

CITY OF DU QUOIN, ILLINOIS
GENERAL PURPOSE FINANCIAL STATEMENTS
For The Year Ended December 31, 2019

CITY OF DU QUOIN, ILLINOIS

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105 EAST MAIN STREET, P.O. BOX 269
DU QUOIN, ILLINOIS 62832-0269
(618) 542-4747 FAX (618) 542-6141

HAROLD D. EMLING, CPA
DONALD L. HOFFMAN, CPA
MELESSA A. DENNIS, CPA
SARAH M. KARY, CPA

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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 16, the IMRF schedules on pages 64 - 66, the budgetary comparison information on pages 67 - 78, and the related notes on pages 79 - 80 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, State Illinois' basic financial statements. The combining and individual fund statements 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 statements 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 financial statements 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 April 17, 2020, 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 solely 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 the effectiveness of the City of Du Quoin, Illinois' 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
April 17, 2020



105 EAST MAIN STREET, P.O. BOX 269
DU QUOIN, ILLINOIS 62832-0269
(618) 542-4747 FAX (618) 542-6141

HAROLD D. EMLING, CPA
DONALD L. HOFFMAN, CPA
MELESSA A. DENNIS, CPA
SARAH M. KARY, CPA

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, 2019, 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 April 17, 2020.

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 have not been 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: 2019-01 and FINDING02: 2019-02].

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
April 17, 2020

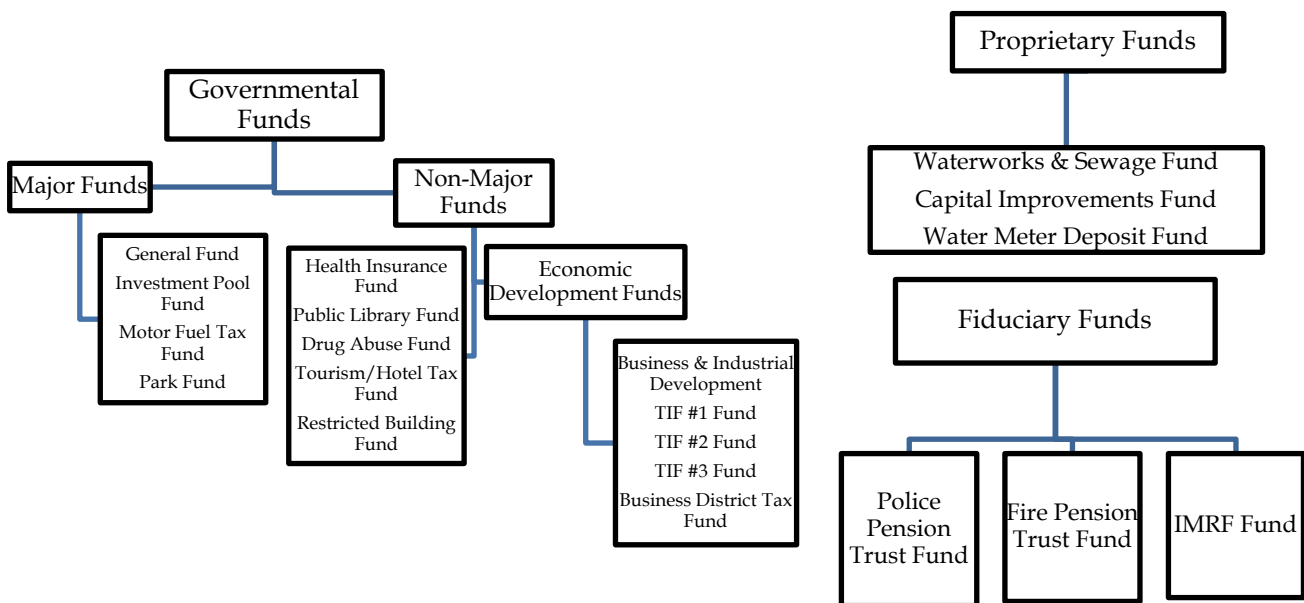


Management Discussion and Analysis For the Fiscal Year Ended December 31, 2019

The City Council of the City of Du Quoin, Illinois offers this overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information in conjunction with the accompanying accounting information.

Financial Structure and Organization

The City's financial activity happens in three main fund types, Governmental, Proprietary, and Fiduciary Funds. Governmental Funds account for all that is tax supported. Proprietary Funds account for business activities such as providing water. Fiduciary Funds account for investments managed by the Police and Fire Pension Boards to provide pension plans to retired employees. The former two of three fund types can be further reduced to Major and Non-Major or Restricted Funds. Major Funds support general operations of the City, whereas, Non-Major or Restricted Funds support specific purposes. The City's financial structure can be illustrated as follows.



Major Governmental Funds includes the General Fund, Investment Pool Fund, Motor Fuel Tax Fund, and Park Fund. The General Fund provides for the Administration, Emergency Management, Fire, Police, and Street Departments. These departments are mostly funded through collection of local and state taxes. Roughly 90% of the funding for these Departments is provided by Home Rule and Municipal sales taxes, Income, Local Use, Personal Property Replacement, Phone, and Utility taxes. The remainder is funded by smaller sources of revenue collected by the City such as Franchise, Liquor License and Permit fees, and fines.

The Investment Pool Fund consists of three savings accounts for contingencies. One account is funded by Video Gaming tax and the other two by interest only.

The Motor Fuel Tax Fund provides for the maintenance and major repairs of the City's roads in accordance with the State Motor Fuel Tax Program. It is funded almost exclusively by the State allotments of motor fuel tax.

The Park Fund provides for the operation and maintenance of the City swimming pool, and Keyes and Pettiford Parks. It shares many of the same revenue sources as the General Fund plus some smaller sources such as swimming pool admissions and concessions.

Proprietary Funds support the Water Department and Waste Water Treatment Plant. This division of the City's operations is more like a business. Consumption of water and discharge of sewage is billed at a rate that generates enough revenue to cover the cost of supplying these services. Leachate Processing and Water Tap charges, and Reconnection fees also compliment Water and Sewer receipts. The Water and Sewer Capital Improvements Fund is another savings fund to be used for the expansion, improvement, and repair of the City's Water and Sewer systems. It is funded by a portion of the service charge on all bills.

Fiduciary Funds is the last of the three main fund types. It includes the Police, Fire, and IMRF Pension Trust Funds that provide for pension benefits. They are funded by employer and employee contributions. Employer contributions are made by levying real estate taxes.

The next subset of funds is the Non-Major or Restricted Funds. These Funds are smaller in size and scope than the Major Funds. They are used only for specific purposes within the City's operations, which could be one-time grants or projects, or continuing activities that have a particular purpose. They are as follows.

The City has created two Restricted Funds since 2015: Health Insurance and Restricted Building Improvement.

The Health Insurance Fund was created in 2017 when the City switched insurance carriers for its group health plan. This change resulted in annual savings north of \$200,000 which funds it. The Fund can be used for self-insuring differences in plan benefit levels and mitigating premium increases so long as the balance is greater than \$156,000.

The Public Library Fund provides for the operation of the Du Quoin Public Library. The City accounts for the Library's funds but does not manage them. The Library Board is responsible for levying their own Real Estate taxes, preparing their own budget, and approving expenditures.

The Drug Abuse Fund supports the Police Department through fines collected from drug and drunken driving arrests. This fund purchases most of the City's Police cars.

The Hotel Tax Fund is a pass through to fund activities of the Du Quoin Tourism Commission such as Holiday Lights, Concerts in the Park, and the Fall Festival.

