

CITY OF DU QUOIN, ILLINOIS
GENERAL PURPOSE FINANCIAL STATEMENTS
For The Year Ended December 31, 2016

CITY OF DU QUOIN, ILLINOIS

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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, 2016, and the related notes to the financial statements, which collectively comprise the 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, 2016, 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, IMRF schedules and analysis and budgetary comparison information on pages 5 - 14 and 65 - 72 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, computation of legal debt margin, and the assessed valuation and taxes levied schedule, 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, computation of legal debt margin, and the assessed valuation and taxes levied schedule 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, computation of legal debt margin, and the assessed valuation and taxes levied schedule 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 1, 2017, 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, Illinois
June 1, 2017



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**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, 2016, 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 1, 2017.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.[Finding 01: 2016-01].

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, Illinois
June 1, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2016 and December 31, 2015 Comparison

	Governmental Activities		% Change
	2016	2015	
Assets			
Current Assets	\$ 2,573,523	\$ 2,700,770	-4.71%
Non-Current Assets			
Capital Assets, Net of Depreciation	3,838,185	3,946,007	-2.73%
Total Assets	6,411,708	6,646,777	-3.54%
Deferred Outflows of Resources			
Pension Liability	450,449	784,154	-42.56%
Liabilities			
Current Liabilities	220,610	230,308	-4.21%
Long-Term Liabilities	1,539,736	1,754,203	-12.23%
Total Liabilities	1,760,346	1,984,511	-11.30%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	2,652,434	2,874,695	-7.73%
Restricted	1,643,286	1,773,368	-7.34%
Unrestricted (Deficit)	806,091	798,357	0.97%
Total Net Position	\$ 5,101,811	\$ 5,446,420	-6.33%

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2016 and December 31, 2015 Comparison

	Governmental Activities		% Change
	2016	2015	
Revenue			
Program Revenue:			
Charges for Services	\$ 276,863	\$ 245,186	12.92%
Operating Grants	10,568	133,963	-92.11%
Capital Grants	26,520	316,236	-91.61%
General Revenue:			
Taxes	386,242	329,976	17.05%
Intergovernmental	4,477,652	4,611,265	-2.90%
Investment Interest	4,762	5,547	-14.15%
Miscellaneous	174,529	86,474	101.83%
Total Revenue	5,357,136	5,728,647	-6.49%
Expenses			
General Government	1,534,239	1,502,616	2.10%
Projects	-	-	0.00%
Public Safety	2,315,300	2,395,290	-3.34%
Public Welfare	30,237	21,697	39.36%
Services	264,403	239,639	10.33%
Transportation	935,940	826,590	13.23%
Other	446,035	296,520	50.42%
Interest on Long-term Debt	12,716	11,611	9.52%
Pension Expense	189,038	347,155	-45.55%
Total Expenses	5,727,908	5,641,118	1.54%
Operating Transfers, Net	4,148	(126,633)	103.28%
Change in Net Position	(366,624)	(39,104)	-837.56%
Beginning Net Position	5,446,420	4,947,487	10.08%
Prior Period Adjustment-See Note Q	22,015	538,037	-95.91%
Ending Net Position	\$ 5,101,811	\$ 5,446,420	-6.33%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2016 and December 31, 2015 Comparison

	Business-Type Activities		% Change
	2016	2015	
Assets			
Current Assets	\$ 409,550	\$ 299,150	36.90%
Non-Current Assets			
Capital Assets, Net of Depreciation	7,768,179	8,173,032	-4.95%
Total Assets	8,177,729	8,472,182	-3.48%
Deferred Outflows of Resources			
None	-	-	0.00%
Liabilities			
Current Liabilities	497,637	512,526	-2.91%
Long-Term Liabilities	4,108,824	4,488,494	-8.46%
Total Liabilities	4,606,461	5,001,020	-7.89%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	3,316,629	3,312,735	0.12%
Restricted	-	-	0.00%
Unrestricted (Deficit)	254,639	158,427	60.73%
Total Net Position	\$ 3,571,268	\$ 3,471,162	2.88%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2016 and December 31, 2015 Comparison

	Business-Type Activities		% Change
	2016	2015	
Revenue			
Program Revenue:			
Charges for Services	\$ 2,689,545	\$ 2,595,876	3.61%
Capital Grants	-	-	0.00%
General Revenue:			
Investment Interest	13	9	44.44%
Other	9,882	33,874	-70.83%
Total Revenue	2,699,440	2,629,759	2.65%
Expenses			
Waterworks & Sewage Fund	11,126	11,125	0.01%
Water Meter Deposit Fund	23,575	11,716	101.22%
Capital Improvements Fund	489,163	498,036	-1.78%
Operation & Maintenance Fund	2,071,322	2,167,109	-4.42%
Total Expenses	2,595,186	2,687,986	-3.45%
Operating Transfers, Net	(4,148)	126,633	-103.28%
Change in Net Position	100,106	68,406	46.34%
Beginning Net Position	3,471,162	3,402,756	2.01%
Ending Net Position	\$ 3,571,268	\$ 3,471,162	2.88%

BASIC FINANCIAL STATEMENTS

CITY OF DU QUOIN, ILLINOIS

Statement of Net Position

December 31, 2016

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Current Assets			
Cash	\$ 284,366	\$ 384,491	\$ 668,857
Cash (Restricted)	816,973	-	816,973
Investments, at cost	117,352	-	117,352
Due from State of Illinois	705,763	-	705,763
Real Estate Tax Receivable	53,234	-	53,234
Due from Other Governments	507,378	-	507,378
Due From Other Funds	-	25,059	25,059
Notes Receivable	88,457	-	88,457
Total Current Assets	2,573,523	409,550	2,983,073
Non-Current Assets			
Property, Plant, and Equipment			
Non-Depreciable	50,500	-	50,500
Depreciable (Net)	3,787,685	7,768,179	11,555,864
Total Non-Current Assets	3,838,185	7,768,179	11,606,364
Total Assets	6,411,708	8,177,729	14,589,437
Deferred Outflows of Resources			
Pension Liability	450,449	-	450,449
Liabilities			
Current Liabilities			
Cash Overdraft	42,934	-	42,934
Accounts Payable	27,575	50,955	78,530
Due To Other Funds	25,059	-	25,059
Other Payables	28,578	58,996	87,574
Accrued Absences	26,033	5,845	31,878
Loans and Leases Payable	70,431	381,841	452,272
Total Current Liabilities	220,610	497,637	718,247
Non-Current Liabilities			
Accrued Absences	176,479	39,115	215,594
Loans and Leases Payable	329,216	4,069,709	4,398,925
Net Pension Liability	1,034,041	-	1,034,041
Total Non-Current Liabilities	1,539,736	4,108,824	5,648,560
Total Liabilities	1,760,346	4,606,461	6,366,807
Deferred Inflows of Resources			
None	-	-	-
Net Position			
Net Investment in Capital Assets	2,652,434	3,316,629	5,969,063
Restricted	1,643,286	-	1,643,286
Unrestricted (Deficit)	806,091	254,639	1,060,730
Total Net Position	\$ 5,101,811	\$ 3,571,268	\$ 8,673,079

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, 2016

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	\$ 1,534,239	\$ 73,012	\$ -	\$ -	\$ (1,461,227)	\$ -	\$ (1,461,227)
Projects	-	-	-	-	-	-	-
Public Safety	2,315,300	77,839	4,767	26,520	(2,206,174)	-	(2,206,174)
Public Welfare	30,237	39,931	-	-	9,694	-	9,694
Services	264,403	31,181	5,801	-	(227,421)	-	(227,421)
Transportation	935,940	54,900	-	-	(881,040)	-	(881,040)
Other	446,035	-	-	-	(446,035)	-	(446,035)
Interest on Long-Term Debt	12,716	-	-	-	(12,716)	-	(12,716)
Pension Expense	189,038	-	-	-	(189,038)	-	(189,038)
Total Governmental Activities	5,727,908	276,863	10,568	26,520	(5,413,957)	-	(5,413,957)
Business-Type Activities							
Waterworks & Sewage Fund	11,126	2,670,026	-	-	-	2,658,900	2,658,900
Water Meter Deposit Fund	23,575	19,519	-	-	-	(4,056)	(4,056)
Capital Improvements Fund	489,163	-	-	-	-	(489,163)	(489,163)
Operation & Maintenance Fund	2,071,322	-	-	-	-	(2,071,322)	(2,071,322)
Depreciation Fund	-	-	-	-	-	-	-
Total Business-Type Activities	2,595,186	2,689,545	-	-	-	94,359	94,359
Total Primary Government	\$ 8,323,094	\$ 2,966,408	\$ 10,568	\$ 26,520	\$ (5,413,957)	\$ 94,359	\$ (5,319,598)
General Revenues:							
Taxes:							
Property Tax					\$ 350,995	\$ -	\$ 350,995
Hotel Tax					35,247	-	35,247
Intergovernmental:							
Utility Tax					112,978	-	112,978
Replacement Tax					49,602	-	49,602
Retailers' Occupation Tax					2,720,362	-	2,720,362
Local Use Tax					145,789	-	145,789
Allotments					155,539	-	155,539
State Income Tax					586,897	-	586,897
Other					706,485	-	706,485
Investment Earnings					4,762	13	4,775
Miscellaneous					174,529	9,882	184,411
Operating Transfers, Net					4,148	(4,148)	-
Total General Revenues and Transfers					5,047,333	5,747	5,053,080
Change in Net Position					(366,624)	100,106	(266,518)
Beginning Net Position					5,446,420	3,471,162	8,917,582
Prior Period Adjustment-See Note Q					22,015	-	22,015
Ending Net Position					\$ 5,101,811	\$ 3,571,268	\$ 8,673,079

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, 2016

	Major Funds		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund		
Assets and Deferred Outflows of Resources				
Assets				
Cash	\$ 284,366	\$ -	\$ -	\$ 284,366
Cash (Restricted)	-	269,451	547,522	816,973
Investments, at cost	-	-	117,352	117,352
Due From State of Illinois	660,299	14,492	30,972	705,763
Real Estate Tax Receivable	1,698	-	51,536	53,234
Due from other Governments	507,378	-	-	507,378
Due From Other Funds	7,899	7,845	28,824	44,568
Notes Receivable	-	-	88,457	88,457
Total Assets	1,461,640	291,788	864,663	2,618,091
Deferred Outflows of Resources				
None	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 1,461,640	\$ 291,788	\$ 864,663	\$ 2,618,091
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Cash Overdraft	\$ 18,869	\$ -	\$ 24,065	\$ 42,934
Accounts Payable	16,063	-	11,512	27,575
Due To Other Funds	61,728	-	7,899	69,627
Other Payables	28,057	-	521	28,578
Total Liabilities	124,717	-	43,997	168,714
Deferred Inflows of Resources				
None	-	-	-	-
Fund Balance				
Nonspendable	507,378	-	88,457	595,835
Restricted	-	291,788	259,674	551,462
Committed	-	-	221,594	221,594
Assigned	-	-	274,395	274,395
Unassigned	829,545	-	(23,454)	806,091
Total Fund Balance	1,336,923	291,788	820,666	2,449,377
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,461,640	\$ 291,788	\$ 864,663	\$ 2,618,091

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, 2016

Fund Balances of Governmental Funds	\$ 2,449,377
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.	3,838,185
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(583,592)
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>(602,159)</u>
Net Position of Governmental Activities	<u><u>\$ 5,101,811</u></u>

