

CITY OF DU QUOIN, ILLINOIS
GENERAL PURPOSE FINANCIAL STATEMENTS
For The Year Ended December 31, 2014

CITY OF DU QUOIN, ILLINOIS
December 31, 2014

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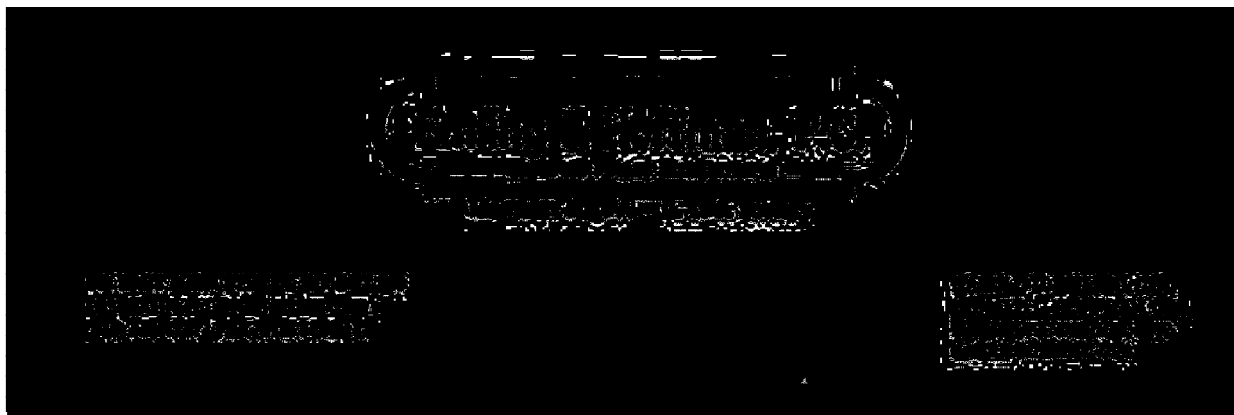
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INDEPENDENT AUDITOR'S REPORT

To The City Council
City of Du Quoin, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Du Quoin, Illinois as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Du Quoin, Illinois' 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 accounting principles generally accepted in the United States of America; this includes 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business -type activities, each major fund, and the aggregate remaining fund information of the City of Du Quoin, Illinois, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 13 and 55 - 58 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Du Quoin, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

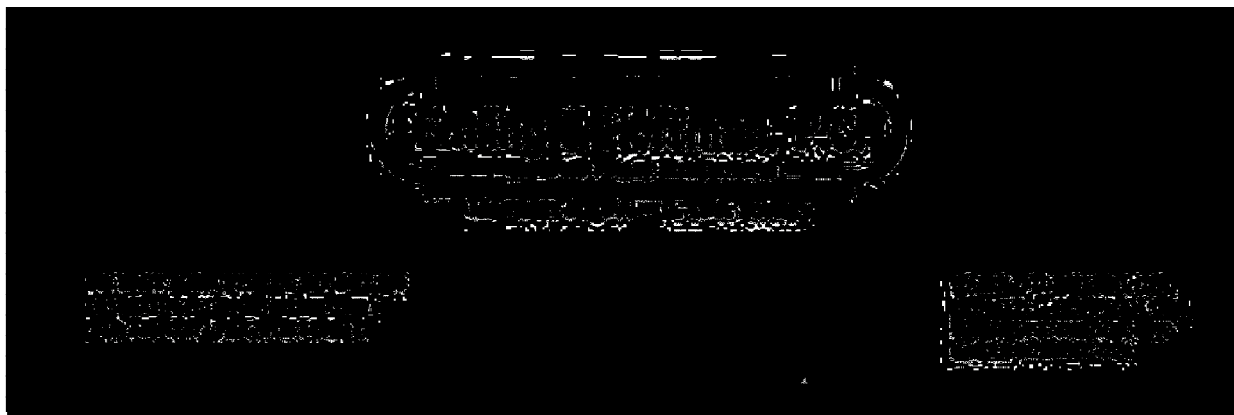
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015, on our consideration of the City of Du Quoin, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Du Quoin, Illinois' internal control over financial reporting and compliance.



Emling & Hoffman, P.C.
Du Quoin, IL 62832

June 16, 2015



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council
City of Du Quoin, Illinois

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Du Quoin, Illinois, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Du Quoin, Illinois' basic financial statements and have issued our report thereon dated June 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Du Quoin, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Du Quoin, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Du Quoin, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.[Finding 10: 2014-10]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [Finding 1: 2014-01 – Finding 9: 2014-09]

Compliance and Other Matters

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

City of Du Quoin, Illinois' Response to Findings

City of Du Quoin, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Du Quoin, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Emling & Hoffman, P.C.
Du Quoin, IL 62832

June 16, 2015

Management Discussion and Analysis
For the Fiscal Year Ended December 31, 2014

The City Council of the City of Du Quoin, Illinois offers this overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage the reader to consider the information in conjunction with the accompanying accounting information.

Financial Structure and Organization of the City of Du Quoin

The City's financial classification and operating systems are consistent with the requirements of the Governmental Accounting Standards Board (GASB). Primary financial activity occurs in two fund types, the Governmental Funds and the Proprietary Funds. As will be described below, these two funds support the general operations of the city. In addition, there are Restricted Funds. As will be noted below, these funds are restricted to certain purposes within the operations of the City or they are assigned, restricted, to special projects. The Restricted Funds can be one time projects or grants that occur in a defined time frame, or they can be continuing activities that have a specific purpose. Each of the fund types is described below.

The Governmental Funds support the administration, the fire and police departments, the street department, emergency services and the park and pool operations. Revenue to the Governmental Funds comes from retail sales taxes, utility taxes, phone taxes, property taxes, corporate replacement taxes, fines and penalties, licenses and permits, and special purpose grants.

The Proprietary Funds support the water department and the sewage treatment facility. As such the water and sewage treatment operations are self-supporting. Revenue to the Proprietary Funds comes directly from the water and sewer service fees. There are also tap-on and reconnect fees. In this area there are occasional, special grants which assist in improving water or sewage treatment operations. The Water Sewage Treatment Plant is the city's primary capital asset with a depreciable value of \$8,599,614.00.

The Restricted Funds support a number of city projects and activities including the Du Quoin Public Library. In fact, there are sixteen separate accounts, which are classified as restricted. The largest account is the Motor Fuel Tax, which is restricted for use by the Street Department for building and maintaining the city's streets. The second largest sets of accounts fund the operations of the Du Quoin Public Library. Specifically there are three accounts for the library, a money market account, the primary operations account, which is funded by a property tax levy, and a saving account, which was created by a restitution order and a trust fund bequeathal. There is a Park/Pool account, which is funded from city general fund revenue. The Motel Tax account is used to fund the activities of the Tourism Commission.

Finally, there is a group of accounts, which fund economic development activities in the City. They include TIFs 1, 2, 3, the Business District and the Revolving Loan Fund. The TIF Districts receive revenue from the property tax extensions, which are applied to the value of the TIF. The property tax revenues are used to retire the original TIF development cost, assist businesses to redevelop real property, and to

maintain or improve infrastructure in the TIF District itself. The TIF District has a determinate life, not to exceed 23 years. The Business Development District is a specified area of real estate which receives its revenue from a one-half cent sales tax. All businesses in the Business District charge a sales tax which is .05 cents higher than a business not in the District. The revenue is then used to create new business, new jobs and new infrastructure in the Business District itself.

2014 Financial Activity by Fund

For the year ended December 31, 2014, expenditures in the Governmental Fund types exceeded revenues by \$369,952.00(pages 15 & 19). In the Proprietary Funds revenues exceeded expenditures by \$111,615.00 (pages 15 & 21). Therefore, across all city accounts there was an over expenditure of \$258,337.00 (page 15). It should be noted, however, that the actual cash over expenditure in the Governmental Funds is \$153,682.00 (page 19). The difference between the \$369,952.00 and the \$153,682.00 is necessitated by accrual accounting methods regarding capital assets and capital asset depreciation.

Governmental Funds

The 2014 budgeted revenue estimates were higher than actual revenue collected. The revenues allocated to each of the major departments (e.g. police, fire) were \$508,057.00 over the actual revenue collected. And, reviewing the December 31, 2014 budget and expense report for the major departments, each department underspent its budget but the under expenditure was not enough to offset the actual revenue which was collected in 2014.

Proprietary Funds

It was noted above that the Proprietary Funds have a surplus of \$111.618. However, because of large transfers in and out it is difficult to determine the actual position of the fund. The Water Works and Sewage Fund is a revenue fund, and in the past three years the revenues, operating incomes, and the expenses, operating expenses, have been as follows:

Total Operating Income		Total Operating Expenses	
2012	\$2,361,547	2012	\$2,000,591
2013	2,248,350	2013	1,991,906
2014	2,270,946	2014	2,038,305

In each of the past three years the operating expenses has been less than the income. However, depreciation in the Capital Improvements Fund and transfers in and out distort the actual net position of both the Waterworks and Sewage and the Operation and Maintenance Funds. The Waterworks and Sewage Fund is the revenue side of the Proprietary Fund; it received \$2,270,946. However there was an operating transfer *out* of the revenue fund in the amount of \$2,635,139, and an operating transfer *in* of \$182,000, which left the revenue fund with a net loss of \$175,061 for 2014. The Operations and Maintenance Fund is the expense side of the Proprietary Fund, and it had operating expenses of \$2,038,305. However, operating transfers *out* of \$496,312 caused an operating loss on the expense side of \$393,222.

The city budget treats the operations of the Water Department and the Sewage Treatment Facility separate. And, they are separate entities with separate leadership and management. In addition there is the issue of debt retirement. \$4,968,003 is the principal due on the Sewage Treatment Plant and the payment is \$419,000 a year and that payment must come from the Proprietary Fund. In order to better anticipate both revenues and expenses, it may be better to treat the Water Department, the Sewage Treatment Facility, and the Debt Payments as separate cost centers in the same fund for both the audit and the budget.

Restricted Funds

Financial activity in the Restricted Funds has been both conservative and constructive, and each account has maintained a cash balance, which will continue to support the purpose of the grant or program. The largest account, the Motor Fuel Tax Account, has maintained a cash balance in excess of \$200,000.00, and these funds are available for street maintenance projects in 2015.

There are four accounts for the Du Quoin Public Library. The first is an EPAY account through the State of Illinois that is designed to take credit card payments for services and fines; it never carries a large balance. The second is a State of Illinois money market account; this account was created to receive gifts to the Library. Funds in this second account are used to purchase library materials and support special programs (e.g. summer youth). The third account is the primary operations account and its source of revenue is property tax collections that come from an annual property tax levy filed by the City in December of each year. The total amount of the extension is \$71,250.00, and it supports the primary operations of the Library including pensions and social security payments. The fourth account for the Library carries a balance of approximately \$70,000.00 was created as a result of a trust fund gift and a restitution order. It is used primarily for the purchase of major equipment items to better serve library clientele. All of the Library accounts are in good order and the funds are used to support the purposes and programs in the Library.

The second largest grouping of accounts is in the area of economic development. There are five accounts with year-end account balances as follows:

TIF 1	\$ 11,711
TIF 2	27,371
TIF 3	44,078
BD	59,442
RLF	199,499

The Tax Increment Financing Districts are continuing to grow faster than was originally projected. TIF 1 was created in 2008 for developing the central business district. TIF 2 was created in 2010 for developing the Du Quoin Industrial Park. And, TIF 3 was created in 2012 to develop the area north of Wal-Mart and that area now houses the dialysis health clinic. In 2014 funds from the above accounts constructed the bus shelter, assisted in the reconstruct of Main Street sidewalks, developed a web-site for the industrial park, expanded the solar park with 12 new solar panels, installed solar security lighting for the solar park and installed the drinking fountain near the new bus shelter.

In 2014 the total value of the TIF Districts rose by \$28,079.70 to total amount of \$121,953.43. In 2009 when the first TIF District was created, its incremental value was \$4,450.57. This growth has assisted the City in serving existing business and well as attracting new business.

City Debt

Municipalities are subject to a statutory debt limitation. Specifically it is 8.625% of the assessed valuation of the property inside the corporate city limits. In 2014 the equalized assessed valuation for the City of Du Quoin was \$41,563,177. 8.625% of that amount is \$3,548,824. City indebtedness is \$5,281,664.

\$4,986,003 of that indebtedness is the principal due on the EPA loan for the Sewage Treatment Plant. EPA loans are exempt from the statutory debt limitation. Therefore, the city's debt subject to the limitation is \$641,848, which leaves \$2,942,976 available should the City wish to increase its debt burden. However, the city's current indebtedness is approximately 66% of its annual operating budget. As a consequence, assuming additional debt should only be done under demanding circumstances that are the only alternative available to address a need.

Future Budget Strategies

The City of Du Quoin needs to develop a long range financial plan. The monthly payroll averages \$230,000. Monthly account payable bills are approximately \$493,000. Accounts payable include all regular bills, all insurance costs and debt retirement. Therefore, monthly payroll and bill lists average about \$723,000. If that expenditure trend continues, the year-end expenditure will be nearly 8.7 million dollars in 2015. For 2014, total revenue in the Governmental Funds was \$5,253,806 (page 18). In the Proprietary Funds total revenue was \$2,270,946 (page 21). Total city revenue in 2014 was \$7,524,752. If the 2015 spending trend continues and revenues remain close to 2014 levels, the spending could lead to a deficit in excess of one million dollars at the end of 2015. The water/sewer rate was increased by 18% in 2014. It appears that the increase in water/sewer revenue will be approximately \$25,000 a month, which is \$300,000 at year-end. That amount, although substantial, will not significantly reduce a year-end deficit should the current spending trend continue.

Therefore, a number of steps and preparations need to be undertaken. First, spending needs to be curtailed. Specifically spending for consumables and/or equipment needs to be reduced. Required spending for employee payroll, health insurance, workman's compensation insurance, director's liability insurance, and debt retirement cannot be reduced significantly. Department heads can reduce part-time payrolls and overtime, and that should be done. But spending for all other consumables needs to be more tightly controlled.

Second, revenue from 2012 through 2014 needs to be analyzed and new projections developed for 2015 and 2016. The 2015 revenue estimates need to be applied to the existing 2015 Budget, and the budget needs to be revised. A strong revenue projection process needs to be developed and the practice should continue well into the future.

Third, the expense categories in the expenditure budgets need to be simplified both for the budget development and control activities. The original Fundware chart of accounts was a simple system, which satisfied GASB requirements. For 2016, the original chart of accounts should be used for development of the budget. There will be a need to add a few new accounts that did not exist in the past, but the format should remain the same.

Fourth, a reserve account should be created for debt retirement. Revenues should be channeled into the reserve account on a monthly basis. The fund should be within the Proprietary Funds Group. \$38,330 should be deposited into the fund (account) each month, and the account chart should include one

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revenue account and two expenditure accounts, (xx-xx-xx-7100 principal payment, and xx-xx-xx-7200 interest payment). These accounts should be created and included in the 2016 budget. The purpose of the accounts will be to retire the debt on the Sewage Treatment Plant and the Washington Street Water Project. The name of the account should be: EPA Loan Amortization.

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Finally, a second reserve account should be created and entitled: Capital Repair and Replacement. Each month a sum to be determined by the Mayor and City Council should be deposited to the account, and the account should be structured to carry across fiscal years. Since the city's financial position and cash flow are not as strong as it could be, it would be appropriate to deposit 5 or 10 thousand dollars a month at the beginning, but as the cash flow position improves, the amount may be increased. Beginning this practice in 2016 would begin fiscally sound methods for growing the city's reserves while also meeting the city's capital repair and replacement needs. Expenditures from the account would require approval by the Mayor and City Council. There would be one revenue account and one expenditure account (xx-xx-xx-9170 capital outlay).