The Restricted Building Improvement Fund housed loan proceeds of \$225,000 to replace the roof, tuck-point, and paint City Hall. The residual amount from completing these projects remains for future building needs.

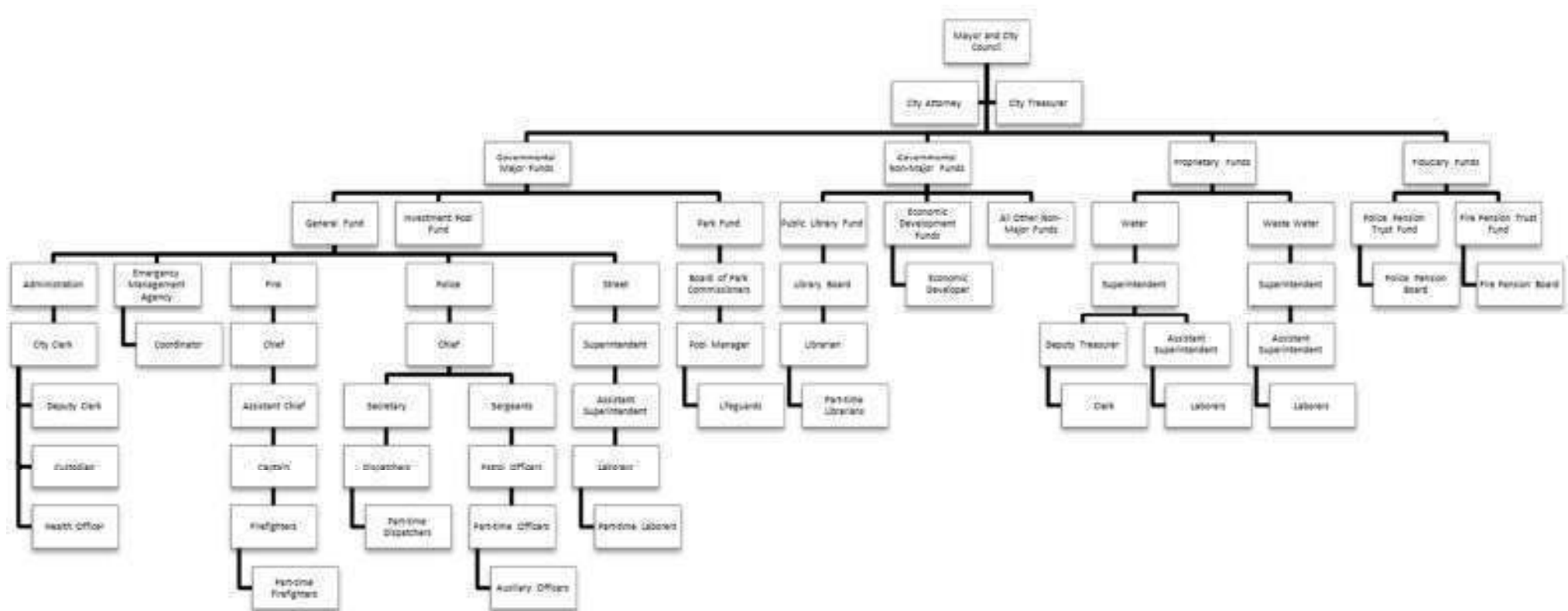
Lastly, there is a collective set of Restricted Funds whose purpose is to support economic development in the City. This set is referred to as the Economic Development Funds and is comprised of the Business & Industrial Development Fund, the Tax Increment Financing (TIF) Districts 1, 2, and 3, and the Business District Tax Fund.

The Business & Industrial Development Fund maintains the Revolving Loan Fund (RLF), which was initially capitalized by the Illinois Department of Commerce and Economic Opportunity and provides low interest loans to new and existing businesses in the City. The City originates and collects on these loans, and reports to the State. The State has announced that it will dissolve this program by the end of 2018. The City returned its RLF cash balance of \$153,219 to the State in February 2019.

Each TIF District has an established area with a base assessed valuation. As properties develop with TIF assistance, the equalized assessed valuation (EAV) of those properties increases. The difference between the increased EAV and the base generate additional property tax revenues to be used in the TIF District. These revenues can be used to reimburse businesses for redevelopment projects and to fund public infrastructure projects in the TIF District.

The Business Tax District is established along the Route 51 corridor and generates revenues through the imposition of a half-cent sales tax. This revenue is used to create new businesses, expand existing businesses, and to fund public infrastructure projects in the Business District.

The City's structure can be reduced further as illustrated on the following page.



*The IMRF Pension Trust Fund is not listed on this organizational chart because it is managed by the Illinois Municipal Retirement Fund, governed by the General Assembly of the State of Illinois. The City has no authoritative powers over this fund.

Financial Highlights

For the year ended December 31, 2019, revenues for the primary government totaled \$8,299,031. Expenditures totaled \$8,131,936, resulting in a total net change in fund balance of \$167,095¹. An alternative measure of the City's financial position is the modified accrual basis of accounting. According to this measure, the total change in net position and fund balance is \$(218,428)². The difference between the two measures is due to fund balance reports capital outlays as expenditures, uses bond proceeds as current financial resources, and defers expenditures³. In 2018, 2017, and 2016, the total net change in fund balance was \$553,370, \$191,322, and \$(44,257), respectively. From 2016 through 2019, the collective total net change in fund balance was \$259,719.

Using the modified accrual basis of accounting, General Fund revenues decreased from \$3,975,088 in 2018 to \$3,767,193 in 2019 for a decrease of (\$207,895) or 5.2%. Taxes and Intergovernmental revenues collectively decreased (63,334) or 1.7%. Expenditures increased slightly. They increased from \$3,883,825 in 2018 to \$4,023,662 in 2019 for an increase of \$139,837 or 3.6% due to an increase in General Government and Capital Outlay expenditures of \$168,090 and \$22,988, respectively. The decrease in General Fund revenues relative to the growth in expenditures resulted in a deficit of (\$256,469)⁴.

Using the cash basis of accounting, General Fund revenues were \$4,329,318 against expenditures of \$4,491,069 for a deficit of (161,751). There was budget variances of \$13,401 on revenues and (\$239,986) on expenditures. The better than expected revenues were mostly due to overages of \$78,717 in Intergovernmental Revenues. Expenditures were worse than expected mostly due to overages of (\$105,797) in Property Maintenance, (\$58,525) in Projects, and (\$46,483) in Capital Outlays⁵.

Investment Pool Fund had revenues of \$121,917 and expenditures of \$0 for a surplus of \$121,917. The Fund had a revenues variance of \$19,517 from the budget due to Video Gaming Tax and Interest Income being over budget by \$15,748 and \$3,769, respectively. Video Gaming Tax increased \$6,727 or 6% year over year⁶.

Motor Fuel Tax Fund had revenues of \$189,932 and expenditures of \$211,228 for a deficit of (21,296). The Fund had a revenues variance of \$35,620 from the budget due to Motor Fuel Tax being over budget by \$132,611. Motor Fuel Tax increased \$30,269 or 19% year over year. Expenditures were worse than expected, with a budget variance of (\$53,228), mostly due to overages in MFT Expense of (\$85,760)⁷.

Park Fund had revenues of \$141,619 versus expenditures of \$99,357 for a surplus of \$42,262. This surplus was largely due to total revenues variance of \$296 and Capital Outlay expenditure variance of \$16,968. This Fund continues to provide for the City's pool and parks that many families use and enjoy⁸.

