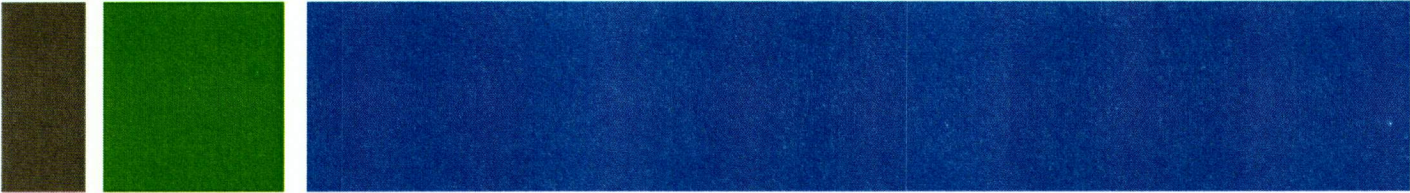


Town of the City of Peoria, Illinois

Report to the Town Trustees and Town Officials
September 22, 2016





September 22, 2016

Town Trustees and Town Officials
Town of the City of Peoria, Illinois

Attention: Charles Grayeb, Town Trustee

RSM US LLP

401 Main Street, Suite 1200
Peoria, IL 61602

O +1 309 671 8700
F +1 309 673 2620

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We are pleased to present this report related to our audit of the basic financial statements of the Town of the City of Peoria, Illinois (the Town) as of and for the year ended March 31, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

This report is intended solely for the information and use of the Town Trustees and Town Officials, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Town.

RSM US LLP

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Contents

Required communications

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Exhibit A—Letter communicating a significant deficiency in internal control over financial reporting

Exhibit B—Significant written communications between management and our firm

Representation letter

Town exhibit report

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 14, 2015. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. Reference should be made to Note 7 to the basic financial statements for new accounting standards adopted during the year ended March 31, 2016.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.

Area	Comments
Letter Communicating a Significant Deficiency in Internal Control Over Financial Reporting	We have separately communicated a significant deficiency in internal control over financial reporting identified during our audit of the basic financial statements, and this communication is attached as Exhibit A.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit B.

To the Town Trustees and Town Officials
Town of the City of Peoria, Illinois
September 22, 2016
Page 2

Segregation of Duties

A limited number of persons have the primary responsibility for performing a significant portion of the accounting and financial duties of the Town. As a result, some of the aspects of internal accounting control, which rely upon adequate segregation of duties, are missing in the Town. Specifically, we noted that the person who initiates and records vendor payments also has access to a signature stamp for one of the authorized check signers. We also noted this same individual has access to the payroll data system and is also responsible for initiating and recording all payroll transactions. Good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Also, when electronic data processing is involved, the functions of data entry, computer operations, control over programs and data files, and control over input and output should be separated. We wish to emphasize that a strong system of management supervision (and often, trustee involvement) and periodic review procedures over financial operations are important in organizations that do not have personnel available to properly segregate accounting and financial duties, to help mitigate this condition.

This communication is intended solely for the information and use of the Town Trustees and Town Officials, and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP



TOWN OF THE CITY OF PEORIA, ILLINOIS

Joseph P. Whalen – Township Supervisor

Serving the People where they live.

September 22, 2016

RSM US LLP
401 Main Street, Suite 1200
Peoria, IL 61604

This representation letter is provided in connection with your audit of the basic financial statements of the Town of the City of Peoria, Illinois (the Town) as of and for the years ended March 31, 2016 and 2015, for the purpose of expressing an opinion on whether the basic financial statements are presented fairly, in all material respects, in accordance with the cash basis of accounting as described in Note 1 to the basic financial statements.

We confirm, to the best of our knowledge and belief, that as of September 22, 2016:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 14, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with the cash basis of accounting as described in Note 1 to the basic financial statements.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We are not aware of any accounting estimates in the basic financial statements prepared in accordance with the cash basis of accounting.
5. Related-party transactions, including those with other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, as applicable, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the cash basis of accounting.