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, 2016

	<u>Major Funds</u>		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund		
Revenues				
Taxes	\$ 32,713	\$ -	\$ 353,529	\$ 386,242
Intergovernmental	3,975,955	155,539	346,158	4,477,652
Grant Income	26,520	-	10,568	37,088
Licenses and Permits	35,767	-	-	35,767
Fines and Penalties	70,318	-	41,695	112,013
Revenues from Services	99,666	-	29,417	129,083
Interest on Investments	235	197	4,330	4,762
Other	85,424	-	89,105	174,529
Total Revenues	<u>4,326,598</u>	<u>155,736</u>	<u>874,802</u>	<u>5,357,136</u>
Expenditures				
<i>Current</i>				
General Government	1,362,433	-	19,170	1,381,603
Projects	-	-	-	-
Public Safety	2,098,883	-	32,183	2,131,066
Public Welfare	-	-	20,142	20,142
Services	-	-	238,180	238,180
Transportation	692,612	182,797	-	875,409
Other	-	-	446,035	446,035
<i>Capital Outlay</i>	74,732	-	245,432	320,164
<i>Debt Service</i>	67,531	-	25,517	93,048
Total Expenditures	<u>4,296,191</u>	<u>182,797</u>	<u>1,026,659</u>	<u>5,505,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>30,407</u>	<u>(27,061)</u>	<u>(151,857)</u>	<u>(148,511)</u>
Other Financing Sources (Uses)				
Operating Transfers In	35,466	-	228,212	263,678
Operating Transfers Out	(81,714)	(35)	(177,781)	(259,530)
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>(46,248)</u>	<u>(35)</u>	<u>50,431</u>	<u>4,148</u>
Net Change in Fund Balance	(15,841)	(27,096)	(101,426)	(144,363)
Beginning Fund Balance	1,352,764	318,884	900,077	2,571,725
Prior Period Adjustment-See Note Q	<u>-</u>	<u>-</u>	<u>22,015</u>	<u>22,015</u>
Ending Fund Balance	<u>\$ 1,336,923</u>	<u>\$ 291,788</u>	<u>\$ 820,666</u>	<u>\$ 2,449,377</u>

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, 2016

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

Net Change in Fund Balances - Total Governmental Funds	\$	(144,363)
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.		(107,822)
The net effect of various miscellaneous transactions involving capital assets to increase net assets.		-
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.		80,332
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>(194,771)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(366,624)</u></u>

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, 2016

	Major Funds			Non-Major Funds	Total Proprietary Funds
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	
Assets					
Current Assets					
Cash	\$ 308,825	\$ 21,346	\$ -	\$ 54,320	\$ 384,491
Due From Other Funds	5,315	-	19,744	-	25,059
Prepaid Taxes	-	-	-	-	-
Total Current Assets	314,140	21,346	19,744	54,320	409,550
Non-Current Assets					
Property, Plant, and Equipment:					
Non-Depreciable	-	-	-	-	-
Depreciable (Net)	122,471	7,320,412	325,296	-	7,768,179
Total Non-Current Assets	122,471	7,320,412	325,296	-	7,768,179
Total Assets	436,611	7,341,758	345,040	54,320	8,177,729
Deferred Outflows of Resources					
None	-	-	-	-	-
Liabilities					
Current Liabilities					
Cash Overdraft	-	-	-	-	-
Accounts Payable	-	-	50,955	-	50,955
Due To Other Funds	-	-	-	-	-
Other Payables	-	-	9,046	49,950	58,996
Accrued Absences	-	-	5,845	-	5,845
Loans and Leases Payable	-	357,967	23,874	-	381,841
Total Current Liabilities	-	357,967	89,720	49,950	497,637
Non-Current Liabilities					
Accrued Absences	-	-	39,115	-	39,115
Loans and Leases Payable	-	3,920,074	149,635	-	4,069,709
Total Non-Current Liabilities	-	3,920,074	188,750	-	4,108,824
Total Liabilities	-	4,278,041	278,470	49,950	4,606,461
Deferred Inflows of Resources					
None	-	-	-	-	-
Net Position					
Net Investment in Capital Assets	122,471	3,042,371	151,787	-	3,316,629
Restricted	-	-	-	-	-
Unrestricted (Deficit)	314,140	21,346	(85,217)	4,370	254,639
Total Net Position	\$ 436,611	\$ 3,063,717	\$ 66,570	\$ 4,370	\$ 3,571,268

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, 2016

	<u>Major Funds</u>			<u>Non-Major Funds</u>	Total Proprietary Funds
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	
Operating Revenue					
Water and Sewer Revenue	\$ 2,636,496	\$ -	\$ -	\$ -	\$ 2,636,496
Tap-on Fees	12,901	-	-	-	12,901
Reconnect Fees	20,629	-	-	-	20,629
Total Operating Revenues	2,670,026	-	-	-	2,670,026
Operating Expenses					
Water	-	-	1,497,892	-	1,497,892
Water Pollution Control Plant	-	-	528,364	-	528,364
Depreciation	11,126	376,889	35,552	-	423,567
Total Operating Expenses	11,126	376,889	2,061,808	-	2,449,823
Operating Income (Loss)	2,658,900	(376,889)	(2,061,808)	-	220,203
Non-Operating Revenue					
Interest Income	-	2	-	11	13
Grant Income	-	-	-	-	-
Meter Deposits	-	-	-	19,519	19,519
Miscellaneous	9,882	-	-	-	9,882
Total Non-Operating Revenues	9,882	2	-	19,530	29,414
Non-Operating Expenses					
Capital Outlay	-	-	-	-	-
Grant Expenditures	-	-	-	-	-
Interest Expense	-	112,274	9,514	-	121,788
Miscellaneous	-	-	-	23,575	23,575
Total Non-Operating Expenses	-	112,274	9,514	23,575	145,363
Operating Transfers					
Operating Transfers In	8,035	482,857	2,570,367	4,875	3,066,134
Operating Transfers Out	(2,608,769)	-	(461,513)	-	(3,070,282)
Total Operating Transfers	(2,600,734)	482,857	2,108,854	4,875	(4,148)
Net Income (Loss)	68,048	(6,304)	37,532	830	100,106
Beginning Net Position	368,563	3,070,021	29,038	3,540	3,471,162
Ending Net Position	\$ 436,611	\$ 3,063,717	\$ 66,570	\$ 4,370	\$ 3,571,268

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, 2016

	Major Funds			Non-Major Funds	Total Proprietary Funds
	Waterworks & Sewage Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 2,670,026	\$ -	\$ -	\$ -	\$ 2,670,026
Payments to Other Funds	-	-	-	-	-
Other Operating Receipts/(Payments)	-	-	(2,021,118)	-	(2,021,118)
Net Cash Flows from Operating Activities	2,670,026	-	(2,021,118)	-	648,908
Cash Flows from Noncapital Financing Activities:					
Miscellaneous	9,882	-	-	5,069	14,951
Operating Transfers In/(Out)	(2,600,734)	482,857	2,108,854	4,875	(4,148)
Net Cash Flows from Noncapital Financing Activities	(2,590,852)	482,857	2,108,854	9,944	10,803
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	-	-	(18,715)	-	(18,715)
Interest on Loans	-	(112,274)	(9,514)	-	(121,788)
Loan Principal Retired	-	(349,239)	(59,507)	-	(408,746)
New Loans	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Net Cash Flows from Capital & Related Financing Activities	-	(461,513)	(87,736)	-	(549,249)
Cash Flows from Investing Activities:					
Interest on Investments	-	2	-	11	13
Net Cash Flows from Investing Activities	-	2	-	11	13
Net Increase (Decrease) in Cash and Cash Equivalents	79,174	21,346	-	9,955	110,475
Cash and Cash Equivalents, Beginning of Year	229,651	-	-	44,365	274,016
Cash and Cash Equivalents, End of Year	<u>\$ 308,825</u>	<u>\$ 21,346</u>	<u>\$ -</u>	<u>\$ 54,320</u>	<u>\$ 384,491</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 2,658,900	\$ (376,889)	\$ (2,061,808)	\$ -	\$ 220,203
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	11,126	376,889	35,552	-	423,567
Change in Assets and Liabilities:					
Prepaid Taxes	-	-	-	-	-
Accounts Payable	-	-	553	-	553
Other Payables	-	-	4,585	-	4,585
Net Cash Provided by Operating Activities	\$ 2,670,026	\$ -	\$ (2,021,118)	\$ -	\$ 648,908

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, 2016

	PENSION TRUST FUNDS		
	Police Pension Trust Fund	Fire Pension Trust Fund	Total Fiduciary
Assets			
Cash	\$ 158,359	\$ 149,533	\$ 307,892
Investments, at Cost	3,805,245	2,594,750	6,399,995
Due From Other Funds	-	-	-
Total Assets	\$ 3,963,604	\$ 2,744,283	\$ 6,707,887
Liabilities			
Due To Others	\$ 14	\$ 393	\$ 407
Total Liabilities	14	393	407
Net Position			
Held in Trust for Pension Benefit	3,963,590	2,743,890	6,707,480
Total Liabilities and Net Position	\$ 3,963,604	\$ 2,744,283	\$ 6,707,887

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, 2016

	PENSION TRUST FUNDS		Total Fiduciary
	Police Pension Trust Fund	Fire Pension Trust Fund	
ADDITIONS			
<i>Contributions:</i>			
Employer	\$ 241,407	\$ 276,882	\$ 518,289
Participants	64,361	39,425	103,786
<i>Total Contributions</i>	<u>305,768</u>	<u>316,307</u>	<u>622,075</u>
<i>Investment Income:</i>			
Net Appreciation (Depreciation) in Fair Value of Investments (Unrealized)	133,761	48,992	182,753
Gains and (Losses) from the Sale of Securities (Realized)	66,000	2,159	68,159
Interest, Dividends, and Other Income	57,790	88,687	146,477
<i>Total Investment Income</i>	<u>257,551</u>	<u>139,838</u>	<u>397,389</u>
Less Investment Expense	(9,477)	(6,525)	(16,002)
<i>Net Investment Income (Loss)</i>	<u>248,074</u>	<u>133,313</u>	<u>381,387</u>
TOTAL ADDITIONS	<u>553,842</u>	<u>449,620</u>	<u>1,003,462</u>
DEDUCTIONS			
<i>Pension Benefits:</i>			
Retirement	188,170	147,383	335,553
Disability	23,104	48,741	71,845
Survivor	69,831	85,872	155,703
Refund	21,029	-	21,029
<i>Total Pension Benefits</i>	<u>302,134</u>	<u>281,996</u>	<u>584,130</u>
<i>Administrative Expenses</i>			
Professional Fees	12,422	11,668	24,090
Other	380	1,795	2,175
<i>Total Administrative Expenses</i>	<u>12,802</u>	<u>13,463</u>	<u>26,265</u>
TOTAL DEDUCTIONS	<u>314,936</u>	<u>295,459</u>	<u>610,395</u>
Net Increase (Decrease) in Plan Net Assets	238,906	154,161	393,067
Net Plan Assets Held in Trust for Pension Benefits January 1, 2016	<u>3,724,684</u>	<u>2,589,729</u>	<u>6,314,413</u>
Net Plan Assets Held in Trust for Pension Benefits December 31, 2016	<u>\$ 3,963,590</u>	<u>\$ 2,743,890</u>	<u>\$ 6,707,480</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, 2016

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, 2016

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.

