

CITY OF DU QUOIN, ILLINOIS
GENERAL PURPOSE FINANCIAL STATEMENTS
For The Year Ended December 31, 2017

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, 2017, 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, 2017, 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 on pages 5 - 15, the IMRF schedules on pages 63 - 65, and the analysis and budgetary comparison information on pages 66 - 70 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 fund statement and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statement and schedules 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 fund statement and schedules 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 May 9, 2018, 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
May 9, 2018



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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, 2017, 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 May 9, 2018.

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. [FINDING01:2017-01 and FINDING02: 2017-02].

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
May 9, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2017 and December 31, 2016 Comparison

	Governmental Activities		% Change
	2017	2016	
Assets			
Current Assets	\$ 2,504,157	\$ 2,573,523	-2.70%
Non-Current Assets			
Capital Assets, Net of Depreciation	3,563,145	3,838,185	-7.17%
Net Pension Obligation	93,800	-	100.00%
Total Assets	6,161,102	6,411,708	-3.91%
Deferred Outflows of Resources			
Pension Liability	-	450,449	-100.00%
Liabilities			
Current Liabilities	242,176	220,610	9.78%
Long-Term Liabilities	434,097	1,539,736	-71.81%
Total Liabilities	676,273	1,760,346	-61.58%
Deferred Inflows of Resources			
Pension Obligation	787,845	-	100.00%
Net Position			
Net Investment in Capital Assets	3,233,205	2,652,434	21.90%
Restricted	936,082	1,643,286	-43.04%
Unrestricted (Deficit)	527,697	806,091	-34.54%
Total Net Position	\$ 4,696,984	\$ 5,101,811	-7.93%

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES - Concluded

December 31, 2017 and December 31, 2016 Comparison

	Governmental Activities		% Change
	2017	2016	
Revenue			
Program Revenue:			
Charges for Services	\$ 226,591	\$ 276,863	-18.16%
Operating Grants	13,724	10,568	29.86%
Capital Grants	-	26,520	-100.00%
General Revenue:			
Taxes	829,102	386,242	114.66%
Intergovernmental	3,521,348	4,477,652	-21.36%
Interest Income	3,374	4,762	-29.15%
Miscellaneous	82,372	174,529	-52.80%
Total Revenue	4,676,511	5,357,136	-12.71%
Expenses			
General Government	1,159,708	1,534,239	-24.41%
Public Safety	2,268,498	2,315,300	-2.02%
Public Welfare	35,729	30,237	18.16%
Services	249,326	264,403	-5.70%
Transportation	945,595	935,940	1.03%
Other	333,271	446,035	-25.28%
Interest on Long-term Debt	14,682	12,716	15.46%
Pension Expense	110,453	189,038	-41.57%
Total Expenses	5,117,262	5,727,908	-10.66%
Operating Transfers, Net	35,924	4,148	-766.06%
Change in Net Position	(404,827)	(366,624)	-10.42%
Beginning Net Position	5,101,811	5,446,420	-6.33%
Prior Period Adjustment	-	22,015	-100.00%
Ending Net Position	\$ 4,696,984	\$ 5,101,811	-7.93%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2017 and December 31, 2016 Comparison

	Business-Type Activities		% Change
	2017	2016	
Assets			
Current Assets	\$ 427,855	\$ 409,550	4.47%
Non-Current Assets			
Capital Assets, Net of Depreciation	7,675,559	7,768,179	-1.19%
Total Assets	8,103,414	8,177,729	-0.91%
Deferred Outflows of Resources			
None	-	-	0.00%
Liabilities			
Current Liabilities	534,063	497,637	7.32%
Long-Term Liabilities	3,720,935	4,108,824	-9.44%
Total Liabilities	4,254,998	4,606,461	-7.63%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	3,605,850	3,316,629	8.72%
Restricted	-	-	0.00%
Unrestricted (Deficit)	242,566	254,639	-4.74%
Total Net Position	\$ 3,848,416	\$ 3,571,268	7.76%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES - Concluded

December 31, 2017 and December 31, 2016 Comparison

	Business-Type Activities		% Change
	2017	2016	
Revenue			
Program Revenue:			
Charges for Services	\$ 2,739,047	\$ 2,689,545	1.84%
Capital Grants	208,712	-	100.00%
General Revenue:			
Interest Income	35	13	169.23%
Other	20,866	9,882	111.15%
Total Revenue	2,968,660	2,699,440	9.97%
Expenses			
Waterworks & Sewage Fund	11,125	11,126	-0.01%
Water Meter Deposit Fund	19,670	23,575	-16.56%
Capital Improvements Fund	480,079	489,163	-1.86%
Operation & Maintenance Fund	2,144,714	2,071,322	3.54%
Total Expenses	2,655,588	2,595,186	2.33%
Operating Transfers, Net	(35,924)	(4,148)	-766.06%
Change in Net Position	277,148	100,106	176.85%
Beginning Net Position	3,571,268	3,471,162	2.88%
Ending Net Position	\$ 3,848,416	\$ 3,571,268	7.76%

BASIC FINANCIAL STATEMENTS

CITY OF DU QUOIN, ILLINOIS

Statement of Net Position

December 31, 2017

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Current Assets			
Cash	\$ 166,175	\$ 219,143	\$ 385,318
Cash (Restricted)	1,087,738	-	1,087,738
Investments, at cost	118,584	-	118,584
Due from State of Illinois	540,591	-	540,591
Real Estate Tax Receivable	45,983	-	45,983
Grant Receivable	-	208,712	208,712
Due from Other Governments	468,349	-	468,349
Notes Receivable	76,737	-	76,737
Total Current Assets	2,504,157	427,855	2,932,012
Non-Current Assets			
Property, Plant, and Equipment			
Non-Depreciable	50,500	-	50,500
Depreciable (Net)	3,512,645	7,675,559	11,188,204
Net Pension Obligation	93,800	-	93,800
Total Non-Current Assets	3,656,945	7,675,559	11,332,504
Total Assets	6,161,102	8,103,414	14,264,516
Deferred Outflows of Resources			
None	-	-	-
Liabilities			
Current Liabilities			
Cash Overdraft	86,468	-	86,468
Accounts Payable	22,532	68,561	91,093
Due To Other Funds	2,306	-	2,306
Other Payables	29,300	67,329	96,629
Accrued Absences	26,744	6,422	33,166
Loans and Leases Payable	74,826	391,751	466,577
Total Current Liabilities	242,176	534,063	776,239
Non-Current Liabilities			
Accrued Absences	178,983	42,977	221,960
Loans and Leases Payable	255,114	3,677,958	3,933,072
Total Non-Current Liabilities	434,097	3,720,935	4,155,032
Total Liabilities	676,273	4,254,998	4,931,271
Deferred Inflows of Resources			
Net Pension Obligation	787,845	-	787,845
Net Position			
Net Investment in Capital Assets	3,233,205	3,605,850	6,839,055
Restricted	936,082	-	936,082
Unrestricted (Deficit)	527,697	242,566	770,263
Total Net Position	\$ 4,696,984	\$ 3,848,416	\$ 8,545,400

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, 2017

	Net (Expenses) Revenues and Changes in Net Position					
	Program Revenues			Primary Government		Total Reporting Entity
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs						
Primary Government						
Governmental Activities						
General Government	\$ 1,159,708	\$ 46,943	\$ -	\$ -	\$ (1,112,765)	\$ -
Public Safety	2,268,498	56,674	9,030	-	(2,202,794)	-
Public Welfare	35,729	26,877	-	-	(8,852)	-
Services	249,326	35,730	4,694	-	(208,902)	-
Transportation	945,595	60,367	-	-	(885,228)	-
Other	333,271	-	-	-	(333,271)	-
Interest on Long-Term Debt	14,682	-	-	-	(14,682)	-
Pension Expense	110,453	-	-	-	(110,453)	-
Total Governmental Activities	5,117,262	226,591	13,724	-	(4,876,947)	-
Business-Type Activities						
Waterworks & Sewage Fund	11,125	2,725,082	-	-	2,713,957	2,713,957
Water Meter Deposit Fund	19,670	13,965	-	-	(5,705)	(5,705)
Capital Improvements Fund	480,079	-	-	-	(480,079)	(480,079)
Operation & Maintenance Fund	2,144,714	-	-	208,712	(1,936,002)	(1,936,002)
Total Business-Type Activities	2,655,588	2,739,047	-	208,712	292,171	292,171
Total Primary Government	\$ 7,772,850	\$ 2,965,638	\$ 13,724	\$ 208,712	\$ (4,876,947)	\$ 292,171
General Revenues:						
Taxes:						
Property Tax				\$ 314,331	\$ -	\$ 314,331
Hotel Tax				32,979	-	32,979
Utility Tax				481,792	-	481,792
Intergovernmental:						
Replacement Tax				42,347	-	42,347
Retailers' Occupation Tax				2,259,692	-	2,259,692
Local Use Tax				157,824	-	157,824
Allotments				155,820	-	155,820
State Income Tax				555,000	-	555,000
Other				350,665	-	350,665
Interest Income				3,374	35	3,409
Miscellaneous				82,372	20,866	103,238
Operating Transfers, Net				35,924	(35,924)	-
Total General Revenues and Transfers				4,472,120	(15,023)	4,457,097
Change in Net Position				(404,827)	277,148	(127,679)
Beginning Net Position				5,101,811	3,571,268	8,673,079
Ending Net Position				\$ 4,696,984	\$ 3,848,416	\$ 8,545,400

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, 2017

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Investment Pool Fund	Park Fund		
Assets and Deferred Outflows of Resources					
Assets					
Cash	\$ 166,175	\$ -	\$ -	\$ -	\$ 166,175
Cash (Restricted)	-	247,428	2,500	837,810	1,087,738
Investments, at cost	-	117,191	-	1,393	118,584
Due From State of Illinois	496,071	-	-	44,520	540,591
Real Estate Tax Receivable	1,220	-	-	44,763	45,983
Due from Other Governments	-	-	468,349	-	468,349
Notes Receivable	-	-	-	76,737	76,737
Total Assets	663,466	364,619	470,849	1,005,223	2,504,157
Deferred Outflows of Resources					
None	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 663,466	\$ 364,619	\$ 470,849	\$ 1,005,223	\$ 2,504,157
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Cash Overdraft	\$ 75,695	\$ -	\$ 8,579	\$ 2,194	\$ 86,468
Accounts Payable	14,404	-	-	8,128	22,532
Due To Other Funds	2,306	-	-	-	2,306
Other Payables	28,729	-	133	438	29,300
Total Liabilities	121,134	-	8,712	10,760	140,606
Deferred Inflows of Resources					
None	-	-	-	-	-
Fund Balance					
Nonspendable	-	-	468,349	76,737	545,086
Restricted	-	-	-	673,764	673,764
Committed	-	-	-	208,884	208,884
Assigned	-	364,619	-	43,501	408,120
Unassigned	542,332	-	(6,212)	(8,423)	527,697
Total Fund Balance	542,332	364,619	462,137	994,463	2,363,551
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 663,466	\$ 364,619	\$ 470,849	\$ 1,005,223	\$ 2,504,157