¹ See page 18

² See pages 21 and 24

³ See page 22

⁴ See page 21

⁵ See pages 67-74

⁶ See page 75

⁷ See page 76

⁸ See page 77

Proprietary Funds revenues decreased from \$2,862,169 in 2018 to \$2,808,260 in 2019 for a decrease of \$53,909 or 1.9%. This drop in revenues was largely due to a slight decrease in Tap-On and Reconnect Fees. Expenditures decreased from \$2,821,296 in 2018 to \$2,566,258 in 2019 for a decrease \$255,038 or 9%. For 2019, Proprietary Funds net income was \$222,234. For comparison, net income from 2016 through 2018 was \$100,106, \$277,148, and \$13,385, respectively⁹.

The City continues to support the Fiduciary Funds by levying real estate taxes by the full or greater amount requested by the Police, Fire, and IMRF Pension Boards. The Illinois Department of Insurance and Illinois Municipal Retirement Fund determines these amounts to get the Pension Funds 90% funded by 2040. For 2019, the Police Pension Board requested \$299,771. The City levied \$299,813 and received \$296,077. The Fire Pension Board requested \$322,649. The City levied \$324,018 and received \$319,981. The Police and Fire Pension Funds are 52% and 40% funded, respectively¹⁰.

Restricted Funds continue to be used constructively and for the purposes that they were intended for. The following Restricted Funds had a surplus in 2019: Tourism/Hotel Tax, TIF #1, Business District Tax, and Restricted Building Improvement Funds. The following had a deficit: Business & Industrial Development, Health Insurance, Public Library, Drug Abuse, TIF #2, and TIF #3 Funds. The Restricted Funds collectively had a deficit of (\$309,354). The largest contributor was the Business & Industrial Development Fund of (173,208) because the Revolving Loan Program was closed out. Further, TIF #2 and TIF #3 had deficits of (\$82,752) and (\$66,105), respectively. Cash balances for the Restricted Funds decreased (\$275,152), or 3%, from 2018¹¹.

The Economic Development Funds continue to assist businesses, provide for public projects, and perpetually grow. In 2019, TIF Funds spent \$111,108 in business developments and \$162,185 in infrastructure improvements. TIF Funds had combined revenues of \$158,538 versus expenditures of \$286,856 for a deficit of (\$128,318). Combined TIF revenues were \$150,236 less than 2018 due to an Industrial Park land sale of \$83,112 to Chester Construction Supply in 2018 and no sale in 2019. Expenditures increased by \$39,141 in 2019 due to a large amount of business conducted in TIF #3.¹²

Business District Tax Fund had revenues of \$289,657 and expenditures of \$367,798 for a surplus of \$21,859. Revenues were \$37,839 more than 2019 due to the Illinois Department of Revenue assessing all businesses in the Business District the correct sales tax rate. In 2019, this fund paid \$60,949 in professional fees which it did not have in 2018. It provided \$35,000 in business developments, \$77,102 in infrastructure improvements, and \$194,747 in payouts to local businesses for loan repayments.¹³

2019 Budget

The 2019 Budget has budgeted revenues and expenditures of \$8,613,284 and \$8,352,084, respectively for a budgeted surplus of \$261,200. This is a decrease in budgeted revenues of (\$619,259) and expenditures of (\$623,759) from 2018. There are surpluses budgeted in General, Investment Pool, Park, Public Library, Drug Abuse, TIF #1, Business District Tax, Restricted Building Improvement, Water & Sewage, and Water Meter Deposit Funds. There are deficits budgeted in Motor Fuel Tax, Health Insurance, TIF #2, TIF #3 Funds, and Capital Improvements Funds.

⁹ See page 24

¹⁰ See page 59

¹¹ See pages 81-84

¹² See pages 90-92

¹³ See page 93

Future Financial Strategies

Governmental Funds

General Fund continues to be unstable and difficult to balance due to the large percentage of revenues used for salaries and benefits. This metric continues to flirt with 80% despite solid revenues and numerous labor cost cutting efforts. These efforts include generating over \$250,000 in health insurance savings and slashing annual liability insurance from \$422,000 to \$163,000. Other efforts include reducing the number of full-time positions through attrition, adding more part-time positions, and negotiating responsible labor contracts that provide for wage rate resets and individual health insurance contributions.

If growth in salary and benefit expenditures exceeds growth in revenues, expenditures on capital converges to zero. Ultimately, a trap situation occurs where the City pays more for labor that is less productive as it does not generate the savings to invest in capital to complement its labor to make it more productive. This situation leads to a downward spiral. The City is investing more in productive capital to prevent a downward spiral. Administration invested in accounting software and hardware to fully integrate with its existing utility management software. This technology upgrade brings accounts payable, counter receipts, general ledger, payroll, and utility management into one software suite, which provides for more accountability, automation, and features. New features include electronic counter receipts and purchase orders, and utility payments via automated clearing house (ACH) and phone. Police have also invested in productive capital such as: body cameras to reconcile conflicting narratives, mobile data centers to produce electronic tickets and reports, and smartphones to produce evidence and use as a reference. These investments make labor more productive, and more must be done.

Department Supervisors must continue to analyze their shift schedules and distribute employees across shifts in a manner that maximizes productivity and minimizes overtime. These efforts will also help slow this labor trend some.

Department Supervisors must also continue to authorize purchases in accordance with their budgets and ensure that purchases made are good value to the City. There are now better controls in place that requires pre-approval to spend if Supervisors do not take this responsibility seriously.

The City must re-evaluate, re-think, and re-negotiate its intergovernmental agreements and relationships to ensure that they add value and reciprocity to the City's taxpayers. This is especially the case as the City's first responders are responding to Perry County's calls as they cope with financial reality. The City has no statutory obligation to do so and should only do so if it is beneficial to its taxpayer.

The City must continue to leverage its Economic Development Funds and grants to spark private business investment and further develop infrastructure in support of. An example of this is the development of Chester Construction Supply and the Industrial Park railroad spur. This development will result in the Industrial Park being linked to the North American railroad system, which could initiate more private business investment. The City must also continue to promote and support events that draw regional crowds like the State Fair, Holiday Lights, NubAbility, and Special Olympics. These two strategies expand the tax base and thus tax receipts, which tempers inclinations to increase taxes and thus erode the tax base.

The City continues to make debt payments and aspires to be more aggressive in making additional payments towards debt principal, but has not had the cash flow to do so.

Proprietary Funds

Proprietary Funds must continue to get savings through investments. The City replaced some of its master and commercial meters at the end of 2016. Those efforts have yielded average water usage increases over 10%. These marginal revenues can then be used to replace depreciated capital assets in the water and sewer system, and at the Waste Water Treatment Plant. The City is currently analyzing the costs and benefits of automated meter reading and monitoring systems.

Second, the City has raised water rates to mimic when Rend Lake Water Conservancy District raises their water supply rates. By moving in lockstep with their rates, the City's budget and its customers' budgets are not jolted. Furthermore, the City is funneling a portion of water and sewer receipts into a Restricted Infrastructure Fund. This will better position the City for future infrastructure needs and ensure delivery of quality water to its customers.

The City continues to chase grants for water and sewer infrastructure projects.

Requests for Information

This financial report was created to provide a basic overview of the City of Du Quoin's financial activities for those interested. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the City Clerk's Office at 302 East Poplar Street, Du Quoin, Illinois 62832.