Joseph P. Whalen, Township Supervisor

205 S.W. Adams St.

Peoria, IL 61602

Phone: (309) 674-8237

Fax: (309) 674-8347

E-mail: jwhalen60@hotmail.com

6. All events subsequent to the date of the financial statements, and for which the cash basis of accounting requires adjustment or disclosure, have been adjusted or disclosed.
7. We are not aware of any known actual or possible litigation and claims that should be recorded or disclosed in accordance with the cash basis of accounting.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net positions and fund balance classifications.
 - b. All leases and material amounts of rental obligations under long-term leases.
 - c. The effect on the financial statements of the Governmental Accounting Standards Board (GASB) statements, which have been issued, but which we have not yet adopted.
 - d. Deposits and investment securities categories of risk.
9. Fund balances are properly classified.
10. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
11. Receipts are appropriately classified in the government-wide financial statements as program receipts and general receipts
12. We agree with the findings of specialists in evaluating the Post-Employment Benefits Plan and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
13. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private.
14. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
15. We have no knowledge of any uncorrected misstatements in the basic financial statements.

Information Provided

16. We have provided you with:
 - a. Access to all information of, which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;

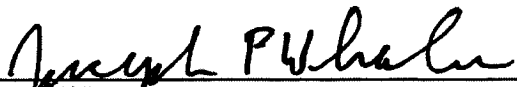
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
19. We have no knowledge of allegations of fraud or suspected fraud affecting the Town's financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements received in communications from employees, former employees, analysts, regulators, or others.
21. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
23. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
24. We have informed you of all significant deficiencies in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize and report financial data. We are aware of no material weaknesses.
25. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
26. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Other Information

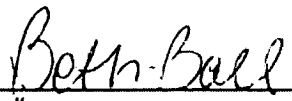
27. With respect to other information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with the cash basis of accounting as described in Note 1 to the financial statements.

- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When other information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the other information no later than the date of issuance of the supplementary information and the auditor's report thereon.

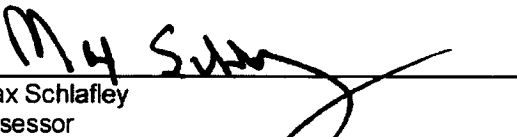
Town of the City of Peoria, Illinois



Joseph Whalen
Supervisor



Beth Ball
Clerk



Max Schlafley
Assessor



Patrick Nichtig
Collector

Town of the City of Peoria, Illinois

EXHIBIT A

Statements of Activities and Changes in Cash and Cash Equivalents - Cash Basis
Year Ended March 31, 2016

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities:					
General government	\$ (1,300,464)	\$ -	\$ -	\$ -	\$ (1,300,464)
Public welfare	(1,369,029)	-	171,503	-	(1,197,526)
Total governmental activities	\$ (2,669,493)	\$ -	\$ 171,503	\$ -	(2,497,990)
General receipts:					
Taxes:					
Property					2,180,777
Illinois replacement					288,695
Interest					5,249
Miscellaneous					1,119
Total general receipts					2,475,840
Change in cash and cash equivalents					(22,150)
Cash and cash equivalents:					
Beginning					1,876,368
Ending					\$ 1,854,218
Cash and cash equivalents:					
Restricted for:					
Retirement					\$ 108,871
Public welfare					898,749
Unrestricted					846,598
					\$ 1,854,218

Town of the City of Peoria, Illinois

**Combining Statements of Cash Receipts, Disbursements and Changes in Cash and
Cash Equivalents - Cash Basis - Governmental Fund
General Fund, by Accounts
Year Ended March 31, 2016**

	General Town Account	General Assistance Account	Retirement Account	Total General Fund
Receipts:				
Property taxes	\$ 627,912	\$ 1,479,438	\$ 73,427	\$ 2,180,777
Illinois replacement taxes	246,690	-	42,005	288,695
Temporary assistance reimbursements	-	171,503	-	171,503
Interest	2,606	2,326	317	5,249
Miscellaneous	560	559	-	1,119
	<u>877,768</u>	<u>1,653,826</u>	<u>115,749</u>	<u>2,647,343</u>
Disbursements:				
General government	928,233	269,515	102,716	1,300,464
Public welfare	-	1,369,029	-	1,369,029
	<u>928,233</u>	<u>1,638,544</u>	<u>102,716</u>	<u>2,669,493</u>
Excess (deficiency) of receipts over disbursements	(50,465)	15,282	13,033	(22,150)
Cash and cash equivalents:				
Beginning	897,063	883,467	95,838	1,876,368
Ending	<u>\$ 846,598</u>	<u>\$ 898,749</u>	<u>\$ 108,871</u>	<u>\$ 1,854,218</u>
Cash and cash equivalents:				
Assigned for:				
Retirement	\$ -	\$ -	\$ 108,871	\$ 108,871
Public welfare	-	898,749	-	898,749
Unassigned	846,598	-	-	846,598
	<u>\$ 846,598</u>	<u>\$ 898,749</u>	<u>\$ 108,871</u>	<u>\$ 1,854,218</u>