Requests for Information

This financial report is designed to provide a general overview of the City of Du Quoin's finances for those with an interest in the city's business affairs. Questions about the report should be directed to the City Clerk's Office, 302 East Poplar Street, Du Quoin, Illinois 62832. Charles R. Novak, Interim Finance Director, prepared this report.- for the year ended December 31, 2014.

Charles R. Novak, Interim Finance Director

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2014 and December 31, 2013 Comparison

	Governmental Activities		
	2014	2013	% Change
Assets			
Current Assets			
Cash	\$ 300	\$ 288,352	-99.90%
Cash (Restricted)	1,215,271	1,585,547	-23.35%
Due from State of Illinois	750,067	563,676	33.07%
Notes Receivable	167,120	-	N/A
Prepaid Taxes	16,443	124,666	-86.81%
Total Current Assets	2,149,201	2,562,241	-16.12%
Non-Current Assets			
Property, Plant, and Equipment:			
Non-Depreciable	50,500	50,500	0.00%
Depreciable (Net)	3,705,430	3,984,803	-7.01%
Total Non-Current Assets	3,755,930	4,035,303	-6.92%
Total Assets	5,905,131	6,597,544	-10.50%
Deferred Outflows of Resources			
None	-	-	0.00%
Liabilities			
Current Liabilities			
Cash Overdraft	250,608	571,914	-56.18%
Accounts Payable	38,526	44,867	-14.13%
Due to Other Funds	22,947	27,299	-15.94%
Other Payables	94,400	21,759	333.84%
Accrued Absences	25,890	23,231	11.45%
Loans and Leases Payable	86,273	83,110	3.81%
Total Current Liabilities	518,644	772,180	-32.83%
Non-Current Liabilities			
Accrued Absences	173,269	162,620	6.55%
Loans and Leases Payable	265,731	345,305	-23.04%
Total Non-Current Liabilities	439,000	507,925	-13.57%
Total Liabilities	957,644	1,280,105	-25.19%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	3,204,767	3,421,037	-6.32%
Restricted	1,402,127	1,454,129	-3.58%
Unrestricted (Deficit)	340,593	442,273	-22.99%
Total Net Position	\$ 4,947,487	\$ 5,317,439	-6.96%

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2014 and December 31, 2013 Comparison

	Governmental Activities		
	2014	2013	% Change
Revenue			
Program Revenue:			
Charges for Services	\$ 264,988	\$ 178,247	48.66%
Operating Grants	268,117	74,055	262.05%
Capital Grants	49,796	127,500	-60.94%
General Revenue:			
Taxes	299,239	368,733	-18.85%
Intergovernmental	4,304,393	4,059,186	6.04%
Investment Interest	5,594	8,726	-35.89%
Miscellaneous	61,679	151,800	-59.37%
Total Revenue	5,253,806	4,968,247	5.75%
Expenses			
General Government	1,560,914	1,584,021	-1.46%
Projects	-	45	-100.00%
Public Safety	2,388,097	2,167,874	10.16%
Public Welfare	13,383	12,115	10.47%
Services	245,705	221,508	10.92%
Transportation	909,153	883,312	2.93%
Other	237,468	144,493	64.35%
Interest on Long-term Debt	21,180	6,626	219.65%
Total Expenses	5,375,900	5,019,994	7.09%
Operating Transfers, Net	(247,858)	220,550	-212.38%
Change in Net Position	(369,952)	168,803	-319.16%
Beginning Net Position	5,317,439	5,148,636	3.28%
Ending Net Position	<u>\$ 4,947,487</u>	<u>\$ 5,317,439</u>	-6.96%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2014 and December 31, 2013 Comparison

	Business-Type Activities		
	2014	2013	% Change
Assets			
Current Assets			
Cash	\$ 166,101	\$ 881,769	-81.16%
Due From Other Funds	22,947	26,856	-14.56%
Prepaid Taxes	1,231	-	N/A
Total Current Assets	190,279	908,625	-79.06%
Non-Current Assets			
Property, Plant, and Equipment			
Non-Depreciable	-	-	0.00%
Depreciable (Net)	8,599,614	8,948,120	-3.89%
Total Non-Current Assets	8,599,614	8,948,120	-3.89%
Total Assets	8,789,893	9,856,745	-10.82%
Deferred Outflows of Resources			
None	-	-	0.00%
Liabilities			
Current Liabilities			
Cash Overdraft	-	644,331	-100.00%
Accounts Payable	44,205	68,598	-35.56%
Other Payables	45,647	47,780	-4.46%
Accrued Absences	5,127	4,788	7.08%
Loans and Leases Payable	397,551	360,162	10.38%
Total Current Liabilities	492,530	1,125,659	-56.25%
Non-Current Liabilities			
Accrued Absences	34,311	33,515	2.38%
Loans and Leases Payable	4,860,296	5,406,430	-10.10%
Total Non-Current Liabilities	4,894,607	5,439,945	-10.02%
Total Liabilities	5,387,137	6,565,604	-17.95%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	3,341,767	3,181,528	5.04%
Restricted	-	-	
Unrestricted (Deficit)	60,989	109,613	-44.36%
Total Net Position	\$ 3,402,756	\$ 3,291,141	3.39%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2014 and December 31, 2013 Comparison

	Business-Type Activities		
	2014	2013	% Change
Revenue			
Program Revenue:			
Charges for Services	\$ 2,291,926	\$ 2,273,125	0.83%
Capital Grants	209,515	34,931	499.80%
General Revenue:			
Investment Interest	10	41	-75.61%
Other	7,132	20,521	-65.25%
Total Revenue	<u>2,508,583</u>	<u>2,328,618</u>	7.73%
Expenses			
Waterworks & Sewage Fund	11,125	11,125	0.00%
Water Meter Deposit Fund	11,384	14,875	-23.47%
Capital Improvements Fund	509,257	477,878	6.57%
Operation & Maintenance Fund	2,053,060	2,003,902	2.45%
Depreciation Fund	-	-	0.00%
Total Expenses	<u>2,584,826</u>	<u>2,507,780</u>	3.07%
Operating Transfers, Net	187,858	(220,550)	185.18%
Change in Net Position	111,615	(399,712)	127.92%
Beginning Net Position	<u>3,291,141</u>	<u>3,690,853</u>	-10.83%
Ending Net Position	<u>\$ 3,402,756</u>	<u>\$ 3,291,141</u>	3.39%

BASIC FINANCIAL STATEMENTS

CITY OF DU QUOIN, ILLINOIS
STATEMENT OF NET POSITION

December 31, 2014

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Current Assets			
Cash	\$ 300	\$ 166,101	\$ 166,401
Cash (Restricted)	1,215,271	-	1,215,271
Due from State of Illinois	750,067	-	750,067
Due From Other Funds	-	22,947	22,947
Notes Receivable	167,120	-	167,120
Prepaid Taxes	16,443	1,231	17,674
Total Current Assets	2,149,201	190,279	2,339,480
Non-Current Assets			
Property, Plant, and Equipment			
Non-Depreciable	50,500	-	50,500
Depreciable (Net)	3,705,430	8,599,614	12,305,044
Total Non-Current Assets	3,755,930	8,599,614	12,355,544
Total Assets	5,905,131	8,789,893	14,695,024
Deferred Outflows of Resources			
None	-	-	-
Liabilities			
Current Liabilities			
Cash Overdraft	250,608	-	250,608
Accounts Payable	38,526	44,205	82,731
Due To Other Funds	22,947	-	22,947
Other Payables	94,400	45,647	140,047
Accrued Absences	25,890	5,127	31,017
Loans and Leases Payable	86,273	397,551	483,824
Total Current Liabilities	518,644	492,530	1,011,174
Non-Current Liabilities			
Accrued Absences	173,269	34,311	207,580
Loans and Leases Payable	265,731	4,860,296	5,126,027
Total Non-Current Liabilities	439,000	4,894,607	5,333,607
Total Liabilities	957,644	5,387,137	6,344,781
Deferred Inflows of Resources			
None	-	-	-
Net Position			
Net Investment in Capital Assets	3,204,767	3,341,767	6,546,534
Restricted	1,402,127	-	1,402,127
Unrestricted (Deficit)	340,593	60,989	401,582
Total Net Position	\$ 4,947,487	\$ 3,402,756	\$ 8,350,243

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

CITY OF DU QUOIN, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total Reporting Entity
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 1,560,914	\$ 125,256	\$ 186,988	\$ -	\$ (1,248,670)	\$ -	\$ (1,248,670)
Projects	-	-	-	-	-	-	-
Public Safety	2,388,097	42,831	11,157	42,001	(2,292,108)	-	(2,292,108)
Public Welfare	13,383	50,737	-	-	37,354	-	37,354
Services	245,705	26,164	-	7,795	(211,746)	-	(211,746)
Transportation	909,153	20,000	56,222	-	(832,931)	-	(832,931)
Other	237,468	-	13,750	-	(223,718)	-	(223,718)
Interest on Long-Term Debt	21,180	-	-	-	(21,180)	-	(21,180)
Total Governmental Activities	5,375,900	264,988	268,117	49,796	(4,792,999)	-	(4,792,999)
Business-Type Activities							
Waterworks & Sewage Fund	11,125	2,282,071	-	-	-	2,270,946	2,270,946
Water Meter Deposit Fund	11,384	9,855	-	-	-	(1,529)	(1,529)
Capital Improvements Fund	509,257	-	-	209,515	-	(299,742)	(299,742)
Operation & Maintenance Fund	2,053,060	-	-	-	-	(2,053,060)	(2,053,060)
Depreciation Fund	-	-	-	-	-	-	-
Total Business-Type Activities	2,584,826	2,291,926	-	209,515	-	(83,385)	(83,385)
Total Primary Government	\$ 7,960,726	\$ 2,556,914	\$ 268,117	\$ 259,311	\$ (4,792,999)	\$ (83,385)	\$ (4,876,384)
General Revenues:							
Taxes:							
Property Tax					\$ 263,475	\$ -	\$ 263,475
Hotel Tax					35,764	-	35,764
Intergovernmental:							
Utility Tax					425,768	-	425,768
Replacement Tax					50,364	-	50,364
Retailers' Occupation Tax					2,609,570	-	2,609,570
Local Use Tax					117,313	-	117,313
Allotments					151,337	-	151,337
State Income Tax					578,535	-	578,535
Other					371,506	-	371,506
Investment Earnings					5,594	10	5,604
Miscellaneous					61,679	7,132	68,811
Operating Transfers, Net					(247,858)	187,858	(60,000)
Total General Revenues and Transfers					4,423,047	195,000	4,618,047
Change in Net Position					(369,952)	111,615	(258,337)
Beginning Net Position					5,317,439	3,291,141	8,608,580
Ending Net Position					\$ 4,947,487	\$ 3,402,756	\$ 8,350,243

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

CITY OF DU QUOIN, ILLINOIS

Balance Sheet

GOVERNMENTAL FUNDS

December 31, 2014

	<u>Major Funds</u>		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	IMRF Fund		
Assets and Deferred Outflows of Resources				
Assets				
Cash	\$ 509,687	\$ -	\$ -	\$ 509,687
Cash (Restricted)	-	394,044	1,072,980	1,467,024
Due From State of Illinois	704,527	-	45,540	750,067
Due From Other Funds	53,970	-	11,217	65,187
Notes Receivable	-	-	167,120	167,120
Prepaid Taxes	16,373	-	70	16,443
Total Assets	<u>1,284,557</u>	<u>394,044</u>	<u>1,296,927</u>	<u>2,975,528</u>
Deferred Outflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 1,284,557</u></u>	<u><u>\$ 394,044</u></u>	<u><u>\$ 1,296,927</u></u>	<u><u>\$ 2,975,528</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Cash Overdraft	\$ 759,995	\$ 136,131	\$ 115,622	\$ 1,011,748
Accounts Payable	25,381	-	13,145	38,526
Due To Other Funds	48,077	39,764	293	88,134
Other Payables	94,138	-	262	94,400
Total Liabilities	<u>927,591</u>	<u>175,895</u>	<u>129,322</u>	<u>1,232,808</u>
Deferred Inflows of Resources				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	16,373	-	167,190	183,563
Restricted	-	-	613,194	613,194
Committed	-	218,149	130,142	348,291
Assigned	-	-	257,079	257,079
Unassigned	340,593	-	-	340,593
Total Fund Balance	<u>356,966</u>	<u>218,149</u>	<u>1,167,605</u>	<u>1,742,720</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,284,557</u></u>	<u><u>\$ 394,044</u></u>	<u><u>\$ 1,296,927</u></u>	<u><u>\$ 2,975,528</u></u>

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

CITY OF DU QUOIN, ILLINOIS
Reconciliation of Fund Balances of Governmental Funds
to the Governmental Activities in the Statement of Net Position
December 31, 2014

Fund Balances of Governmental Funds	\$ 1,742,720
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Amounts reported for governmental activities in the statement of net assets differ because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,755,930
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(199,159)
--	-----------

Due to or due from other funds	-
--------------------------------	---

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(352,004)</u>
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Net Position of Governmental Activities	<u><u>\$ 4,947,487</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF DU QUOIN, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Major Funds		Non-Major	Total
	General	IMRF	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues				
Taxes	\$ 32,596	\$ 39,801	\$ 226,842	\$ 299,239
Intergovernmental	3,816,256	-	488,137	4,304,393
Grant Income	55,810	-	262,103	317,913
Licenses and Permits	93,076	-	-	93,076
Fines and Penalties	57,911	-	52,585	110,496
Revenues from Services	37,100	-	24,316	61,416
Interest on Investments	130	-	5,464	5,594
Other	51,598	-	10,081	61,679
Total Revenues	4,144,477	39,801	1,069,528	5,253,806
Expenditures				
<i>Current</i>				
General Government	1,198,093	-	218,517	1,416,610
Projects	-	-	-	-
Public Safety	2,208,782	-	33,502	2,242,284
Public Welfare	-	-	6,345	6,345
Services	-	-	212,713	212,713
Transportation	684,843	-	153,048	837,891
Other	8,203	-	229,265	237,468
<i>Capital Outlay</i>	109,579	-	20,330	129,909
<i>Debt Service</i>	76,410	-	-	76,410
Total Expenditures	4,285,910	-	873,720	5,159,630
Excess (Deficiency) of Revenues Over Expenditures	(141,433)	39,801	195,808	94,176
Other Financing Sources (Uses)				
Operating Transfers In	215,432	-	89,017	304,449
Operating Transfers Out	(129,150)	(60,000)	(363,157)	(552,307)
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	86,282	(60,000)	(274,140)	(247,858)
Net Change in Fund Balance	(55,151)	(20,199)	(78,332)	(153,682)
Beginning Fund Balance	412,117	238,348	1,245,937	1,896,402
Ending Fund Balance	\$ 356,966	\$ 218,149	\$ 1,167,605	\$ 1,742,720

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

CITY OF DU QUOIN, ILLINOIS
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Governmental
Activities in the Statement of Activities
For the Year Ended December 31, 2014

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

Net Change in Fund Balances - Total Governmental Funds	\$ (153,682)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(279,372)
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The net effect of various miscellaneous transactions involving capital assets to increase net assets.	-
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
--	---

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.	76,410
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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.	<u>(13,308)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (369,952)</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF DU QUOIN, ILLINOIS