Motor Fuel Tax Fund - The Motor Fuel Tax Fund accounts for the maintenance and major repairs of the City's roads.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

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, 2016, and the Statement of Revenues, Expenses and Changes in Net Position for the year ending April 30, 2016, 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, 2016

NOTE A - Summary of Significant Accounting Policies - Continued

4. The Pinckneyville-Du Quoin Airport - Concluded

ASSETS		RECEIPTS	
Current Assets		Grant Income	\$ 47,970
Cash & Prepaid Expenses	\$ 106,717	Rental Income	40,584
Capital Assets		Interest Income	97
Property, Plant &		Other Income	<u>5,633</u>
Equipment (Net)	<u>983,062</u>	TOTAL RECEIPTS	<u>94,284</u>
TOTAL ASSETS	<u>\$ 1,089,779</u>	DISBURSEMENTS	
		Depreciation	59,767
		Other Expense	<u>77,527</u>
LIABILITIES AND		TOTAL	
NET POSITION		DISBURSEMENTS	<u>137,294</u>
Liabilities	\$ 100	TRANSFERS	
Net Income (Loss)	(43,312)	Transfers In	0
Beginning Net Position	<u>1,132,991</u>	Transfers Out	<u>(302)</u>
TOTAL LIABILITIES		TOTAL TRANSFERS	<u>(302)</u>
AND NET POSITION	<u>\$ 1,089,779</u>	Net Income (Loss)	<u>\$ (43,312)</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, 2016

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, 2016

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

The governmental fund income statement includes a reconciliation between *net changes in fund balances* and *net change in net position of governmental activities* as reported in the government-wide statement of net position. The difference of \$(222,261) is as follows:

Current Year Purchases	\$	320,164
Depreciation Expense		(427,986)
Loan Proceeds		(0)
Loan Principal Payments		80,332
Accrued Absences		(5,733)
Pension Expense		(189,038)
Total	\$	<u>(222,261)</u>

The governmental fund balance sheet includes a reconciliation between *total governmental fund balances* and *net position of governmental activities* as reported in the government-wide balance sheet. The difference of \$2,652,434 is summarized as follows:

Fixed Assets	\$	3,838,185
Deferred Pension Liability		450,449
Net Pension Liability		(1,034,041)
Accrued Absences		(202,512)
Long-Term Liabilities		(399,647)
Total	\$	<u>2,652,434</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

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, 480 hours for non union workers, and 600 hours for collective bargaining employees. The amount of vested sick pay is 50% upon retirement. 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, 2016, the amount of vested vacation and sick pay was \$247,472.

The following is a summary of compensated absence activity:

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>			
Current	\$ 24,597	\$ 1,436	\$ 26,033
Long-Term	<u>172,182</u>	<u>4,297</u>	<u>176,479</u>
Total	<u>\$ 196,779</u>	<u>\$ 5,733</u>	<u>\$ 202,512</u>
<i>Business-Type Activities</i>			
Current	\$ 5,277	\$ 568	\$ 5,845
Long-Term	<u>36,944</u>	<u>2,171</u>	<u>39,115</u>
Total	<u>\$ 42,221</u>	<u>\$ 2,739</u>	<u>\$ 44,960</u>
Grand Total	<u>\$ 239,000</u>	<u>\$ 8,472</u>	<u>\$ 247,472</u>

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 D). The police and fire departments are separately covered by the Police Pension Fund and Fire Pension Fund, respectively, (see Notes E and F).

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE B - Cash and Investments

Cash

For the purpose of the statement of net position, "cash" includes all demand and savings accounts and "investments" include the certificates of deposits and marketable securities of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts. Generally, the City's investing activities are managed under the custody of the City Treasurer.

State statutes authorize the City to make deposits in interest bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designed by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market, mutual funds whose portfolios consist of government securities, Illinois Public Treasurers'; Investment Pool, and annuities.

At December 31, 2016, the carrying amount of the City's deposits was \$1,748,988, which excludes \$ 1,800 petty cash fund. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

The categories are described as follows:

1. Insured or collateralized with securities held by the City or by its agent in the City's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
3. Uncollateralized.

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Governmental Activities					
<u>Major Funds</u>					
General	\$ 199,490	\$ 233,639	\$ 0	\$ 433,129	\$ 265,197
Motor Fuel Tax	50,916	218,535	0	269,451	269,451
<u>Non-Major Funds</u>					
Bus & Ind. Dev.	15,215	65,302	0	80,517	80,517
Investment Pool	9,872	42,371	0	52,243	52,243
IMRF	2,886	12,384	0	15,270	42,041
Audit	752	3,240	0	3,992	10,989
Park	184	790	0	974	(22,619)
Civil Defense	149	639	0	788	2,168
Garbage	0	0	0	0	(472)
Pool Restoration	18,105	1,969	0	20,074	20,074
Public Library	22,596	94,280	0	116,876	116,876
Drug Abuse	52,724	5,733	0	58,457	58,457
Tourism Hotel Tax	2,800	12,015	0	14,815	14,815
TIF #1 Fund	4,283	18,383	0	22,666	22,666
TIF #2 Fund	7,507	32,219	0	39,726	39,726
TIF #3 Fund	2,986	12,814	0	15,800	15,800
Business District Tax	30,344	3,300	0	33,644	33,645
Building Improvements	6,714	28,817	0	35,531	35,531
Total Governmental Activities	<u>427,523</u>	<u>786,430</u>	<u>0</u>	<u>1,213,953</u>	<u>1,057,105</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE B - Cash and Investments - Continued

Cash - Concluded

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Business-Type Activities					
<u>Major Funds</u>					
Waterworks & Sewage	58,262	250,063	0	308,325	308,325
Capital Improvements	4,034	17,312	0	21,346	21,346
Operation & Maintenance	0	0	0	0	0
<u>Non-Major Funds</u>					
Water Meter Deposit	10,809	46,391	0	57,200	54,320
Total Business Type Activities	<u>73,105</u>	<u>313,766</u>	<u>0</u>	<u>386,871</u>	<u>383,991</u>
Fiduciary Funds					
Police Pension	170,684	0	0	170,684	158,359
Fire Pension	147,818	0	0	147,818	149,533
Total Fiduciary Funds	<u>318,502</u>	<u>0</u>	<u>0</u>	<u>318,502</u>	<u>307,892</u>
TOTAL	<u>\$ 819,130</u>	<u>\$ 1,100,196</u>	<u>\$ 0</u>	<u>\$ 1,919,326</u>	<u>\$ 1,748,988</u>

Investments

Investments made by the City's governmental and business-type funds 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. Other

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Governmental Activities					
<u>Non-Major Funds</u>					
Public Library:					
Illinois Funds	\$ 1,204	0	0	\$ 1,204	\$ 1,204
Investment Pool:					
Illinois Funds	116,148	0	0	116,148	116,148
Total Governmental Activities	<u>117,352</u>	<u>0</u>	<u>0</u>	<u>117,352</u>	<u>117,352</u>

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

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE B - Cash and Investments - Continued

Investments - Continued

Interest Rate Risk - In accordance with its investment policy, the City's governmental funds limit its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market funds or similar investment pools. Due to the City's governmental funds type of investments at December 31, 2016, Money Market Funds, interest rate risk is not significant.

Credit Risk - Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The City's governmental funds investment policy limits its exposure to credit risk by limiting investments to the safest type of securities with qualified local financial institutions.

Concentration of Credit Risk - The City's governmental funds hold only Illinois Funds Money Market accounts. Thus, concentration of credit risk is limited.

Custodial Credit Risk - For an investment, custodial risk is the risk that, in the event of the failure of a counterparty that holds investments, the City would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's governmental funds hold all money market accounts in their name. Collateral securities are pledged when the investment balance exceeds the FDIC insured limit. Therefore, custodial credit risk is low.

Fiduciary Funds

The Police Pension Fund and Fire Pension Fund invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the next term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net position.

State statute provides that the Police Pension Fund and Fire Pension Fund may allocate up to 97% of the assets of the fund to equity investments, ensuring they leave enough money on hand for current liabilities. The police pension fund and fire pension fund engages the investor group at Charles Schwab Corporation as their investment advisors while the Pension Boards act as their custodians.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE B - Cash and Investments - Continued

Investments - Continued

Investments made by the City's Police Pension Fund and Fire Pension Fund 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.

	<u>Category</u>		<u>Carrying Amount (Cost)</u>	<u>Market Value</u>
	<u>#1</u>	<u>#2</u>		
Fiduciary Funds				
Police Pension	\$ 3,805,245	\$ 0	\$ 3,805,245	\$ 3,805,245
Fire Pension	<u>2,594,750</u>	<u>0</u>	<u>2,594,750</u>	<u>2,594,750</u>
TOTAL	<u>\$ 6,399,995</u>	<u>\$ 0</u>	<u>\$ 6,399,995</u>	<u>\$ 6,399,995</u>

Interest Rate Risk - The Police Pension Fund and Fire Police Pension Fund require full compliance with state statutes of the State of Illinois and applicable rules and regulations governing the investment of Police Pension and Fire Pension funds. Minimizing risk of large losses caused by highly volatile changes in interest rates is managed by the use of proper diversification of maturities. Weighted average maturities are planned within acceptable parameters. Cash flow is managed to provide adequate cash flow anticipated for monthly disbursements or from the Fund using money market funds or short term investments. "Cash Flow" for this purpose includes money market funds, short term notes or certificates of deposit, and anticipated income from current investment and contributions.

	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Money Market	\$ 204,558	\$ 204,558	\$ 0	\$ 0	\$ 0
Fixed Income:					
U.S. Government Securities	145,291	0	0	145,291	0
Corporate Bonds	1,009,207	203,638	354,717	98,033	352,819
Certificates of Deposit	1,524,832	0	938,362	586,470	0
Equity:					
Mutual Funds	783,318	99,965	328,172	355,181	0
	<u>2,732,789</u>	<u>2,732,789</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 6,399,995</u>	<u>\$ 3,240,950</u>	<u>\$ 1,621,251</u>	<u>\$ 1,184,975</u>	<u>\$ 352,819</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE B - Cash and Investments - Concluded

Investments - Concluded

Credit Risk - The Police Pension Fund limits its exposure to credit risk, the risk that the issues of debt security will not pay its par value upon maturity, by primarily investing in securities held by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Custodial Credit Risk - The Police Pension Fund and Fire Pension Fund Boards will approve custodians specifically. Approved custodians shall be subject to regulatory oversight. The fund utilizes the treasurer as the custodian for investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Police Pension Board and Fire Pension Board will not be able to recover the value of its investments that are in the possession of an outside party.

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.

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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE C - Restricted Cash - Concluded

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.

Pool Restoration - The monies in this fund are donations received to make improvements to the city's pool.

Restricted Building Improvements - The monies in this fund are set aside to make any necessary improvements to any of the city's administration structures.

Foreign Fire - This account is used to account for the foreign fire tax insurance money received and the associated disbursements.