Town of the City of Peoria, Illinois
General Town Account

Statements of Cash Receipts, Disbursements and Changes in Cash and Cash Equivalents -
Budget and Actual
Year Ended March 31, 2016

	Original Budget	Final Budget	Actual
Receipts:			
Property taxes	\$ 642,300	\$ 642,300	\$ 627,912
Illinois replacement taxes	241,600	241,600	246,690
Interest	2,950	2,950	2,606
Miscellaneous (1% loss on levy)	(6,423)	(6,423)	560
	<u>880,427</u>	<u>880,427</u>	<u>877,768</u>
Disbursements:			
Assessor's office:			
Salary, assessor	106,050	106,050	105,999
Salary, deputies	287,664	287,664	287,069
Office supplies and expense	10,630	10,630	8,950
Telephone	800	800	248
Printing, publishing and photographic services	500	500	300
Appraisal services	20,000	20,000	14,000
Purchase and rental of equipment	8,700	8,700	3,362
Transportation and travel	8,750	8,750	6,206
Repairs and maintenance of equipment	4,200	4,200	4,036
Subscriptions, dues, fees and education	2,800	2,800	2,127
Office rent	1,400	1,400	1,363
	<u>451,494</u>	<u>451,494</u>	<u>433,660</u>
Town Clerk's office:			
Salary, town clerk	6,000	6,000	6,000
Salary, office help	45,500	45,500	42,184
Office supplies	1,000	1,000	659
Printing and publishing	600	600	165
Transportation and travel	2,200	2,200	2,200
Purchase and rental of equipment	650	650	388
Maintenance	550	550	77
Record restoration	500	500	-
	<u>57,000</u>	<u>57,000</u>	<u>51,673</u>
Supervisor's office:			
Salary, supervisor	93,000	93,000	92,966
Transportation and travel	2,200	2,200	2,200
Life insurance	400	400	386
	<u>95,600</u>	<u>95,600</u>	<u>95,552</u>
Town Collector's office:			
Salary, town collector	6,000	6,000	6,000
Salaries	18,500	18,500	17,120
Transportation and travel	2,300	2,300	2,200
Training and education	200	200	-
Public tax notice	500	500	-
General liability bond	10,000	10,000	9,410
Data processing fees	100	100	-
Maintenance	400	400	-
Postage	400	400	294
Office supplies	700	700	686
Equipment purchase/rental	1,200	1,200	457
	<u>40,300</u>	<u>40,300</u>	<u>36,167</u>

(Continued)

Town of the City of Peoria, Illinois
 General Town Account

Statements of Cash Receipts, Disbursements and Changes in Cash and Cash Equivalents -
 Budget and Actual (Continued)
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual
Disbursements (Continued):			
Other:			
Attorney fees	\$ 15,000	\$ 15,000	\$ 15,104
Auditing	13,000	13,000	13,037
Other professional services	2,500	2,500	2,157
Office supplies	800	800	100
Elected trustees	33,000	33,000	32,500
Insurance	8,000	8,000	7,741
Provision for contingencies	5,000	5,000	-
Salaries	45,500	45,500	45,188
Dues and membership fees	2,000	2,000	1,586
Equipment repair and maintenance	250	250	-
Group insurance	145,000	145,000	124,954
Computer services	4,275	4,275	3,929
Capital purchase	1,600	1,600	-
Training and education	1,200	1,200	525
Postretirement benefits	59,000	59,000	61,770
Other	2,800	2,800	2,590
	<u>338,925</u>	<u>338,925</u>	<u>311,181</u>
	<u>983,319</u>	<u>983,319</u>	<u>928,233</u>
Deficiency of receipts over disbursements	<u>\$ (102,892)</u>	<u>\$ (102,892)</u>	(50,465)
Cash and cash equivalents:			
Beginning			<u>897,063</u>
Ending			<u>\$ 846,598</u>

Town of the City of Peoria, Illinois
General Assistance Account

Statements of Cash Receipts, Disbursements and Changes in Cash and Cash Equivalents -
Budget and Actual
Year Ended March 31, 2016