Statement of Net Position

PROPRIETARY FUNDS

December 31, 2014

	Major Funds			Non-Major Funds		
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	Depreciation Reserve Fund	Total Proprietary Funds
Assets						
Current Assets						
Cash	\$ 500	\$ 1,069,896	\$ -	\$ 42,797	\$ 98,969	\$ 1,212,162
Due From Other Funds	-	-	36,859	-	-	36,859
Prepaid Taxes	-	-	1,231	-	-	1,231
Total Current Assets	500	1,069,896	38,090	42,797	98,969	1,250,252
Non-Current Assets						
Property, Plant, and Equipment:						
Non-Depreciable	-	-	-	-	-	-
Depreciable (Net)	144,722	8,074,547	380,345	-	-	8,599,614
Total Non-Current Assets	144,722	8,074,547	380,345	-	-	8,599,614
Total Assets	145,222	9,144,443	418,435	42,797	98,969	9,849,866
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Liabilities						
Current Liabilities						
Cash Overdraft	808,267	-	237,794	-	-	1,046,061
Accounts Payable	-	-	44,205	-	-	44,205
Due To Other Funds	11,936	-	1,976	-	-	13,912
Other Payables	-	-	5,487	40,160	-	45,647
Accrued Absences	-	-	5,127	-	-	5,127
Loans and Leases Payable	-	340,724	56,827	-	-	397,551
Total Current Liabilities	820,203	340,724	351,416	40,160	-	1,552,503
Non-Current Liabilities						
Accrued Absences	-	-	34,311	-	-	34,311
Loans and Leases Payable	-	4,627,279	233,017	-	-	4,860,296
Total Non-Current Liabilities	-	4,627,279	267,328	-	-	4,894,607
Total Liabilities	820,203	4,968,003	618,744	40,160	-	6,447,110
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Net Position						
Net Investment in Capital Assets	144,722	3,106,544	90,501	-	-	3,341,767
Restricted	-	-	-	-	-	-
Unrestricted (Deficit)	(819,703)	1,069,896	(290,810)	2,637	98,969	60,989
Total Net Position	\$ (674,981)	\$ 4,176,440	\$ (200,309)	\$ 2,637	\$ 98,969	\$ 3,402,756

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

CITY OF DU QUOIN, ILLINOIS
Statement of Revenues, Expenses, and Changes in Fund Net Position
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Major Funds			Non-Major Funds		
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	Depreciation Reserve Fund	Total Proprietary Funds
Operating Revenue						
Water and Sewer Revenue	\$ 2,258,059	\$ -	\$ -	\$ -	\$ -	\$ 2,258,059
Tap-on Fees	4,500	-	-	-	-	4,500
Reconnect Fees	19,512	-	-	-	-	19,512
Total Operating Revenues	<u>2,282,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,282,071</u>
Operating Expenses						
Water	-	-	1,475,651	-	-	1,475,651
Water Pollution Control Plant	-	-	524,331	-	-	524,331
Depreciation	11,125	371,816	38,323	-	-	421,264
Total Operating Expenses	<u>11,125</u>	<u>371,816</u>	<u>2,038,305</u>	<u>-</u>	<u>-</u>	<u>2,421,246</u>
Operating Income (Loss)	<u>2,270,946</u>	<u>(371,816)</u>	<u>(2,038,305)</u>	<u>-</u>	<u>-</u>	<u>(139,175)</u>
Non-Operating Revenue						
Interest Income	-	2	-	8	-	10
Grant Income	-	209,515	-	-	-	209,515
Meter Deposits	-	-	-	9,855	-	9,855
Miscellaneous	7,132	-	-	-	-	7,132
Total Non-Operating Revenues	<u>7,132</u>	<u>209,517</u>	<u>-</u>	<u>9,863</u>	<u>-</u>	<u>226,512</u>
Non-Operating Expenses						
Capital Outlay	-	-	-	-	-	-
Grant Expenditures	-	-	-	-	-	-
Interest Expense	-	137,441	14,755	-	-	152,196
Miscellaneous	-	-	-	11,384	-	11,384
Total Non-Operating Expenses	<u>-</u>	<u>137,441</u>	<u>14,755</u>	<u>11,384</u>	<u>-</u>	<u>163,580</u>
Operating Transfers						
Operating Transfers In	182,000	1,017,913	2,129,150	2,550	4,800	3,336,413
Operating Transfers Out	(2,635,139)	(44,104)	(469,312)	-	-	(3,148,555)
Total Operating Transfers	<u>(2,453,139)</u>	<u>973,809</u>	<u>1,659,838</u>	<u>2,550</u>	<u>4,800</u>	<u>187,858</u>
Net Income (Loss)	<u>(175,061)</u>	<u>674,069</u>	<u>(393,222)</u>	<u>1,029</u>	<u>4,800</u>	<u>111,615</u>
Beginning Net Position	<u>(499,920)</u>	<u>3,502,371</u>	<u>192,913</u>	<u>1,608</u>	<u>94,169</u>	<u>3,291,141</u>
Ending Net Position	<u>\$ (674,981)</u>	<u>\$ 4,176,440</u>	<u>\$ (200,309)</u>	<u>\$ 2,637</u>	<u>\$ 98,969</u>	<u>\$ 3,402,756</u>

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

CITY OF DU QUOIN, ILLINOIS

Statement of Cash Flows

PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Major Funds			Non-Major Funds		
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	Depreciation Reserve Fund	Total Proprietary Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 2,282,071	\$ -	\$ -	\$ -	\$ -	\$ 2,282,071
Payments to Other Funds	-	-	-	-	-	-
Other Operating Receipts/(Payments)	-	-	(2,022,290)	-	-	(2,022,290)
Net Cash Flows from Operating Activities	2,282,071	-	(2,022,290)	-	-	259,781
Cash Flows from Noncapital Financing Activities:						
Miscellaneous	7,132	-	-	(1,934)	-	5,198
Operating Transfers In/(Out)	(2,453,139)	973,809	1,659,838	2,550	4,800	187,858
Net Cash Flows from Noncapital Financing Activities	(2,446,007)	973,809	1,659,838	616	4,800	193,056
Cash Flows from Capital and Related Financing Activities:						
Purchase of Capital Assets	-	(68,698)	(4,060)	-	-	(72,758)
Interest on Loans	-	(137,441)	(14,755)	-	-	(152,196)
Loan Principal Retired	-	(528,745)	(54,268)	-	-	(583,013)
New Loans	-	74,268	-	-	-	74,268
Intergovernmental	-	209,515	-	-	-	209,515
Net Cash Flows from Capital & Related Financing Activities	-	(451,101)	(73,083)	-	-	(524,184)
Cash Flows from Investing Activities:						
Interest on Investments	-	2	-	8	-	10
Net Cash Flows from Investing Activities	-	2	-	8	-	10
Net Increase (Decrease) in Cash and Cash Equivalents	(163,936)	522,710	(435,535)	624	4,800	(71,337)
Cash and Cash Equivalents, Beginning of Year	(643,831)	547,186	197,741	42,173	94,169	237,438
Cash and Cash Equivalents, End of Year	<u>\$ (807,767)</u>	<u>\$ 1,069,896</u>	<u>\$ (237,794)</u>	<u>\$ 42,797</u>	<u>\$ 98,969</u>	<u>\$ 166,101</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 2,270,946	\$ (371,816)	\$ (2,038,305)	\$ -	\$ -	\$ (139,175)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	11,125	371,816	38,323	-	-	421,264
Change in Assets and Liabilities						
Prepaid Taxes	-	-	(1,231)	-	-	(1,231)
Accounts Payable	-	-	(24,393)	-	-	(24,393)
Other Payables	-	-	2,181	-	-	2,181
Net Cash Provided by Operating Activities	\$ 2,282,071	\$ -	\$ (2,023,425)	\$ -	\$ -	\$ 258,646

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

CITY OF DU QUOIN, ILLINOIS**Statement of Fiduciary Net Position**

December 31, 2014

	PENSION TRUST FUNDS		
	Police Pension Trust Fund	Fire Pension Trust Fund	Total Fiduciary
Assets			
Cash	\$ 163,814	\$ 258,818	\$ 422,632
Investments, at Cost	3,629,587	2,260,638	5,890,225
Due From Other Funds	-	-	-
Total Assets	\$ 3,793,401	\$ 2,519,456	\$ 6,312,857
Liabilities			
Due To Others	\$ 14	\$ 319	\$ 333
Total Liabilities	14	319	333
Net Position			
Held in Trust for Pension Benefit	3,793,387	2,519,137	6,312,524
Total Liabilities and Net Position	\$ 3,793,401	\$ 2,519,456	\$ 6,312,857

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

CITY OF DU QUOIN, ILLINOIS
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2014

	PENSION TRUST FUNDS		
	Police Pension Trust Fund	Fire Pension Trust Fund	Total Fiduciary
ADDITIONS			
<i>Contributions:</i>			
Employer	\$ 225,168	\$ 351,222	\$ 576,390
Participants	54,308	37,127	91,435
<i>Total Contributions</i>	<u>279,476</u>	<u>388,349</u>	<u>667,825</u>
<i>Investment Income:</i>			
Net Appreciation (Depreciation) in Fair Value of Investments (Unrealized)	30,135	31,803	61,938
Gains and (Losses) from the Sale of Securities (Realized)	91,287	23,378	114,665
Interest, Dividends, and Other Income	53,105	51,584	104,689
<i>Total Investment Income</i>	<u>174,527</u>	<u>106,765</u>	<u>281,292</u>
Less Investment Expense	(11,351)	(7,343)	(18,694)
<i>Net Investment Income (Loss)</i>	<u>163,176</u>	<u>99,422</u>	<u>262,598</u>
TOTAL ADDITIONS	<u>442,652</u>	<u>487,771</u>	<u>930,423</u>
DEDUCTIONS			
<i>Pension Benefits:</i>			
Retirement	266,309	242,832	509,141
Disability	-	-	-
Survivor	-	-	-
<i>Total Pension Benefits</i>	<u>266,309</u>	<u>242,832</u>	<u>509,141</u>
<i>Administrative Expenses</i>			
Professional Fees	10,550	11,050	21,600
Other	2,567	3,900	6,467
<i>Total Administrative Expenses</i>	<u>13,117</u>	<u>14,950</u>	<u>28,067</u>
TOTAL DEDUCTIONS	<u>279,426</u>	<u>257,782</u>	<u>537,208</u>
Net Increase (Decrease) in Plan Net Assets	163,226	229,989	393,215
Net Plan Assets Held in Trust for Pension Benefits January 1, 2014	<u>3,630,161</u>	<u>2,289,148</u>	<u>5,919,309</u>
Net Plan Assets Held in Trust for Pension Benefits December 31, 2014	<u>\$ 3,793,387</u>	<u>\$ 2,519,137</u>	<u>\$ 6,312,524</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements
December 31, 2014

NOTE A - Summary of Significant Accounting Policies

The City of Du Quoin, Illinois (the "City") was incorporated in 1861, under the provisions of the State of Illinois. The City operates under the commission form of municipal government and provides the following services as authorized by its charter: public safety (police and fire), streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include water and sewer utilities.

1. The Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The City has no potential component units.

2. Government -Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement 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 intended to fund. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies – Continued

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Fund financial statements present financial transactions of the City in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liability, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non operating revenues, such as subsidies and investment earnings, result from nonexchange transactions.

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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

In the government-wide financial statements, expenses are classified by function for governmental activities. Whereas, in the fund financial statements, governmental expenditures are classified by the following character categories:

- a. Current (further classified by function)
- b. Capital Outlay
- c. Debt Service

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

Private -sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The City reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the City except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expanded or transferred according to the general laws of Illinois and the bylaws of the City.

IMRF Fund - The IMRF Fund accounts for the collection and payment of retirement and pension receipts and payments.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies-Continued

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Concluded

The City reports the following major proprietary funds:

Waterworks & Sewage Fund – This fund accounts for the collection of water revenue in the City.

Water Capital Improvement Fund – This fund accounts for the water department capital improvements and loans.

Operation & Maintenance Fund – This fund accounts for the expenditures associated with the water operation of the City.

Additionally, the government reports the following fiduciary fund types:

The Fire Pension Fund and the Police Pension Fund are pension trust funds, which account for activities as prescribed by the Illinois State Statutes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Eliminations have been made in the statement of net position to remove the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns for amounts reported in the individual funds and interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities. Amounts reported in the governmental or proprietary funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net position as accounts receivable or payable to external parties.

4. The Pinckneyville-Du Quoin Airport

The airport is 50% owned by each of the two cities (Pinckneyville and Du Quoin) as tenants in common. Both cities are jointly and severally liable for deficit balances. The two cities each appoint two individuals to the Pinckneyville -Du Quoin Airport Steering Committee. The Steering Committee adopts budgets and signs contracts. The records for the airport are kept by the City of Pinckneyville and are fully included in the City of Pinckneyville's audit report

The following condensed Statement of Net Position as of April 30, 2014, and the Statement of Revenues, Expenses and Changes in Net Position for the year ending April 30, 2014, for the airport is from the City of Pinckneyville's audit report prepared by Emling & Hoffman, P.C.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies-Continued

4. The Pinckneyville-Du Quoin Airport - Concluded

ASSETS		RECEIPTS	
Current Assets		Grant Income	\$ 0
Cash & Prepaid Expenses	\$ 74,529	Rental Income	35,784
Capital Assets		Interest Income	135
Property, Plant &		Other Income	<u>10,000</u>
Equipment (Net)	<u>1,102,596</u>	TOTAL RECEIPTS	<u>45,919</u>
TOTAL ASSETS	<u>\$ 1,177,125</u>	DISBURSEMENTS	
		Depreciation	59,767
		Other Expense	<u>32,775</u>
LIABILITIES AND		TOTAL	
NET POSITION		DISBURSEMENTS	<u>92,542</u>
Liabilities	\$ 0		
Net Income (Loss)	(46,623)	TRANSFERS	
Beginning Net Position	<u>1,223,748</u>	Transfers In	0
TOTAL LIABILITIES		Transfers Out	<u>0</u>
AND NET POSITION	<u>\$ 1,177,125</u>	TOTAL TRANSFERS	<u>0</u>
		Net Income (Loss)	<u>\$ (46,623)</u>

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government -wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City maintains the capitalization threshold of \$2,500. The City does possess infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Cost includes labor, material, and similar items, and indirect charges for such items as transportation and supervision. The City capitalizes interest expense on funds used during construction of major projects and net of interest earned on invested unexpended bond proceeds during the construction period.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements	10-20 years
Machinery and Equipment	5 years
New Infrastructure	40 years

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies-Continued

6. Net Position

Net Position is reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by creditors, grantors, laws or regulations of other governments. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components – net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflow of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources directly related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

7. Fund Balances

In the fund financial statements, governmental funds report up to five components of fund balance from most restrictive in nature to least restrictive:

- *Nonspendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors and grantors, or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by government through formal action of the highest level of decision making authority (governing board). The same formal action must be taken to remove or change the limitations placed on the funds.

The City Board authorizes and approves the property tax levies annually providing a “committed” balance for property tax revenues. In addition, the City Board must approve any action to modify or rescind a fund balance commitment.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies-Continued

7. Fund Balances- Concluded

- *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

The City Board will determine if a fund should be assigned based on intended uses of resources that the fund receives.

- *Unassigned* – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City Board uses the default spending policy, spending resources in the following manner when available: restricted, committed, assigned, and unassigned. The default policy is meant to prioritize the flow of resources from most restrictive to least restrictive for normal business activities.

As required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the City is to formally set a Stabilization Policy to ensure sound financial management and fiscal accountability. The City is to formally set aside amounts for use in emergency situations or when revenues shortages or budgetary imbalances arise. However, these emergency situations should not be routine and should be sufficiently detailed to outline the types of nonrecurring circumstances that merit the use of funds.

8. Reconciliation of Government-Wide and Fund Financial Statements

Below is an explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The difference s include the amount of current year asset purchases and depreciation expense, loan proceeds and principal payments, and the net adjustment to accrued absences for the year. The difference of \$(216,270) is as follows:

Current Year Purchases	\$ 129,909
Depreciation Expense	(409,281)
Loan Proceeds	0
Loan Principal Payments	76,410
Accrued Absences	<u>(13,308)</u>
Net Adjustment to reduce net changes in fund balances	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ (216,270)</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE A – Summary of Significant Accounting Policies-Concluded

9. Vacation and Sick Leave

Vacation and sick pay are earned and vested as follows. Sick pay is earned at a rate of 6 hours per week for firemen, 2 hours per week for all other employees. Sick pay accumulates up to 960 hours for firemen, 320 hours for all other employees. The amount of vested sick pay is 50% upon separation from service for any reason. Vacation pay is earned according to years of service. Vacation pay is fully vested upon completion of one year of service. There is no limit to the amount that can be accumulated. As of December 31, 2014, the amount of vested vacation and sick pay was \$238,597 .