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, 2017

Fund Balances of Governmental Funds	\$ 2,363,551
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.	3,563,145
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	93,800
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>(1,323,512)</u>
Net Position of Governmental Activities	<u>\$ 4,696,984</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, 2017

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Investment Pool Fund	Park Fund		
Revenues					
Taxes	\$ 514,650	\$ -	\$ -	\$ 314,452	\$ 829,102
Intergovernmental	2,913,916	105,164	107,242	395,026	3,521,348
Grant Income	-	-	-	13,724	13,724
Licenses and Permits	37,926	-	-	-	37,926
Fines and Penalties	54,821	-	-	28,783	83,604
Revenues from Services	71,238	-	28,296	5,528	105,062
Interest Income	266	1,054	-	2,054	3,374
Other	64,563	-	-	17,809	82,372
Total Revenues	3,657,380	106,218	135,538	777,376	4,676,512
Expenditures					
<i>Current</i>					
General Government	979,778	-	-	29,491	1,009,269
Public Safety	2,047,751	-	-	39,505	2,087,256
Public Welfare	-	-	-	22,303	22,303
Services	-	-	113,418	104,841	218,259
Transportation	692,463	-	-	198,225	890,688
Other	-	-	-	333,271	333,271
<i>Capital Outlay</i>	19,995	-	55,487	77,344	152,826
<i>Debt Service</i>	58,432	-	-	25,957	84,389
Total Expenditures	3,798,419	-	168,905	830,937	4,798,261
Excess (Deficiency) of Revenues Over Expenditures	(141,039)	106,218	(33,367)	(53,561)	(121,749)
Other Financing Sources (Uses)					
Operating Transfers In	74,681	90,013	61,439	189,562	415,695
Operating Transfers Out	(220,854)	-	(50,332)	(108,586)	(379,772)
Total Other Financing Sources (Uses)	(146,173)	90,013	11,107	80,976	35,923
Net Change in Fund Balance	(287,212)	196,231	(22,260)	27,415	(85,826)
Beginning Fund Balance	1,336,923	168,388	(22,982)	967,048	2,449,377
Prior Period Adjustment - See Note U	(507,379)	-	507,379	-	-
Ending Fund Balance	\$ 542,332	\$ 364,619	\$ 462,137	\$ 994,463	\$ 2,363,551

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, 2017

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

Net Change in Fund Balances - Total Governmental Funds	\$	(85,826)
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.		(275,040)
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.		69,707
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>(113,668)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(404,827)</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, 2017

	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	\$ 88,373	\$ 68,208	\$ -	\$ 62,562	\$ 219,143
Grant Receivable	-	-	208,712	-	208,712
Total Current Assets	<u>88,373</u>	<u>68,208</u>	<u>208,712</u>	<u>62,562</u>	<u>427,855</u>
Non-Current Assets					
Property, Plant, and Equipment:					
Non-Depreciable	-	-	-	-	-
Depreciable (Net)	111,346	6,943,880	620,333	-	7,675,559
Total Non-Current Assets	<u>111,346</u>	<u>6,943,880</u>	<u>620,333</u>	<u>-</u>	<u>7,675,559</u>
Total Assets	<u>199,719</u>	<u>7,012,088</u>	<u>829,045</u>	<u>62,562</u>	<u>8,103,414</u>
Deferred Outflows of Resources					
None	-	-	-	-	-
Liabilities					
Current Liabilities					
Accounts Payable	-	-	68,561	-	68,561
Other Payables	-	-	9,744	57,585	67,329
Accrued Absences	-	-	6,422	-	6,422
Loans and Leases Payable	-	366,912	24,839	-	391,751
Total Current Liabilities	<u>-</u>	<u>366,912</u>	<u>109,566</u>	<u>57,585</u>	<u>534,063</u>
Non-Current Liabilities					
Accrued Absences	-	-	42,977	-	42,977
Loans and Leases Payable	-	3,553,164	124,794	-	3,677,958
Total Non-Current Liabilities	<u>-</u>	<u>3,553,164</u>	<u>167,771</u>	<u>-</u>	<u>3,720,935</u>
Total Liabilities	<u>-</u>	<u>3,920,076</u>	<u>277,337</u>	<u>57,585</u>	<u>4,254,998</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Net Position					
Net Investment in Capital Assets	111,346	3,023,804	470,700	-	3,605,850
Restricted	-	-	-	-	-
Unrestricted (Deficit)	88,373	68,208	81,008	4,977	242,566
Total Net Position	<u>\$ 199,719</u>	<u>\$ 3,092,012</u>	<u>\$ 551,708</u>	<u>\$ 4,977</u>	<u>\$ 3,848,416</u>

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, 2017

	Major Funds			Non-Major Funds	Total Proprietary Funds
	Waterworks & Sewer Fund	Capital Improvements Fund	Operation & Maintenance Fund	Water Meter Deposit Fund	
Operating Revenue					
Water and Sewer Revenue	\$ 2,678,171	\$ -	\$ -	\$ -	\$ 2,678,171
Tap-on Fees	23,065	-	-	-	23,065
Reconnect Fees	23,846	-	-	-	23,846
Total Operating Revenues	2,725,082	-	-	-	2,725,082
Operating Expenses					
Water	-	-	1,545,110	-	1,545,110
Water Pollution Control Plant	-	-	556,076	-	556,076
Depreciation	11,125	376,532	36,824	-	424,481
Total Operating Expenses	11,125	376,532	2,138,010	-	2,525,667
Operating Income (Loss)	2,713,957	(376,532)	(2,138,010)	-	199,415
Non-Operating Revenue					
Interest Income	-	23	-	12	35
Grant Income	-	-	208,712	-	208,712
Meter Deposits	-	-	-	13,965	13,965
Miscellaneous	20,866	-	-	-	20,866
Total Non-Operating Revenues	20,866	23	208,712	13,977	243,578
Non-Operating Expenses					
Interest Expense	-	103,547	6,704	-	110,251
Miscellaneous	-	-	-	19,670	19,670
Total Non-Operating Expenses	-	103,547	6,704	19,670	129,921
Operating Transfers					
Operating Transfers In	12,183	508,351	2,902,398	6,300	3,429,232
Operating Transfers Out	(2,983,898)	-	(481,258)	-	(3,465,156)
Total Operating Transfers	(2,971,715)	508,351	2,421,140	6,300	(35,924)
Net Income (Loss)	(236,892)	28,295	485,138	607	277,148
Beginning Net Position	436,611	3,063,717	66,570	4,370	3,571,268
Ending Net Position	\$ 199,719	\$ 3,092,012	\$ 551,708	\$ 4,977	\$ 3,848,416

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, 2017

	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	\$ 2,730,397	\$ -	\$ -	\$ -	\$ 2,730,397
Payments to Other Funds	-	-	-	-	-
Other Operating Receipts/(Payments)	-	-	(2,058,699)	-	(2,058,699)
Net Cash Flows from Operating Activities	<u>2,730,397</u>	<u>-</u>	<u>(2,058,699)</u>	<u>-</u>	<u>671,698</u>
Cash Flows from Noncapital Financing Activities:					
Miscellaneous	20,866	-	-	1,930	22,796
Operating Transfers In/(Out)	(2,971,715)	508,351	2,421,140	6,300	(35,924)
Net Cash Flows from Noncapital Financing Activities	<u>(2,950,849)</u>	<u>508,351</u>	<u>2,421,140</u>	<u>8,230</u>	<u>(13,128)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	-	-	(331,861)	-	(331,861)
Interest on Loans	-	(103,547)	(6,704)	-	(110,251)
Loan Principal Retired	-	(357,965)	(23,876)	-	(381,841)
Net Cash Flows from Capital & Related Financing Activities	<u>-</u>	<u>(461,512)</u>	<u>(362,441)</u>	<u>-</u>	<u>(823,953)</u>
Cash Flows from Investing Activities:					
Interest on Deposits	-	23	-	12	35
Net Cash Flows from Investing Activities	<u>-</u>	<u>23</u>	<u>-</u>	<u>12</u>	<u>35</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(220,452)	46,862	-	8,242	(165,348)
Cash and Cash Equivalents, Beginning of Year	308,825	21,346	-	54,320	384,491
Cash and Cash Equivalents, End of Year	<u>\$ 88,373</u>	<u>\$ 68,208</u>	<u>\$ -</u>	<u>\$ 62,562</u>	<u>\$ 219,143</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 2,713,957	\$ (376,532)	\$ (2,138,010)	\$ -	\$ 199,415
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	11,125	376,532	36,824	-	424,481
Change in Assets and Liabilities:					
Interfund Receivables and Payables	5,315	-	19,744	-	25,059
Accounts Payable	-	-	17,606	-	17,606
Other Payables	-	-	698	-	698
Accrued Absences	-	-	4,439	-	4,439
Net Cash Provided by Operating Activities	<u>\$ 2,730,397</u>	<u>\$ -</u>	<u>\$ (2,058,699)</u>	<u>\$ -</u>	<u>\$ 671,698</u>

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, 2017

	PENSION TRUST FUNDS		
	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>Total Fiduciary</u>
Assets			
Cash	\$ 200,586	\$ 159,897	\$ 360,483
Investments	4,106,477	2,834,673	6,941,150
Due From Other Funds	1,441	865	2,306
Total Assets	<u>\$ 4,308,504</u>	<u>\$ 2,995,435</u>	<u>\$ 7,303,939</u>
Liabilities			
Due To Others	\$ 14	\$ 422	\$ 436
Total Liabilities	<u>14</u>	<u>422</u>	<u>436</u>
Net Position			
Held in Trust for Pension Benefit	<u>4,308,490</u>	<u>2,995,013</u>	<u>7,303,503</u>
Total Liabilities and Net Position	<u>\$ 4,308,504</u>	<u>\$ 2,995,435</u>	<u>\$ 7,303,939</u>

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, 2017

	PENSION TRUST FUNDS		Total Fiduciary
	Police Pension Trust Fund	Fire Pension Trust Fund	
ADDITIONS			
<i>Contributions:</i>			
Employer	\$ 295,468	\$ 295,409	\$ 590,877
Participants	66,106	40,880	106,986
<i>Total Contributions</i>	<u>361,574</u>	<u>336,289</u>	<u>697,863</u>
<i>Investment Income:</i>			
Net Appreciation (Depreciation) in Fair Value of Investments (Unrealized)	287,460	155,895	443,355
Gains and (Losses) from the Sale of Securities (Realized)	(344)	-	(344)
Interest, Dividends, and Other Income	110,034	79,029	189,063
<i>Total Investment Income</i>	<u>397,150</u>	<u>234,924</u>	<u>632,074</u>
Less Investment Expense	(10,331)	(7,434)	(17,765)
<i>Net Investment Income (Loss)</i>	<u>386,819</u>	<u>227,490</u>	<u>614,309</u>
TOTAL ADDITIONS	<u>748,393</u>	<u>563,779</u>	<u>1,312,172</u>
DEDUCTIONS			
<i>Pension Benefits:</i>			
Retirement	240,471	150,860	391,331
Disability	34,887	61,757	96,644
Survivor	69,831	85,872	155,703
Refund	43,200	-	43,200
<i>Total Pension Benefits</i>	<u>388,389</u>	<u>298,489</u>	<u>686,878</u>
<i>Administrative Expenses</i>			
Professional Fees	13,370	12,790	26,160
Other	1,734	1,377	3,111
<i>Total Administrative Expenses</i>	<u>15,104</u>	<u>14,167</u>	<u>29,271</u>
TOTAL DEDUCTIONS	<u>403,493</u>	<u>312,656</u>	<u>716,149</u>
Net Increase (Decrease) in Plan Net Assets	344,900	251,123	596,023
Net Plan Assets Held in Trust for Pension Benefits January 1, 2017	<u>3,963,590</u>	<u>2,743,890</u>	<u>6,707,480</u>
Net Plan Assets Held in Trust for Pension Benefits December 31, 2017	<u>\$ 4,308,490</u>	<u>\$ 2,995,013</u>	<u>\$ 7,303,503</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, 2017

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, 2017

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.