NOTE D - Municipal Retirement Fund

IMRF Plan Description

The City of Du Quoin'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 of Du Quoin's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Cities could adopt the Elected City Official (ECO) plan for officials prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earning. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Benefits Provided - Concluded

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

	Regular	ECO
Retirees and Beneficiaries	30	0
Inactive, Non-Retired Members	13	0
Active Members	24	0
Total	67	0

Contributions

As set by statute, the City of Du Quoin's Regular Plan Members are required to contribute 4.5% of their annual covered salary, and the City of Du Quoin's ECO Plan Members are required to contribute 0.00% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City of Du Quoin's annual contribution rate for calendar year 2016 was 12.70%, and the ECO Plan Members annual contribution rate for calendar year 2016 was 0.00%. For the fiscal year ended December 31, 2016, the City of Du Quoin contributed \$160,481 to the plan, and the ECO Plan Members contributed \$0 to the plan. The City of Du Quoin also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contributions rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City of Du Quoin's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disable Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	<u>Regular Plan Members</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A)-(B)</u>
Balances at December 31, 2015	\$ 8,054,811	\$ 6,876,101	\$ 1,178,710
Changes for the year:			
Service Cost	148,090	0	\$ 148,090
Interest on the Total Pension Liability	593,471	0	593,471
Changes of Benefit Terms	0	0	0
Difference Between Expected and Actual Experience of the Total Pension Liability	(80,709)	0	(80,709)
Changes of Assumptions	(18,290)	0	(18,290)
Contributions – Employer	0	160,480	(160,480)
Contributions – Employees	0	57,035	(57,035)
Net Investment Income	0	479,821	(479,821)
Benefit Payments, including Refunds of Employee Contributions	(389,500)	(389,500)	0
Other (Net Transfer)	<u>0</u>	<u>89,895</u>	<u>(89,895)</u>
Net Changes	<u>253,062</u>	<u>397,731</u>	<u>(144,669)</u>
Balances at December 31, 2016	<u>\$ 8,307,873</u>	<u>\$ 7,273,832</u>	<u>\$ 1,034,041</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Changes in the Net Pension Liability

	ECO Plan Members		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	\$ 11,520	\$ 11,522	\$ (2)
Changes for the year:			
Service Cost	0	0	\$ 0
Interest on the Total Pension Liability	864	0	864
Changes of Benefit Terms	0	0	0
Difference Between Expected and Actual Experience of the Total Pension Liability	(12,384)	0	(12,384)
Changes of Assumptions	0	0	0
Contributions – Employer	0	0	0
Contributions – Employees	0	0	0
Net Investment Income	0	864	(864)
Benefit Payments, including Refunds of Employee Contributions	0	0	0
Other (Net Transfer)	<u>0</u>	<u>(12,386)</u>	<u>12,386</u>
Net Changes	<u>(11,520)</u>	<u>(11,522)</u>	<u>2</u>
Balances at December 31, 2016	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regular Plan Members

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower of 1% higher:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Net Pension Liability	<u>\$ 2,016,157</u>	<u>\$ 1,034,041</u>	<u>\$ 216,329</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Regular Plan Members

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ 95,725	\$ 57,013
Changes of assumptions	71,136	12,920
Net difference between projected and actual earnings on pension plan investments	<u>353,363</u>	<u>0</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>520,224</u>	<u>69,933</u>
Pension Contributions made subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total Deferred Amounts Related to Pensions	<u>\$ 520,224</u>	<u>\$ 69,933</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	<u>Net Deferred Outflows Of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Year Ending December 31,		
2017	\$ 244,076	0
2018	108,387	0
2019	91,268	0
2020	6,560	0
2021	0	0
Thereafter	0	0
Total	<u>\$ 450,291</u>	<u>\$ 0</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE D - Municipal Retirement Fund - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Concluded

ECO Plan Members

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	529	371
Total Deferred Amounts to be recognized in pension expense in future periods	529	371
Pension Contributions made subsequent to the Measurement Date	0	0
Total Deferred Amounts Related to Pensions	\$ 529	\$ 371

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	Net Deferred Outflows Of Resources	Net Deferred Inflows of Resources
Year Ending December 31,		
2017	\$ 91	0
2018	91	0
2019	68	0
2020	0	92
2021	0	0
Thereafter	0	0
Total	\$ 250	\$ 92

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2016

NOTE D - Municipal Retirement Fund - Concluded

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 2016 was 12.70 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.

Annual Pension Cost. The required contribution for calendar year 2016 was \$160,481.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/16	\$ 160,481	100%	\$ 0
12/31/15	160,910	100%	0
12/31/14	169,453	100%	0

The required contribution for 2016 was determined as part of the December 31, 2014, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2014, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% 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, 2014 is being amortized as a level percentage of projected payroll on an open 27 year basis.

Funded Status and Funding Progress. As of December 31, 2016, the most recent actuarial valuation date, the Regular plan was 79.12 percent funded. The actuarial accrued liability for benefits was \$4,337,471 and the actuarial value of assets was \$3,431,849, resulting in an underfunded actuarial accrued liability (UAAL) of \$905,622. The covered payroll for calendar year 2016 (annual payroll of active employees covered by the plan) was \$1,263,629 and the ratio of the UAAL to the covered payroll was 72 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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

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, 2015, 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>5</u>
Total	<u>11</u>

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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE E - Police Pension Plan - Continued

1. Plan Description - Concluded

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.

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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2016

NOTE E - Police Pension Plan - Concluded

3. Funding Status and Progress - Concluded

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.

The standardized measure of the unfunded pension benefit obligation as of December 31, 2015, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,418,783
Current employees-	
Accumulated employee contributions including allocated investment income	2,734,266
Surplus	<u>0</u>
Total pension benefit obligation	7,153,049
Net assets available for benefits, at market	<u>(3,862,774)</u>
Unfunded pension benefit obligation	<u>\$ 3,290,275</u>

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2015.

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 26-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 2015 amounted to \$294,545. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2015. The pension contributions represent funding for normal cost \$156,306, the amortization of the unfunded actuarial accrued liability \$121,567, and the interest earned was \$16,672.

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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2016

NOTE F - Fire Pension Plan - Continued

1. Plan Description - Concluded

As of December 31, 2015, 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>10</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 ½ 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 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and 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, 2016

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 6.0%. 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.

The standardized measure of the unfunded pension benefit obligation as of December 31, 2015, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,096,172
Current employees-	
Accumulated employee contributions including allocated investment income	<u>2,330,621</u>
Total pension benefit obligation	6,426,793
Net assets available for benefits, at market	<u>(2,791,249)</u>
Unfunded pension benefit obligation	<u>\$ 3,635,544</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE F - Fire Pension Plan - Concluded

3. Funding Status and Progress-Concluded

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2015.

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 2015 amounted to \$259,691. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2015. The pension contributions represent funding for normal cost \$103,696, the amortization of the unfunded actuarial accrued liability \$141,296, and the interest earned was \$14,700.

NOTE G - Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “non-participating employees.” These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The City paid \$86,894, the total required contribution for the current fiscal year.

NOTE H - 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 one pooled cash account.

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

The balances by fund at December 31, 2016, are as follows:

General Fund	\$	(6,643)
IMRF Fund		42,041
Audit Fund		10,989
Garbage Fund		(472)
Park Fund		(23,593)
Civil Defense Fund		<u>2,168</u>
Balance in the account		<u>\$ 24,490</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE M - Interfund Operating Transfers

Individual fund operating transfers for fiscal year 2016 were as follows:

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
<u>Governmental Funds</u>		
<i>Major Funds</i>		
General Fund	(d) \$ 12,000	(c) \$ 35
	(e) 25,517	(a) 819
	(f) 39,029	(a) 424
	(e) 5,168	(a) 2,792
		(a) 2,235
		(a) 29,161
Motor Fuel Tax	(c) 35	
<i>Non-Major Funds</i>		
IMRF	(a) 424	
Audit	(a) 819	
TIF #2		(b) 2,191
TIF #3	(b) 2,191	
Civil Defense	(b) 2,792	
	(h) 2,867	
Garbage	(a) 2,235	
Park	(a) 29,161	(g) 137,292
Hotel Tax		(h) 12,183
Building Improvement		(e) 25,517
Pool Restoration	(g) 137,292	(f) 39,029
Investment Pool		(d) 12,000
Total Governmental Funds	259,530	263,678
Less Interfund Transfers	<u>(259,530)</u>	<u>(259,530)</u>
Net Governmental Fund Transfers	<u>0</u>	<u>4,148</u>
<u>Proprietary Funds</u>		
<i>Major Funds</i>		
Waterworks and Sewage	(e) 2,570,367	(h) 2,867
	(h) 12,183	(e) 5,168
	(e) 21,344	
	(i) 4,875	
Capital Improvements		(e) 482,857
Operation and Maintenance	(e) 461,513	(e) 2,570,367
<i>Non-Major Funds</i>		
Meter Deposit		(i) 4,875
Total Proprietary Funds	3,070,282	3,066,134
Less Interfund Transfers	<u>(3,066,134)</u>	<u>(3,066,134)</u>
Net Proprietary Transfers	<u>4,148</u>	<u>0</u>
Total Transfers, Net	<u>\$ 4,148</u>	<u>\$ 4,148</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE M - Interfund Operating Transfers - Concluded

- (a) To transfer funds to close out IPTIP pooled account.
- (b) To transfer funds to reimburse TIF expenditures.
- (c) To transfer funds for operating costs.
- (d) To transfer funds for investing .
- (e) To transfer funds for operations & maintenance costs.
- (f) To transfer funds for loan receivable.
- (g) To transfer funds for pool restoration.
- (h) To reimburse for incorrect deposits.
- (i) To transfer meter deposits.

NOTE N - 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 \$98,412 on the loan during the year ended December 31, 2016. As of December 31, 2016, the loan balance was \$3,694,885 .

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>
2/6/2017	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>\$ 504,013</u>	<u>\$ 3,694,885</u>	<u>\$ 4,198,898</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE N - Notes Payable - Continued

1. EPA Loan - Proprietary Fund - Concluded

Balance as of December 31, 2015	\$	4,016,362
Debt incurred during the year		0
Debt eliminated during the year		<u>(321,477)</u>
Balance as of December 31, 2016	\$	<u>3,694,885</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 \$13,862 on the loan during the year ended December 31, 2016. As of December 31, 2016, the loan balance was \$583,156.

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>
04/25/2017	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
10/25/2025	2.295%	3,670	17,142	20,812
04/25/2026	2.295%	3,473	17,339	20,812
10/25/2026	2.295%	3,274	17,538	20,812
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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE N - Notes Payable - Continued

2. EPA Loan - Proprietary Fund - Concluded

<u>Date</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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>\$ 124,452</u>	<u>\$ 583,156</u>	<u>\$ 707,608</u>
Balance as of December 31, 2015			\$ 610,917	
Debt incurred during the year			0	
Debt eliminated during the year			<u>(27,761)</u>	
Balance as of December 31, 2016			<u>\$ 583,156</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 \$7,631 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 Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>14,992</u>	<u>298</u>	<u>15,290</u>
Totals	<u>\$ 173,509</u>	<u>\$ 25,249</u>	<u>\$ 198,758</u>
Balance as of December 31, 2015			\$ 196,456
Debt incurred during the year			0
Debt eliminated during the year			<u>(22,947)</u>
Balance as of December 31, 2016			<u>\$ 173,509</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2016

NOTE N - Notes Payable - Continued

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 \$1,883 on the lease during the year. The lease was paid off on April 15, 2016.

Balance as of December 31, 2015	\$	36,562
Debt incurred during the year		0
Debt eliminated during the year		<u>(36,562)</u>
Balance as of December 31, 2016	\$	<u>0</u>

5. 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 \$183 on the loan during the year. The loan was paid off on July 10, 2016.