Management's Discussion and Analysis for the City of Du Quoin for the fiscal year ended December 31, 2019 was compiled by information provided by Budget and Finance Director Ruth Hale.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2019 and December 31, 2018 Comparison

	Governmental Activities		
	2019	2018	% Change
Assets			
Current Assets	\$ 2,556,771	\$ 2,978,127	-14.15%
Non-Current Assets			
Capital Assets, Net of Depreciation	2,975,448	3,217,645	-7.53%
Total Assets	5,532,219	6,195,772	-10.71%
Deferred Outflows of Resources			
Pension Obligation	-	612,991	-100.00%
Liabilities			
Current Liabilities	174,106	154,002	13.05%
Non-Current Liabilities	319,000	1,560,509	-79.56%
Total Liabilities	493,106	1,714,511	-71.24%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	2,794,738	2,961,348	-5.63%
Restricted	1,651,259	1,439,128	14.74%
Unrestricted (Deficit)	593,116	693,776	-14.51%
Total Net Position	\$ 5,039,113	\$ 5,094,252	-1.08%

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES - Concluded

December 31, 2019 and December 31, 2018 Comparison

	Governmental Activities		
	2019	2018	% Change
Revenue			
Program Revenue:			
Charges for Services	\$ 189,370	\$ 269,797	-29.81%
Operating Grants & Contributions	46,518	62,477	-25.54%
Capital Grants & Contributions	13,000	76,565	-83.02%
General Revenue:			
Taxes	2,053,612	904,348	127.08%
Intergovernmental	2,471,470	3,783,341	-34.67%
Interest Income	9,382	5,245	78.88%
Miscellaneous	110,359	161,990	-31.87%
Total Revenue	4,893,711	5,263,763	-7.03%
Expenses			
General Government	2,060,269	1,530,655	34.60%
Public Safety	2,264,235	2,366,521	-4.32%
Services	221,997	229,343	-3.20%
Transportation	931,494	781,534	19.19%
Interest on Long-term Debt	7,774	11,470	-32.22%
Pension Expense	60,141	39,376	52.74%
Total Expenses	5,545,910	4,958,899	11.84%
Operating Transfers, Net	597,060	92,404	546.14%
Change in Net Position	(55,139)	397,268	-113.88%
Beginning Net Position	5,094,252	4,696,984	8.46%
Ending Net Position	\$ 5,039,113	\$ 5,094,252	-1.08%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2019 and December 31, 2018 Comparison

	Business-Type Activities		% Change
	2019	2018	
Assets			
Current Assets	\$ 945,212	\$ 673,104	40.43%
Non-Current Assets			
Capital Assets, Net of Depreciation	6,770,712	7,213,626	-6.14%
Total Assets	7,715,924	7,886,730	-2.17%
Deferred Outflows of Resources			
None	-	-	0.00%
Liabilities			
Current Liabilities	553,775	552,668	0.20%
Non-Current Liabilities	2,928,090	3,322,237	-11.86%
Total Liabilities	3,481,865	3,874,905	-10.14%
Deferred Inflows of Resources			
None	-	-	0.00%
Net Position			
Net Investment in Capital Assets	3,494,678	3,535,668	-1.16%
Restricted	-	-	0.00%
Unrestricted (Deficit)	739,381	476,157	55.28%
Total Net Position	\$ 4,234,059	\$ 4,011,825	5.54%

FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES - Concluded

December 31, 2019 and December 31, 2018 Comparison

	Business-Type Activities		% Change
	2019	2018	
Revenue			
Program Revenue:			
Charges for Services	\$ 2,793,921	\$ 2,824,309	-1.08%
Capital Grants & Contributions	-	-	0.00%
General Revenue:			
Interest Income	85	59	44.07%
Other	14,254	37,801	-62.29%
Total Revenue	2,808,260	2,862,169	-1.88%
Expenses			
Waterworks & Sewage Fund	2,057,530	2,234,874	-7.94%
Capital Improvements Fund	378,837	395,003	-4.09%
Water Meter Deposit Fund	-	26,163	-100.00%
Interest on Long-Term Debt	90,168	100,340	-10.14%
Pension Expense	39,723	-	N/A
Total Expenses	2,566,258	2,756,380	-6.90%
Operating Transfers, Net	(19,768)	(92,404)	78.61%
Change in Net Position	222,234	13,385	1560.32%
Beginning Net Position	4,011,825	3,848,416	4.25%
Prior Period Adjustment	-	150,024	-100.00%
Ending Net Position	\$ 4,234,059	\$ 4,011,825	5.54%

BASIC FINANCIAL STATEMENTS

CITY OF DU QUOIN, ILLINOIS

Statement of Net Position

December 31, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Current Assets			
Cash	\$ 374,489	\$ 800,503	\$ 1,174,992
Cash (Restricted)	960,177	-	960,177
Investments, at cost	296,165	-	296,165
Due from State of Illinois	533,852	-	533,852
Accounts Receivable	-	144,709	144,709
Due from Other Governments	390,291	-	390,291
Notes Receivable	1,797	-	1,797
Total Current Assets	2,556,771	945,212	3,501,983
Non-Current Assets			
Property, Plant, and Equipment			
Non-Depreciable	50,500	-	50,500
Depreciable (Net)	2,924,948	6,770,712	9,695,660
Total Non-Current Assets	2,975,448	6,770,712	9,746,160
Total Assets	5,532,219	7,715,924	13,248,143
Deferred Outflows of Resources			
None	-	-	-
Liabilities			
Current Liabilities			
Accounts Payable	37,049	62,404	99,453
Other Payables	23,263	69,801	93,064
Due to Other Funds	20,254	-	20,254
Accrued Absences	28,979	9,203	38,182
Loans and Leases Payable	64,561	412,367	476,928
Total Current Liabilities	174,106	553,775	727,881
Non-Current Liabilities			
Accrued Absences	202,851	64,423	267,274
Loans and Leases Payable	116,149	2,863,667	2,979,816
Total Non-Current Liabilities	319,000	2,928,090	3,247,090
Total Liabilities	493,106	3,481,865	3,974,971
Deferred Inflows of Resources			
None	-	-	-
Net Position			
Net Investment in Capital Assets	2,794,738	3,494,678	6,289,416
Restricted	1,651,259	-	1,651,259
Unrestricted (Deficit)	593,116	739,381	1,332,497
Total Net Position	\$ 5,039,113	\$ 4,234,059	\$ 9,273,172

