ 937,880</u>	<u>\$ (28,633)</u>	<u>\$ 966,513</u>

In 2014, receipts from property taxes and replacement taxes increased by approximately \$132,000 from the prior year, contributing to a net increase in total receipts of approximately \$131,000. There was a decrease in overall disbursements of approximately \$24,000 comparing 2014 to the prior year. Despite the increase in receipts and decrease in disbursements, there was still an overall decrease in cash and cash equivalents in 2014 as more monies were disbursed than were received during the year.

In 2013, receipts from property taxes and replacement taxes decreased by approximately \$45,000 from the prior year, contributing to a net decrease in total receipts of approximately \$48,000. The decrease in cash and cash equivalents from 2012 to 2013 was also affected by a decrease in overall disbursements of approximately \$29,000.