10. Encumbrances

The City does not use encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation. Therefore, no amounts for encumbrances are reported in the financial statements.

11. Pension Plans

The City is a participating member of the Illinois Municipal Retirement Fund for substantially all of its employees not covered by another state created retirement system for the same service, (see Note B). The police and fire departments are separately covered by the Police Pension Fund and Fire Pension Fund, respectively, (see Notes C and D).

12. Reserves

The City records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use.

Following is a list of all reserves used by the City and a description of each:

- (a) Reserve for extraordinary repairs and maintenance - An account used to segregate a portion of fund balance for any extraordinary repairs and maintenance occurring in future periods.
- (b) Funded statutory reserve - An account used to segregate a portion of fund balance for the Police and Fire Pension Fund pursuant to chapter 108 of the Illinois Municipal Code.
- (c) Reserve for employee pensions - An account used to segregate a portion of fund balance for the excess of funded statutory reserve.

NOTE B – Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds, except the Motor Fuel Tax, Police Pension, Fire Pension, and Community Development Block Grant funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "either cash, investments, or cash overdrafts." In addition, investments are separately held by several of the City's funds. Deposits and investments are stated at cost.

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments held by the City are not reflected in the statement of cash flows because they are not considered highly liquid investments as defined above.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE B – Cash and Investments - Continued

Deposits

At December 31, 2014, the carrying amount of the City's deposits was \$1,551,896 , which excludes \$ 1,800 petty cash fund. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Governmental Activities					
<u>Major Funds</u>					
General	\$ 175,955	\$ 366,166	\$ 0	\$ 542,121	\$ (250,608)
IMRF	1,207	3,197	0	4,404	257,913
<u>Non-Major Funds</u>					
Bus & Ind. Dev.	8,877	23,502	0	32,379	32,379
Investment Pool	75,187	68,975	0	144,162	144,162
Motor Fuel Tax	145,411	74,225	0	219,636	219,636
Audit	9,801	5,080	0	14,881	133,685
Park	7,839	5,490	0	13,329	36,666
Civil Defense	247	653	0	900	46,168
Garbage	1,670	853	0	2,523	19,798
Public Library	41,103	90,997	0	132,100	131,493
Drug Abuse	308	817	0	1,125	75,735
Tourism Hotel Tax	1,149	3,041	0	4,190	4,190
TIF #1 Fund	3,211	8,500	0	11,711	11,711
TIF #2 Fund	7,504	19,867	0	27,371	27,371
TIF #3 Fund	12,085	31,993	0	44,078	44,078
Business District Tax	15,147	14,764	0	29,911	29,286
Total Governmental Activities	<u>506,701</u>	<u>718,120</u>	<u>0</u>	<u>1,224,821</u>	<u>963,663</u>
Business -Type Activities					
<u>Major Funds</u>					
Waterworks & Sewage	0	0	0	0	(808,267)
Capital Improvements	31,447	83,250	0	114,697	1,069,896
Operation & Maintenance	0	0	0	0	(237,794)
<u>Non-Major Funds</u>					
Water Meter Deposit	12,411	32,855	0	45,266	42,797
Depreciation Reserve	2,686	7,111	0	9,797	98,969
Total Business Type Activities	<u>46,544</u>	<u>123,216</u>	<u>0</u>	<u>169,760</u>	<u>165,601</u>
Fiduciary Funds					
Police Pension	79,668	77,652	0	157,320	163,814
Fire Pension	117,087	114,123	0	231,210	258,818
Total Fiduciary Funds	<u>196,755</u>	<u>191,775</u>	<u>0</u>	<u>388,530</u>	<u>422,632</u>
TOTAL	<u>\$ 750,000</u>	<u>\$ 1,033,111</u>	<u>\$ 0</u>	<u>\$ 1,783,111</u>	<u>\$ 1,551,896</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE B – Cash and Investments - Concluded

Investments

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk in the following categories:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counter-parties trust department or an agent in the City's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the City's name.

The following table categorizes the investments according to levels of risk.

Type of Investments	Category			Fair Value	
	1	2	3	Carrying Amount	Cost
Agencies & Corporations					
Fiduciary Funds					
Police Pension	\$ 3,629,587	\$ 0	\$ 0	\$ 3,629,587	\$ 3,629,587
Fire Pension	2,260,638	0	0	2,260,638	2,260,638
Total Agencies & Corps.	5,890,225	0	0	5,890,225	5,890,225
 TOTAL	 \$ 5,890,225	 \$ 0	 \$ 0	 \$ 5,890,225	 \$ 5,890,225

The Public Funds Investment Act of Illinois allows municipalities to invest in the following:

1. Any investment constituting a direct obligation of any FDIC bank
2. U.S. Treasury bills, notes, certificates, bonds or debentures
3. Public Treasurer's Investment Pool
4. Federal National Mortgage Association

NOTE C – Restricted Cash

Restricted assets consist of cash in several local banks that is for the IMRF, Business & Development, Investment Pool, Motor Fuel Tax, Audit, Park, Civil Defense, Garbage, Public Library, Drug Abuse, Tourism/Hotel Tax, TIF #1, TIF #2, TIF #3, and Business District Tax funds. These items are included in current assets on the Statement of Net Position.

IMRF – The monies in this account shall be used to pay retirement contributions and costs related to the IMRF retirement system.

Business & Industrial Development – The monies in this account shall be used to provide notes to businesses to create business development. This account also collects the notes principal and interest revenues.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE C – Restricted Cash - Concluded

Investment Pool – The monies shall be used to pay for capital improvements.

Motor Fuel Tax Account – The monies in this fund shall be used to make repairs and maintain the City's roads.

Audit – The monies in this fund shall be used to pay for all costs associated with the City's annual audit.

Park Fund – The monies in this fund shall be used to make repairs and maintain the City's park.

Civil Defense – The monies in the fund shall be used for local city defense expenditures.

Garbage – The monies in this fund shall be used to pay for garbage pickup.

Public Library – The monies in this fund shall be used to pay for all expenditures related to the city's library.

Drug Abuse – The monies in this fund shall be used to pay for drug detection, education, and prevention.

Tourism/Hotel Tax – The monies in this fund shall be used to develop tourism within the City.

TIF #1, TIF # 2, TIF# 3 – The monies in each of these funds shall be used to develop business within each of the respective TIF districts. A separate audit is performed to ensure the monies are spent correctly.

Business District Tax – The monies in this fund shall be used to develop business within the city and pay for any improvements.

NOTE D - Municipal Retirement Fund

The City is a participating member of the Illinois Municipal Retirement fund which covers all of its employees who:

- (A) occupy a job normally requiring 1,000 hours or more per year;
- (B) are paid on a regular payroll from city funds;
- (C) were under age sixty when first entering employment; and,
- (D) are not covered by another state created retirement system for the same service.

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

Funding Policy. As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 13.61 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE D - Municipal Retirement Fund - Conclude d

Annual Pension Cost. The required contribution for calendar year 2014 was \$169,453 .

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 169,453	100%	\$ 0
12/31/13	179,528	100%	0
12/31/12	171,952	100%	0

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 71.66 percent funded. The actuarial accrued liability for benefits was \$3,617,230 and the actuarial value of assets was \$2,592,134 , resulting in an underfunded actuarial accrued liability (UAAL) of \$1,025,096 . The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,245,060 and the ratio of the UAAL to the covered payroll was 82 percent.

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

NOTE E - Police Pension Plan

1. Plan Description

The City of Du Quoin Police Pension Fund is the administrator of a single-employer pension plan that was established by the City of Du Quoin Police Department Board in accordance with the state statutes.

As of December 31, 2013, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>8</u>
Active plan participants:	
Vested	6
Non-vested	<u>4</u>
Total	<u>10</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE E - Police Pension Plan - Continued

1. Plan Description - Continued

A police officer age 50 or more with 20 or more years of creditable service, who is not a participant in the self-managed plan under Section 3-109.3 and who is no longer in service as a police officer, shall receive a pension of 1/2 of the salary attached to the rank held by the officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary.

The changes made to this subsection (a) by this amendatory Act of the 91st General Assembly apply to all pensions that become payable under this subsection on or after January 1, 1999. All pensions payable under this subsection that began on or after January 1, 1999 and before the effective date of this amendatory Act shall be recalculated, and the amount of the increase accruing for that period shall be payable to the pensioner in a lump sum.

No pension in effect on or granted after June 30, 1973 shall be less than \$200 per month. Beginning July 1, 1987, the minimum retirement pension for a police officer having at least 20 years of creditable service shall be \$400 per month, without regard to whether or not retirement occurred prior to that date. If the minimum pension established in Section 3-113.1 is greater than the minimum provided in this subsection, the Section 3-113.1 minimum controls.

A police officer mandatorily retired from service due to age by operation of law, having at least 8 but less than 20 years of creditable service, shall receive a pension equal to 2½% of the salary attached to the rank he or she held on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater, for each year of creditable service.

A police officer who retires or is separated from service having at least 8 years but less than 20 years of creditable service, who is not mandatorily retired due to age by operation of law, and who does not apply for a refund of contributions at his or her last separation from police service, shall receive a pension upon attaining age 60 equal to 2.5% of the salary attached to the rank held by the police officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater, for each year of creditable service.

A police officer no longer in service who has at least one but less than 8 years of creditable service in a police pension fund but meets the requirements of this subsection shall be eligible to receive a pension from that fund equal to 2.5% of the salary attached to the rank held on the last day of service under that fund or for one year prior to that last day, whichever is greater, for each year of creditable service in that fund. The pension shall begin no earlier than upon attainment of age 60 (or upon mandatory retirement from the fund by operation of law due to age, if that occurs before age 60) and in no event before the effective date of this amendatory Act of 1997.

In order to be eligible for a pension under this subsection (c), the police officer must have at least 8 years of creditable service in a second police pension fund under this Article and be receiving a pension under subsection (a) or (b) of this Section from that second fund. The police officer need not be in service on or after the effective date of this amendatory Act of 1997.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE E - Police Pension Plan - Continued

1. Plan Description - Concluded

Employees are required to pay 9% of their regular pay to the pension plan. The payments are deducted from the employee's wages or salary and remitted to the Police Pension Fund administered by the Police Department Board.

2. Summary of Significant Accounting Policies

Contributions from the Police employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet.

There are no investments in, loans to, or leases with parties related to the pension plan.

3. Funding Status and Progress

Presented below is the total pension benefit obligation of the Police Pension Fund. The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits.

A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of the financial statements to (a) assess the Police Pension Fund funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among Pension Plans.

The actuarial funding method used to determine contributions to the pension fund is explained in Part 4 of this note.

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

The present value of future pension payments was computed by using a discount rate of 6.00%. The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Future pension payments reflect an assumption of a 5.75% (compounded annually) salary increase as a result of inflation.

Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE E - Police Pension Plan - Concluded

3. Funding Status and Progress - Concluded

The standardized measure of the unfunded pension benefit obligation as of December 31, 2013, is as follows:

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,363,913
Current employees-	
Accumulated employee contributions including allocated investment income	2,045,639
Surplus	<u>0</u>
Total pension benefit obligation	6,409,552
Net assets available for benefits, at market	<u>(3,499,012)</u>
Unfunded pension benefit obligation	<u>\$ 2,910,540</u>

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2013.

4. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 27-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resource to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2013 amounted to \$56,873 . The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2013. The pension contributions represent funding for normal cost \$130,181 and the amortization of the unfunded actuarial accrued liability \$100,548 .

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE F - Fire Pension Plan

1. Plan Description

The City of Du Quoin Fire Pension Fund is the administrator of a single-employer pension plan that was established by the City of DuQuoin Fire Department Board in accordance with the state statutes.

As of December 31, 2013, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>9</u>
Active plan participants:	
Vested	4
Non-vested	<u>3</u>
Total	<u>7</u>

A firefighter age 50 or more with 20 or more years of creditable service, who is no longer in service as a firefighter, shall receive a monthly pension of $\frac{1}{2}$ the monthly salary attached to the rank held by him or her in the fire service at the date of retirement.

The monthly pension shall be increased by $\frac{1}{12}$ of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and $\frac{1}{12}$ of 1% of such monthly salary for each additional month over 30 years of service, to a maximum of 75% of such monthly salary.

The changes made to this subsection by this amendatory Act of the 91st General Assembly apply to all pensions that become payable under this subsection on or after January 1, 1999. All pensions payable under this subsection that began on or after January 1, 1999 and before the effective date of this amendatory Act shall be recalculated, and the amount of the increase accruing for that period shall be payable to the pensioner in a lump sum.

A firefighter who retires or is separated from service having at least 10 but less than 20 years of creditable service, who is not entitled to receive a disability pension, and who did not apply for a refund of contributions at his or her last separation from service shall receive a monthly pension upon attainment of age 60 based on the monthly salary attached to his or her rank in the fire service on the date of retirement or separation from service according to the following schedule:

For 10 years of service	15.0% of salary;
For 11 years of service	17.6% of salary;
For 12 years of service	20.4% of salary;
For 13 years of service	23.4% of salary;
For 14 years of service	26.6% of salary;
For 15 years of service	30.0% of salary;
For 16 years of service	33.6% of salary;
For 17 years of service	37.4% of salary;
For 18 years of service	41.4% of salary;
For 19 years of service	45.6% of salary.

Employees are required to pay 9.455% of their regular pay to the pension plan. The payments are deducted from the employee's wages or salary and remitted to the Fire Pension Fund administered by the Fire Department Board.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE F - Fire Pension Plan - Continued

2. Summary of Significant Accounting Policies

Contributions from the Fire employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet.

There are no investments in, loans to, or leases with parties related to the pension plan.

3. Funding Status and Progress

Presented on the following page is the total pension benefit obligation of the Fire Pension Fund. The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits.

A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of the financial statements to (a) assess the Fire Pension Fund funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among Pension Plans.

The actuarial funding method used to determine contributions to the pension fund is explained in Part 4 of this note.

The variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

The present value of future pension payments was computed by using a discount rate of 5.0%. The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Future pension payments reflect an assumption of a 5.75% (compounded annually) salary increase as a result of inflation.

Future pension payments reflect no post-retirement benefit increases, which is consistent with the terms of the pension agreement.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE F - Fire Pension Plan – Concluded

3. Funding Status and Progress - Concluded

The standardized measure of the unfunded pension benefit obligation as of December 31, 2013, is as follows:

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,846,594
Current employees-	
Accumulated employee contributions including allocated investment income	<u>2,995,526</u>
Total pension benefit obligation	6,842,119
Net assets available for benefits, at market	<u>(2,459,844)</u>
Unfunded pension benefit obligation	<u>\$ 4,382,275</u>

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2013.

4. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 27-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2013 amounted to \$35,990. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2013. The pension contributions represent funding for normal cost \$139,431 and the amortization of the unfunded actuarial accrued liability \$145,633.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE G - Pooled Cash and Investment Accounts

Pooled cash and investment accounts are accounts from which more than one fund can draw money. The City of Du Quoin, Illinois, has three pooled cash accounts.

The Water and Sewer cash account can be drawn on by any of the water and sewer enterprise funds.

The balances by fund at December 31, 2014, are as follows:

Waterworks and Sewerage Fund	\$ (808,267)
Capital Improvements Fund	1,060,140
Operations and Maintenance Fund	(237,794)
Depreciation Reserve Fund	98,969
Balance in the account	<u>\$ 113,048</u>

The Corporate cash account can be drawn on by any governmental funds and trust and agency funds.