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, 2019

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total Reporting Entity
					Governmental Activities	Business-Type Activities	
Functions/Programs							
Primary Government							
Governmental Activities							
General Government	\$ 2,060,269	\$ 43,243	\$ 17,808	\$ -	\$ (1,999,218)	\$ -	\$ (1,999,218)
Public Safety	2,264,235	110,712	18,866	13,000	(2,121,657)	-	(2,121,657)
Public Welfare	-	-	-	-	-	-	-
Services	221,997	35,415	7,636	-	(178,946)	-	(178,946)
Transportation	931,494	-	2,208	-	(929,286)	-	(929,286)
Interest on Long-Term Debt	7,774	-	-	-	(7,774)	-	(7,774)
Pension Expense	60,141	-	-	-	(60,141)	-	(60,141)
Total Governmental Activities	5,545,910	189,370	46,518	13,000	(5,297,022)	-	(5,297,022)
Business-Type Activities							
Waterworks & Sewage Fund	2,057,530	2,793,921	-	-	-	736,391	736,391
Capital Improvements Fund	378,837	-	-	-	-	(378,837)	(378,837)
Interest on Long-Term Debt	90,168	-	-	-	-	(90,168)	(90,168)
Pension Expense	39,723	-	-	-	-	(39,723)	(39,723)
Total Business-Type Activities	2,566,258	2,793,921	-	-	-	227,663	227,663
Total Primary Government	\$ 8,112,168	\$ 2,983,291	\$ 46,518	\$ 13,000	\$ (5,297,022)	\$ 227,663	\$ (5,069,359)
General Revenues:							
Taxes:							
Property Tax					\$ 237,695	\$ -	\$ 237,695
Local Sales Tax					1,245,580	-	1,245,580
Hotel Tax					33,596	-	33,596
Utility Tax					472,493	-	472,493
Franchise Tax					64,248	-	64,248
Intergovernmental:							
Replacement Tax					60,889	-	60,889
Retailers' Occupation Tax					1,204,601	-	1,204,601
Income and Use Tax					858,426	-	858,426
Allotments					200,411	-	200,411
Gaming Tax					118,628	-	118,628
Other					28,515	-	28,515
Interest Income					9,382	85	9,467
Miscellaneous					110,359	14,254	124,613
Operating Transfers, Net					597,060	(19,768)	577,292
Total General Revenues and Transfers					5,241,883	(5,429)	5,236,454
Change in Net Position					(55,139)	222,234	167,095
Beginning Net Position					5,094,252	4,011,825	9,106,077
Ending Net Position					\$ 5,039,113	\$ 4,234,059	\$ 9,273,172

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, 2019

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Investment Pool Fund	Motor Fuel Tax Fund	Park Fund		
Assets and Deferred Outflows of Resources						
Assets						
Cash	\$ 214,423	\$ 160,066	\$ -	\$ -	\$ -	\$ 374,489
Cash (Restricted)	-	-	240,429	67,461	652,287	960,177
Investments, at cost	-	292,616	-	-	3,549	296,165
Due From State of Illinois	452,645	9,435	26,817	-	44,955	533,852
Due from Other Governments	-	-	-	390,291	-	390,291
Notes Receivable	1,797	-	-	-	-	1,797
Total Assets	<u>668,865</u>	<u>462,117</u>	<u>267,246</u>	<u>457,752</u>	<u>700,791</u>	<u>2,556,771</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 668,865</u>	<u>\$ 462,117</u>	<u>\$ 267,246</u>	<u>\$ 457,752</u>	<u>\$ 700,791</u>	<u>\$ 2,556,771</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities						
Accounts Payable	\$ 32,407	\$ -	\$ 414	\$ 101	\$ 4,127	\$ 37,049
Other Payables	23,088	-	-	-	175	23,263
Due to Other Funds	20,254	-	-	-	-	20,254
Total Liabilities	<u>75,749</u>	<u>-</u>	<u>414</u>	<u>101</u>	<u>4,302</u>	<u>80,566</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	266,832	-	518,346	785,178
Committed	-	-	-	-	132,355	132,355
Assigned	-	462,117	-	457,651	45,788	965,556
Unassigned	593,116	-	-	-	-	593,116
Total Fund Balance	<u>593,116</u>	<u>462,117</u>	<u>266,832</u>	<u>457,651</u>	<u>696,489</u>	<u>2,476,205</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 668,865</u>	<u>\$ 462,117</u>	<u>\$ 267,246</u>	<u>\$ 457,752</u>	<u>\$ 700,791</u>	<u>\$ 2,556,771</u>

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

CITY OF DU QUOIN, ILLINOIS
Reconciliation of Fund Balances of Governmental Funds
to the Governmental Activities in the Statement of Net Position
December 31, 2019

Fund Balances of Governmental Funds	\$ 2,476,205
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Amounts reported for governmental activities in the statement of net assets differ because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,975,448
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	-
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Long-term liabilities for pension obligations that are not due and payable in the current period and, therefore, are not reported in the funds.	-
---	---

Long-term liabilities for accrued absences are not due and payable in the current period and, therefore, are not reported in the funds.	(231,830)
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Long-term liabilities for bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(180,710)</u>
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Net Position of Governmental Activities	<u><u>\$ 5,039,113</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF DU QUOIN, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Major Funds				Non-Major	Total
	General	Investment	Motor Fuel	Park	Governmental	Governmental
	Fund	Pool Fund	Tax Fund	Fund	Funds	Funds
Revenues						
Taxes	\$ 1,429,069	\$ -	\$ -	\$ 22,387	\$ 602,156	\$ 2,053,612
Intergovernmental	2,148,509	116,767	200,411	51,413	13,888	2,530,988
Licenses and Permits	38,499	-	-	-	-	38,499
Fines and Penalties	54,121	-	-	-	58,688	112,809
Revenues from Services	4,549	-	-	27,850	5,663	38,062
Interest Income	664	5,769	57	-	944	7,434
Other	91,782	-	3,012	940	16,573	112,307
Total Revenues	3,767,193	122,536	203,480	102,590	697,912	4,893,711
Expenditures						
<i>Current</i>						
General Government	1,074,688	-	-	-	842,003	1,916,691
Public Safety	2,040,823	-	-	-	16,948	2,057,771
Services	-	-	-	98,394	96,551	194,945
Transportation	718,057	-	209,409	-	-	927,466
<i>Capital Outlay</i>	106,733	-	-	-	67,228	173,961
<i>Debt Service</i>	83,361	-	-	-	-	83,361
Total Expenditures	4,023,662	-	209,409	98,394	1,022,730	5,354,195
Excess (Deficiency) of Revenues Over Expenditures	(256,469)	122,536	(5,929)	4,196	(324,818)	(460,484)
Other Financing Sources (Uses)						
Operating Transfers In	162,777	-	-	3,939	30,608	197,324
Operating Transfers Out	(7,123)	(145,460)	-	(9,829)	(15,144)	(177,556)
Total Other Financing Sources (Uses)	155,654	(145,460)	-	(5,890)	15,464	19,768
Net Change in Fund Balance	(100,815)	(22,924)	(5,929)	(1,694)	(309,354)	(440,716)
Beginning Fund Balance	693,931	485,041	272,761	459,345	1,005,843	2,916,921
Ending Fund Balance	\$ 593,116	\$ 462,117	\$ 266,832	\$ 457,651	\$ 696,489	\$ 2,476,205

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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ (440,716)
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.	(242,197)
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.	75,587
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>552,187</u>
Change in Net Position of Governmental Activities	<u><u>\$ (55,139)</u></u>