Balance as of December 31, 2015	\$	8,916
Debt incurred during the year		0
Debt eliminated during the year		<u>(8,916)</u>
Balance as of December 31, 2016	\$	<u>0</u>

6. Fire Truck Lease - Governmental Funds

The City of Du Quoin has a lease agreement with The Edgar City 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 \$9,042 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
2017	\$ 51,318	\$ 7,114	\$ 58,432
2018	52,902	5,530	58,432
2019	54,682	3,750	58,432
2020	<u>42,628</u>	<u>1,908</u>	<u>44,536</u>
Totals	<u>\$ 201,530</u>	<u>\$ 18,302</u>	<u>\$ 219,832</u>

Balance as of December 31, 2015	\$	250,920
Debt incurred during the year		0
Debt eliminated during the year		<u>(49,390)</u>
Balance as of December 31, 2016	\$	<u>201,530</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE N - Notes Payable - Continued

7. City Hall Roof Loan - Governmental Funds

The City of Du Quoin has a participation loan agreement with Banterra Bank for the City Hall roof. The loan amount is \$225,000 with monthly payments of \$2,118.34 beginning September 8, 2015. The City paid interest expense of \$3,491 on the loan during the year. The loan will mature on September 8, 2025. 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>
2017	\$ 19,113	\$ 6,307	\$ 25,420
2018	21,334	4,086	25,420
2019	21,860	3,560	25,420
2020	22,400	3,020	25,420
2021	22,953	2,467	25,420
2022	23,518	1,902	25,420
2023	24,100	1,320	25,420
2024	24,693	727	25,420
2025	18,146	147	18,293
Totals	<u>\$ 198,117</u>	<u>\$ 23,536</u>	<u>\$ 221,653</u>

Balance as of December 31, 2015	\$ 220,143
Debt incurred during the year	0
Debt eliminated during the year	<u>(22,026)</u>
Balance as of December 31, 2016	<u>\$ 198,117</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE N - Notes Payable - Concluded

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

	Governmental Activities			Business-Type Activities				Total Reporting Entity
	City Hall Roof Loan	Fire Truck Lease	Total	Water Line Loan	IEPA Water Loan	IEPA Water Loan	Total	
<u>December 31,</u>								
2017	\$ 25,420	\$ 58,432	\$ 83,852	\$ 30,578	\$ 419,890	\$ 41,624	\$ 492,092	\$ 575,944
2018	25,420	58,432	83,852	30,578	419,890	41,624	492,092	575,944
2019	25,420	58,432	83,852	30,578	419,890	41,624	492,092	575,944
2020	25,420	44,536	69,956	30,578	419,890	41,624	492,092	562,048
2021	25,420	-	25,420	30,578	419,890	41,624	492,092	517,512
Thereafter	94,553	-	94,553	45,868	2,099,448	499,488	2,644,804	2,739,357
TOTAL	221,653	219,832	441,485	198,758	4,198,898	707,608	5,105,264	5,546,749
Less Interest	(23,536)	(18,302)	(41,838)	(25,249)	(504,013)	(124,452)	(653,714)	(695,552)
 Outstanding Principal	\$ 198,117	\$ 201,530	\$ 399,647	\$ 173,509	\$ 3,694,885	\$ 583,156	\$ 4,451,550	\$ 4,851,197

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE O - 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, 2017. 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.

NOTE P - Subsequent Events

The City has evaluated subsequent events through June 1, 2017, the date which the financial statements were available to be issued.

NOTE Q - Prior Period Adjustment

The Business & Industrial Development fund has a prior period adjustment of \$22,015 due to a correction of a note receivable. The adjustments had no effect on the change in net position for the current year.

Note Receivable	\$ <u>22,015</u>
Net Prior Period Adjustment	\$ <u>22,015</u>

CITY OF DUQUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE R - Components of Fund Balance

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

	<u>Major Governmental Funds</u>		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Fund		
Fund Balances:				
<u>Nonspendable</u>				
Notes Receivable	\$ 507,378	\$ -	\$ 88,457	\$ 595,835
Total Nonspendable	<u>507,378</u>	<u>-</u>	<u>88,457</u>	<u>595,835</u>
<u>Restricted</u>				
General Government	-	-	80,517	80,517
Transportation	-	291,788	-	291,788
Public Safety	-	-	3,991	3,991
Services	-	-	-	-
Other	-	-	175,166	175,166
Total Restricted	<u>-</u>	<u>291,788</u>	<u>259,674</u>	<u>551,462</u>
<u>Committed</u>				
General Government	-	-	86,401	86,401
Services	-	-	122,536	122,536
Other	-	-	12,657	12,657
Total Committed	<u>-</u>	<u>-</u>	<u>221,594</u>	<u>221,594</u>
<u>Assigned</u>				
General Government	-	-	170,899	170,899
Public Welfare	-	-	83,422	83,422
Services	-	-	20,074	20,074
Total Assigned	<u>-</u>	<u>-</u>	<u>274,395</u>	<u>274,395</u>
<u>Unassigned</u>				
General Government	829,545	-	(23,454)	806,091
Services	-	-	-	-
Total Unassigned	<u>829,545</u>	<u>-</u>	<u>(23,454)</u>	<u>806,091</u>
Total Governmental Fund Balances	<u>\$ 1,336,923</u>	<u>\$ 291,788</u>	<u>\$ 820,666</u>	<u>\$ 2,449,377</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE S - Capital Assets

Capital asset activity for the year ended December 31, 2016 is as follows:

**Changes in Capital Assets
Year Ended December 31, 2016**

	ASSETS			ACCUMULATED DEPRECIATION				Net Book Value 12/31/16	
	Balance 1/1/16	Additions	Deletions	Balance 12/31/16	Balance 1/1/16	Current Provisions	Deductions		Balance 12/31/16
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	2,286,842	95,683	-	2,382,525	1,282,306
Building Improvements	349,890	193,429	-	543,319	27,050	20,313	-	47,363	495,956
Land Improvements	1,667,143	41,388	-	1,708,531	336,616	79,263	-	415,879	1,292,652
Machinery and Equipment	2,464,521	45,322	-	2,509,843	1,990,839	126,396	-	2,117,235	392,608
Office Equipment	69,172	-	-	69,172	69,172	-	-	69,172	-
Furniture and Fixtures	33,792	-	-	33,792	33,792	-	-	33,792	-
Vehicles	1,708,240	40,025	-	1,748,265	1,317,771	106,331	-	1,424,102	324,163
Total Depreciable Capital Assets	9,957,589	320,164	-	10,277,753	6,062,082	427,986	-	6,490,068	3,787,685
TOTAL GOVERNMENTAL ACTIVITIES	10,008,089	320,164	-	10,328,253	6,062,082	427,986	-	6,490,068	3,838,185
BUSINESS-TYPE ACTIVITIES									
<i>Depreciable Capital Assets</i>									
Buildings and Plants	7,719,156	18,715	-	7,737,871	1,843,592	219,840	-	2,063,432	5,674,439
Building Improvements	109,082	-	-	109,082	17,697	5,608	-	23,305	85,777
Land Improvements	2,618,308	-	-	2,618,308	876,269	136,974	-	1,013,243	1,605,065
Machinery and Equipment	1,345,355	-	-	1,345,355	902,541	53,653	-	956,194	389,161
Office Equipment	16,915	-	-	16,915	16,915	-	-	16,915	-
Vehicles	65,975	-	-	65,975	44,745	7,493	-	52,238	13,737
Total Depreciable Capital Assets	11,874,791	18,715	-	11,893,506	3,701,759	423,568	-	4,125,327	7,768,179
TOTAL REPORTING ENTITY	\$ 21,882,880	\$ 338,879	\$ -	\$ 22,221,759	\$ 9,763,841	\$ 851,554	\$ -	\$ 10,615,395	\$ 11,606,364

Governmental Function	Governmental Activities
Depreciation Expense:	
General Government	\$ 146,903
Public Safety	184,234
Services	26,223
Transportation	60,531
Welfare	10,095
Total Depreciation Expense	<u>\$ 427,986</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2016

NOTE T - Revolving Loans Receivable

Below is a summary of the City of Du Quoin's Revolving Loan Program receivables as of December 31, 2016. The total of \$88,457 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>12/31/16 Balance</u>
<u>Du Quoin Business & Industrial Development Fund</u>				
Vicki Holmes	\$ 6,800	03/2016	04/2021	\$ 5,844
SICBCC	100,000	08/2010	08/2021	43,718
Schramke	25,612	10/2015	12/2025	18,895
Grand Theater	20,000	08/2014	08/2019	<u>20,000</u>
Total				<u><u>\$ 88,457</u></u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Concluded
December 31, 2016

NOTE U - Due from Other Governments

On November 17, 2015, the City of Du Quoin (City) entered into an Intergovernmental Agreement with the Du Quoin Community Unit School District #300, Illinois (District) in which the parties agreed that the District owes the City the sum of \$585,435.88 for funding advanced to the District by the City.

The District agreed to pay the City a total of 15 payments, on a yearly basis beginning in 2015 in the amount of \$39,029.06. The agreement will terminate upon the District's payment in full of the outstanding bonds issued for the construction of the high school facilities. As of December 31, 2015 the amount due the City of Du Quoin, Illinois is \$507,378.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DU QUOIN, ILLINOIS
IL Municipal Retirement Fund - Schedule of Funding Progress
For the Year Ended December 31, 2016

CITY EMPLOYEES - EMPLOYER NUMBER 00498R

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Entry Age (b) Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/2016	\$ 3,431,849	\$ 4,337,471	\$ 905,622	79.12	\$ 1,263,629	71.67%
12/31/2015	\$ 3,070,544	\$ 4,066,021	\$ 995,477	75.52	\$ 1,316,772	75.60%
12/31/2014	\$ 2,592,134	\$ 3,617,230	\$ 1,025,096	71.66	\$ 1,245,060	82.33%

On a market basis, the actuarial value of assets as of December 31, 2016 is \$3,366,142. On a market basis, the funded ratio would be 77.61%.

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.

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Changes in Net Pension Liability and Related Ratios-Regular
December 31, 2016

Last 10 Calendar Years
(Schedule to be built prospectively from 2014)

Calendar Year Ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 148,090	\$ 140,775	\$ 142,670
Interest on the Total Pension Liability	593,471	563,611	500,732
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	(80,709)	80,638	270,258
Assumption Changes	(18,290)	9,019	304,727
Benefit Payments and Refunds	<u>(389,500)</u>	<u>(387,393)</u>	<u>(350,648)</u>
Net Change in Total Pension Liability	253,062	406,650	867,739
Total Pension Liability-Beginning	<u>8,054,811</u>	<u>7,648,161</u>	<u>6,780,422</u>
Total Pension Liability-Ending (a)	<u><u>\$ 8,307,873</u></u>	<u><u>\$ 8,054,811</u></u>	<u><u>7,648,161</u></u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 160,480	\$ 160,909	\$ 161,734
Employee Contributions	57,035	59,255	99,355
Pension Plan Net Investment Income	479,821	34,282	397,248
Benefit Payments and Refunds	(389,500)	(387,393)	(350,648)
Other	<u>89,895</u>	<u>69,089</u>	<u>75,221</u>
Net Change in Plan Fiduciary Net Position	397,731	(63,858)	382,910
Plan Fiduciary Net Position-Beginning	<u>6,876,101</u>	<u>6,939,959</u>	<u>6,557,049</u>
Plan Fiduciary Net Position-Ending (b)	<u><u>\$ 7,273,832</u></u>	<u><u>\$ 6,876,101</u></u>	<u><u>6,939,959</u></u>
Net Pension Liability/(Asset) - Ending (a-b)	<u><u>\$ 1,034,041</u></u>	<u><u>\$ 1,178,710</u></u>	<u><u>\$ 708,202</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.55%	85.37%	90.74%
Covered Valuation Payroll	\$ 1,263,629	\$ 1,316,772	\$ 1,232,057
Net Pension Liability as a Percentage of Covered Valuation Payroll	81.83%	89.52%	57.48%