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 expended or transferred according to the general laws of Illinois and the bylaws of the City.

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

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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, 2017, and the Statement of Revenues, Expenses and Changes in Net Position for the year ending April 30, 2017, 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, 2017

NOTE A - Summary of Significant Accounting Policies - Continued

4. The Pinckneyville-Du Quoin Airport - Concluded

<p>ASSETS</p> <p>Current Assets</p> <p style="padding-left: 20px;">Cash & Prepaid Expenses \$ 42,124</p> <p>Capital Assets</p> <p style="padding-left: 20px;">Property, Plant & Equipment (Net) <u>1,501,714</u></p> <p>TOTAL ASSETS <u>\$ 1,543,838</u></p> <p>LIABILITIES AND NET POSITION</p> <p>Liabilities \$ 253,298</p> <p>Net Income (Loss) 200,861</p> <p>Beginning Net Position <u>1,089,679</u></p> <p>TOTAL LIABILITIES AND NET POSITION <u>\$ 1,543,838</u></p>	<p>RECEIPTS</p> <p>Intergovernmental Income \$ 33,000</p> <p>Grant Income 239,033</p> <p>Rental Income 22,302</p> <p>Interest Income 144</p> <p>Other Income <u>118</u></p> <p>TOTAL RECEIPTS <u>294,597</u></p> <p>DISBURSEMENTS</p> <p>Depreciation 59,767</p> <p>Other Expense <u>33,969</u></p> <p>TOTAL DISBURSEMENTS <u>93,736</u></p> <p>TRANSFERS</p> <p>Transfers In 0</p> <p>Transfers Out <u>0</u></p> <p>TOTAL TRANSFERS <u>0</u></p> <p>Net Income (Loss) <u>\$ 200,861</u></p>
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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, 2017

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, 2017

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 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 \$(319,001) is as follows:

Current Year Purchases	\$ 152,826
Depreciation Expense	(427,866)
Loan Principal Payments	69,707
Accrued Absences	(3,215)
Pension Expense	(110,453)
Total	<u>\$ (319,001)</u>

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net position of governmental activities* as reported in the government-wide balance sheet. The difference of \$2,333,433 is summarized as follows:

Fixed Assets	\$ 3,563,145
Deferred Pension Obligation	(787,845)
Net Pension Obligation	93,800
Accrued Absences	(205,727)
Long-Term Liabilities	(329,940)
Total	<u>\$ 2,333,433</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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. Vacation pay has a ceiling of 4 weeks after 14 years of service completed. Vacation pay must be used within a year. As of December 31, 2017, the amount of vested vacation and sick pay was \$255,126.

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	\$ 26,033	\$ 711	\$ 26,744
Long-Term	176,479	2,504	178,983
Total	<u>\$ 202,512</u>	<u>\$ 3,215</u>	<u>\$ 205,727</u>
<i>Business-Type Activities</i>			
Current	\$ 5,845	\$ 577	\$ 6,422
Long-Term	39,115	3,862	42,977
Total	<u>\$ 44,960</u>	<u>\$ 4,439</u>	<u>\$ 49,399</u>
Grand Total	<u>\$ 247,472</u>	<u>\$ 7,654</u>	<u>\$ 255,126</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, 2017

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, 2017, the carrying amount of the City's deposits was \$1,745,271, 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	\$ 97,856	\$ 258,045	\$ 192,678	\$ 548,579	\$ 90,180
Investment Pool	173,373	24,579	49,476	247,428	247,428
Park	446	0	878	2,500	(6,079)
<u>Non-Major Funds</u>					
Bus & Ind. Dev.	16,772	44,227	33,023	94,022	94,022
IMRF	630	1,661	1,240	3,531	86,418
Audit	0	0	0	0	(2,194)
Civil Defense	0	1,176	0	0	3,330
Garbage	0	0	0	0	251
Pool Restoration	3,327	0	631	3,958	3,958
Health Insurance	19,869	52,394	39,122	111,385	111,385
Public Library	79,106	0	0	79,106	79,106
Drug Abuse	33,071	0	6,274	39,345	38,543
Tourism Hotel Tax	17	44	32	93	93
TIF #1 Fund	432	1,139	851	2,422	2,422
TIF #2 Fund	9,101	23,999	17,921	51,021	51,021
TIF #3 Fund	10,390	27,397	20,456	58,243	58,243
Business District Tax	49,550	0	9,400	58,950	52,160
Motor Fuel Tax	40,823	107,648	80,378	228,849	228,849
Building Improvements	4,818	12,705	9,486	27,009	27,009
Total Governmental Activities	<u>539,581</u>	<u>555,014</u>	<u>461,846</u>	<u>1,556,441</u>	<u>1,166,145</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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	15,675	41,335	30,863	87,873	87,873
Capital Improvements	12,167	32,084	23,957	68,208	68,208
Operation & Maintenance	0	0	0	0	0
<u>Non-Major Funds</u>					
Water Meter Deposit	11,683	30,807	23,003	65,493	62,562
Total Business Type Activities	<u>39,525</u>	<u>104,226</u>	<u>77,823</u>	<u>221,574</u>	<u>218,643</u>
Fiduciary Funds					
Police Pension	196,528	0	0	196,528	200,586
Fire Pension	<u>157,772</u>	<u>0</u>	<u>0</u>	<u>157,772</u>	<u>159,897</u>
Total Fiduciary Funds	<u>354,300</u>	<u>0</u>	<u>0</u>	<u>354,300</u>	<u>360,483</u>
TOTAL	<u>\$ 933,406</u>	<u>\$ 659,240</u>	<u>\$ 539,669</u>	<u>\$ 2,132,315</u>	<u>\$ 1,745,271</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>Major Funds</u>					
Investment Pool:					
Illinois Funds	\$ 117,191	\$ 0	\$ 0	\$ 117,191	\$ 117,191
<u>Non-Major Funds</u>					
Public Library:					
Illinois Funds	<u>1,393</u>	<u>0</u>	<u>0</u>	<u>1,393</u>	<u>1,393</u>
Total Governmental Activities	<u>\$ 118,584</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 118,584</u>	<u>\$ 118,584</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, 2017

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, 2017, 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, 2017

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	\$ 4,106,477	\$ 0	\$ 4,106,477	\$ 4,106,477
Fire Pension	<u>2,834,673</u>	<u>0</u>	<u>2,834,673</u>	<u>2,834,673</u>
TOTAL	<u>\$ 6,941,150</u>	<u>\$ 0</u>	<u>\$ 6,941,150</u>	<u>\$ 6,941,150</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	\$ 62,621	\$ 62,621	\$ 0	\$ 0	\$ 0
Fixed Income:					
U.S. Government Securities	418,335	269,785	0	148,550	0
Corporate Bonds	347,138	49,490	0	297,648	0
Certificates of Deposit	1,696,550	0	1,175,667	520,883	0
Municipal Bonds	777,889	200,427	325,708	251,754	0
Mortgage Pools	303,453	0	303,453	0	0
Equity:					
Mutual Funds	302,067	0	964	0	301,103
Exchange Traded	1,869,703	1,869,703	0	0	0
	<u>1,163,394</u>	<u>1,163,394</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 6,941,150</u>	<u>\$ 3,615,420</u>	<u>\$ 1,805,792</u>	<u>\$ 1,218,835</u>	<u>\$ 301,103</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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 various special revenue funds. These items are included in current assets on the Statement of Net Position.

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.

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

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

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.

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

Health Insurance Fund - The monies in this fund are set aside to cover out of pocket health insurance expenses for covered employees per employee agreements.

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

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

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE C - Restricted Cash - Concluded

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.

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

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

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, 2017

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, 2017, the following employees were covered by the benefit terms:

	<u>Regular</u>
Retirees and Beneficiaries	31
Inactive, Non-Retired Members	12
Active Members	<u>23</u>
Total	<u><u>66</u></u>

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. 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 2017 was 12.43%. For the fiscal year ended December 31, 2017, the City of Du Quoin contributed \$154,156 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, 2017. 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, 2017

NOTE D - Municipal Retirement Fund - Continued

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- 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 2.50%.
- Salary increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Experience-based Table of Rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled 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 MPO-2014 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- There were no benefit changes during the year.
- 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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Regular Plan Members		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2017	\$ 8,307,873	\$ 7,273,832	\$ 1,034,041
Changes for the year:			
Service Cost	142,918	0	\$ 142,918
Interest on the Total Pension Liability	611,608	0	611,608
Changes of Benefit Terms	0	0	0
Difference Between Expected and Actual Experience of the Total Pension Liability	(300,085)	0	(300,085)
Changes of Assumptions	(269,210)	0	(269,210)
Contributions – Employer	0	154,155	(154,155)
Contributions – Employees	0	55,808	(55,808)
Net Investment Income	0	1,272,782	(1,272,782)
Benefit Payments, including Refunds of Employee Contributions	(449,107)	(449,107)	0
Other (Net Transfer)	0	(169,673)	169,673
Net Changes	(263,876)	863,965	(1,127,841)
Balances at December 31, 2017	\$ 8,043,997	\$ 8,137,797	\$ (93,800)

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE D - Municipal Retirement Fund - Continued

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>825,559</u>	\$ <u>(93,800)</u>	\$ <u>(861,674)</u>

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	\$ 14,020	\$ 244,162
Changes of assumptions	1,567	196,705
Net difference between projected and actual earnings on pension plan investments	<u>231,495</u>	<u>594,060</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>247,082</u>	<u>1,034,927</u>
Pension Contributions made subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total Deferred Amounts Related to Pensions	<u>\$ 247,082</u>	<u>\$ 1,034,927</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:

Year Ending December 31,	<u>Net Deferred Outflows Of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ 0	\$ 209,420
2019	0	226,539
2020	0	203,374
2021	0	148,512
2022	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 787,845</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2017

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 2017 was 12.43 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 2017 was \$154,156.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/17	\$ 154,156	100%	\$ 0
12/31/16	160,481	100%	0
12/31/15	160,910	100%	0

The required contribution for 2017 was determined as part of the December 31, 2015, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2015, 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, 2015 is being amortized as a level percentage of projected payroll on an open 26 year basis.