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

CITY OF DU QUOIN, ILLINOIS

Statement of Net Position

PROPRIETARY FUNDS

December 31, 2019

	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
Assets				
Current Assets				
Cash	\$ 569,739	\$ 157,382	\$ 73,382	\$ 800,503
Accounts Receivable	144,709	-	-	144,709
Total Current Assets	<u>714,448</u>	<u>157,382</u>	<u>73,382</u>	<u>945,212</u>
Non-Current Assets				
Property, Plant, and Equipment:				
Non-Depreciable	-	-	-	-
Depreciable (Net)	596,673	6,174,039	-	6,770,712
Total Non-Current Assets	<u>596,673</u>	<u>6,174,039</u>	<u>-</u>	<u>6,770,712</u>
Total Assets	<u>1,311,121</u>	<u>6,331,421</u>	<u>73,382</u>	<u>7,715,924</u>
Deferred Outflows of Resources				
None	-	-	-	-
Liabilities				
Current Liabilities				
Accounts Payable	62,404	-	-	62,404
Other Payables	4,961	-	64,840	69,801
Accrued Absences	9,203	-	-	9,203
Loans and Leases Payable	26,887	385,481	-	412,368
Total Current Liabilities	<u>103,455</u>	<u>385,481</u>	<u>64,840</u>	<u>553,776</u>
Non-Current Liabilities				
Accrued Absences	64,423	-	-	64,423
Loans and Leases Payable	72,065	2,791,601	-	2,863,666
Total Non-Current Liabilities	<u>136,488</u>	<u>2,791,601</u>	<u>-</u>	<u>2,928,089</u>
Total Liabilities	<u>239,943</u>	<u>3,177,082</u>	<u>64,840</u>	<u>3,481,865</u>
Deferred Inflows of Resources				
None	-	-	-	-
Net Position				
Net Investment in Capital Assets	497,721	2,996,957	-	3,494,678
Restricted	-	-	-	-
Unrestricted (Deficit)	573,457	157,382	8,542	739,381
Total Net Position	<u>\$ 1,071,178</u>	<u>\$ 3,154,339</u>	<u>\$ 8,542</u>	<u>\$ 4,234,059</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, 2019

	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
Operating Revenue				
Water and Sewer Revenue	\$ 2,684,682	\$ -	\$ -	\$ 2,684,682
Leachate Processing	71,578	-	-	71,578
Tap-on Fees	9,516	-	-	9,516
Reconnect Fees	28,145	-	-	28,145
Total Operating Revenues	<u>2,793,921</u>	<u>-</u>	<u>-</u>	<u>2,793,921</u>
Operating Expenses				
Water	1,475,550	-	-	1,475,550
Water Pollution Control Plant	553,626	-	-	553,626
Depreciation	68,077	378,837	-	446,914
Total Operating Expenses	<u>2,097,253</u>	<u>378,837</u>	<u>-</u>	<u>2,476,090</u>
Operating Income (Loss)	<u>696,668</u>	<u>(378,837)</u>	<u>-</u>	<u>317,831</u>
Non-Operating Revenue				
Interest Income	-	71	14	85
Miscellaneous	14,254	-	-	14,254
Total Non-Operating Revenues	<u>14,254</u>	<u>71</u>	<u>14</u>	<u>14,339</u>
Non-Operating Expenses				
Interest Expense	4,737	85,431	-	90,168
Total Non-Operating Expenses	<u>4,737</u>	<u>85,431</u>	<u>-</u>	<u>90,168</u>
Operating Transfers				
Operating Transfers In	79	510,786	4,653	515,518
Operating Transfers Out	(522,196)	(13,090)	-	(535,286)
Total Operating Transfers	<u>(522,117)</u>	<u>497,696</u>	<u>4,653</u>	<u>(19,768)</u>
Net Income (Loss)	184,068	33,499	4,667	222,234
Beginning Net Position	<u>887,110</u>	<u>3,120,840</u>	<u>3,875</u>	<u>4,011,825</u>
Ending Net Position	<u>\$ 1,071,178</u>	<u>\$ 3,154,339</u>	<u>\$ 8,542</u>	<u>\$ 4,234,059</u>

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

CITY OF DU QUOIN, ILLINOIS

Statement of Cash Flows

PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	Major Funds			
	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 2,814,234	\$ -	\$ -	\$ 2,814,234
Other Operating Receipts/(Payments)	(2,022,517)	-	-	(2,022,517)
Net Cash Flows from Operating Activities	<u>791,717</u>	<u>-</u>	<u>-</u>	<u>791,717</u>
Cash Flows from Noncapital Financing Activities:				
Miscellaneous	14,254	-	2,225	16,479
Operating Transfers In/(Out)	(522,117)	497,696	4,653	(19,768)
Net Cash Flows from Noncapital Financing Activities	<u>(507,863)</u>	<u>497,696</u>	<u>6,878</u>	<u>(3,289)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	-	(4,000)	-	(4,000)
Interest on Loans	(4,737)	(85,431)	-	(90,168)
Loan Principal Retired	(25,842)	(376,082)	-	(401,924)
Net Cash Flows from Capital & Related Financing Activities	<u>(30,579)</u>	<u>(465,513)</u>	<u>-</u>	<u>(496,092)</u>
Cash Flows from Investing Activities:				
Interest on Deposits	-	71	14	85
Net Cash Flows from Investing Activities	<u>-</u>	<u>71</u>	<u>14</u>	<u>85</u>
Net Increase (Decrease) in Cash and Cash Equivalents	253,275	32,254	6,892	292,421
Cash and Cash Equivalents, Beginning of Year	<u>316,464</u>	<u>125,128</u>	<u>66,490</u>	<u>508,082</u>
Cash and Cash Equivalents, End of Year	<u>\$ 569,739</u>	<u>\$ 157,382</u>	<u>\$ 73,382</u>	<u>\$ 800,503</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 696,668	\$ (378,837)	\$ -	\$ 317,831
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	68,077	378,837	-	446,914
Change in Assets and Liabilities:				
Accounts Receivable	20,313	-	-	20,313
Accounts Payable	(12,386)	-	-	(12,386)
Other Payables	(1,778)	-	-	(1,778)
Accrued Absences	20,823	-	-	20,823
Net Cash Provided by Operating Activities	<u>\$ 791,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,717</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, 2019

	PENSION TRUST FUNDS			
	Police Pension	Fire Pension	IMRF	Total
	Trust Fund	Trust Fund	Fund	Fiduciary
Assets				
Cash	\$ 340,014	\$ 112,278	\$ -	\$ 452,292
Investments	4,173,918	3,127,846	8,866,613	16,168,377
Property Tax Receivable	9,734	10,520	-	20,254
Total Assets	4,523,666	3,250,644	8,866,613	16,640,923
Liabilities				
Pension Liability	8,332,916	7,806,675	9,225,034	25,364,625
Deferred Inflow of Resources				
Pension Obligation	-	-	104,973	104,973
Net Position				
Unfunded	<u>\$ (3,809,250)</u>	<u>\$ (4,556,031)</u>	<u>\$ (463,394)</u>	<u>\$ (8,828,675)</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, 2019

	PENSION TRUST FUNDS			
	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>IMRF Fund</u>	<u>Total Fiduciary</u>
ADDITIONS				
<i>Contributions:</i>				
Employer	\$ 296,077	\$ 319,981	\$ 99,864	\$ 715,922
Participants	54,698	41,670	121,642	218,010
<i>Total Contributions</i>	<u>350,775</u>	<u>361,651</u>	<u>221,506</u>	<u>933,932</u>
<i>Investment Income:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments (Unrealized)	383,562	280,291	1,407,636	2,071,489
Difference Between Expected and Actual Experience of Pension Liability	(282,881)	(236,579)	(198,034)	(717,494)
Interest, Dividends, and Other Income	151,958	101,014	-	252,972
<i>Total Investment Income</i>	<u>252,639</u>	<u>144,726</u>	<u>1,209,602</u>	<u>1,606,967</u>
Less Investment Expense	(11,117)	(9,402)	(623,900)	(644,419)
<i>Net Investment Income (Loss)</i>	<u>241,522</u>	<u>135,324</u>	<u>585,702</u>	<u>962,548</u>
TOTAL ADDITIONS	<u>592,297</u>	<u>496,975</u>	<u>807,208</u>	<u>1,896,480</u>
DEDUCTIONS				
<i>Pension Benefits:</i>				
Retirement	285,971	219,606	542,011	1,047,588
Disability	57,302	63,974	-	121,276
Survivor	69,831	71,961	-	141,792
Refund	-	3,308	-	3,308
<i>Total Pension Benefits</i>	<u>413,104</u>	<u>358,849</u>	<u>542,011</u>	<u>1,313,964</u>
<i>Administrative Expenses</i>				
Professional Fees	11,800	10,400	137,184	159,384
Other	49	1,450	14,115	15,614
<i>Total Administrative Expenses</i>	<u>11,849</u>	<u>11,850</u>	<u>151,299</u>	<u>174,998</u>
TOTAL DEDUCTIONS	<u>424,953</u>	<u>370,699</u>	<u>693,310</u>	<u>1,488,962</u>
Net Transfers	<u>-</u>	<u>-</u>	<u>(577,292)</u>	<u>(577,292)</u>
Net Increase (Decrease) in Plan Net Assets	167,344	126,276	(463,394)	(169,774)
Net Plan Assets Held in Trust for Pension Benefits January 1, 2019	4,073,441	2,887,789	-	6,961,230
Prior Period Adjustment - See Note T	<u>(8,050,035)</u>	<u>(7,570,096)</u>	<u>-</u>	<u>(15,620,131)</u>
Net Plan Assets Held in Trust for Pension Benefits December 31, 2019	<u>\$ (3,809,250)</u>	<u>\$ (4,556,031)</u>	<u>\$ (463,394)</u>	<u>\$ (8,828,675)</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, 2019