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Changes in Net Pension Liability and Related Ratios-ECO
December 31, 2016

Last 10 Calendar Years
(Schedule to be built prospectively from 2014)

Calendar Year Ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	864	914	867
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	(12,384)	(1,585)	(1,073)
Assumption Changes	-	-	834
Benefit Payments and Refunds	-	-	-
Net Change in Total Pension Liability	<u>(11,520)</u>	<u>(671)</u>	<u>628</u>
Total Pension Liability-Beginning	<u>11,520</u>	<u>12,191</u>	<u>11,563</u>
Total Pension Liability-Ending (a)	<u>\$ -</u>	<u>\$ 11,520</u>	<u>\$ 12,191</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	-	-	-
Pension Plan Net Investment Income	864	56	705
Benefit Payments and Refunds	-	-	-
Other	(12,386)	193	(995)
Net Change in Plan Fiduciary Net Position	<u>(11,522)</u>	<u>249</u>	<u>(290)</u>
Plan Fiduciary Net Position-Beginning	<u>11,522</u>	<u>11,273</u>	<u>11,563</u>
Plan Fiduciary Net Position-Ending (b)	<u>\$ -</u>	<u>\$ 11,522</u>	<u>\$ 11,273</u>
Net Pension Liability/(Asset) - Ending (a-b)	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 918</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	100.02%	92.47%
Covered Valuation Payroll	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%	0.00%

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Contributions
 December 31, 2016

Regular:

Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 160,481	\$ 160,480	\$ 1	\$ 1,263,629	12.70%
2015	160,910	160,909	1	1,316,772	12.22%
2014	160,044	161,734	(1,690)	1,232,057	13.13%
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-

See accompanying notes to required supplementary information.

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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 33,985	\$ 33,985	\$ 32,713	\$ (1,272)
Intergovernmental	3,900,778	3,890,556	3,975,955	85,399
Grant Income	-	27,000	26,520	(480)
Licenses and Permits	34,760	34,760	35,767	1,007
Fines and Penalties	46,644	46,644	70,318	23,674
Revenues from Services	25,600	19,100	99,666	80,566
Investment Interest	-	-	235	235
Other	49,000	62,200	85,424	23,224
	4,090,767	4,114,245	4,326,598	212,353
Total Revenues				
Expenditures				
<i>Current</i>				
General Government	1,242,475	1,224,864	1,362,433	(137,569)
Public Safety	2,094,886	2,103,426	2,098,883	4,543
Transportation	654,551	660,126	692,612	(32,486)
Other	-	-	-	-
<i>Capital Outlay</i>	78,000	78,000	74,732	3,268
<i>Debt Service</i>	58,500	58,500	67,531	(9,031)
	4,128,412	4,124,916	4,296,191	(171,275)
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>(37,645)</u>	<u>(10,671)</u>	<u>30,407</u>	<u>41,078</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	35,466	35,466
Operating Transfers Out	-	-	(81,714)	(81,714)
Loan Proceeds	-	-	-	-
	-	-	(46,248)	(46,248)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	<u>\$ (37,645)</u>	<u>\$ (10,671)</u>	<u>(15,841)</u>	<u>\$ (5,170)</u>
Beginning Fund Balance			<u>1,352,764</u>	
Ending Fund Balance			<u>\$ 1,336,923</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
MOTOR FUEL TAX FUND
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 200,732	\$ 200,732	\$ 155,539	\$ (45,193)
Grant Income	-	-	-	-
Investment Interest	-	-	197	197
Other	-	-	-	-
	<u>200,732</u>	<u>200,732</u>	<u>155,736</u>	<u>(44,996)</u>
Total Revenues				
Expenditures				
<i>Current</i>				
Transportation	<u>297,050</u>	<u>297,050</u>	<u>182,797</u>	<u>114,253</u>
Total Expenditures	<u>297,050</u>	<u>297,050</u>	<u>182,797</u>	<u>114,253</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(96,318)</u>	<u>(96,318)</u>	<u>(27,061)</u>	<u>69,257</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(35)	(35)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(35)</u>
Net Change in Fund Balance	<u>\$ (96,318)</u>	<u>\$ (96,318)</u>	<u>(27,096)</u>	<u>\$ 69,222</u>
Beginning Fund Balance			<u>318,884</u>	
Ending Fund Balance			<u>\$ 291,788</u>	

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information
December 31, 2016

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 January 1, 2016 and amended on November 14, 2016.

NOTE B - Stewardship, Compliance and Accountability

During the fiscal year ended December 31, 2016 the following funds had expenditures in excess of their budget appropriation:

General Fund	Business & Industrial Development Fund	Park Fund
Drug Abuse Fund	Restricted Building Improvement Fund	Water Meter Deposit Fund
Business District Tax Fund	TIF #1 Fund	TIF #2 Fund
TIF #3 Fund		

The following funds did not have a budget appropriation:

None

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information - Concluded
December 31, 2016

NOTE C - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4.00%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75-14.50%
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	RP-2014 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120 percent of the tables rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates applicable to non-disabled lives set forward 10 years.
Other Information:	
Notes	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENT AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	SPECIAL REVENUE FUNDS							
	Business & Industrial Development	Investment Pool Fund	IMRF Fund	Audit Fund	Park Fund	Civil Defense Fund	Garbage Fund	Pool Restoration Fund
Assets and Deferred Outflows of Resources								
Assets								
Cash (Restricted)	\$ 80,517	\$ 52,243	\$ 42,041	\$ 10,989	\$ 974	\$ 2,168	\$ -	\$ 20,074
Investments, at Cost	-	116,148	-	-	-	-	-	-
Due From State of Illinois	-	-	-	-	-	-	-	-
Real Estate Tax Receivable	-	-	44,360	-	-	-	-	-
Due From Other Funds	-	-	-	-	203	3,315	-	-
Notes Receivable	88,457	-	-	-	-	-	-	-
Total Assets	<u>168,974</u>	<u>168,391</u>	<u>86,401</u>	<u>10,989</u>	<u>1,177</u>	<u>5,483</u>	<u>-</u>	<u>20,074</u>
Deferred Outflows of Resources								
None	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 168,974</u>	<u>\$ 168,391</u>	<u>\$ 86,401</u>	<u>\$ 10,989</u>	<u>\$ 1,177</u>	<u>\$ 5,483</u>	<u>\$ -</u>	<u>\$ 20,074</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities								
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ 23,593	\$ -	\$ 472	\$ -
Accounts Payable	-	-	-	6,500	546	1,310	-	-
Due To Other Funds	-	3	-	1,978	-	150	-	-
Other Payables	-	-	-	-	20	32	-	-
Total Liabilities	<u>-</u>	<u>3</u>	<u>-</u>	<u>8,478</u>	<u>24,159</u>	<u>1,492</u>	<u>472</u>	<u>-</u>
Deferred Inflows of Resources								
None	-	-	-	-	-	-	-	-
Fund Balance								
Nonspendable	88,457	-	-	-	-	-	-	-
Restricted	80,517	-	-	-	-	3,991	-	-
Committed	-	-	86,401	-	-	-	-	-
Assigned	-	168,388	-	2,511	-	-	-	20,074
Unassigned	-	-	-	-	(22,982)	-	(472)	-
Total Fund Balance	<u>168,974</u>	<u>168,388</u>	<u>86,401</u>	<u>2,511</u>	<u>(22,982)</u>	<u>3,991</u>	<u>(472)</u>	<u>20,074</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 168,974</u>	<u>\$ 168,391</u>	<u>\$ 86,401</u>	<u>\$ 10,989</u>	<u>\$ 1,177</u>	<u>\$ 5,483</u>	<u>\$ -</u>	<u>\$ 20,074</u>

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet - Concluded
NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	SPECIAL REVENUE FUNDS								Total Non-Major Funds
	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Restricted Building Improvement Fund	
Assets and Deferred Outflows of Resources									
Assets									
Cash (Restricted)	\$ 116,876	\$ 59,457	\$ 14,815	\$ 22,666	\$ 39,726	\$ 15,800	\$ 33,645	\$ 35,531	\$ 547,522
Investments, at Cost	1,204	-	-	-	-	-	-	-	117,352
Due From State of Illinois	-	-	-	-	-	-	30,972	-	30,972
Real Estate Tax Receivable	5,237	-	-	1,709	230	-	-	-	51,536
Due From Other Funds	345	24,961	-	-	-	-	-	-	28,824
Notes Receivable	-	-	-	-	-	-	-	-	88,457
Total Assets	123,662	84,418	14,815	24,375	39,956	15,800	64,617	35,531	864,663
Deferred Outflows of Resources									
None	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 123,662	\$ 84,418	\$ 14,815	\$ 24,375	\$ 39,956	\$ 15,800	\$ 64,617	\$ 35,531	\$ 864,663
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities									
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,065
Accounts Payable	657	341	2,158	-	-	-	-	-	11,512
Due To Other Funds	-	655	-	-	-	-	-	5,113	7,899
Other Payables	469	-	-	-	-	-	-	-	521
Total Liabilities	1,126	996	2,158	-	-	-	-	5,113	43,997
Deferred Inflows of Resources									
None	-	-	-	-	-	-	-	-	-
Fund Balance									
Nonspendable	-	-	-	-	-	-	-	-	88,457
Restricted	-	-	-	24,375	39,956	15,800	64,617	30,418	259,674
Committed	122,536	-	12,657	-	-	-	-	-	221,594
Assigned	-	83,422	-	-	-	-	-	-	274,395
Unassigned	-	-	-	-	-	-	-	-	(23,454)
Total Fund Balance	122,536	83,422	12,657	24,375	39,956	15,800	64,617	30,418	820,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 123,662	\$ 84,418	\$ 14,815	\$ 24,375	\$ 39,956	\$ 15,800	\$ 64,617	\$ 35,531	\$ 864,663

CITY OF DU QUOIN, ILLINOIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS							
	Business & Industrial Development	Investment Pool Fund	IMRF Fund	Audit Fund	Park Fund	Civil Defense Fund	Garbage Fund	Pool Restoration Fund
Revenues								
Taxes	\$ -	\$ -	\$ 83,266	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,205	30,485	98,554	26,632	3,081	-
Grant Income	-	-	-	-	-	4,767	-	-
Fines and Penalties	-	-	-	-	-	-	-	-
Revenues from Services	-	-	-	-	23,708	-	-	-
Investment Interest	2,875	411	-	-	-	-	-	-
Other	14,630	-	-	-	1,924	-	-	71,707
Total Revenues	17,505	411	84,471	30,485	124,186	31,399	3,081	71,707
Expenditures								
<i>Current</i>								
General Government	15	-	-	19,155	-	-	-	-
Public Safety	-	-	-	-	-	32,183	-	-
Public Welfare	-	-	-	-	-	-	-	-
Services	-	-	-	-	134,406	-	1,839	5,382
Transportation	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<i>Capital Outlay</i>	41,388	-	-	-	137,292	-	-	-
<i>Debt Service</i>	-	-	-	-	-	-	-	-
Total Expenditures	41,403	-	-	19,155	271,698	32,183	1,839	5,382
Excess (Deficiency) of Revenues over Expenditures	(23,898)	411	84,471	11,330	(147,512)	(784)	1,242	66,325
Other Financing Sources (Uses)								
Operating Transfers In	-	12,000	-	-	137,292	-	-	39,029
Operating Transfers Out	-	-	(424)	(819)	(29,161)	(5,659)	(2,235)	(137,292)
Loan Proceeds	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	12,000	(424)	(819)	108,131	(5,659)	(2,235)	(98,263)
Net Change in Fund Balance	(23,898)	12,411	84,047	10,511	(39,381)	(6,443)	(993)	(31,938)
Beginning Fund Balance	170,857	155,977	2,354	(8,000)	16,399	10,434	521	52,012
Prior Period Adjustment-See Note Q	22,015	-	-	-	-	-	-	-
Ending Fund Balance	\$ 168,974	\$ 168,388	\$ 86,401	\$ 2,511	\$ (22,982)	\$ 3,991	\$ (472)	\$ 20,074