The balances by fund at December 31, 2014, are as follows:

General Fund	\$ (522,349)
IMRF Fund	394,044
Audit Fund	11,517
Park Fund	(55,224)
Civil Defense Fund	80,526
Garbage Fund	(1,096)
Drug Abuse Fund	100,679
Balance in the account	<u>\$ 8,097</u>

The pooled Illinois Public Treasurer Investment Pool (IPTIP) cash account can be drawn on by any fund.

The balances by fund at December 31, 2014, are as follows:

General Fund	\$ (27,453)
IMRF Fund	(136,131)
Audit Fund	122,168
Park Fund	89,349
Civil Defense Fund	(34,358)
Garbage Fund	20,894
Public Library Fund	(608)
Drug Abuse Fund	(24,944)
Balance in the account	<u>\$ 8,917</u>

NOTE H – Commitments and Contingencies

Grant Audit

The City receives State Grants for specific purposes that are subject to review and audit by State Agencies. Such audits could result in a request for reimbursement by the State for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City management, such disallowance, if any, will not be significant.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE I - Interfund Receivables and Payables

Due To/From Other Funds balances at December 31, 2014, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 53,970	\$ 48,077
IMRF Fund	0	39,764
Motor Fuel Tax	7,500	0
Park Fund	96	13
Civil Defense Fund	3,315	166
Public Library Fund	0	114
Drug Abuse Fund	306	0
Water and Sewage Fund	0	11,936
Operation and Maintenance	<u>36,859</u>	<u>1,976</u>
Total	102,046	102,046
Eliminating Adjustment	<u>(79,099)</u>	<u>(79,099)</u>
Total	<u>\$ 22,947</u>	<u>\$ 22,947</u>

Transactions between funds are representative of lending/borrowing arrangements and are required to be reimbursed by the respective fund. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements.

NOTE J – Fund Equity

At December 31, 2014 the following funds had a deficit in the fund balance or net position:

Waterworks & Sewage Fund Operation and Maintenance Fund

NOTE K – Risk Management

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers compensation. During the year ended December 31, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts, which have exceeded insurance coverage on the past three years.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE L - Interfund Operating Transfers

Individual fund operating transfers for fiscal year 2014 were as follows:

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
<u>Governmental Funds</u>		
<i>Major Funds</i>		
General Fund	(e) \$ 100,000	(a) \$ 30,000
	(e) 29,150	(a) 185,432
IMRF	(b) 60,000	
<i>Non-Major Funds</i>		
Business & Industrial Dev		(f) 5,575
		(f) 23,292
		(f) 60,000
Investment Pool	(a) 185,432	
	(f) 60,000	
	(e) 82,000	
Park	(a) 150	
Civil Defense		(a) 150
TIF #2	(f) 5,575	
Business District Tax	(a) 30,000	
Total Governmental Funds	552,307	304,449
Less Interfund Transfers	<u>(304,449)</u>	<u>(304,449)</u>
Net Governmental Fund Transfers	<u>247,858</u>	<u>0</u>
<u>Proprietary Funds</u>		
<i>Major Funds</i>		
Waterworks and Sewage	(e) 2,075,789	(e) 100,000
	(h) 2,550	(e) 82,000
	(d) 552,000	
	(g) 4,800	
Capital Improvements	(f) 23,292	(d) 552,000
	(c) 20,812	(c) 445,101
		(c) 20,812
Operation and Maintenance	(c) 445,101	(e) 29,150
		(e) 2,075,789
<i>Non-Major Funds</i>		
Meter Deposit		(h) 2,550
Depreciation Reserve		(g) 4,800
Total Proprietary Funds	3,124,344	3,312,202
Less Interfund Transfers	<u>(3,124,344)</u>	<u>(3,124,344)</u>
Net Proprietary Transfers	<u>0</u>	<u>187,858</u>
<u>Fiduciary Funds</u>		
Fire Pension		(b) 60,000
Total Transfers, Net	<u>\$ 247,858</u>	<u>\$ 247,858</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE L - Interfund Operating Transfers - Concluded

- (a) To transfer funds for operating costs.
- (b) To transfer IMRF funds to pension.
- (c) To transfer funds for bond payments.
- (d) To transfer funds for capital improvements .
- (e) To transfer funds for operations & maintenance costs.
- (f) To transfers funds for new revolving loans.
- (g) To transfer funds for depreciation.
- (h) To transfer meter deposits.

NOTE M – Notes Payable

1. EPA Loan – Proprietary Fund

The City of DuQuoin applied for financial assistance for a waste water treatment facility in the form of a loan from the Illinois Environmental Protection Agency. The City paid interest expense of \$113,996 on the loan during the year ended December 31, 2014. As of December 31, 2014, the loan balance was \$4,329,951 .

The details as to the principal and interest payments are as follows:

<u>Date</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2/6/2015	2.50%	\$ 54,124	\$ 155,821	\$ 209,945
8/6/2015	2.50%	52,177	157,768	209,945
2/6/2016	2.50%	50,205	159,740	209,945
8/6/2016	2.50%	48,208	161,737	209,945
2/6/2017	2.50%	46,186	163,759	209,945
8/6/2017	2.50%	44,139	165,806	209,945
2/6/2018	2.50%	42,067	167,878	209,945
8/6/2018	2.50%	39,968	169,977	209,945
2/6/2019	2.50%	37,843	172,101	209,944
8/6/2019	2.50%	35,692	174,253	209,945
2/6/2020	2.50%	33,514	176,431	209,945
8/6/2020	2.50%	31,309	178,636	209,945
2/6/2021	2.50%	29,076	180,869	209,945
8/6/2021	2.50%	26,815	183,130	209,945
2/6/2022	2.50%	24,526	185,419	209,945
8/6/2022	2.50%	22,208	187,737	209,945
2/6/2023	2.50%	19,861	190,084	209,945
8/6/2023	2.50%	17,485	192,460	209,945
2/6/2024	2.50%	15,079	194,866	209,945
8/6/2024	2.50%	12,644	197,301	209,945
2/6/2025	2.50%	10,177	199,768	209,945
8/6/2025	2.50%	7,680	202,265	209,945
2/6/2026	2.50%	5,152	204,793	209,945
8/6/2026	2.50%	2,592	207,352	209,944
Totals		<u>\$ 708,727</u>	<u>\$ 4,329,951</u>	<u>\$ 5,038,678</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE M – Notes Payable - Continued

1. EPA Loan – Proprietary Fund - Concluded

Balance as of December 31, 2013	\$ 4,635,845
Debt incurred during the year	0
Debt eliminated during the year	<u>(305,894)</u>
Balance as of December 31, 2014	<u>\$ 4,329,951</u>

2. EPA Loan – Proprietary Fund

The City of Du Quoin applied for financial assistance in the form of a drinking water loan from the Illinois Environmental Protection Agency. The City paid interest expense of \$23,445 on the loan during the year ended December 31, 2014. As of December 31, 2014, the loan balance was \$638,052.

The details as to the principal and interest payments are as follows:

<u>Date</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
04/25/2015	2.295%	\$ 7,322	\$ 13,490	\$ 20,812
10/25/2015	2.295%	7,167	13,645	20,812
04/25 /2016	2.295%	7,011	13,801	20,812
10/25 /2016	2.295%	6,852	13,960	20,812
04/25 /2017	2.295%	6,692	14,120	20,812
10/25 /2017	2.295%	6,530	14,282	20,812
04/25 /2018	2.295%	6,366	14,446	20,812
10/25 /2018	2.295%	6,201	14,611	20,812
04/25 /2019	2.295%	6,033	14,779	20,812
10/25 /2019	2.295%	5,863	14,949	20,812
04/25 /2020	2.295%	5,692	15,120	20,812
10/25 /2020	2.295%	5,518	15,294	20,812
04/25/2021	2.295%	5,343	15,469	20,812
10/25 /2021	2.295%	5,165	15,647	20,812
04/25 /2022	2.295%	4,986	15,826	20,812
10/25 /2022	2.295%	4,804	16,008	20,812
04/25 /2023	2.295%	4,620	16,192	20,812
10/25 /2023	2.295%	4,435	16,377	20,812
04/25 /2024	2.295%	4,247	16,565	20,812
10/25 /2024	2.295%	4,057	16,755	20,812
04/25 /2025	2.295%	3,864	16,948	20,812
10/2 5/2025	2.295%	3,670	17,142	20,812
04/2 5/2026	2.295%	3,473	17,339	20,812
10/25/2026	2.295%	3,274	17,538	20,812

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE M – Notes Payable - Continued

2. EPA Loan – Proprietary Fund - Concluded

04/25/2027	2.295%	3,073	17,739	20,812
10/25/2027	2.295%	2,869	17,943	20,812
04/25/2028	2.295%	2,663	18,149	20,812
10/25/2028	2.295%	2,455	18,357	20,812
04/25/2029	2.295%	2,245	18,567	20,812
10/25/2029	2.295%	2,031	18,781	20,812
04/25/2030	2.295%	1,816	18,996	20,812
10/25/2030	2.295%	1,598	19,214	20,812
04/25/2031	2.295%	1,378	19,434	20,812
10/25/2031	2.295%	1,154	19,658	20,812
04/25/2032	2.295%	929	19,883	20,812
10/25/2032	2.295%	701	20,111	20,812
04/25/2033	2.295%	470	20,342	20,812
10/25/2033	2.295%	237	20,575	20,812
Totals		<u>\$ 152,804</u>	<u>\$ 638,052</u>	<u>\$ 790,856</u>

Balance as of December 31, 2013	\$ 786,635
Debt incurred during the year	74,269
Debt eliminated during the year	<u>(222,852)</u>
Balance as of December 31, 2014	<u>\$ 638,052</u>

3. Main Street Water Line Loan- Proprietary Fund

The City of Du Quoin has a loan agreement with SIBCC in the amount of \$250,000 with semi-annual payments that began October 31, 2013 in the amount of \$15,289.18. The City paid interest expense of \$9,379 on the loan during the year. The loan will mature on April 30, 2023. The following is a summary of the loan payments:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 22,056	\$ 8,522	\$ 30,578
2016	22,947	7,631	30,578
2017	23,874	6,704	30,578
2018	24,839	5,739	30,578
2019	25,842	4,736	30,578
2020	26,886	3,692	30,578
2021	27,973	2,605	30,578
2022	29,103	1,475	30,578
2023	<u>14,991</u>	<u>298</u>	<u>15,289</u>
Totals	<u>\$ 218,511</u>	<u>\$ 41,402</u>	<u>\$ 259,913</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE M – Notes Payable - Continued

3. Main Street Water Line Loan- Proprietary Fund - Concluded

Balance as of December 31, 2013	\$ 239,711
Debt incurred during the year	0
Debt eliminated during the year	<u>(21,200)</u>
Balance as of December 31, 2014	<u>\$ 218,511</u>

4. Sewer Cleaner Lease – Proprietary Fund

The City of DuQuoin has a lease with option to purchase agreement with Municipal Services Group for a 2008 Sewer Cleaner. The lease amount is \$232,646 with annual payments beginning April 15, 2010 in the amount of \$38,444.77. The City paid interest expense of \$5,376 on the lease during the year. The lease will mature April 15, 2016.

The following is a summary of the lease payments:

Fiscal Year Ended	Principal	Interest	Total
2015	\$ 34,771	\$ 3,674	\$ 38,445
2016	<u>36,562</u>	<u>1,883</u>	<u>38,445</u>
Totals	<u>\$ 71,333</u>	<u>\$ 5,557</u>	<u>\$ 76,890</u>
Balance as of December 31, 2013		\$ 104,401	
Debt eliminated during the year		<u>(33,068)</u>	
Balance as of December 31, 2014		<u>\$ 71,333</u>	

5. Street Dump Truck Lease – Governmental Funds

The City of DuQuoin has a lease agreement with The Edgar County Bank & Trust Company for a street dump truck. The lease amount is \$93,900 with annual payments that began March 26, 2012 in the amount of \$24,794.57. The City paid interest expense of \$1,260 on the lease during the year. The lease will mature on March 26, 2015. The following is a summary of the lease payments:

Fiscal Year Ended	Principal	Interest	Total
2015	\$ <u>23,900</u>	\$ 894	\$ <u>24,794</u>
Totals	<u>\$ 23,900</u>	<u>\$ 894</u>	<u>\$ 24,794</u>
Balance as of December 31, 2013		\$ 46,850	
Debt eliminated during the year		<u>(22,950)</u>	
Balance as of December 31, 2014		<u>\$ 23,900</u>	

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE M – Notes Payable - Continued

6. Street Backhoe Loan - Governmental Funds

The City of Du Quoin has a loan agreement with Du Quoin State Bank for a backhoe. The loan amount is \$43,980 with monthly payments of \$1,299.84 beginning August 10, 2013. The City paid interest expense of \$1,845 on the loan during the year. The loan will mature on July 10, 2016. The following is a summary of the loan payments:

Fiscal Year Ended	Principal	Interest	Total
2015	\$ 14,953	\$ 645	\$ 15,598
2016	<u>8,864</u>	<u>235</u>	<u>9,099</u>
Totals	<u>\$ 23,817</u>	<u>\$ 880</u>	<u>\$ 24,697</u>
Balance as of December 31, 2013		\$ 36,920	
Debt incurred during the year		0	
Debt eliminated during the year		<u>(13,103)</u>	
Balance as of December 31, 2014		<u>\$ 23,817</u>	

7. Fire Truck Lease – Governmental Funds

The City of Du Quoin has a lease agreement with The Edgar County Bank & Trust Company for a fire truck. The lease amount is \$400,000 with annual payments beginning June 21, 2013 in the amount of \$58,432.08. The City paid interest expense of \$18,075 on the lease during the year. The lease will mature on June 21, 2020. The following is a summary of the lease payments:

Fiscal Year Ended	Principal	Interest	Total
2015	\$ 47,420	\$ 11,012	\$ 58,432
2016	49,099	9,333	58,432
2017	50,837	7,595	58,432
2018	52,638	5,794	58,432
2019	54,502	3,930	58,432
2020	<u>49,791</u>	<u>8,641</u>	<u>58,432</u>
Totals	<u>\$ 304,287</u>	<u>\$ 46,305</u>	<u>\$ 350,592</u>
Balance as of December 31, 2013		\$ 344,645	
Debt incurred during the year		0	
Debt eliminated during the year		<u>(40,358)</u>	
Balance as of December 31, 2014		<u>\$ 304,287</u>	

CITY OF DU QUOIN, ILLINOIS

Notes to Basic Financial Statements - Continued

December 31, 2014

NOTE M - Notes Payable - Concluded

Following is the summary of bond and note principal maturities and interest requirements:

December 31,	Governmental Activities				Business-Type Activities				Total Reporting Entity	
	Street Backhoe Loan	Street Truck Lease	Fire Truck Lease	Total	Sewer Cleaner Lease	Water Line Loan	IEPA Water Loan	Total		
2015	\$ 15,598	\$ 24,794	\$ 58,432	\$ 98,824	\$ 38,445	\$ 30,578	\$ 419,890	\$ 41,624	\$ 530,537	\$ 629,361
2016	9,099	-	58,432	67,531	38,445	30,578	419,890	41,624	530,537	598,068
2017	-	-	58,432	58,432	-	30,578	419,890	41,624	492,092	550,524
2018	-	-	58,432	58,432	-	30,578	419,890	41,624	492,092	550,524
2019	-	-	58,432	58,432	-	30,578	419,890	41,624	492,092	550,524
Thereafter	-	-	58,432	58,432	-	107,023	2,939,228	582,736	3,628,987	3,687,419
TOTAL	24,697	24,794	350,592	400,083	76,890	259,913	5,038,678	790,856	6,166,337	6,566,420
Less Interest	(880)	(894)	(46,305)	(48,079)	(5,557)	(41,402)	(708,727)	(152,804)	(908,490)	(956,569)
Outstanding Principal	\$ 23,817	\$ 23,900	\$ 304,287	\$ 352,004	\$ 71,333	\$ 218,511	\$ 4,329,951	\$ 638,052	\$ 5,257,847	\$ 5,609,851

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE N – Economic Dependence

The City is fiscally dependent on funding from Federal and State of Illinois sources. Due to State of Illinois financial restraints, state payment delays or eliminations are possible for the fiscal year ending December 31, 2015. Changes in the amounts received or timing of the amounts received from the State of Illinois, could result in cash flow problems for the City, and may require budget amendments and cuts of services.