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, 2019

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

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

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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 and the associated expenses in the City.

Capital Improvements Fund - This fund accounts for the water department capital improvements and loans.

Water Meter Deposit Fund - This fund accounts for the utility customers' deposits held by the City.

Additionally, the government reports the following fiduciary fund types:

The Fire Pension Fund, Police Pension Fund, and IMRF 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, 2019, and the Statement of Revenues, Expenses and Changes in Net Position for the year ending April 30, 2019, 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, 2019

NOTE A - Summary of Significant Accounting Policies - Continued

4. The Pinckneyville-Du Quoin Airport - Concluded

ASSETS		RECEIPTS	
Current Assets		Intergovernmental Income	\$ 26,000
Cash & Prepaid Expenses	\$ 89,932	Grant Income	5,731
Grant Receivable	0	Rental Income	36,219
Prepaid Expenses	394	Interest Income	85
Capital Assets		Other Income	90
Property, Plant & Equipment (Net)	<u>1,650,613</u>	TOTAL RECEIPTS	<u>68,125</u>
TOTAL ASSETS	<u>\$ 1,740,939</u>	DISBURSEMENTS	
LIABILITIES AND NET POSITION		Depreciation	88,969
Liabilities		Interest Expense	0
Accounts Payable	\$ 578	Other Expense	<u>33,949</u>
Net Position		TOTAL DISBURSEMENTS	<u>122,918</u>
Net Investment in Capital Assets	1,650,613	TRANSFERS	
Unrestricted	<u>89,748</u>	Net Transfers	<u>0</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,740,939</u>	TOTAL TRANSFERS	<u>0</u>
		Net Income (Loss)	<u>\$ (54,793)</u>

5. Capital Assets

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

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

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

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

Buildings and Plants	40 years
Improvements	10-20 years
Machinery and Equipment	7 years
Vehicles	5 years

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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, 2019

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 nor 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 \$385,577 is as follows:

Current Year Purchases	\$ 173,961
Depreciation Expense	(416,158)
Loan Principal Payments	75,587
Accrued Absences	(25,105)
Pension Expense	577,292
Total	<u>\$ 385,577</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 \$2,562,908 is summarized as follows:

Capital Assets	\$ 2,975,448
Deferred Pension Obligation	0
Net Pension Obligation	0
Accrued Absences	(231,830)
Long-Term Liabilities	(180,710)
Total	<u>\$ 2,562,908</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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, 2019, the amount of vested vacation and sick pay was \$305,456.

The following is a summary of compensated absence activity:

	Beginning Balance	Accrued	Used	Ending Balance
<i>Governmental Activities</i>				
Current	\$ 25,841	\$ 22,246	\$ 19,108	\$ 28,979
Long-Term	180,884	155,725	133,758	202,851
Total	206,725	177,971	152,866	231,830
<i>Business-Type Activities</i>				
Current	6,600	7,848	5,245	9,203
Long-Term	46,203	54,934	36,714	64,423
Total	52,803	62,782	41,959	73,626
Grand Total	\$ 259,528	\$ 240,753	\$ 194,825	\$ 305,456

10. Accounts Receivable

Accounts receivable consist of amounts not yet collected for water and sewer utilities. The City provides for write-offs of accounts receivable based on historical collection rates. However, no accounts were written off during the year. As of December 31, 2019, the allowance for doubtful accounts was \$0.

11. 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.

12. 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, 2019

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, 2019, the carrying amount of the City's deposits was \$2,787,384, 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</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Governmental Activities					
<u>Major Funds</u>					
General	\$ 55,902	\$ 330,890	\$ 32,570	\$ 419,362	\$ 214,123
Investment Pool	87,270	72,796	0	160,066	160,066
Motor Fuel Tax	32,051	189,707	18,671	240,429	240,429
Park	34,656	32,405	400	67,461	67,461
<u>Non-Major Funds</u>					
Health Insurance	28,712	169,943	16,726	215,381	215,381
Public Library	17,192	95,838	9,432	122,462	122,462
Drug Abuse	24,419	20,369	0	44,788	44,788
Tourism Hotel Tax	1,419	8,400	827	10,646	10,646
TIF #1 Fund	3,719	22,013	2,167	27,899	27,899
TIF #2 Fund	1,778	10,522	1,035	13,335	13,335
TIF #3 Fund	426	2,519	248	3,193	3,193
Business District Tax	104,343	87,036	0	191,379	191,379
Building Improvements	2,960	17,250	1,994	22,204	22,204
Total Governmental Activities	394,847	1,059,688	84,070	1,538,605	1,333,366

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE B - Cash and Investments - Continued

Cash - Concluded

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Business-Type Activities					
<u>Major Funds</u>					
Waterworks & Sewage	75,198	445,097	43,808	564,103	569,239
Capital Improvements	20,980	124,180	12,222	157,382	157,382
Water Meter Deposit	9,975	59,043	5,811	74,829	73,382
Total Business Type Activities	106,153	628,320	61,841	796,314	800,003
Fiduciary Funds					
Police Pension	250,000	91,117	0	341,117	340,014
Fire Pension	111,348	0	0	111,348	112,278
Total Fiduciary Funds	361,348	91,117	0	452,465	452,292
TOTAL	<u>\$ 862,348</u>	<u>\$ 1,779,125</u>	<u>\$ 145,911</u>	<u>\$ 2,787,384</u>	<u>\$ 2,585,661</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</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Governmental Activities					
<u>Major Funds</u>					
Investment Pool:					
Illinois Funds	\$ 292,616	\$ 0	\$ 0	\$ 292,616	\$ 292,616
<u>Non-Major Funds</u>					
Public Library:					
Illinois Funds	3,549	0	0	3,549	3,549
Total Governmental Activities	<u>\$ 296,165</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 296,165</u>	<u>\$ 296,165</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, 2019

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, 2019, 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 Pension Trust Funds 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 Pension Trust Funds 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. IMRF investments are managed by IMRF and the board acts as their custodians.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE B - Cash and Investments - Continued

Investments - Continued

Investments made by the City's Pension Trust 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.