Funded Status and Funding Progress. As of December 31, 2017, the most recent actuarial valuation date, the Regular plan was 92.77 percent funded. The actuarial accrued liability for benefits was \$4,024,531 and the actuarial value of assets was \$3,733,554, resulting in an underfunded actuarial accrued liability (UAAL) of \$290,977. The covered payroll for calendar year 2017 (annual payroll of active employees covered by the plan) was \$1,240,191 and the ratio of the UAAL to the covered payroll was 23 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, 2017

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, 2016, 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	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, 2017

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, 2017

NOTE E - Police Pension Plan - Concluded

3. Funding Status and Progress - Concluded

Future pension payments reflect an assumption of a 4.50% (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, 2016, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,163,952
Current employees-	
Accumulated employee contributions including allocated investment income	2,203,473
Surplus	<u>0</u>
Total pension benefit obligation	7,367,425
Net assets available for benefits, at market	<u>(4,076,743)</u>
Unfunded pension benefit obligation	<u>\$ 3,290,682</u>

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2016.

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 24-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 2016 amounted to \$274,396. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2016. The pension contributions represent funding for normal cost \$134,106, the amortization of the unfunded actuarial accrued liability \$124,758, and the interest earned was \$15,532.

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, 2017

NOTE F - Fire Pension Plan - Continued

1. Plan Description - Concluded

As of December 31, 2016, 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, 2017

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 4.50% (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, 2016, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,954,264
Current employees-	
Accumulated employee contributions including allocated investment income	<u>2,538,083</u>
Total pension benefit obligation	6,492,347
Net assets available for benefits, at market	<u>(2,901,627)</u>
Unfunded pension benefit obligation	<u>\$ 3,590,720</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2017

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 2016.

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 24-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 2016 amounted to \$265,367. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2016. The pension contributions represent funding for normal cost \$106,657, the amortization of the unfunded actuarial accrued liability \$143,689, and the interest earned was \$15,021.

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 \$91,647, 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, 2017, are as follows:

General Fund	\$	(75,695)
IMRF Fund		86,418
Audit Fund		(2,194)
Garbage Fund		251
Park Fund		(8,579)
Civil Defense Fund		3,330
Balance in the account	<u>\$</u>	<u>3,531</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE M - Interfund Operating Transfers

Individual fund operating transfers for fiscal year 2017 were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds		
<i>Major Funds</i>		
General Fund	\$ 74,681	\$ 220,854
Investment Pool	90,013	0
Park	61,439	50,332
<i>Non-Major Funds</i>		
Audit	0	9,952
Civil Defense	3,017	0
Pool Restoration	39,029	51,487
Health Insurance	112,891	0
Public Library	2,900	2,158
Drug Abuse	655	24,961
Tourism/Hotel Tax	0	12,183
Motor Fuel Tax	0	7,845
Restricted Building Improve.	31,071	0
Total Governmental Funds	415,696	379,772
Less Interfund Transfers	(379,772)	(379,772)
Net Governmental Fund Transfers	35,924	0
Proprietary Funds		
<i>Major Funds</i>		
Waterworks and Sewage	12,183	2,983,898
Capital Improvements	508,351	0
Operation and Maintenance	2,902,398	481,258
<i>Non-Major Funds</i>		
Meter Deposit	6,300	0
Total Proprietary Funds	3,429,232	3,465,156
Less Interfund Transfers	(3,429,232)	(3,429,232)
Net Proprietary Transfers	0	35,924
Total Transfers, Net	\$ 35,924	\$ 35,924

All transfers were for normal, routine costs of the City. All transfers were approved by the board.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

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 \$90,325 on the loan during the year ended December 31, 2017. As of December 31, 2017, the loan balance was \$3,365,321.

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>
2/6/2018	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%	2,591	207,353	209,944
Totals		<u>\$ 413,687</u>	<u>\$ 3,365,321</u>	<u>\$ 3,779,008</u>

Balance as of December 31, 2016	\$ 3,694,885
Debt incurred during the year	0
Debt eliminated during the year	<u>(329,564)</u>
Balance as of December 31, 2017	<u>\$ 3,365,321</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE N - Notes Payable - Continued

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 \$13,222 on the loan during the year ended December 31, 2017. As of December 31, 2017, the loan balance was \$554,755.

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>
04/25/2018	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
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%	236	20,576	20,812
Totals		<u>\$ 111,229</u>	<u>\$ 554,755</u>	<u>\$ 665,984</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE N - Notes Payable - Continued

2. EPA Loan - Proprietary Fund - Concluded

Balance as of December 31, 2016	\$	583,156
Debt incurred during the year		0
Debt eliminated during the year		<u>(28,401)</u>
Balance as of December 31, 2017	\$	<u>554,755</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. The City paid interest expense of \$6,704 on the loan during the year. The loan will mature on April 30, 2023. The following is a summary of the loan payments:

Fiscal Year Ended	Interest	Principal	Total
2018	\$ 5,739	\$ 24,839	\$ 30,578
2019	4,736	25,842	30,578
2020	3,692	26,886	30,578
2021	2,605	27,973	30,578
2022	1,475	29,103	30,578
2023	300	14,990	15,290
Totals	<u>\$ 18,547</u>	<u>\$ 149,633</u>	<u>\$ 168,180</u>

Balance as of December 31, 2016	\$	173,509
Debt incurred during the year		0
Debt eliminated during the year		<u>(23,876)</u>
Balance as of December 31, 2017	\$	<u>149,633</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE N - Notes Payable - Continued

4. 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 beginning September 8, 2016. The City paid interest expense of \$7,434 on the loan during the year. The loan will mature on September 8, 2025. The following is a summary of the loan payments:

Fiscal Year Ended	Interest	Principal	Total
2018	\$ 4,086	\$ 21,334	\$ 25,420
2019	3,560	21,860	25,420
2020	3,020	22,400	25,420
2021	2,467	22,953	25,420
2022	1,902	23,518	25,420
2023	1,320	24,100	25,420
2024	727	24,693	25,420
2025	147	18,146	18,293
Totals	<u>\$ 16,639</u>	<u>\$ 179,594</u>	<u>\$ 196,233</u>

Balance as of December 31, 2016	\$ 198,117
Debt incurred during the year	0
Debt eliminated during the year	<u>(18,523)</u>
Balance as of December 31, 2017	<u>\$ 179,594</u>

5. 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. The City paid interest expense of \$7,248 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	Interest	Principal	Total
2018	\$ 5,530	\$ 52,902	\$ 58,432
2019	3,750	54,682	58,432
2020	15,670	42,762	58,432
Totals	<u>\$ 24,950</u>	<u>\$ 150,346</u>	<u>\$ 175,296</u>

Balance as of December 31, 2016	\$ 201,530
Debt incurred during the year	0
Debt eliminated during the year	<u>(51,184)</u>
Balance as of December 31, 2017	<u>\$ 150,346</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
 December 31, 2017

NOTE N - Notes Payable - Concluded

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

December 31,	Governmental Activities			Business-Type Activities			Total Reporting Entity
	City Hall Roof Loan	Fire Truck Lease	Total	Water Line Loan	IEPA Water Loan	Total	
2018	\$ 25,420	\$ 58,432	\$ 83,852	\$ 30,578	\$ 41,624	\$ 492,092	\$ 575,944
2019	25,420	58,432	83,852	30,578	41,624	492,091	575,943
2020	25,420	58,432	83,852	30,578	41,624	492,092	575,944
2021	25,420	-	25,420	30,578	41,624	492,092	517,512
2022	25,420	-	25,420	30,578	41,624	492,092	517,512
2023-2027	69,133	-	69,133	15,290	1,679,559	1,902,969	1,972,102
2028-2032	-	-	-	-	208,120	208,120	208,120
2033	-	-	-	-	41,624	41,624	41,624
TOTAL	196,233	175,296	371,529	168,180	3,779,008	4,613,172	4,984,701
Less Interest	(16,639)	(24,950)	(41,589)	(18,547)	(413,687)	(543,463)	(585,052)
Outstanding Principal	\$ 179,594	\$ 150,346	\$ 329,940	\$ 149,633	\$ 3,365,321	\$ 4,069,709	\$ 4,399,649

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 30, 2017

NOTE O - Computation of Legal Debt Margin

Assessed Valuation - 2016 Tax Year Levy		\$ 43,663,729
		<u>43,663,729</u>
Statutory Debt Limitation (8.625% of assessed valuation)		\$ 3,765,997
Total Debt:		
Loan Obligations	4,249,303	
Lease Obligations	150,346	
Total Debt	<u>4,399,649</u>	
Less: EPA Loan Exempt from Debt Limitation	<u>(3,920,076)</u>	<u>479,573</u>
Statutory Debt Margin		<u>\$ 3,286,424</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE P - Assessed Valuation and Taxes Levied

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 December 27, 2016. The City received tax distributions in August and September of 2016 and January of 2017.

	TAX LEVY YEARS 2016, 2015, 2014		
	2016	2015	2014
ASSESSED VALUATION	\$ 43,663,729	\$ 42,794,567	\$ 42,978,394
Social Security	0.0000	0.0000	0.0062
Library	0.1643	0.1646	0.1500
IMRF	0.1008	0.0981	0.1059
Firefighter's Pension	0.6532	0.6830	0.7043
Police Pension	0.6746	0.6087	0.5459
Total	1.5929	1.5544	1.5123
	2016	2015	2014
TAX EXTENSIONS			
Social Security	\$ -	\$ -	\$ 2,729
Library	71,740	70,440	66,013
IMRF	44,013	41,981	45,601
Firefighter's Pension	285,211	292,287	302,697
Police Pension	294,556	260,491	234,619
Road and Bridge	32,049	32,823	34,080
TIF #1	80,306	75,169	56,751
TIF #2	46,499	46,208	31,739
TIF #3	45,072	43,985	43,862
Total	\$ 899,446	\$ 863,384	\$ 818,091
	2016	2015	2014
TAX COLLECTIONS			
Social Security	\$ -	\$ -	\$ -
Library	71,638	70,523	68,476
IMRF	43,950	83,266	40,514
Firefighter's Pension	284,804	270,874	292,654
Police Pension	294,135	241,407	226,834
Road and Bridge	31,903	32,413	33,833
TIF #1	79,937	74,300	56,624
TIF #2	46,499	46,208	49,028
TIF #3	45,072	43,985	43,862
Total	\$ 897,938	\$ 862,976	\$ 811,825

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE Q - 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, 2018. 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 R - Subsequent Events

The City has evaluated subsequent events through May 9, 2018, the date which the financial statements were available to be issued.