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, 2016

	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	Restricted Building Improvement Fund	Total Non-Major Funds
Revenues									
Taxes	\$ 70,523	\$ -	\$ 35,247	\$ 74,300	\$ 46,208	\$ 43,985	\$ -	\$ -	\$ 353,529
Intergovernmental	6,420	-	-	-	-	-	179,781	-	346,158
Grant Income	5,801	-	-	-	-	-	-	-	10,568
Fines and Penalties	1,764	39,931	-	-	-	-	-	-	41,695
Revenues from Services	5,709	-	-	-	-	-	-	-	29,417
Investment Interest	131	-	834	-	-	-	-	79	4,330
Other	844	-	-	-	-	-	-	-	89,105
Total Revenues	91,192	39,931	36,081	74,300	46,208	43,985	179,781	79	874,802
Expenditures									
<i>Current</i>									
General Government	-	-	-	-	-	-	-	-	19,170
Public Safety	-	-	-	-	-	-	-	-	32,183
Public Welfare	-	20,142	-	-	-	-	-	-	20,142
Services	96,553	-	-	-	-	-	-	-	238,180
Transportation	-	-	-	-	-	-	-	-	-
Other	-	-	36,294	86,546	71,175	46,284	205,736	-	446,035
<i>Capital Outlay</i>	-	19,059	-	-	-	-	-	47,693	245,432
<i>Debt Service</i>	-	-	-	-	-	-	-	25,517	25,517
Total Expenditures	96,553	39,201	36,294	86,546	71,175	46,284	205,736	73,210	1,026,659
Excess (Deficiency) of Revenues over Expenditures	(5,361)	730	(213)	(12,246)	(24,967)	(2,299)	(25,955)	(73,131)	(151,857)
Other Financing Sources (Uses)									
Operating Transfers In	-	-	12,183	-	-	2,191	-	25,517	228,212
Operating Transfers Out	-	-	-	-	(2,191)	-	-	-	(177,781)
Loan Proceeds	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	12,183	-	(2,191)	2,191	-	25,517	50,431
Net Change in Fund Balance	(5,361)	730	11,970	(12,246)	(27,158)	(108)	(25,955)	(47,614)	(101,426)
Beginning Fund Balance	127,897	82,692	687	36,621	67,114	15,908	90,572	78,032	900,077
Prior Period Adjustment-See Note Q	-	-	-	-	-	-	-	-	22,015
Ending Fund Balance	\$ 122,536	\$ 83,422	\$ 12,657	\$ 24,375	\$ 39,956	\$ 15,800	\$ 64,617	\$ 30,418	\$ 820,666

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Grant Income	\$ -	\$ -	\$ -	\$ -
Interest Income	3,489	3,489	2,875	(614)
Other	-	-	14,630	14,630
Total Revenues	<u>3,489</u>	<u>3,489</u>	<u>17,505</u>	<u>14,016</u>
Expenditures				
<i>Current</i>				
General Government	-	-	15	(15)
Project	-	-	-	-
<i>Capital Outlay</i>	-	-	41,388	(41,388)
Total Expenditures	<u>-</u>	<u>-</u>	<u>41,403</u>	<u>(41,403)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,489</u>	<u>3,489</u>	<u>(23,898)</u>	<u>(27,387)</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>\$ 3,489</u>	<u>\$ 3,489</u>	<u>(23,898)</u>	<u>\$ (27,387)</u>
Beginning Fund Balance			170,857	
Prior Period Adjustment-See Note Q			<u>22,015</u>	
Ending Fund Balance			<u>\$ 168,974</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment Interest	-	-	411	411
Total Revenues	<u>-</u>	<u>-</u>	<u>411</u>	<u>411</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	12,000	12,000
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	12,411	<u>\$ 12,411</u>
Beginning Fund Balance			<u>155,977</u>	
Ending Fund Balance			<u>\$ 168,388</u>	

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 42,000	\$ 42,000	\$ 83,266	\$ 41,266
Intergovernmental	-	-	1,205	1,205
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>84,471</u>	<u>42,471</u>
Expenditures				
<i>Current</i>				
Other	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>42,000</u>	<u>42,000</u>	<u>84,471</u>	<u>42,471</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(424)	(424)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(424)</u>	<u>(424)</u>
Net Change in Fund Balance	<u>\$ 42,000</u>	<u>\$ 42,000</u>	84,047	<u>\$ 42,047</u>
Beginning Fund Balance			<u>2,354</u>	
Ending Fund Balance			<u>\$ 86,401</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 30,485	\$ 485
Investment Interest	-	-	-	-
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>30,485</u>	<u>485</u>
Expenditures				
<i>Current</i>				
General Government	<u>30,000</u>	<u>30,000</u>	<u>19,155</u>	<u>10,845</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>19,155</u>	<u>10,845</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>11,330</u>	<u>11,330</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(819)</u>	<u>(819)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(819)</u>	<u>(819)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	10,511	<u>\$ 10,511</u>
Beginning Fund Balance			<u>(8,000)</u>	
Ending Fund Balance			<u>\$ 2,511</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 96,685	\$ 96,685	\$ 98,554	\$ 1,869
Revenue from Services	19,000	19,000	23,708	4,708
Investment Interest	-	-	-	-
Other	1,000	1,000	1,924	924
Total Revenues	<u>116,685</u>	<u>116,685</u>	<u>124,186</u>	<u>7,501</u>
Expenditures				
<i>Current</i>				
Services	116,329	116,329	134,406	(18,077)
<i>Capital Outlay</i>	-	-	137,292	(137,292)
Total Expenditures	<u>116,329</u>	<u>116,329</u>	<u>271,698</u>	<u>(155,369)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>356</u>	<u>356</u>	<u>(147,512)</u>	<u>(147,868)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	137,292	137,292
Operating Transfers Out	-	-	(29,161)	(29,161)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>108,131</u>	<u>108,131</u>
Net Change in Fund Balance	<u>\$ 356</u>	<u>\$ 356</u>	<u>(39,381)</u>	<u>\$ (39,737)</u>
Beginning Fund Balance			<u>16,399</u>	
Ending Fund Balance			<u>\$ (22,982)</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 25,967	\$ 25,967	\$ 26,632	\$ 665
Grant Income	15,000	15,000	4,767	(10,233)
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>40,967</u>	<u>40,967</u>	<u>31,399</u>	<u>(9,568)</u>
Expenditures				
<i>Current</i>				
Public Safety	40,967	40,967	32,183	8,784
<i>Capital Outlay</i>	-	-	-	-
Total Expenditures	<u>40,967</u>	<u>40,967</u>	<u>32,183</u>	<u>8,784</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(784)</u>	<u>(784)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(5,659)	(5,659)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,659)</u>	<u>(5,659)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(6,443)	<u>\$ (6,443)</u>
Beginning Fund Balance			<u>10,434</u>	
Ending Fund Balance			<u>\$ 3,991</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 3,081	\$ 81
Investment Interest	-	-	-	-
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>3,081</u>	<u>81</u>
Expenditures				
<i>Current</i>				
Services	2,540	2,540	1,839	701
Total Expenditures	<u>2,540</u>	<u>2,540</u>	<u>1,839</u>	<u>701</u>
Excess (Deficiency) of Revenues over Expenditures	<u>460</u>	<u>460</u>	<u>1,242</u>	<u>782</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(2,235)	(2,235)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,235)</u>	<u>(2,235)</u>
Net Change in Fund Balance	<u>\$ 460</u>	<u>\$ 460</u>	(993)	<u>\$ (1,453)</u>
Beginning Fund Balance			<u>521</u>	
Ending Fund Balance			<u>\$ (472)</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
POOL RESTORATION FUND
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Investment Interest	\$ -	\$ -	\$ -	\$ -
Other	-	110,000	71,707	(38,293)
Total Revenues	<u>-</u>	<u>110,000</u>	<u>71,707</u>	<u>(38,293)</u>
Expenditures				
<i>Current</i>				
Services	-	167,000	5,382	161,618
Total Expenditures	<u>-</u>	<u>167,000</u>	<u>5,382</u>	<u>161,618</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(57,000)</u>	<u>66,325</u>	<u>123,325</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	39,029	39,029
Operating Transfers Out	-	-	(137,292)	(137,292)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(98,263)</u>	<u>(98,263)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (57,000)</u>	<u>(31,938)</u>	<u>\$ 25,062</u>
Beginning Fund Balance			<u>52,012</u>	
Ending Fund Balance			<u>\$ 20,074</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, 2016