CITY OF DUQUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE O - Components of Fund Balance

The following presents the various components of fund balance within the governmental funds:

	<u>Major Governmental Funds</u>		Nonmajor	Total
Fund Balances:	General	IMRF	Governmental	Governmental
	Fund	Fund	Funds	Funds
<u>Nonspendable</u>				
Notes Receivable	\$ -	\$ -	\$ 167,120	\$ 167,120
Prepaid Taxes	16,373	-	70	16,443
Total Nonspendable	16,373	-	167,190	183,563
<u>Restricted</u>				
General Government	-	-	160,064	160,064
Transportation	-	-	242,520	242,520
Public Safety	-	-	48,210	48,210
Services	-	-	19,798	19,798
Other	-	-	142,602	142,602
Total Restricted	-	-	613,194	613,194
<u>Committed</u>				
General Government	-	218,149	-	218,149
Services	-	-	129,827	129,827
Other	-	-	315	315
Total Committed	-	218,149	130,142	348,291
<u>Assigned</u>				
General Government	-	-	144,162	144,162
Public Welfare	-	-	76,619	76,619
Services	-	-	36,298	36,298
Total Assigned	-	-	257,079	257,079
<u>Unassigned</u>				
General Government	340,593	-	-	340,593
Services	-	-	-	-
Total Unassigned	340,593	-	-	340,593
Total Governmental Fund Balances	\$ 356,966	\$ 218,149	\$ 1,167,605	\$ 1,742,720

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2014

NOTE P - Capital Assets

Capital asset activity for the year ended December 31, 2014 is as follows:

**Changes in Capital Assets
Year Ended December 31, 2014**

Year Ended December 31, 2014		ASSETS			ACCUMULATED DEPRECIATION			Net
	Balance 1/1/14	Additions	Deletions	Balance 12/31/14	Balance 1/1/14	Current Provisions	Deductions	Balance 12/31/14
GOVERNMENTAL ACTIVITIES								
<i>Non-Depreciable Capital Assets</i>								
Land	\$ 50,500	\$ -	\$ -	\$ 50,500	\$ -	\$ -	\$ -	\$ 50,500
Total Non-Depreciable Capital Assets	50,500	-	-	50,500	-	-	-	50,500
<i>Depreciable Capital Assets</i>								
Buildings and Plants	3,664,831	-	-	3,664,831	2,095,476	95,683	-	1,473,672
Building Improvements	56,528	-	-	56,528	13,107	3,757	-	39,664
Land Improvements	1,652,029	15,114	-	1,667,143	182,200	76,998	-	1,407,945
Machinery and Equipment	2,124,314	90,159	-	2,214,473	1,736,138	138,739	-	339,596
Office Equipment	69,172	-	-	69,172	69,172	-	-	-
Furniture and Fixtures	33,792	-	-	33,792	33,658	134	-	-
Vehicles	1,634,158	24,636	-	1,658,794	1,120,271	93,970	-	444,553
Total Depreciable Capital Assets	9,234,824	129,909	-	9,364,733	5,250,022	409,281	-	3,705,430
TOTAL GOVERNMENTAL ACTIVITIES								
	\$ 9,285,324	\$ 129,909	\$ -	\$ 9,415,233	\$ 5,250,022	\$ 409,281	\$ -	\$ 3,755,930
BUSINESS-TYPE ACTIVITIES								
<i>Depreciable Capital Assets</i>								
Buildings and Plants	7,719,156	-	-	7,719,156	1,405,317	219,138	-	6,094,701
Building Improvements	109,082	-	-	109,082	6,481	5,608	-	96,993
Land Improvements	2,549,610	68,698	-	2,618,308	607,754	131,542	-	1,879,012
Machinery and Equipment	1,341,295	4,060	-	1,345,355	793,823	54,415	-	497,117
Office Equipment	16,915	-	-	16,915	16,915	-	-	-
Vehicles	65,975	-	-	65,975	23,623	10,561	-	31,791
Total Depreciable Capital Assets	11,802,033	72,758	-	11,874,791	2,853,913	421,264	-	8,599,614
TOTAL REPORTING ENTITY								
	\$ 21,087,357	\$ 202,667	\$ -	\$ 21,290,024	\$ 8,103,935	\$ 830,545	\$ -	\$ 12,355,544
Governmental Function Activities								
Depreciation Expense:								
General Government	\$ 130,997							
Public Safety	163,888							
Services	32,992							
Transportation	74,366							
Welfare	7,038							
Total Depreciation Expense	\$ 409,281							

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Concluded
December 31, 2014

NOTE Q - Revolving Loans Receivable

Below is a summary of the City of Du Quoin's Revolving Loan Program receivables as of December 31, 2014. The total of \$167,120 is shown as a receivable in the Du Quoin Business & Industrial Development Fund.

<u>Borrower</u>	<u>Original Loan Amount</u>	<u>Date</u>	<u>Due Date</u>	<u>12/31/14 Balance</u>
<u>Du Quoin Business & Industrial Development Fund</u>				
Illinois MPP LLC	\$ 56,000	06/2011	06/2016	37,832
Rosie Robinson	\$ 30,000	08/2010	09/2020	17,659
SICBCC	\$ 100,000	08/2010	08/2021	41,629
SFH DuQuoin	\$ 50,000	05/2014	05/2015	50,000
Grand Theater	\$ 20,000	08/2014	08/2019	<u>20,000</u>
Total				<u><u>\$ 167,120</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DU QUOIN, ILLINOIS
IL Municipal Retirement Fund - Schedule of Funding Progress
For the Year Ended December 31, 2014

CITY EMPLOYEES - EMPLOYER NUMBER 00498R

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Entry Age (b) Liability (AAL)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/2014	\$ 2,592,134	\$ 3,617,230	\$ 1,025,096	71.66	\$ 1,245,060	82.33%
12/31/2013	\$ 2,436,578	\$ 3,248,357	\$ 811,779	75.01	\$ 1,247,588	65.07%
12/31/2012	\$ 2,127,318	\$ 3,319,865	\$ 1,192,547	64.08	\$ 1,193,283	99.94%

On a market basis, the actuarial value of assets as of December 31, 2014 is \$3,230,969. On a market basis, the funded ratio would be 89.32%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Du Quoin. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

MAJOR GOVERNMENTAL FUNDS

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 91,500	\$ 91,500	\$ 32,596	\$ (58,904)
Intergovernmental	3,696,600	3,696,600	3,816,256	119,656
Grant Income	217,000	217,000	55,810	(161,190)
Licenses and Permits	103,000	103,000	93,076	(9,924)
Fines and Penalties	81,500	81,500	57,911	(23,589)
Revenues from Services	17,100	17,100	37,100	20,000
Investment Interest	230	230	130	(100)
Other	299,259	299,259	51,598	(247,661)
Total Revenues	<u>4,506,189</u>	<u>4,506,189</u>	<u>4,144,477</u>	<u>(361,712)</u>
Expenditures				
<i>Current</i>				
General Government	1,341,650	1,341,650	1,198,093	143,557
Public Safety	2,139,253	2,139,253	2,208,782	(69,529)
Transportation	785,750	785,750	684,843	100,907
Other	1,405	1,405	8,203	(6,798)
<i>Capital Outlay</i>	84,000	84,000	109,579	(25,579)
<i>Debt Service</i>	140,700	140,700	76,410	64,290
Total Expenditures	<u>4,492,758</u>	<u>4,492,758</u>	<u>4,285,910</u>	<u>206,848</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,431</u>	<u>13,431</u>	<u>(141,433)</u>	<u>(154,864)</u>
Other Financing Sources (Uses)				
Operating Transfers In	274,794	274,794	215,432	(59,362)
Operating Transfers Out	-	-	(129,150)	(129,150)
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>274,794</u>	<u>274,794</u>	<u>86,282</u>	<u>(188,512)</u>
Net Change in Fund Balance	<u>\$ 288,225</u>	<u>\$ 288,225</u>	<u>(55,151)</u>	<u>\$ (343,376)</u>
Beginning Fund Balance			<u>412,117</u>	
Ending Fund Balance			<u>\$ 356,966</u>	

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
IMRF FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 124,000	\$ 124,000	\$ 39,801	\$ (84,199)
Intergovernmental	22	22	-	(22)
Revenues from Services	-	-	-	-
Investment Interest	-	-	-	-
Total Revenues	<u>124,022</u>	<u>124,022</u>	<u>39,801</u>	<u>(84,221)</u>
Expenditures				
<i>Current</i>				
Other	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>124,022</u>	<u>124,022</u>	<u>39,801</u>	<u>(84,221)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(900)</u>	<u>(900)</u>	<u>(60,000)</u>	<u>(59,100)</u>
Total Other Financing Sources (Uses)	<u>(900)</u>	<u>(900)</u>	<u>(60,000)</u>	<u>(59,100)</u>
Net Change in Fund Balance	<u>\$ 123,122</u>	<u>\$ 123,122</u>	<u>(20,199)</u>	<u>\$ (143,321)</u>
Beginning Fund Balance			<u>238,348</u>	
Ending Fund Balance			<u>\$ 218,149</u>	

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information
December 31, 2014

NOTE A - Budgets and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Budget adoption procedures:

- (1) In accordance with Chapter 2, Article X of the City of Du Quoin Code of Ordinances, prior to January 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The City Council is required to adopt a budget prior to the beginning of the fiscal year to which it applies.
- (2) The budget is made available for public inspection for at least 10 days prior to passage.
- (3) At least one public hearing is conducted to obtain taxpayer comment.
- (4) The annual budget may be revised by a 2/3 vote of the members of the council.

B. The combined statement of revenues, expenditures, and changes in fund balance - budget and actual for the General, Special Revenue and Enterprise Funds present comparisons of legally adopted budgets with actual data.

C. The budget amounts shown in the financial statements are the final authorized amounts for the year.

D. The budget was adopted on December 20, 2014.

NOTE B – Stewardship, Compliance and Accountability

During the fiscal year ended December 31, 2014 the following funds had expenditures in excess of their budget appropriation:

Library Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund
Water & Sewage Fund			

**COMBINING AND INDIVIDUAL FUND
STATEMENT AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

SPECIAL REVENUE FUNDS							
	Business & Industrial Development	Investment Pool Fund	MFT Fund	Audit Fund	Park Fund	Civil Defense Fund	Garbage Fund
Assets and Deferred Outflows of Resources							
Assets							
Cash (Restricted)	\$ 32,379	\$ 144,162	\$ 219,636	\$ 133,685	\$ 91,890	\$ 80,526	\$ 20,894
Due From State of Illinois	-	-	15,384	-	-	-	-
Due From Other Funds	-	-	7,500	-	96	3,315	-
Notes Receivable	167,120	-	-	-	-	-	-
Prepaid Taxes	-	-	-	-	9	12	-
Total Assets	<u>199,499</u>	<u>144,162</u>	<u>242,520</u>	<u>133,685</u>	<u>91,995</u>	<u>83,853</u>	<u>20,894</u>
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 199,499</u>	<u>\$ 144,162</u>	<u>\$ 242,520</u>	<u>\$ 133,685</u>	<u>\$ 91,995</u>	<u>\$ 83,853</u>	<u>\$ 20,894</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ 55,224	\$ 34,358	\$ 1,096
Accounts Payable	-	-	-	6,000	451	1,107	-
Due To Other Funds	-	-	-	-	13	166	-
Other Payables	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>55,688</u>	<u>35,631</u>	<u>1,096</u>
Deferred Inflows of Resources							
None	-	-	-	-	-	-	-
Fund Balance							
Nonspendable	167,120	-	-	-	9	12	-
Restricted	32,379	-	242,520	127,685	-	48,210	19,798
Committed	-	-	-	-	-	-	-
Assigned	-	144,162	-	-	36,298	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	<u>199,499</u>	<u>144,162</u>	<u>242,520</u>	<u>127,685</u>	<u>36,307</u>	<u>48,222</u>	<u>19,798</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 199,499</u>	<u>\$ 144,162</u>	<u>\$ 242,520</u>	<u>\$ 133,685</u>	<u>\$ 91,995</u>	<u>\$ 83,853</u>	<u>\$ 20,894</u>

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet - Concluded
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

SPECIAL REVENUE FUNDS								
	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Total Non-Major Funds
Assets and Deferred Outflows of Resources								
Assets								
Cash (Restricted)	\$ 131,493	\$ 101,679	\$ 4,190	\$ 11,711	\$ 27,371	\$ 44,078	\$ 29,286	\$ 1,072,980
Due From State of Illinois	-	-	-	-	-	-	30,156	45,540
Due From Other Funds	-	306	-	-	-	-	-	11,217
Notes Receivable	-	-	-	-	-	-	-	167,120
Prepaid Taxes	49	-	-	-	-	-	-	70
Total Assets	131,542	101,985	4,190	11,711	27,371	44,078	59,442	1,296,927
Deferred Outflows of Resources								
None	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 131,542	\$ 101,985	\$ 4,190	\$ 11,711	\$ 27,371	\$ 44,078	\$ 59,442	\$ 1,296,927
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities								
Cash Overdraft	\$ -	\$ 24,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,622
Accounts Payable	1,290	422	3,875	-	-	-	-	13,145
Due To Other Funds	114	-	-	-	-	-	-	293
Other Payables	262	-	-	-	-	-	-	262
Total Liabilities	1,666	25,366	3,875	-	-	-	-	129,322
Deferred Inflows of Resources								
None	-	-	-	-	-	-	-	-
Fund Balance								
Nonspendable	49	-	-	-	-	-	-	167,190
Restricted	-	-	-	11,711	27,371	44,078	59,442	613,194
Committed	129,827	-	315	-	-	-	-	130,142
Assigned	-	76,619	-	-	-	-	-	257,079
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	129,876	76,619	315	11,711	27,371	44,078	59,442	1,167,605
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 131,542	\$ 101,985	\$ 4,190	\$ 11,711	\$ 27,371	\$ 44,078	\$ 59,442	\$ 1,296,927

CITY OF DU QUOIN, ILLINOIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS						
	Business & Industrial Development	Investment Pool Fund	MFT Fund	Audit Fund	Park Fund	Civil Defense Fund	Garbage Fund
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	151,337	24,783	106,446	28,066	5,642
Grant Income	173,397	-	56,004	-	-	11,157	-
Fines and Penalties	-	-	-	-	-	-	-
Revenues from Services	-	-	-	-	19,681	-	-
Investment Interest	5,355	39	34	-	-	-	-
Other	530	-	-	-	1,922	842	-
Total Revenues	\$ 179,282	39	\$ 207,375	24,783	128,049	40,065	5,642
Expenditures							
<i>Current</i>							
General Government	198,137	-	-	20,380	-	-	-
Public Safety	-	-	-	-	-	33,502	-
Public Welfare	-	-	-	-	-	-	-
Services	-	-	-	-	114,097	-	4,257
Transportation	-	-	153,048	-	-	-	-
Other	-	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	7,651	-	-
Total Expenditures	198,137	-	153,048	20,380	121,748	33,502	4,257
Excess (Deficiency) of Revenues over Expenditures	(18,855)	39	54,327	4,403	6,301	6,563	1,385
Other Financing Sources (Uses)							
Operating Transfers In	88,867	-	-	-	-	150	-
Operating Transfers Out	-	(327,432)	-	-	(150)	-	-
Total Other Financing Sources (Uses)	88,867	(327,432)	-	-	(150)	150	-
Net Change in Fund Balance	70,012	(327,393)	54,327	4,403	6,151	6,713	1,385
Beginning Fund Balance	129,487	471,555	188,193	123,282	30,156	41,509	18,413
Ending Fund Balance	\$ 199,499	\$ 144,162	\$ 242,520	\$ 127,685	\$ 36,307	\$ 48,222	\$ 19,798