NOTE S - 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 \$585,436 for funding advanced to the District by the City.

The District agreed to pay the City a total of 15 annual payments in the amount of \$39,029, beginning in 2015. 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, 2017, the amount due to the city is \$468,349.

NOTE T - Revolving Loans Receivable

Below is a summary of the City of Du Quoin's Revolving Loan Program receivables as of December 31, 2017. The total of \$76,737 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>12/31/17 Balance</u>
Vicki Holmes	\$ 6,800	03/2016	04/2021	\$ 4,535
SICBCC	\$ 100,000	08/2010	08/20/21	33,307
Schramke	\$ 25,612	10/2015	12/2025	18,895
Grant Theater	\$ 20,000	08/2014	08/2019	<u>20,000</u>
Total				<u>\$ 76,737</u>

NOTE U - Prior Period Adjustment

The General Fund has a prior period adjustment of (\$507,379) and the Park Fund has a prior period adjustment of \$507,379 due to a transfer of an amount due from other governments. The adjustments had no effect on the change in net position for the current year.

General Fund	\$ (507,379)
Park Fund	<u>507,379</u>
Net Prior Period Adjustment	<u>\$ 0</u>

CITY OF DUQUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2017

NOTE V - Components of Fund Balance

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

Fund Balances:	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Investment Pool Fund	Park Fund		
<u>Nonspendable</u>					
Notes Receivable	\$ -	\$ -	\$ 468,349	\$ 76,737	\$ 545,086
Total Nonspendable	<u>-</u>	<u>-</u>	<u>468,349</u>	<u>76,737</u>	<u>545,086</u>
<u>Restricted</u>					
General Government	-	-	-	232,416	232,416
Transportation	-	241,600	-	-	241,600
Public Safety	-	-	-	2,837	2,837
Other	-	-	-	196,911	196,911
Total Restricted	<u>-</u>	<u>241,600</u>	<u>-</u>	<u>432,164</u>	<u>673,764</u>
<u>Committed</u>					
General Government	-	-	-	124,731	124,731
Services	-	-	-	84,060	84,060
Other	-	-	-	93	93
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,884</u>	<u>208,884</u>
<u>Assigned</u>					
General Government	-	364,619	-	-	364,619
Public Welfare	-	-	-	39,543	39,543
Services	-	-	-	3,958	3,958
Total Assigned	<u>-</u>	<u>364,619</u>	<u>-</u>	<u>43,501</u>	<u>408,120</u>
<u>Unassigned</u>					
General Government	542,332	-	-	(8,394)	533,938
Services	-	-	(6,212)	(29)	(6,241)
Total Unassigned	<u>542,332</u>	<u>-</u>	<u>(6,212)</u>	<u>(8,423)</u>	<u>527,697</u>
Total Governmental Fund Balances	<u>\$ 542,332</u>	<u>\$ 606,219</u>	<u>\$ 462,137</u>	<u>\$ 752,863</u>	<u>\$ 2,363,551</u>

CITY OF DU QUOIN, ILLINOIS

Notes to Basic Financial Statements - Concluded

December 31, 2017

NOTE W - Capital Assets

Capital asset activity for the year ended December 31, 2017 is as follows:

**Changes in Capital Assets
Year Ended December 31, 2017**

	ASSETS				ACCUMULATED DEPRECIATION				Net Book Value 12/31/17
	Balance 1/1/17	Additions	Deletions	Balance 12/31/17	Balance 1/1/17	Current Provisions	Deductions	Balance 12/31/17	
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	2,382,525	95,683	-	2,478,208	1,186,623
Building Improvements	543,319	86,642	-	629,961	47,363	31,216	-	78,579	551,382
Land Improvements	1,708,531	-	-	1,708,531	415,879	76,794	-	492,673	1,215,858
Machinery and Equipment	2,509,843	42,037	-	2,551,880	2,117,235	116,059	-	2,233,294	318,586
Office Equipment	69,172	-	-	69,172	69,172	-	-	69,172	-
Furniture and Fixtures	33,792	-	-	33,792	33,792	-	-	33,792	-
Vehicles	1,748,265	24,147	-	1,772,412	1,424,102	108,114	-	1,532,216	240,196
Total Depreciable Capital Assets	10,277,753	152,826	-	10,430,579	6,490,068	427,866	-	6,917,934	3,512,645
TOTAL GOVERNMENTAL ACTIVITIES	10,328,253	152,826	-	10,481,079	6,490,068	427,866	-	6,917,934	3,563,145
BUSINESS-TYPE ACTIVITIES									
<i>Depreciable Capital Assets</i>									
Buildings and Plants	7,737,871	326,861	-	8,064,732	2,063,432	220,754	-	2,284,186	5,780,546
Building Improvements	109,082	-	-	109,082	23,305	5,608	-	28,913	80,169
Land Improvements	2,618,308	-	-	2,618,308	1,013,243	136,973	-	1,150,216	1,468,092
Machinery and Equipment	1,345,355	5,000	-	1,350,355	956,194	53,653	-	1,009,847	340,508
Office Equipment	16,915	-	-	16,915	16,915	-	-	16,915	-
Vehicles	65,975	-	-	65,975	52,238	7,493	-	59,731	6,244
Total Depreciable Capital Assets	11,893,506	331,861	-	12,225,367	4,125,327	424,481	-	4,549,808	7,675,559
TOTAL REPORTING ENTITY	\$ 22,221,759	\$ 484,687	\$ -	\$ 22,706,446	\$ 10,615,395	\$ 852,347	\$ -	\$ 11,467,742	\$ 11,238,704
Governmental Function									
Depreciation Expense:									
General Government	\$ 147,224								
Public Safety	181,242								
Services	31,067								
Transportation	54,907								
Welfare	13,426								
Total Depreciation Expense	\$ 427,866								

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DU QUOIN, ILLINOIS
Illinois Municipal Retirement Fund - Schedule of Funding Progress
 For the Year Ended December 31, 2017

CITY EMPLOYEES - EMPLOYER NUMBER 00498R

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Entry Age Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/2017	\$ 3,733,554	\$ 4,024,531	\$ 290,977	92.77%	\$ 1,240,191	23.46%
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%

On a market basis, the actuarial value of assets as of December 31, 2017 is \$4,170,192. On a market basis, the funded ratio would be 103.62%.

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.

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Changes in Net Pension Liability and Related Ratios-Regular
December 31, 2017

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

Calendar Year Ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 142,918	\$ 148,090	\$ 140,775	\$ 142,670
Interest on the Total Pension Liability	611,608	593,471	563,611	500,732
Benefit Changes	-	-	-	-
Difference Between Expected and Actual Experience	(300,085)	(80,709)	80,638	270,258
Assumption Changes	(269,210)	(18,290)	9,019	304,727
Benefit Payments and Refunds	(449,107)	(389,500)	(387,393)	(350,648)
Net Change in Total Pension Liability	<u>(263,876)</u>	<u>253,062</u>	<u>406,650</u>	<u>867,739</u>
Total Pension Liability-Beginning	<u>8,307,873</u>	<u>8,054,811</u>	<u>7,648,161</u>	<u>6,780,422</u>
Total Pension Liability-Ending (a)	<u><u>\$ 8,043,997</u></u>	<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	\$ 154,155	\$ 160,480	\$ 160,909	\$ 161,734
Employee Contributions	55,808	57,035	59,255	99,355
Pension Plan Net Investment Income	1,272,782	479,821	34,282	397,248
Benefit Payments and Refunds	(449,107)	(389,500)	(387,393)	(350,648)
Other	(169,673)	89,895	69,089	75,221
Net Change in Plan Fiduciary Net Position	<u>863,965</u>	<u>397,731</u>	<u>(63,858)</u>	<u>382,910</u>
Plan Fiduciary Net Position-Beginning	<u>7,273,832</u>	<u>6,876,101</u>	<u>6,939,959</u>	<u>6,557,049</u>
Plan Fiduciary Net Position-Ending (b)	<u><u>\$ 8,137,797</u></u>	<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>\$ (93,800)</u></u>	<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	101.17%	87.55%	85.37%	90.74%
Covered Valuation Payroll	\$ 1,240,191	\$ 1,263,629	\$ 1,316,772	\$ 1,232,057
Net Pension Liability as a Percentage of Covered Valuation Payroll	-7.56%	81.83%	89.52%	57.48%

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Contributions
 December 31, 2017

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
2017	\$ 154,156	\$ 154,155	\$ 1	\$ 1,240,191	12.43%
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	-	-	-	-	-