	<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	\$ 70,523	\$ (727)
Intergovernmental	6,250	6,250	6,420	170
Grant Income	18,136	18,136	5,801	(12,335)
Fines and Penalties	2,000	2,000	1,764	(236)
Revenue from Services	5,350	5,350	5,709	359
Investment Interest	100	100	131	31
Other	2,250	2,250	844	(1,406)
Total Revenues	<u>105,336</u>	<u>105,336</u>	<u>91,192</u>	<u>(14,144)</u>
Expenditures				
<i>Current</i>				
Services	106,025	106,025	96,553	9,472
<i>Capital Outlay</i>	-	-	-	-
Total Expenditures	<u>106,025</u>	<u>106,025</u>	<u>96,553</u>	<u>9,472</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(689)</u>	<u>(689)</u>	<u>(5,361)</u>	<u>(4,672)</u>
Other Financing Sources (Uses)				
Operating Transfers In	1,000	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 311</u>	<u>\$ (689)</u>	<u>(5,361)</u>	<u>\$ (4,672)</u>
Beginning Fund Balance			<u>127,897</u>	
Ending Fund Balance			<u>\$ 122,536</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	30,352	30,352	39,931	9,579
Investment Interest	-	-	-	-
Other Income	-	-	-	-
Total Revenues	<u>30,352</u>	<u>30,352</u>	<u>39,931</u>	<u>9,579</u>
Expenditures				
<i>Current</i>				
Public Welfare	3,352	3,352	20,142	(16,790)
<i>Capital Outlay</i>	<u>27,000</u>	<u>27,000</u>	<u>19,059</u>	<u>7,941</u>
Total Expenditures	<u>30,352</u>	<u>30,352</u>	<u>39,201</u>	<u>(8,849)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>730</u>	<u>730</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>\$ -</u>	<u>\$ -</u>	<u>730</u>	<u>\$ 730</u>
Beginning Fund Balance			<u>82,692</u>	
Ending Fund Balance			<u>\$ 83,422</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 40,202	\$ 40,202	\$ 35,247	\$ (4,955)
Investment Interest	-	-	834	834
Total Revenues	<u>40,202</u>	<u>40,202</u>	<u>36,081</u>	<u>(4,121)</u>
Expenditures				
<i>Current</i>				
Other	<u>40,202</u>	<u>40,202</u>	<u>36,294</u>	<u>3,908</u>
Total Expenditures	<u>40,202</u>	<u>40,202</u>	<u>36,294</u>	<u>3,908</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(213)</u>	<u>(213)</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	12,183	12,183
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>12,183</u>	<u>12,183</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	11,970	<u>\$ 11,970</u>
Beginning Fund Balance			<u>687</u>	
Ending Fund Balance			<u>\$ 12,657</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 56,751	\$ 56,751	\$ 74,300	\$ 17,549
Investment Interest	-	-	-	-
Total Revenues	<u>56,751</u>	<u>56,751</u>	<u>74,300</u>	<u>17,549</u>
Expenditures				
<i>Current</i>				
Other	<u>57,932</u>	<u>57,932</u>	<u>86,546</u>	<u>(28,614)</u>
Total Expenditures	<u>57,932</u>	<u>57,932</u>	<u>86,546</u>	<u>(28,614)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,181)</u>	<u>(1,181)</u>	<u>(12,246)</u>	<u>(11,065)</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>\$ (1,181)</u>	<u>\$ (1,181)</u>	(12,246)	<u>\$ (11,065)</u>
Beginning Fund Balance			<u>36,621</u>	
Ending Fund Balance			<u>\$ 24,375</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 49,028	\$ 49,028	\$ 46,208	\$ (2,820)
Grant Income	-	-	-	-
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>49,028</u>	<u>49,028</u>	<u>46,208</u>	<u>(2,820)</u>
Expenditures				
<i>Current</i>				
Other	<u>45,000</u>	<u>45,000</u>	<u>71,175</u>	<u>(26,175)</u>
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>71,175</u>	<u>(26,175)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,028</u>	<u>4,028</u>	<u>(24,967)</u>	<u>(28,995)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(2,191)</u>	<u>(2,191)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,191)</u>	<u>(2,191)</u>
Net Change in Fund Balance	<u>\$ 4,028</u>	<u>\$ 4,028</u>	<u>(27,158)</u>	<u>\$ (31,186)</u>
Beginning Fund Balance			<u>67,114</u>	
Ending Fund Balance			<u>\$ 39,956</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 43,862	\$ 43,862	\$ 43,985	\$ 123
Grant Income	-	-	-	-
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>43,862</u>	<u>43,862</u>	<u>43,985</u>	<u>123</u>
Expenditures				
<i>Current</i>				
Other	<u>43,474</u>	<u>43,474</u>	<u>46,284</u>	<u>(2,810)</u>
Total Expenditures	<u>43,474</u>	<u>43,474</u>	<u>46,284</u>	<u>(2,810)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>388</u>	<u>388</u>	<u>(2,299)</u>	<u>(2,687)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	2,191	2,191
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,191</u>	<u>2,191</u>
Net Change in Fund Balance	<u>\$ 388</u>	<u>\$ 388</u>	(108)	<u>\$ (496)</u>
Beginning Fund Balance			<u>15,908</u>	
Ending Fund Balance			<u>\$ 15,800</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
BUSINESS DISTRICT TAX FUND
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 174,346	\$ 174,346	\$ 179,781	\$ 5,435
Investment Interest	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>174,346</u>	<u>174,346</u>	<u>179,781</u>	<u>5,435</u>
Expenditures				
<i>Current</i>				
Other	<u>79,536</u>	<u>79,536</u>	<u>205,736</u>	<u>(126,200)</u>
Total Expenditures	<u>79,536</u>	<u>79,536</u>	<u>205,736</u>	<u>(126,200)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>94,810</u>	<u>94,810</u>	<u>(25,955)</u>	<u>(120,765)</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>\$ 94,810</u>	<u>\$ 94,810</u>	<u>(25,955)</u>	<u>\$ (120,765)</u>
Beginning Fund Balance			<u>90,572</u>	
Ending Fund Balance			<u>\$ 64,617</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
RESTRICTED BUILDING IMPROVEMENT FUND
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Investment Interest	\$ -	\$ 75	\$ 79	\$ 4
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>75</u>	<u>79</u>	<u>4</u>
Expenditures				
<i>Current</i>				
General Government	-	1,000	-	1,000
<i>Capital Outlay</i>	-	42,500	47,693	(5,193)
<i>Debt Service</i>	-	-	25,517	(25,517)
Total Expenditures	<u>-</u>	<u>43,500</u>	<u>73,210</u>	<u>(29,710)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(43,425)</u>	<u>(73,131)</u>	<u>(29,706)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	25,517	25,517
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>25,517</u>	<u>25,517</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (43,425)</u>	<u>(47,614)</u>	<u>\$ (4,189)</u>
Beginning Fund Balance			<u>78,032</u>	
Ending Fund Balance			<u>\$ 30,418</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Operating Revenues				
Water and Sewer Revenue	\$ 2,507,606	\$ 2,507,606	\$ 2,636,496	\$ 128,890
Tap-on Fees	3,000	3,000	12,901	9,901
Reconnect Fees	18,485	18,485	20,629	2,144
Total Operating Revenues	<u>2,529,091</u>	<u>2,529,091</u>	<u>2,670,026</u>	<u>140,935</u>
Operating Expenses				
Water	-	-	-	-
Depreciation	-	-	11,126	(11,126)
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>11,126</u>	<u>(11,126)</u>
Operating Income (Loss)	2,529,091	2,529,091	2,658,900	129,809
Non-Operating Revenues				
Grant Income	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	10,000	9,882	(118)
Total Non-Operating Revenues	<u>-</u>	<u>10,000</u>	<u>9,882</u>	<u>(118)</u>
Operating Transfers				
Operating Transfers In	-	-	8,035	8,035
Operating Transfers Out	-	-	(2,608,769)	(2,608,769)
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>(2,600,734)</u>	<u>(2,600,734)</u>
Net Income (Loss)	<u>\$ 2,529,091</u>	<u>\$ 2,539,091</u>	68,048	<u>\$ (2,471,043)</u>
Beginning Net Position			<u>368,563</u>	
Ending Net Position			<u>\$ 436,611</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Depreciation	\$ -	\$ -	\$ 376,889	\$ (376,889)
Other	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>376,889</u>	<u>(376,889)</u>
Operating Income (Loss)	-	-	(376,889)	(376,889)
Non-Operating Revenues				
Grant Income	-	-	-	-
Interest Income	-	-	2	2
Reimbursements	-	-	-	-
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Non-Operating Expenses				
Interest Expense	112,500	112,500	112,274	226
Capital Outlay	349,500	349,500	-	349,500
Grant Expenses	-	-	-	-
Total Non-Operating Expenses	<u>462,000</u>	<u>462,000</u>	<u>112,274</u>	<u>349,726</u>
Operating Transfers				
Operating Transfers In	-	-	482,857	482,857
Operating Transfers Out	-	-	-	-
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>482,857</u>	<u>482,857</u>
Net Income (Loss)	<u>\$ (462,000)</u>	<u>\$ (462,000)</u>	(6,304)	<u>\$ 455,696</u>
Beginning Net Position			<u>3,070,021</u>	
Ending Net Position			<u>\$ 3,063,717</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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Operating Expenses				
Water	\$ 1,492,327	\$ 1,493,027	\$ 1,497,892	\$ (4,865)
Water Pollution Control Plant Depreciation	559,443	583,843	528,364	55,479
	-	-	35,552	(35,552)
Total Operating Expenses	2,051,770	2,076,870	2,061,808	15,062
Operating Income (Loss)	(2,051,770)	(2,076,870)	(2,061,808)	15,062
Non-Operating Expenses				
Interest Expense	-	-	9,514	(9,514)
Total Non-Operating Expenses	-	-	9,514	(9,514)
Operating Transfers				
Operating Transfers In	2,053,821	-	2,570,367	2,570,367
Operating Transfers Out	-	-	(461,513)	(461,513)
Total Operating Transfers	2,053,821	-	2,108,854	2,108,854
Net Income (Loss)	\$ 2,051	\$ (2,076,870)	37,532	\$ 2,114,402
Beginning Net Position			29,038	
Ending Net Position			\$ 66,570	

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Non-Operating Revenues				
Interest Income	\$ -	\$ -	\$ 11	\$ 11
Meter Deposits	<u>11,000</u>	<u>11,000</u>	<u>19,519</u>	<u>8,519</u>
Total Non-Operating Revenues	<u>11,000</u>	<u>11,000</u>	<u>19,530</u>	<u>8,530</u>
Non-Operating Expenses				
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>23,575</u>	<u>(13,575)</u>
Total Non-Operating Expenses	<u>10,000</u>	<u>10,000</u>	<u>23,575</u>	<u>(13,575)</u>
Operating Transfers				
Operating Transfers In	-	-	4,875	4,875
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>4,875</u>	<u>4,875</u>
Net Income (Loss)	<u>\$ 1,000</u>	<u>\$ 1,000</u>	830	<u>\$ (170)</u>
Beginning Net Position			<u>3,540</u>	
Ending Net Position			<u>\$ 4,370</u>	

CITY OF DU QUOIN, ILLINOIS

Computation of Legal Debt Margin

December 30, 2016

Assessed Valuation - Levy		<u>\$ 42,794,567</u>
Statutory Debt Limitation (8.625% of assessed valuation)		\$ 3,691,031
Total Debt:		
Loan Obligations	4,649,667	
Lease Obligations	<u>201,530</u>	
Total Debt	4,851,197	
Less: EPA Loan Exempt from Debt Limitation	<u>(4,278,041)</u>	<u>573,156</u>
Statutory Debt Margin		<u>\$ 3,117,875</u>

CITY OF DU QUOIN, ILLINOIS
Assessed Valuation and Taxes Levied
December 31, 2016

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 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 November 23, 2015. The City received tax distributions in August and September of 2016 and January of 2017.

TAX LEVY YEARS 2015, 2014, 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSESSED VALUATION	\$ 42,794,567	\$ 42,978,394	\$ 41,563,177
Social Security	0.0000	0.0062	0.0060
Library	0.1646	0.1500	0.1500
IMRF	0.0981	0.1059	0.1019
Firefighter's Pension	0.6830	0.7043	0.6855
Police Pension	0.6087	0.5459	0.5313
Total	<u>1.5544</u>	<u>1.5123</u>	<u>1.4747</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>
TAX EXTENSIONS			
Social Security	\$ -	\$ 2,729	\$ 2,494
Library	70,440	66,013	62,345
IMRF	41,981	45,601	42,353
Firefighter's Pension	292,287	302,697	284,916
Police Pension	260,491	234,619	220,825
Road and Bridge	32,823	34,080	32,710
TIF #1	75,169	56,751	52,534
TIF #2	46,208	31,739	27,833
TIF #3	43,985	43,862	43,609
Total	<u>\$ 863,384</u>	<u>\$ 818,091</u>	<u>\$ 769,619</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>
TAX COLLECTIONS			
Social Security	\$ -	\$ -	\$ 2,489
Library	70,523	68,476	62,226
IMRF	83,266	40,514	42,264
Firefighter's Pension	270,874	292,654	284,312
Police Pension	241,407	226,834	220,358
Road and Bridge	32,413	33,833	32,573
TIF #1	74,300	56,624	52,015
TIF #2	46,208	49,028	27,834
TIF #3	43,985	43,862	43,611
Total	<u>\$ 862,976</u>	<u>\$ 811,825</u>	<u>\$ 767,682</u>

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

FINDING 01: 2016-01

Financial Statements and Footnotes Must be Drafted by Management

Criteria: Current *Government Auditing Standards* require the City to designate a qualified management level individual to be responsible for 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 *Government Auditing Standards* 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.

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.