CITY OF DU QUOIN, ILLINOIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Concluded
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS							
	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Total Non-Major Funds
Revenues								
Taxes	\$ 67,619	\$ -	\$ 35,764	\$ 52,015	\$ 27,834	\$ 43,610	\$ -	\$ 226,842
Intergovernmental	6,477	6,056	-	-	-	-	159,330	488,137
Grant Income	7,795	-	-	-	13,750	-	-	262,103
Fines and Penalties	1,848	50,737	-	-	-	-	-	52,585
Revenues from Services	4,635	-	-	-	-	-	-	24,316
Investment Interest	35	-	1	-	-	-	-	5,464
Other	6,787	-	-	-	-	-	-	10,081
Total Revenues	95,196	56,793	35,765	52,015	41,584	43,610	159,330	1,069,528
Expenditures								
<i>Current</i>								
General Government	-	-	-	-	-	-	-	218,517
Public Safety	-	-	-	-	-	-	-	33,502
Public Welfare	-	6,345	-	-	-	-	-	6,345
Services	94,359	-	-	-	-	-	-	212,713
Transportation	-	-	-	-	-	-	-	153,048
Other	-	-	35,941	90,248	22,688	10,500	69,888	229,265
<i>Capital Outlay</i>	12,679	-	-	-	-	-	-	20,330
Total Expenditures	107,038	6,345	35,941	90,248	22,688	10,500	69,888	873,720
Excess (Deficiency) of Revenues over Expenditures	(11,842)	50,448	(176)	(38,233)	18,896	33,110	89,442	195,808
Other Financing Sources (Uses)								
Operating Transfers In	-	-	-	-	-	-	-	89,017
Operating Transfers Out	-	-	-	-	(5,575)	-	(30,000)	(363,157)
Total Other Financing Sources (Uses)	-	-	-	-	(5,575)	-	(30,000)	(274,140)
Net Change in Fund Balance	(11,842)	50,448	(176)	(38,233)	13,321	33,110	59,442	(78,332)
Beginning Fund Balance	141,718	26,171	491	49,944	14,050	10,968	-	1,245,937
Ending Fund Balance	\$ 129,876	\$ 76,619	\$ 315	\$ 11,711	\$ 27,371	\$ 44,078	\$ 59,442	\$ 1,167,605

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
BUSINESS & INDUSTRIAL DEVELOPMENT FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Grant Income	\$ 727,000	\$ 727,000	\$ 173,397	\$ (553,603)
Interest Income	3,099	3,099	5,355	2,256
Other	<u>2,500</u>	<u>2,500</u>	<u>530</u>	<u>(1,970)</u>
Total Revenues	<u>732,599</u>	<u>732,599</u>	<u>179,282</u>	<u>(553,317)</u>
Expenditures				
<i>Current</i>				
General Government	69,950	69,950	198,137	(128,187)
Project	-	-	-	-
<i>Capital Outlay</i>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Expenditures	<u>319,950</u>	<u>319,950</u>	<u>198,137</u>	<u>121,813</u>
Excess (Deficiency) of Revenues over Expenditures	<u>412,649</u>	<u>412,649</u>	<u>(18,855)</u>	<u>(431,504)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	88,867	88,867
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>88,867</u>	<u>88,867</u>
Net Change in Fund Balance	<u>\$ 412,649</u>	<u>\$ 412,649</u>	<u>70,012</u>	<u>\$ (342,637)</u>
Beginning Fund Balance			<u>129,487</u>	
Ending Fund Balance			<u>\$ 199,499</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
INVESTMENT POOL FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Investment Interest	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 39</u>	<u>\$ (68)</u>
Total Revenues	<u>107</u>	<u>107</u>	<u>39</u>	<u>(68)</u>
Other Financing Sources (Uses)				
Operating Transfers In	132,000	132,000	-	(132,000)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(327,432)</u>	<u>(327,432)</u>
Total Other Financing Sources (Uses)	<u>132,000</u>	<u>132,000</u>	<u>(327,432)</u>	<u>(459,432)</u>
Net Change in Fund Balance	<u>\$ 132,107</u>	<u>\$ 132,107</u>	<u>(327,393)</u>	<u>\$ (459,500)</u>
Beginning Fund Balance			<u>471,555</u>	
Ending Fund Balance			<u>\$ 144,162</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
MOTOR FUEL TAX FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 170,000	\$ 170,000	\$ 151,337	\$ (18,663)
Grant Income	-	-	56,004	56,004
Investment Interest	49	49	34	(15)
Other	-	-	-	-
Total Revenues	<u>170,049</u>	<u>170,049</u>	<u>207,375</u>	<u>37,326</u>
Expenditures				
<i>Current</i>				
Transportation	<u>165,600</u>	<u>165,600</u>	<u>153,048</u>	<u>12,552</u>
Total Expenditures	<u>165,600</u>	<u>165,600</u>	<u>153,048</u>	<u>12,552</u>
Excess (Deficiency) of Revenue over Expenditures	<u>4,449</u>	<u>4,449</u>	<u>54,327</u>	<u>49,878</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 4,449</u>	<u>\$ 4,449</u>	54,327	<u>\$ 49,878</u>
Beginning Fund Balance			<u>188,193</u>	
Ending Fund Balance			<u>\$ 242,520</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
AUDIT FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 26,800	\$ 26,800	\$ 24,783	\$ (2,017)
Investment Interest	-	-	-	-
Total Revenues	<u>26,800</u>	<u>26,800</u>	<u>24,783</u>	<u>(2,017)</u>
Expenditures				
<i>Current</i>				
General Government	<u>23,000</u>	<u>23,000</u>	<u>20,380</u>	<u>2,620</u>
Total Expenditures	<u>23,000</u>	<u>23,000</u>	<u>20,380</u>	<u>2,620</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,800</u>	<u>3,800</u>	<u>4,403</u>	<u>603</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 3,800</u>	<u>\$ 3,800</u>	4,403	<u>\$ 603</u>
Beginning Fund Balance			<u>123,282</u>	
Ending Fund Balance			<u>\$ 127,685</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
PARK FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 112,300	\$ 112,300	\$ 106,446	\$ (5,854)
Revenue from Services	25,500	25,500	19,681	(5,819)
Investment Interest	-	-	-	-
Other	2,005	2,005	1,922	(83)
Total Revenues	<u>139,805</u>	<u>139,805</u>	<u>128,049</u>	<u>(11,756)</u>
Expenditures				
<i>Current</i>				
Services	132,200	132,200	114,097	18,103
<i>Capital Outlay</i>	<u>3,500</u>	<u>3,500</u>	<u>7,651</u>	<u>(4,151)</u>
Total Expenditures	<u>135,700</u>	<u>135,700</u>	<u>121,748</u>	<u>13,952</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,105</u>	<u>4,105</u>	<u>6,301</u>	<u>2,196</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>(150)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>(150)</u>
Net Change in Fund Balance	<u>\$ 4,105</u>	<u>\$ 4,105</u>	6,151	<u>\$ 2,046</u>
Beginning Fund Balance			<u>30,156</u>	
Ending Fund Balance			<u>\$ 36,307</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
CIVIL DEFENSE FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 29,300	\$ 29,300	\$ 28,066	\$ (1,234)
Grant Income	11,000	11,000	11,157	157
Investment Interest	-	-	-	-
Other	500	500	842	342
Total Revenues	<u>40,800</u>	<u>40,800</u>	<u>40,065</u>	<u>(735)</u>
Expenditures				
<i>Current</i>				
Public Safety	55,940	55,940	33,502	22,438
<i>Capital Outlay</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>55,940</u>	<u>55,940</u>	<u>33,502</u>	<u>22,438</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(15,140)</u>	<u>(15,140)</u>	<u>6,563</u>	<u>21,703</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	150	150
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
Net Change in Fund Balance	<u>\$ (15,140)</u>	<u>\$ (15,140)</u>	<u>6,713</u>	<u>\$ 21,853</u>
Beginning Fund Balance			<u>41,509</u>	
Ending Fund Balance			<u>\$ 48,222</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GARBAGE FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 6,400	\$ 6,400	\$ 5,642	\$ (758)
Investment Interest	-	-	-	-
Total Revenues	<u>6,400</u>	<u>6,400</u>	<u>5,642</u>	<u>(758)</u>
Expenditures				
<i>Current</i>				
Services	<u>6,000</u>	<u>6,000</u>	<u>4,257</u>	<u>1,743</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,257</u>	<u>1,743</u>
Excess (Deficiency) of Revenues over Expenditures	<u>400</u>	<u>400</u>	<u>1,385</u>	<u>985</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 400</u>	<u>\$ 400</u>	1,385	<u>\$ 985</u>
Beginning Fund Balance			<u>18,413</u>	
Ending Fund Balance			<u>\$ 19,798</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
PUBLIC LIBRARY FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 71,250	\$ 71,250	\$ 67,619	\$ (3,631)
Intergovernmental	5,000	5,000	6,477	1,477
Grant Income	7,778	7,778	7,795	17
Fines and Penalties	2,000	2,000	1,848	(152)
Revenue from Services	4,350	4,350	4,635	285
Investment Interest	100	100	35	(65)
Other	2,200	2,200	6,787	4,587
Total Revenues	<u>92,678</u>	<u>92,678</u>	<u>95,196</u>	<u>2,518</u>
Expenditures				
<i>Current</i>				
Services	92,450	92,450	94,359	(1,909)
<i>Capital Outlay</i>	-	-	12,679	(12,679)
Total Expenditures	<u>92,450</u>	<u>92,450</u>	<u>107,038</u>	<u>(14,588)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>228</u>	<u>228</u>	<u>(11,842)</u>	<u>(12,070)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 228</u>	<u>\$ 228</u>	<u>(11,842)</u>	<u>\$ (12,070)</u>
Beginning Fund Balance			<u>141,718</u>	
Ending Fund Balance			<u>\$ 129,876</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
DRUG ABUSE FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or</u>
Revenues				
Intergovernmental	\$ 6,300	\$ 6,300	\$ 6,056	\$ (244)
Fines and Penalties	26,000	26,000	50,737	24,737
Investment Interest	-	-	-	-
Other Income	-	-	-	-
Total Revenues	<u>32,300</u>	<u>32,300</u>	<u>56,793</u>	<u>24,493</u>
Expenditures				
<i>Current</i>				
Public Welfare	8,000	8,000	6,345	1,655
<i>Capital Outlay</i>	-	-	-	-
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>6,345</u>	<u>1,655</u>
Excess (Deficiency) of Revenues over Expenditures	<u>24,300</u>	<u>24,300</u>	<u>50,448</u>	<u>26,148</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 24,300</u>	<u>\$ 24,300</u>	50,448	<u>\$ 26,148</u>
Beginning Fund Balance			<u>26,171</u>	
Ending Fund Balance			<u>\$ 76,619</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TOURISM HOTEL TAX FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 39,000	\$ 39,000	\$ 35,764	\$ (3,236)
Investment Interest	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>35,765</u>	<u>(3,235)</u>
Expenditures				
<i>Current</i>				
Other	<u>43,000</u>	<u>43,000</u>	<u>35,941</u>	<u>7,059</u>
Total Expenditures	<u>43,000</u>	<u>43,000</u>	<u>35,941</u>	<u>7,059</u>
Net Change in Fund Balance	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	(176)	<u>\$ 3,824</u>
Beginning Fund Balance			<u>491</u>	
Ending Fund Balance			<u>\$ 315</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TIF #1 FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 57,000	\$ 57,000	\$ 52,015	\$ (4,985)
Investment Interest	-	-	-	-
Total Revenues	<u>57,000</u>	<u>57,000</u>	<u>52,015</u>	<u>(4,985)</u>
Expenditures				
<i>Current</i>				
Other	<u>50,026</u>	<u>50,026</u>	<u>90,248</u>	<u>(40,222)</u>
Total Expenditures	<u>50,026</u>	<u>50,026</u>	<u>90,248</u>	<u>(40,222)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,974</u>	<u>6,974</u>	<u>(38,233)</u>	<u>(45,207)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,974</u>	<u>\$ 6,974</u>	<u>(38,233)</u>	<u>\$ (45,207)</u>
Beginning Fund Balance			<u>49,944</u>	
Ending Fund Balance			<u>\$ 11,711</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TIF #2 FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 28,000	\$ 28,000	\$ 27,834	\$ (166)
Grant Income	14,145	14,145	13,750	(395)
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>42,145</u>	<u>42,145</u>	<u>41,584</u>	<u>(561)</u>
Expenditures				
<i>Current</i>				
Other	<u>18,746</u>	<u>18,746</u>	<u>22,688</u>	<u>(3,942)</u>
Total Expenditures	<u>18,746</u>	<u>18,746</u>	<u>22,688</u>	<u>(3,942)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,399</u>	<u>23,399</u>	<u>18,896</u>	<u>(4,503)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(5,575)</u>	<u>(5,575)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,575)</u>	<u>(5,575)</u>
Net Change in Fund Balance	<u>\$ 23,399</u>	<u>\$ 23,399</u>	13,321	<u>\$ (10,078)</u>
Beginning Fund Balance			<u>14,050</u>	
Ending Fund Balance			<u>\$ 27,371</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TIF #3 FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 1,500	\$ 1,500	\$ 43,610	\$ 42,110
Grant Income	-	-	-	-
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>43,610</u>	<u>42,110</u>
Expenditures				
<i>Current</i>				
Other	-	-	10,500	(10,500)
Total Expenditures	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>(10,500)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,500</u>	<u>1,500</u>	<u>33,110</u>	<u>31,610</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>33,110</u>	<u>\$ 31,610</u>
Beginning Fund Balance			<u>10,968</u>	
Ending Fund Balance			<u>\$ 44,078</u>	

MAJOR PROPRIETARY FUNDS

CITY OF DU QUOIN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Position

Original Budget, Final Budget, and Actual

WATERWORKS & SEWAGE FUND

For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Revenues				
Water and Sewer Revenue	\$ 2,177,200	\$ 2,177,200	\$ 2,258,059	\$ 80,859
Tap-on Fees	6,400	6,400	4,500	(1,900)
Reconnect Fees	16,000	16,000	19,512	3,512
Total Operating Revenues	<u>2,199,600</u>	<u>2,199,600</u>	<u>2,282,071</u>	<u>82,471</u>
Operating Expenses				
Water	-	-	-	-
Depreciation	-	-	11,125	(11,125)
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>11,125</u>	<u>(11,125)</u>
Operating Income (Loss)	2,199,600	2,199,600	2,270,946	71,346
Non-Operating Revenues				
Grant Income	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	21,500	21,500	7,132	(14,368)
Total Non-Operating Revenues	<u>21,500</u>	<u>21,500</u>	<u>7,132</u>	<u>(14,368)</u>
Operating Transfers				
Operating Transfers In	-	-	182,000	182,000
Operating Transfers Out	-	-	(2,635,139)	(2,635,139)
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>(2,453,139)</u>	<u>(2,453,139)</u>
Net Income (Loss)	<u>\$ 2,221,100</u>	<u>\$ 2,221,100</u>	(175,061)	<u>\$ (2,396,161)</u>
Beginning Net Position			<u>(499,920)</u>	
Ending Net Position			<u>\$ (674,981)</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenses, and Changes in Net Position
Original Budget, Final Budget, and Actual
CAPITAL IMPROVEMENTS FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Depreciation	\$ -	\$ -	\$ 371,816	\$ (371,816)
Other	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>371,816</u>	<u>(371,816)</u>
Operating Income (Loss)	-	-	(371,816)	(371,816)
Non-Operating Revenues				
Grant Income	820,635	820,635	209,515	(611,120)
Interest Income	15,000	15,000	2	(14,998)
Reimbursements	-	-	-	-
Total Non-Operating Revenues	<u>835,635</u>	<u>835,635</u>	<u>209,517</u>	<u>(626,118)</u>
Non-Operating Expenses				
Interest Expense	420,000	420,000	137,441	282,559
Principal Payments	-	-	-	-
Capital Outlay	174,505	174,505	-	174,505
Grant Expenses	192,000	192,000	-	192,000
Total Non-Operating Expenses	<u>786,505</u>	<u>786,505</u>	<u>137,441</u>	<u>649,064</u>
Operating Transfers				
Operating Transfers In	138,000	138,000	1,017,913	879,913
Operating Transfers Out	-	-	(44,104)	(44,104)
Total Operating Transfers	<u>138,000</u>	<u>138,000</u>	<u>973,809</u>	<u>835,809</u>
Net Income (Loss)	<u>\$ 187,130</u>	<u>\$ 187,130</u>	674,069	<u>\$ 486,939</u>
Beginning Net Position			<u>3,502,371</u>	
Ending Net Position			<u>\$ 4,176,440</u>	