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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 536,899	\$ 536,899	\$ 514,173	\$ (22,726)
Intergovernmental	3,051,248	3,051,248	3,078,144	26,896
Licenses and Permits	34,179	34,179	37,926	3,747
Fines and Penalties	44,226	44,226	54,821	10,595
Revenues from Services	67,400	67,400	71,238	3,838
Interest Income	225	225	266	41
Other	52,500	52,500	64,563	12,063
Total Revenues	<u>3,786,677</u>	<u>3,786,677</u>	<u>3,821,131</u>	<u>34,454</u>
Expenditures				
<i>Current</i>				
General Government	915,394	915,394	980,715	(65,321)
Public Safety	2,116,115	2,116,115	2,048,100	68,015
Transportation	671,106	671,106	692,463	(21,357)
<i>Capital Outlay</i>	92,000	92,000	19,995	72,005
<i>Debt Service</i>	58,500	58,500	58,432	68
Total Expenditures	<u>3,853,115</u>	<u>3,853,115</u>	<u>3,799,705</u>	<u>53,410</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(66,438)</u>	<u>(66,438)</u>	<u>21,426</u>	<u>87,864</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	425,166	425,166
Operating Transfers Out	-	-	(597,867)	(597,867)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(172,701)</u>	<u>(172,701)</u>
Net Change in Fund Balance	<u>\$ (66,438)</u>	<u>\$ (66,438)</u>	<u>(151,275)</u>	<u>\$ (84,837)</u>
Beginning Fund Balance			1,336,923	
GAAP Adjustments:				
Due From State of Illinois			(164,228)	
Real Estate Taxes Receivable			477	
Accounts Payable			1,286	
Interfund Receivables/Payables			26,528	
Total GAAP Adjustments			<u>(135,937)</u>	
Prior Period Adjustment - See Note U			<u>(507,379)</u>	
Ending Fund Balance			<u>\$ 542,332</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
INVESTMENT POOL FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Intergovernmental	\$ 92,974	\$ 92,974	\$ 105,164	\$ 12,190
Interest Income	350	350	1,054	704
Total Revenues	<u>93,324</u>	<u>93,324</u>	<u>106,218</u>	<u>12,894</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	90,010	90,010
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>90,010</u>	<u>90,010</u>
Net Change in Fund Balance	<u>\$ 93,324</u>	<u>\$ 93,324</u>	196,228	<u>\$ 102,904</u>
Beginning Fund Balance			168,388	
GAAP Adjustments:				
Interfund Receivables/Payables			<u>3</u>	
Total GAAP Adjustments			<u>3</u>	
Ending Fund Balance			<u>\$ 364,619</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
PARK FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Revenues				
Intergovernmental	\$ 92,017	\$ 92,017	\$ 107,242	\$ 15,225
Revenue from Services	24,000	24,000	28,296	4,296
Other	2,000	2,000	-	(2,000)
Total Revenues	118,017	118,017	135,538	17,521
Expenditures				
<i>Current</i>				
Services	118,017	118,017	118,003	14
<i>Capital Outlay</i>	-	-	-	-
Total Expenditures	118,017	118,017	118,003	14
Excess (Deficiency) of Revenues over Expenditures	-	-	17,535	17,535
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(11,108)	(11,108)
Total Other Financing Sources (Uses)	-	-	(11,108)	(11,108)
Net Change in Fund Balance	\$ -	\$ -	6,427	\$ 6,427
Beginning Fund Balance			(22,982)	
GAAP Adjustments:				
Due From Other Governments			(39,029)	
Accounts Payable			585	
Interfund Receivables/Payables			9,757	
Total GAAP Adjustments			(28,687)	
Prior Period Adjustment - See Note U			507,379	
Ending Fund Balance			\$ 462,137	

See accompanying notes to required supplementary information.

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information
December 31, 2017

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. The budget is prepared on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. The schedule of revenues, expenditures, and changes in fund balance - original budget, final budget and actual are prepared on the cash basis of accounting with reconciliation to GAAP figures. This provides a more accurate comparison.

D. The budget was adopted on December 27, 2016.

NOTE B - Stewardship, Compliance and Accountability

During the fiscal year ended December 31, 2017 the following funds had expenditures in excess of their budget appropriation:

Motor Fuel Tax	Audit	Pool Restoration
Health Insurance Fund	Public Library	Drug Abuse
Tourism Hotel Tax	TIF #1	Business District Tax
Restricted Building Improvement	Water Meter Deposit Fund	

The following funds did not have a budget appropriation:

Health Insurance Fund

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information - Concluded
December 31, 2017

NOTE C - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 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 2017 Contribution Rates

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: Taxing bodies (Regular, SLEP, and ECO groups): 26 year closed period
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.50%

Price Inflation: 2.75%, approximate; no explicit price inflation assumption is used in this valuation.

Salary Increases: 3.75% - 14.50%, including inflation

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: For non-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 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 scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied to 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-2004 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015 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, 2017

	SPECIAL REVENUE FUNDS									
	Business & Industrial Development	IMRF Fund	Audit Fund	Civil Defense Fund	Garbage Fund	Pool Restoration Fund	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	
Assets and Deferred Outflows of Resources										
Assets										
Cash (Restricted)	\$ 94,022	\$ 86,418	\$ -	\$ 3,330	\$ 251	\$ 3,958	\$ 111,385	\$ 79,106	\$ 39,543	
Investments, at Cost	-	-	-	-	-	-	-	1,393	-	-
Due From State of Illinois	-	-	-	-	-	-	-	-	-	-
Real Estate Tax Receivable	-	38,313	-	-	-	-	-	4,406	-	-
Due From Other Governments	-	-	-	-	-	-	-	-	-	-
Notes Receivable	76,737	-	-	-	-	-	-	-	-	-
Total Assets	<u>170,759</u>	<u>124,731</u>	<u>-</u>	<u>3,330</u>	<u>251</u>	<u>3,958</u>	<u>111,385</u>	<u>84,905</u>	<u>39,543</u>	<u>-</u>
Deferred Outflows of Resources										
None	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 170,759</u>	<u>\$ 124,731</u>	<u>\$ -</u>	<u>\$ 3,330</u>	<u>\$ 251</u>	<u>\$ 3,958</u>	<u>\$ 111,385</u>	<u>\$ 84,905</u>	<u>\$ 39,543</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities										
Cash Overdraft	\$ -	\$ -	\$ 2,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	6,200	463	280	-	-	437	-	-
Due To Other Funds	-	-	-	-	-	-	-	-	-	-
Other Payables	-	-	-	30	-	-	-	408	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>8,394</u>	<u>493</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>845</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources										
None	-	-	-	-	-	-	-	-	-	-
Fund Balance										
Nonspendable	76,737	-	-	-	-	-	-	-	-	-
Restricted	94,022	-	-	2,837	-	-	111,385	-	-	-
Committed	-	124,731	-	-	-	-	-	84,060	-	-
Assigned	-	-	-	-	-	3,958	-	-	39,543	-
Unassigned	-	-	(8,394)	-	(29)	-	-	-	-	-
Total Fund Balance	<u>170,759</u>	<u>124,731</u>	<u>(8,394)</u>	<u>2,837</u>	<u>(29)</u>	<u>3,958</u>	<u>111,385</u>	<u>84,060</u>	<u>39,543</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 170,759</u>	<u>\$ 124,731</u>	<u>\$ -</u>	<u>\$ 3,330</u>	<u>\$ 251</u>	<u>\$ 3,958</u>	<u>\$ 111,385</u>	<u>\$ 84,905</u>	<u>\$ 39,543</u>	<u>\$ -</u>

CITY OF DU QUOIN, ILLINOIS
 Combining Balance Sheet - Concluded
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017

		SPECIAL REVENUE FUNDS							
	Tourism/ Hotel Tax Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Motor Fuel Tax Fund	Restricted Building Improvement Fund	Total Non-Major Funds	
Assets and Deferred Outflows of Resources									
Assets									
Cash (Restricted)	\$ 93	\$ 2,422	\$ 51,021	\$ 58,243	\$ 52,160	\$ 228,849	\$ 27,009	\$ 837,810	
Investments, at Cost	-	-	-	-	-	-	-	1,393	
Due From State of Illinois	-	-	-	-	31,021	13,499	-	44,520	
Real Estate Tax Receivable	-	1,711	304	29	-	-	-	44,763	
Due From Other Funds	-	-	-	-	-	-	-	-	
Notes Receivable	-	-	-	-	-	-	-	76,737	
Total Assets	93	4,133	51,325	58,272	83,181	242,348	27,009	1,005,223	
Deferred Outflows of Resources									
None	-	-	-	-	-	-	-	-	
Total Assets and Deferred Outflows of Resources	93	4,133	51,325	58,272	83,181	242,348	27,009	1,005,223	
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities									
Cash Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194	
Accounts Payable	-	-	-	-	-	748	-	8,128	
Due To Other Funds	-	-	-	-	-	-	-	-	
Other Payables	-	-	-	-	-	-	-	438	
Total Liabilities	-	-	-	-	-	748	-	10,760	
Deferred Inflows of Resources									
None	-	-	-	-	-	-	-	-	
Fund Balance	-	-	-	-	-	-	-	76,737	
Nonspendable	-	-	-	-	-	-	-	673,764	
Restricted	-	4,133	51,325	58,272	83,181	241,600	27,009	208,884	
Committed	93	-	-	-	-	-	-	43,501	
Assigned	-	-	-	-	-	-	-	(8,423)	
Unassigned	-	-	-	-	-	-	-	994,463	
Total Fund Balance	93	4,133	51,325	58,272	83,181	241,600	27,009	994,463	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	93	4,133	51,325	58,272	83,181	242,348	27,009	1,005,223	

CITY OF DU QUOIN, ILLINOIS
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017

	SPECIAL REVENUE FUNDS									
	Business & Industrial Development	IMRF Fund	Audit Fund	Civil Defense Fund	Garbage Fund	Pool Restoration Fund	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	
Revenues										
Taxes	\$ -	\$ 38,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,637	\$ -	\$ -
Intergovernmental	-	-	21,247	26,304	2,263	-	-	5,569	-	-
Grant Income	-	-	-	9,030	-	-	-	4,694	-	-
Fines and Penalties	-	-	-	-	-	-	-	1,906	-	26,877
Revenues from Services	-	-	-	-	-	-	-	5,528	-	-
Interest Income	1,825	-	-	-	-	-	4	113	-	-
Other	-	-	-	-	-	500	-	1,353	-	-
Total Revenues	1,825	38,330	21,247	35,334	2,263	500	4	90,800	26,877	26,877
Expenditures										
<i>Current</i>										
General Government	40	-	22,200	-	-	-	1,510	-	-	-
Public Safety	-	-	-	39,505	-	-	-	-	-	-
Public Welfare	-	-	-	-	-	-	-	-	22,303	-
Services	-	-	-	-	1,820	4,158	-	98,863	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-	-	31,155	24,147	-
<i>Debt Service</i>	-	-	-	-	-	-	-	-	-	-
Total Expenditures	40	-	22,200	39,505	1,820	4,158	1,510	130,018	46,450	46,450
Excess (Deficiency) of Revenues over Expenditures	1,785	38,330	(953)	(4,171)	443	(3,658)	(1,506)	(39,218)	(19,573)	(19,573)
Other Financing Sources (Uses)										
Operating Transfers In	-	-	-	3,017	-	39,029	112,891	2,900	655	655
Operating Transfers Out	-	-	(9,952)	-	-	(51,487)	-	(2,158)	(24,961)	(24,961)
Total Other Financing Sources (Uses)	-	-	(9,952)	3,017	-	(12,458)	112,891	742	(24,306)	(24,306)
Net Change in Fund Balance	1,785	38,330	(10,905)	(1,154)	443	(16,116)	111,385	(38,476)	(43,879)	(43,879)
Beginning Fund Balance	168,974	86,401	2,511	3,991	(472)	20,074	-	122,536	83,422	83,422
Ending Fund Balance	\$ 170,759	\$ 124,731	\$ (8,394)	\$ 2,837	\$ (29)	\$ 3,958	\$ 111,385	\$ 84,060	\$ 39,543	\$ 39,543