	Original Budget	Final Budget	Actual
Receipts:			
Property taxes	\$ 1,513,632	\$ 1,513,632	\$ 1,479,438
Temporary assistance reimbursements	105,000	105,000	171,503
Interest	2,200	2,200	2,326
Miscellaneous (1% loss on levy)	(15,136)	(15,136)	559
	<u>1,605,696</u>	<u>1,605,696</u>	<u>1,653,826</u>
Disbursements:			
Administrative disbursements:			
Salaries	188,000	188,000	191,370
Office supplies	5,800	5,800	4,931
Equipment maintenance and rentals	4,150	4,150	3,779
Postage	4,200	4,200	3,850
Office rent and maintenance	6,000	6,000	5,018
Equipment purchases	2,500	2,500	500
Travel and education	3,200	3,200	1,309
Telephone	4,000	4,000	4,299
Group insurance	15,000	15,000	14,494
Postretirement benefits	8,500	8,500	9,230
Provision for contingencies	1,800	1,800	-
Professional services	19,900	19,900	28,263
Computer maintenance and purchases	2,500	2,500	2,472
Total administrative disbursements	<u>265,550</u>	<u>265,550</u>	<u>269,515</u>

Town of the City of Peoria, Illinois
General Assistance Account

Statements of Cash Receipts, Disbursements and Changes in Cash and Cash Equivalents -
Budget and Actual (Continued)
Year Ended March 31, 2016

	Original Budget	Final Budget	Actual
Disbursements (Continued):			
Relief disbursements:			
Funeral and burial	\$ 3,000	\$ 3,000	\$ 3,000
Medical:			
Other	8,000	8,000	7,501
Emergency assistance:			
Transportation vouchers	20,000	20,000	14,234
Utilities vouchers	470,000	470,000	414,588
Medication vouchers	7,000	7,000	1,885
Dental vouchers	7,000	7,000	3,573
Optical vouchers	11,000	11,000	7,097
	<u>515,000</u>	<u>515,000</u>	<u>441,377</u>
Direct grant	836,300	836,300	856,651
Heartland Clinic	50,000	50,000	50,000
Center for Prevention of Abuse	10,000	10,000	10,000
Other	3,000	3,000	500
	<u>899,300</u>	<u>899,300</u>	<u>917,151</u>
Total relief disbursements	<u>1,425,300</u>	<u>1,425,300</u>	<u>1,369,029</u>
	<u>1,690,850</u>	<u>1,690,850</u>	<u>1,638,544</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (85,154)</u>	<u>\$ (85,154)</u>	15,282
Cash and cash equivalents:			
Beginning			<u>883,467</u>
Ending			<u>\$ 898,749</u>

Town of the City of Peoria, Illinois
 Retirement Account

Statements of Cash Receipts, Disbursements and Changes in Cash and Cash Equivalents -
 Budget and Actual
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual
Receipts:			
Property taxes	\$ 75,000	\$ 75,000	\$ 73,427
Illinois replacement taxes	41,138	41,138	42,005
Interest	370	370	317
Miscellaneous (1% loss on levy)	(750)	(750)	-
	<u>115,758</u>	<u>115,758</u>	<u>115,749</u>
Disbursements:			
Pension contributions	46,000	46,000	40,201
Employer payroll taxes	64,000	64,000	62,515
	<u>110,000</u>	<u>110,000</u>	<u>102,716</u>
Excess of receipts over disbursements	<u>\$ 5,758</u>	<u>\$ 5,758</u>	13,033
Cash and cash equivalents:			
Beginning			<u>95,838</u>
Ending			<u>\$ 108,871</u>

State of Illinois
County of Peoria
Town of the City of Peoria, Illinois

OFFICE OF TOWN SUPERVISOR

The following is a statement by Joseph P. Whalen, Supervisor of the Town of the City of Peoria in the County and State aforesaid, of the amount of public funds received and expended by him during the fiscal year just closed, ending on the 31st day of March 2016, disclosing the amount of public funds on hand at the commencement of the said fiscal year, the amount of public funds received and from what sources received, the amount of public funds expended and for what purposes expended, during the fiscal year ended as aforesaid and the amount of public funds on hand at the end of said fiscal year.

The said Joseph P. Whalen, being duly sworn doth depose and say that the following statements by him subscribed, are correct statements of the amount of public funds on hand at the commencement of the fiscal year above stated, the amount of public funds received and the sources from which received, and the amount expended and the purposes for which expended, and the amounts of public funds on hand at the end of said fiscal year as set forth in said statement, said statement is prepared from the financial report of the accounts of Joseph P. Whalen for the fiscal year ended March 31, 2016.

JOSEPH P. WHALEN

Subscribed and sworn to before me, this ____ day of _____, 2016

NOTARY PUBLIC