CITY OF DU QUOIN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Position

Original Budget, Final Budget, and Actual

OPERATIONS AND MAINTENANCE

For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Water	\$ 1,581,975	\$ 1,581,975	\$ 1,475,651	\$ 106,324
Water Pollution Control Plant	615,800	615,800	524,331	91,469
Depreciation	-	-	38,323	(38,323)
Total Operating Expenses	<u>2,197,775</u>	<u>2,197,775</u>	<u>2,038,305</u>	<u>159,470</u>
Operating Income (Loss)	(2,197,775)	(2,197,775)	(2,038,305)	159,470
Non-Operating Expenses				
Interest Expense	<u>38,500</u>	<u>38,500</u>	<u>14,755</u>	<u>23,745</u>
Total Non-Operating Expenses	<u>38,500</u>	<u>38,500</u>	<u>14,755</u>	<u>23,745</u>
Operating Transfers				
Operating Transfers In	-	-	2,129,150	2,129,150
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(469,312)</u>	<u>(469,312)</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>1,659,838</u>	<u>1,659,838</u>
Net Income (Loss)	<u>\$ (2,236,275)</u>	<u>\$ (2,236,275)</u>	(393,222)	<u>\$ 1,843,053</u>
Beginning Net Position			<u>192,913</u>	
Ending Net Position			<u>\$ (200,309)</u>	

NON-MAJOR PROPRIETARY FUNDS

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenses, and Changes in Net Position
Original Budget, Final Budget, and Actual
WATER METER DEPOSIT FUND
For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Non-Operating Revenues				
Interest Income	\$ 8	\$ 8	\$ 8	\$ -
Meter Deposits	<u>11,500</u>	<u>11,500</u>	<u>9,855</u>	<u>(1,645)</u>
Total Non-Operating Revenues	<u>11,508</u>	<u>11,508</u>	<u>9,863</u>	<u>(1,645)</u>
Non-Operating Expenses				
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>11,384</u>	<u>616</u>
Total Non-Operating Expenses	<u>12,000</u>	<u>12,000</u>	<u>11,384</u>	<u>616</u>
Operating Transfers				
Operating Transfers In	-	-	2,550	2,550
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>2,550</u>	<u>2,550</u>
Net Income (Loss)	<u>\$ (492)</u>	<u>\$ (492)</u>	1,029	<u>\$ 1,521</u>
Beginning Net Position			<u>1,608</u>	
Ending Net Position			<u>\$ 2,637</u>	

CITY OF DU QUOIN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Position

Original Budget, Final Budget, and Actual

DEPRECIATION RESERVE FUND

For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Non-Operating Revenues				
Interest Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Transfers				
Operating Transfers In	<u>1,200</u>	<u>1,200</u>	<u>4,800</u>	<u>3,600</u>
Total Operating Transfers	<u>1,200</u>	<u>1,200</u>	<u>4,800</u>	<u>3,600</u>
Net Income (Loss)	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>4,800</u>	<u>\$ 3,600</u>
Beginning Net Position			<u>94,169</u>	
Ending Net Position			<u>\$ 98,969</u>	

CITY OF DU QUOIN, ILLINOIS

Computation of Legal Debt Margin

December 30, 2014

Assessed Valuation - Levy		\$ 41,563,177
Statutory Debt Limitation (8.625% of assessed valuation)		\$ 3,584,824
Total Debt:		
Loan Obligations	5,281,664	
Lease Obligations	328,187	
Total Debt	5,609,851	
Less: EPA Loan Exempt from Debt Limitation	(4,968,003)	641,848
Statutory Debt Margin		\$ 2,942,976

CITY OF DU QUOIN, ILLINOIS
Assessed Valuation and Taxes Levied
December 30, 2014

The City's property tax is levied each year on all real property located in the City upon the passing of the City's budget, appropriations ordinance, and tax levy. Property taxes are levied based on the assessed value of property as listed as of January 1 of the previous year. Assessed values are an approximation of market value. The property taxes attach as an enforceable lien on property as of January 1. The levy for 2013 payable 2014 was filed with Perry County by December 20, 2013.

The County (Perry County, Illinois) extends, bills, and collects the City's property taxes. Residents may pay property taxes to the County in two installments. The property tax is paid to the City by the County as statute permits, which is generally shortly after the County's collection dates. The tax levy ordinance was approved on December 20, 2013. The City received tax distributions in August, September, and December of 2014.

	<u>TAX LEVY YEARS 2013, 2012, 2011</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSESSED VALUATION	\$ 41,563,177	\$ 42,430,242	\$ 42,061,318
Social Security	0.0060	0.1048	0.1010
Library	0.1500	0.1500	0.1500
IMRF	0.1019	0.2058	0.1982
Firefighter's Pension	0.6855	0.4697	0.4517
Police Pension	0.5313	0.4574	0.4398
Total	1.4747	1.3877	1.3407
	<u>2013</u>	<u>2012</u>	<u>2011</u>
TAX EXTENSIONS			
Social Security	\$ 2,494	\$ 44,467	\$ 42,482
Library	62,345	63,645	63,092
IMRF	42,353	87,321	83,366
Firefighter's Pension	284,916	199,295	189,991
Police Pension	220,825	194,076	184,986
Road and Bridge	32,710	34,156	33,783
TIF #1	52,534	55,284	46,191
TIF #2	27,833	27,623	25,636
TIF #3	43,609	-	-
Total	\$ 769,619	\$ 705,867	\$ 669,527
	<u>2013</u>	<u>2012</u>	<u>2011</u>
TAX COLLECTIONS			
Social Security	\$ 2,489	\$ 41,977	\$ 39,765
Library	62,226	69,426	68,193
IMRF	42,264	84,462	79,989
Firefighter's Pension	284,312	199,358	188,869
Police Pension	220,358	194,137	183,893
Road and Bridge	32,573	34,054	33,626
TIF #1	52,015	56,415	44,881
TIF #2	27,834	27,624	25,638
TIF #3	43,611	10,967	-
Total	\$ 767,682	\$ 718,420	\$ 664,854

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

FINDING 1: 2014-01

Outdated Outstanding Checks

Criteria: The City should have a periodic review of the outstanding check lists for each bank account, performed on a timely basis.

Condition: Bank reconciliations for some bank accounts had several checks that were outstanding for several months.

Cause: The accounting department failed to review the bank reconciliations for checks that have been outstanding for several months.

Effect or Potential Effect: Tracking outstanding checks is an important control procedure that ensures that all outgoing checks are accounted for.

Recommendation: We suggest that an accurate outstanding check list be kept for each bank account and a periodic review of the lists be performed on a timely basis. If necessary, stop payment notices should be sent to the bank.

Management Response: Management is aware of the outstanding checks. The City will perform periodic reviews of the check lists.

FINDING 2: 2014-02

Support for Cash Disbursements Needed

Criteria: The City should retain adequate documentation in support of every disbursement incurred by the City.

Condition: Several checks written had no adequate documentation in support of the disbursements.

Cause: Some of the departments failed to retain supporting documentation for disbursements. Some of the documentation was misplaced.

Effect or Potential Effect: When no documentation is retained for disbursements, there is no adequate way to ensure the checks are issued for valid disbursements. The City is susceptible to accounting errors and misappropriation of funds.

Recommendation: We recommend, to provide adequate disbursement documentation, a copy of the invoice, or a check request form containing a description of the purpose when there is no invoice, should be retained for each disbursement. This practice should be initiated as soon as possible.

Management Response: Management is aware of the lack of disbursement documentation. They will discuss the matter with each department and make the recommended changes.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Continued
For the Year Ended December 31, 2014

FINDING 3: 2014-03

Accurate Transactions in the Cash Disbursements Journal

Criteria: Cash disbursements need to be classified in the correct expenditure account.

Condition: Several errors in account classification made in the cash disbursements process caused numerous reclassification entries to be made.

Cause: Some of the departments fail to provide enough detail for cash disbursements to properly classify them. Some funds only have one expenditure account.

Effect or Potential Effect: Proper account classifications are critical to producing accurate financial statements from which informed business decisions can be made. The correcting entries that need to be made to correct previous mistakes wastes time and should be avoided.

Recommendation: Accurate account classifications should be made at the start of the cash disbursements process with few, if any, exceptions. We suggest that steps be taken to implement procedures that ensure the accuracy of all transactions at their origin.

Management Response: Management is aware of the classification errors. They will discuss the matter with each department and make the recommended changes.

FINDING 4: 2014-04

Accurate Transactions in the Cash Receipts Journal

Criteria: Cash receipts need to be classified in the correct revenue account.

Condition: Several errors in account classification made in the cash receipts process caused numerous reclassification entries to be made.

Cause: Some of the departments fail to provide enough detail for cash receipts to properly classify them. Some funds only have one revenue account.

Effect or Potential Effect: Proper account classifications are critical to producing accurate financial statements from which informed business decisions can be made. The correcting entries that need to be made to correct previous mistakes wastes time and should be avoided.

Recommendation: Accurate account classifications should be made at the start of the cash receipts process with few, if any, exceptions. We suggest that steps be taken to implement procedures that ensure the accuracy of all transactions at their origin.

Management Response: Management is aware of the classification errors. They will discuss the matter with each department and make the recommended changes.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Continued
For the Year Ended December 31, 2014

FINDING 5: 2014-05

Bank accounts not reconciled on a timely basis.

Criteria: All bank statements should be reconciled to the general ledger regularly.

Condition: Several bank accounts were not reconciled to the general ledger at all during the year.

Cause: A list of outstanding deposits and checks were prepared for the bank accounts. However, since the reconciliations were not performed on a timely basis, these items did not reconcile the bank statement to the general ledger.

Effect or Potential Effect: Not reconciling bank statements on timely basis is very poor cash management. This method leaves the City open to risk of misappropriation of funds, and misstatements of available funds.

Recommendation: We recommend that all of the bank accounts be reconciled monthly to the general ledger and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanations.

Management Response: Management will implement procedures that require bank reconciliations to be performed every month.

FINDING 6: 2014-06

Fund Balance Not Properly Recorded at Year End

Criteria: Fund balance should be closed out and properly recorded at year end.

Condition: When the financial statements were closed out at year end, the net changes in fund balance were not properly classified. The net change was coded to an unspecified account named "created by posting," instead of posting to fund balance.

Cause: The City has an all new accounting staff and personnel so year end procedures were not completed correctly.

Effect or Potential Effect: When the changes to fund balance were posted to the incorrect account, the fund balances were out of balance. Also, the category "created by posting" does not appear on the balance sheet. Therefore, a lot of work and time went into correcting the balance sheets.

Recommendation : We recommend that the accounting department and personnel review the year end procedures and ensure they are followed. Also, a review of the financial statements after year end by management would help ensure procedures were followed correctly.

Management Response: Management will discuss the issue with the Departments and make the recommended changes.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Continued
For the Year Ended December 31, 2014

FINDING 7: 2014-07

Checks written out of sequence or duplicated.

Criteria: Checks should be written in numerical sequence and never have duplicate check numbers within one bank account.

Condition: Some of the City's bank accounts had checks written out of numerical sequence. Some of the City's bank accounts had duplicate check numbers assigned to different checks.

Cause: The City's checks are not prenumbered. The accounting department was not ensuring that checks written were assigned a separate, sequential check number.

Effect or
Potential Effect: By duplicating check numbers and not writing checks in sequential order, the City's cash disbursement controls are not practicable and do not provide assurance that no unauthorized payments are made and that all payments are accurately recorded.

Recommendation: We recommend that strict numerical control is kept over all checks issued and that checks be issued in sequence as much as possible.

Management
Response: Management will discuss the issue with the Departments and recommend they begin issuing all checks in numerical sequence.

FINDING 8: 2014-08

Segregation of duties is limited.

Criteria: Generally Accepted Accounting Principles

Condition: There is limited segregation of duties over cash receipts, recording of transactions and reconciliation of the bank accounts.

Cause: The City has not reviewed or analyzed its internal control procedures in some time.

Effect or
Potential Effect: Transaction and reporting errors could occur and not be detected in a timely manner.

Recommendation: The City should segregate or rotate duties so that no one individual handles a transaction from its inception to its completion. While the City's current staffing arrangement may not permit an adequate segregation of duties in all respects for an effective system of internal control procedures, it is important that you are aware of this condition.

Management
Response: They are aware of this condition. They will review their staffing arrangements, assignment of duties and employee bonding.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Continued
For the Year Ended December 31, 2014

FINDING 9: 2014-09

Need better filing system and retention of records.

Criteria:

The City should retain all cancelled invoices, cancelled checks, cash receipt vouchers, and original bank statements. The City should have them all filed in a convenient manner.

Condition:

There were missing invoices, cancelled checks, cash receipt vouchers, and original bank statements. Some items were found after a lengthy search while other items remain unaccounted for.

Cause:

Some of the departments failed to retain supporting documentation for disbursements, original bank statements, cancelled checks, and cash receipt vouchers. Some of the documentation was misplaced.

Effect or
Potential Effect:

Missing accounting records such as these, while typically indicative of general disorganization, can be a flag of a much more severe issue such as potential fraud or other such abuse.

Recommendation:

A significant effort should be undertaken to ensure that all bank statements, cancelled checks, and cash receipt vouchers are located, properly filed, and retained. This information is of the utmost importance to the accounting process, and its loss or misplacement simply should not occur and should not be tolerated.

Management
Response:

Management is aware of the lack of important documents. They will discuss the matter with each department and make the recommended changes.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Concluded
For the Year Ended December 31, 2014

FINDING 10: 2014-10

Criteria:	Current <i>Government Auditing Standards</i> require the City to designate a qualified management level individual to be responsible and accountable for overseeing the drafting of the City's financial statements and footnotes in accordance with accounting principles generally accepted in the United States.
Condition:	Personnel of the City do not currently possess the skills necessary to draft financial statements and footnotes in accordance with accounting principles generally accepted in the United States.
Cause:	Lack of formal technical training.
Effect or Potential Effect:	The City's management may not be able to detect errors or omissions in the application of accounting principles generally accepted in the United States with respect to the City's financial statements and footnotes.
Recommendation:	Current <i>Government Auditing Standards</i> allow the City to continue to request the auditor to prepare the financial statements and footnote disclosures. However, the City is still responsible for having a qualified person capable of overseeing (understanding) the complete drafting of the financial statements and footnote disclosures as well as having the capability of making sure that all adjusting entries, having a material effect on the financial statements, are properly posted prior to the audit being performed. The City should consider providing additional training for its staff.
Management Response :	Management agrees with the finding. The City accepts the degree of risk associated with this condition and will continue to have its auditor prepare its financial statements and footnote disclosures.