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, 2017

	SPECIAL REVENUE FUNDS										Total Non-Major Funds
	Tourism/ Hotel Tax Fund	TIF #1 Fund	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Motor Fuel Tax Fund	Restricted Building Improvement Fund				
Revenues											
Taxes	\$ 32,979	\$ 79,936	\$ 46,498	\$ 45,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,452
Intergovernmental	-	-	-	-	183,823	155,820	-	-	-	-	395,026
Grant Income	-	-	-	-	-	-	-	-	-	-	13,724
Fines and Penalties	-	-	-	-	-	-	-	-	-	-	28,783
Revenues from Services	-	-	-	-	-	-	-	-	-	-	5,528
Interest Income	2	-	-	-	-	62	-	48	-	-	2,054
Other	15,956	-	-	-	-	-	-	-	-	-	17,809
Total Revenues	48,937	79,936	46,498	45,072	183,823	155,882	48	48	48	48	777,376
Expenditures											
<i>Current</i>											
General Government	-	-	-	-	-	-	-	5,741	-	-	29,491
Public Safety	-	-	-	-	-	-	-	-	-	-	39,505
Public Welfare	-	-	-	-	-	-	-	-	-	-	22,303
Services	-	-	-	-	-	-	-	-	-	-	104,841
Transportation	-	-	-	-	-	198,225	-	-	-	-	198,225
Other	30,105	100,178	35,129	2,600	165,259	-	-	-	-	-	333,271
<i>Capital Outlay</i>	19,213	-	-	-	-	-	-	2,829	-	-	77,344
<i>Debt Service</i>	-	-	-	-	-	-	-	25,957	-	-	25,957
Total Expenditures	49,318	100,178	35,129	2,600	165,259	198,225	34,527	34,527	(34,479)	(34,479)	830,937
Excess (Deficiency) of Revenues over Expenditures	(381)	(20,242)	11,369	42,472	18,564	(42,343)	-	-	-	-	(53,561)
Other Financing Sources (Uses)											
Operating Transfers In	-	-	-	-	-	-	-	31,070	-	-	189,562
Operating Transfers Out	(12,183)	-	-	-	-	(7,845)	-	-	-	-	(108,586)
Total Other Financing Sources (Uses)	(12,183)	-	-	-	-	(7,845)	31,070	31,070	-	-	80,976
Net Change in Fund Balance	(12,564)	(20,242)	11,369	42,472	18,564	(50,188)	(3,409)	(3,409)	-	-	27,415
Beginning Fund Balance	12,657	24,375	39,956	15,800	64,617	291,788	30,418	30,418	30,418	30,418	967,048
Ending Fund Balance	\$ 93	\$ 4,133	\$ 51,325	\$ 58,272	\$ 83,181	\$ 241,600	\$ 27,009	\$ 27,009	\$	\$	\$ 994,463

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Interest Income	\$ 1,464	\$ 1,464	\$ 1,825	\$ 361
Total Revenues	<u>1,464</u>	<u>1,464</u>	<u>1,825</u>	<u>361</u>
Expenditures				
<i>Current</i>				
General Government	-	-	40	(40)
<i>Capital Outlay</i>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>40</u>	<u>29,960</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,536)</u>	<u>(28,536)</u>	<u>1,785</u>	<u>30,321</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>\$ (28,536)</u>	<u>\$ (28,536)</u>	1,785	<u>\$ 30,321</u>
Beginning Fund Balance			168,974	
GAAP Adjustments:				
None			<u>-</u>	
Ending Fund Balance			<u>\$ 170,759</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 44,000	\$ 44,000	\$ 44,377	\$ 377
Total Revenues	44,000	44,000	44,377	377
Expenditures				
<i>Current</i>				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	44,000	44,000	44,377	377
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ 44,000	\$ 44,000	44,377	\$ 377
Beginning Fund Balance			86,401	
GAAP Adjustments:				
Real Estate Taxes Receivable			(6,047)	
Total GAAP Adjustments			(6,047)	
Ending Fund Balance			\$ 124,731	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 20,999	\$ 20,999	\$ 21,247	\$ 248
Total Revenues	20,999	20,999	21,247	248
Expenditures				
<i>Current</i>				
General Government	21,000	21,000	22,500	(1,500)
Total Expenditures	21,000	21,000	22,500	(1,500)
Excess (Deficiency) of Revenues over Expenditures	(1)	(1)	(1,253)	(1,252)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ (1)	\$ (1)	(1,253)	\$ (1,252)
Beginning Fund Balance			2,511	
GAAP Adjustments:				
Accounts Payable			300	
Interfund Receivables/Payables			(9,952)	
Total GAAP Adjustments			(9,652)	
Ending Fund Balance			\$ (8,394)	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 26,304	\$ 304
Grant Income	15,000	15,000	9,030	(5,970)
Total Revenues	<u>41,000</u>	<u>41,000</u>	<u>35,334</u>	<u>(5,666)</u>
Expenditures				
<i>Current</i>				
Public Safety	42,460	42,460	40,352	2,108
Total Expenditures	<u>42,460</u>	<u>42,460</u>	<u>40,352</u>	<u>2,108</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,460)</u>	<u>(1,460)</u>	<u>(5,018)</u>	<u>(3,558)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	2,867	2,867
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,867</u>	<u>2,867</u>
Net Change in Fund Balance	<u>\$ (1,460)</u>	<u>\$ (1,460)</u>	(2,151)	<u>\$ (691)</u>
Beginning Fund Balance			3,991	
GAAP Adjustments:				
Accounts Payable			847	
Interfund Receivables/Payables			150	
Total GAAP Adjustments			<u>997</u>	
Ending Fund Balance			<u>\$ 2,837</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Intergovernmental	\$ 2,540	\$ 2,540	\$ 2,263	\$ (277)
Total Revenues	<u>2,540</u>	<u>2,540</u>	<u>2,263</u>	<u>(277)</u>
Expenditures				
<i>Current</i>				
Services	2,540	2,540	1,540	1,000
Total Expenditures	<u>2,540</u>	<u>2,540</u>	<u>1,540</u>	<u>1,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>723</u>	<u>723</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>	723	<u>\$ 723</u>
Beginning Fund Balance			(472)	
GAAP Adjustments:				
Accounts Payable			<u>(280)</u>	
Total GAAP Adjustments			<u>(280)</u>	
Ending Fund Balance			<u>\$ (29)</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Other	\$ 3,000	\$ 3,000	\$ 500	\$ (2,500)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>500</u>	<u>(2,500)</u>
Expenditures				
<i>Current</i>				
Services	-	-	4,158	(4,158)
<i>Capital Outlay</i>	11,800	11,800	51,487	(39,687)
Total Expenditures	<u>11,800</u>	<u>11,800</u>	<u>55,645</u>	<u>(43,845)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,000</u>	<u>3,000</u>	<u>(55,145)</u>	<u>(46,345)</u>
Other Financing Sources (Uses)				
Operating Transfers In	39,029	39,029	39,029	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>39,029</u>	<u>39,029</u>	<u>39,029</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 30,229</u>	<u>\$ 30,229</u>	(16,116)	<u>\$ (46,345)</u>
Beginning Fund Balance			20,074	
GAAP Adjustments:				
None			<u>-</u>	
Ending Fund Balance			<u>\$ 3,958</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
HEALTH INSURANCE FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Interest Income	\$ -	\$ -	\$ 4	\$ 4
Total Revenues	-	-	4	4
Expenditures				
<i>Current</i>				
General Government	-	-	1,510	(1,510)
Total Expenditures	-	-	1,510	(1,510)
Excess (Deficiency) of Revenues over Expenditures	-	-	(1,506)	(1,506)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	112,891	112,891
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	112,891	112,891
Net Change in Fund Balance	\$ -	\$ -	111,385	\$ 111,385
Beginning Fund Balance			-	
GAAP Adjustments:				
None			-	
Ending Fund Balance			\$ 111,385	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 75,000	\$ 75,000	\$ 72,467	\$ (2,533)
Intergovernmental	6,250	6,250	5,569	(681)
Grant Income	9,709	9,709	4,694	(5,015)
Fines and Penalties	2,000	2,000	1,906	(94)
Revenue from Services	5,800	5,800	5,528	(272)
Interest Income	125	125	113	(12)
Other	2,200	2,200	1,353	(847)
Total Revenues	<u>101,084</u>	<u>101,084</u>	<u>91,630</u>	<u>(9,454)</u>
Expenditures				
<i>Current</i>				
Services	102,035	102,035	99,083	2,952
<i>Capital Outlay</i>	-	-	31,155	(31,155)
Total Expenditures	<u>102,035</u>	<u>102,035</u>	<u>130,238</u>	<u>(28,203)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(951)</u>	<u>(951)</u>	<u>(38,608)</u>	<u>(37,657)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	49,232	49,232
Operating Transfers Out	-	-	(48,145)	(48,145)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,087</u>	<u>1,087</u>
Net Change in Fund Balance	<u>\$ (951)</u>	<u>\$ (951)</u>	<u>(37,521)</u>	<u>\$ (36,570)</u>
Beginning Fund Balance			122,536	
GAAP Adjustments:				
Real Estate Taxes Receivable			220	
Accounts Payable			(830)	
Interfund Receivables/Payables			(345)	
Total GAAP Adjustments			<u>(955)</u>	
Ending Fund Balance			<u>\$ 84,060</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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or
Revenues				
Fines and Penalties	\$ 45,000	\$ 45,000	\$ 26,877	\$ (18,123)
Total Revenues	45,000	45,000	26,877	(18,123)
Expenditures				
<i>Current</i>				
Public Welfare	29,000	29,000	22,644	6,356
<i>Capital Outlay</i>	-	-	24,147	(24,147)
Total Expenditures	29,000	29,000	46,791	(17,791)
Excess (Deficiency) of Revenues over Expenditures	16,000	16,000	(19,914)	(35,914)
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
Net Change in Fund Balance	\$ 16,000	\$ 16,000	(19,914)	\$ (35,914)
Beginning Fund Balance			83,422	
GAAP Adjustments:				
Accounts Payable			341	
Interfund Receivables/Payables			(24,306)	
Total GAAP Adjustments			(23,965)	
Ending Fund Balance			\$ 39,543	

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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 33,841	\$ 33,841	\$ 32,979	\$ (862)
Interest Income	-	-	2	2
Other	-	-	15,956	15,956
Total Revenues	33,841	33,841	48,937	15,096
Expenditures				
<i>Current</i>				
Other	33,841	33,841	32,263	1,578
<i>Capital Outlay</i>	-	-	19,213	(19,213)
Total Expenditures	33,841	33,841	51,476	(17,635)
Excess (Deficiency) of Revenues over Expenditures	-	-	(2,539)	(2,539)
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	(2,539)	\$ (2,539)
Beginning Fund Balance			12,657	
GAAP Adjustments:				
Accounts Payable			2,158	
Interfund Receivables/Payables			(12,183)	
Total GAAP Adjustments			(10,025)	
Ending Fund Balance			\$ 93	

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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 75,182	\$ 75,182	\$ 79,935	\$ 4,753
Total Revenues	75,182	75,182	79,935	4,753
Expenditures				
<i>Current</i>				
Other	75,182	75,182	100,178	(24,996)
Total Expenditures	75,182	75,182	100,178	(24,996)
Excess (Deficiency) of Revenues over Expenditures	-	-	(20,243)	(20,243)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	(20,243)	\$ (20,243)
Beginning Fund Balance			24,375	
GAAP Adjustments:				
Real Estate Taxes Receivable			1	
Total GAAP Adjustments			1	
Ending Fund Balance			\$ 4,133	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Taxes	\$ 46,215	\$ 46,215	\$ 46,424	\$ 209
Total Revenues	<u>46,215</u>	<u>46,215</u>	<u>46,424</u>	<u>209</u>
Expenditures				
<i>Current</i>				
Other	46,215	46,215	35,129	11,086
Total Expenditures	<u>46,215</u>	<u>46,215</u>	<u>35,129</u>	<u>11,086</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>11,295</u>	<u>11,295</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>	11,295	<u>\$ 11,295</u>
Beginning Fund Balance			39,956	
GAAP Adjustments:				
Real Estate Taxes Receivable			<u>74</u>	
Total GAAP Adjustments			<u>74</u>	
Ending Fund Balance			<u>\$ 51,325</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 43,992	\$ 43,992	\$ 45,043	\$ 1,051
Total Revenues	43,992	43,992	45,043	1,051
Expenditures				
<i>Current</i>				
Other	43,992	43,992	2,600	41,392
Total Expenditures	43,992	43,992	2,600	41,392
Excess (Deficiency) of Revenues over Expenditures	-	-	42,443	42,443
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	42,443	\$ 42,443
Beginning Fund Balance			15,800	
GAAP Adjustments:				
Real Estate Taxes Receivable			29	
Total GAAP Adjustments			29	
Ending Fund Balance			\$ 58,272	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 187,703	\$ 187,703	\$ 183,774	\$ (3,929)
Total Revenues	187,703	187,703	183,774	(3,929)
Expenditures				
<i>Current</i>				
Other	90,708	90,708	165,259	(74,551)
Total Expenditures	90,708	90,708	165,259	(74,551)
Excess (Deficiency) of Revenues over Expenditures	96,995	96,995	18,515	(78,480)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ 96,995	\$ 96,995	18,515	\$ (78,480)
Beginning Fund Balance			64,617	
GAAP Adjustments:				
Due From State of Illinois			49	
Total GAAP Adjustments			49	
Ending Fund Balance			\$ 83,181	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental	\$ 169,487	\$ 169,487	\$ 156,813	\$ (12,674)
Interest Income	225	225	62	(163)
Total Revenues	169,712	169,712	156,875	(12,837)
Expenditures				
<i>Current</i>				
Transportation	167,050	167,050	197,477	(30,427)
Total Expenditures	167,050	167,050	197,477	(30,427)
Excess (Deficiency) of Revenues over Expenditures	2,662	2,662	(40,602)	(43,264)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ 2,662	\$ 2,662	(40,602)	\$ (43,264)
Beginning Fund Balance			291,788	
GAAP Adjustments:				
Due From State of Illinois			(993)	
Accounts Payable			(748)	
Interfund Receivables/Payables			(7,845)	
Total GAAP Adjustments			(9,586)	
Ending Fund Balance			\$ 241,600	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Interest Income	\$ 75	\$ 75	\$ 48	\$ (27)
Total Revenues	75	75	48	(27)
Expenditures				
<i>Current</i>				
General Government	-	-	5,741	(5,741)
<i>Capital Outlay</i>	-	-	2,829	(2,829)
Total Expenditures	-	-	8,570	(8,570)
Excess (Deficiency) of Revenues over Expenditures	75	75	(8,522)	(8,597)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	\$ 75	\$ 75	(8,522)	\$ (8,597)
Beginning Fund Balance			30,418	
GAAP Adjustments:				
Interfund Receivables/Payables			5,113	
Total GAAP Adjustments			5,113	
Ending Fund Balance			\$ 27,009	

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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Operating Revenues				
Water and Sewer Revenue	\$ 2,755,512	\$ 2,755,512	\$ 2,678,171	\$ (77,341)
Tap-on Fees	10,000	10,000	23,065	13,065
Reconnect Fees	20,000	20,000	23,846	3,846
	<u>2,785,512</u>	<u>2,785,512</u>	<u>2,725,082</u>	<u>(60,430)</u>
Total Operating Revenues				
Operating Expenses				
Water	-	-	-	-
Depreciation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>2,785,512</u>	<u>2,785,512</u>	<u>2,725,082</u>	<u>(60,430)</u>
Non-Operating Revenues				
Grant Income	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	10,000	10,000	20,866	10,866
	<u>10,000</u>	<u>10,000</u>	<u>20,866</u>	<u>10,866</u>
Total Non-Operating Revenues				
	<u>10,000</u>	<u>10,000</u>	<u>20,866</u>	<u>10,866</u>
Operating Transfers				
Operating Transfers In	-	-	7,055	7,055
Operating Transfers Out	-	-	(69,131)	(69,131)
	<u>-</u>	<u>-</u>	<u>(62,076)</u>	<u>(62,076)</u>
Total Operating Transfers				
	<u>-</u>	<u>-</u>	<u>(62,076)</u>	<u>(62,076)</u>
Net Income (Loss)	<u>\$ 2,795,512</u>	<u>\$ 2,795,512</u>	<u>2,683,872</u>	<u>\$ (111,640)</u>
Beginning Net Position			436,611	
GAAP Adjustments:				
Depreciation			(11,125)	
Interfund Receivables/Payables			(2,909,639)	
Total GAAP Adjustments			<u>(2,920,764)</u>	
Ending Net Position			<u>\$ 199,719</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Depreciation	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Operating Revenues				
Interest Income	-	-	23	23
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Non-Operating Expenses				
Interest Expense	103,547	103,547	103,547	-
Capital Outlay	357,967	357,967	-	357,967
Total Non-Operating Expenses	<u>461,514</u>	<u>461,514</u>	<u>103,547</u>	<u>357,967</u>
Operating Transfers				
Operating Transfers In	-	-	46,838	46,838
Operating Transfers Out	-	-	-	-
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>46,838</u>	<u>46,838</u>
Net Income (Loss)	<u>\$ (461,514)</u>	<u>\$ (461,514)</u>	(56,686)	<u>\$ 404,828</u>
Beginning Net Position			3,063,717	
GAAP Adjustments:				
Depreciation			(376,532)	
Interfund Receivables/Payables			461,513	
Total GAAP Adjustments			<u>84,981</u>	
Ending Net Position			<u>\$ 3,092,012</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, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Operating Expenses				
Water	\$ 1,496,230	\$ 1,496,230	\$ 1,522,854	\$ (26,624)
Water Pollution Control Plant Depreciation	639,705	639,705	556,076	83,629
	-	-	-	-
Total Operating Expenses	2,135,935	2,135,935	2,078,930	57,005
Operating Income (Loss)	(2,135,935)	(2,135,935)	(2,078,930)	57,005
Non-Operating Revenues				
Grant Income	-	-	-	-
Total Non-Operating Revenues	-	-	-	-
Non-Operating Expenses				
Interest Expense	-	-	6,704	(6,704)
Total Non-Operating Expenses	-	-	6,704	(6,704)
Operating Transfers				
Operating Transfers In		-	-	-
Operating Transfers Out	-	-	-	-
Total Operating Transfers	-	-	-	-
Net Income (Loss)	\$ (2,135,935)	\$ (2,135,935)	(2,085,634)	\$ 50,301
Beginning Net Position			66,570	
GAAP Adjustments:				
Depreciation			(36,824)	
Grant Receivable			208,712	
Accounts Payable			(17,817)	
Accrued Absences			(4,439)	
Interfund Receivables/Payables			2,421,140	
Total GAAP Adjustments			2,570,772	
Ending Net Position			\$ 551,708	

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Non-Operating Revenues				
Interest Income	\$ -	\$ -	\$ 12	\$ 12
Meter Deposits	25,000	25,000	13,965	(11,035)
Total Non-Operating Revenues	<u>25,000</u>	<u>25,000</u>	<u>13,977</u>	<u>(11,023)</u>
Non-Operating Expenses				
Miscellaneous	13,000	13,000	19,670	(6,670)
Total Non-Operating Expenses	<u>13,000</u>	<u>13,000</u>	<u>19,670</u>	<u>(6,670)</u>
Operating Transfers				
Operating Transfers In	-	-	6,300	6,300
Operating Transfers Out	-	-	-	-
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>6,300</u>	<u>6,300</u>
Net Income (Loss)	<u>\$ 12,000</u>	<u>\$ 12,000</u>	607	<u>\$ (11,393)</u>
Beginning Net Position			4,370	
GAAP Adjustments:				
None			<u>-</u>	
Ending Net Position			<u>\$ 4,977</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

FINDING01: 2017-01

Uncollateralized cash held at banks.
(Significant Deficiency)

Criteria: Cash on deposit held at banks is FDIC insured up to \$250,000. All amounts held above that amount should be collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Condition: Currently, the City has cash on deposit with banks that exceed the FDIC insured limits. Further, neither the banks nor the City hold any pledged securities to insure these deposits. This leaves the City's assets at risk of potential losses in the event of a bank or institutional failure.

Cause: The City has not monitored the balances of cash on deposit at the banks.

Effect or
Potential Effect: In the event of a bank or institutional failure, the uncollateralized deposits held at the banks could present a substantial loss for the City.

Recommendation: The City and the banks should examine, on a monthly basis, their cash on deposit. Any amounts held over the FDIC insured limit should be collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Management
Response: Management agrees with the finding. The City has already contacted the banks to establish pledged securities to cover deposits held over the FDIC insured limits.

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs - Concluded
For the Year Ended December 31, 2017

FINDING02: 2017-02
(Repeated From Prior Year)

Financial Statements and Footnotes Must be Drafted by Management
(Significant Deficiency)

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 full disclosure financial statements and footnotes in accordance with accounting principles generally accepted in the United States. The City does possess sufficient skills, knowledge and experience to approve the journal entries and to draft financial statements.

Cause: The City has not retained an individual to specifically monitor standards promulgated by the American Institute of Certified Public Accountants as they relate to full disclosure financial reporting.

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.

CITY OF DU QUOIN, ILLINOIS
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017

FINDING 01:2016-01 Financial Statements and Footnotes Must be Drafted by Management
(Significant Deficiency)

Condition: Personnel of the City do not currently possess the skills necessary to draft full disclosure financial statements and footnotes in accordance with accounting principles generally accepted in the United States. The City does possess sufficient skills, knowledge and experience to approve the journal entries and to draft financial statements.

Current Status: 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.