	<u>Category</u>		<u>Carrying Amount (Market)</u>	<u>Cost Value</u>
	<u>#1</u>	<u>#2</u>		
Fiduciary Funds				
Police Pension	\$ 4,173,918	\$ 0	\$ 4,173,918	\$ 3,619,165
Fire Pension	3,127,846	0	3,127,846	2,858,916
IMRF	<u>0</u>	<u>8,866,613</u>	<u>8,866,613</u>	<u>8,866,613</u>
TOTAL	<u>\$ 7,301,764</u>	<u>\$ 8,866,613</u>	<u>\$ 16,168,377</u>	<u>\$ 15,344,694</u>

Interest Rate Risk - The Pension Trust Funds require full compliance with state statutes of the State of Illinois and applicable rules and regulations governing the investment of the Pension Trust Fund's money. 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. This schedule does not include IMRF investment information as it was not available.

	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				<u>Cost</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
Money Market	\$ 152,448	\$ 152,448	\$ 0	\$ 0	\$ 0	\$ 152,448
Fixed Income:						
U.S. Government	156,265	0	156,265	0	0	144,180
Securities	599,478	0	249,840	349,638	0	597,649
Corporate Bonds	1,397,337	353,797	893,171	150,369	0	1,408,176
Certificates of Deposit	1,276,677	0	1,175,859	100,818	0	1,249,389
Municipal Bonds	102,005	102,005	0	0	0	110,015
Mortgage Pools	214,337	0	0	27,041	187,296	214,063
Equity:						
Mutual Funds	2,026,375	2,026,375	0	0	0	1,518,120
Exchange Traded	<u>1,376,842</u>	<u>1,376,842</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,084,041</u>
Total	<u>\$ 7,301,764</u>	<u>\$ 4,011,467</u>	<u>\$ 2,475,135</u>	<u>\$ 627,866</u>	<u>\$ 187,296</u>	<u>\$ 6,478,081</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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. IMRF Fund acts as custodians of the investments and maintains all regulatory oversight. Third party oversight presents a heightened custodial credit risk, given the State of Illinois' poor current financial position.

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.

Motor Fuel Tax Fund - The monies in this fund shall be used to pay for any street and sidewalk expenses associated with the motor fuel tax program.

Park Fund - The monies in this fund shall be used to pay for any expenses associated with the City's park and 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.

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.

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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 earnings. 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.

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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE D - Municipal Retirement Fund - Continued

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

	<u>Regular</u>
Retirees and Beneficiaries	37
Inactive, Non-Retired Members	13
Active Members	<u>25</u>
Total	<u><u>75</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 2019 was 8.44%. For the fiscal year ended December 31, 2019, the City of Du Quoin contributed \$99,864 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value of Assets
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based tables 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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE D - Municipal Retirement Fund - Continued

Actuarial Assumptions - Concluded

Mortality: 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 adjustment that were applied for non-disabled lives. For active members, 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 Employee Mortality Table with adjustments to match current IMRF experience.

Notes: There were no benefit changes during the year.

Long Term Expected Rate Of Return: 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	37%	7.15 - 8.50%
International Equity	18%	7.25 - 9.20%
Fixed Income	28%	3.75%
Real Estate	9%	6.25 - 7.30%
Alternative Investments	7%	3.20 - 12.40%
Cash Equivalents	1%	2.50%
Total	100%	

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE D - Municipal Retirement Fund - Continued

Single Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

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, 2018	<u>\$ 8,807,927</u>	<u>\$ 7,617,644</u>	<u>\$ 1,190,283</u>
Changes for the year:			
Service Cost	137,184	0	\$ 137,184
Interest on the Total Pension Liability	623,900	0	623,900
Changes of Benefit Terms	0	0	0
Difference Between Expected and Actual Experience of the Total Pension Liability	198,034	0	198,034
Changes of Assumptions	0	0	0
Contributions – Employer	0	99,864	(99,864)
Contributions – Employees	0	53,244	(53,244)
Net Investment Income	0	1,407,636	(1,407,636)
Benefit Payments, including Refunds of Employee Contributions	(542,011)	(542,011)	0
Other (Net Transfer)	<u>0</u>	<u>230,236</u>	<u>(230,236)</u>
Net Changes	<u>417,107</u>	<u>1,248,969</u>	<u>(831,862)</u>
Balances at December 31, 2019	<u><u>\$ 9,225,034</u></u>	<u><u>\$ 8,866,613</u></u>	<u><u>\$ 358,421</u></u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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 7.25%, 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 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 1,404,033	\$ 358,421	\$ (516,313)

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	\$ 217,274	\$ 32,374
Changes of assumptions	84,669	29,045
Net difference between projected and actual earnings on pension plan investments	<u>640,419</u>	<u>985,916</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>942,362</u>	<u>1,047,335</u>
Pension Contributions made subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total Deferred Amounts Related to Pensions	<u>\$ 942,362</u>	<u>\$ 1,047,335</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,	Net Deferred Outflows Of Resources	Net Deferred Inflows of Resources
2020	\$ 42,571	\$ 0
2021	0	17,985
2022	42,661	0
2023	0	172,220
2024	0	0
Thereafter	0	0
Total	<u>\$ 85,232</u>	<u>\$ 190,205</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

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 2019 was 8.44 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 2019 was \$99,864.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/19	\$ 99,864	100%	\$ 0
12/31/18	156,099	100%	0
12/31/17	154,156	100%	0

The required contribution for 2019 was determined as part of the December 31, 2017, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2017, 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) postretirement 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, 2017 is being amortized as a level percentage of projected payroll on an open 24-year basis.

Funded Status and Funding Progress. As of December 31, 2019, the most recent actuarial valuation date, the Regular plan was 96.11 percent funded. The actuarial accrued liability for benefits was \$9,225,034 and the actuarial value of assets was \$8,866,613, resulting in an underfunded actuarial accrued liability (UAAL) of \$358,421. The covered payroll for calendar year 2019 (annual payroll of active employees covered by the plan) was \$1,183,207 and the ratio of the UAAL to the covered payroll was 30.29 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, 2019

NOTE E - Police Pension Plan

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, 2019, 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	9
Non-vested	<u>0</u>
Total	<u>9</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, 2019

NOTE E - Police Pension Plan - Continued

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.

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.

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-68. 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 5.75%. 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, 2019

NOTE E - Police Pension Plan - Continued

Funding Status and Progress - Concluded

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, 2019, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 6,828,150
Current employees-	
Accumulated employee contributions including allocated investment income	1,504,766
Surplus	<u>0</u>
Total pension benefit obligation	8,332,916
Net assets available for benefits, at market	<u>(4,523,666)</u>
Unfunded pension benefit obligation	<u>\$ 3,809,250</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Funding Method:	Projected Unit Credit
Actuarial Cost Method:	Normal cost, plus an additional amount determined as a level percentage of payroll to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset Valuation Method:	Investment gains and losses are recognized over a 5-year period.
Interest Rate:	5.75%
Salary Increases:	Service-related table with rates grading from 11.00% to 3.50% at 33 years of service.
Payroll Growth:	3.50%
Tier 2 cost of living:	1.25%
Healthy Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males and females
Disability Mortality Rates:	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males and females.
Marital Assumptions:	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE E - Police Pension Plan - Concluded

Actuarial Assumptions - Concluded

Decrement other than mortality are based on experience tables. The rate of service-related deaths was 10% while the rate of service-related disabilities was 60%. All of these assumptions are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables. The above valuations use personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant. The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI Website <https://insurance.illinois.gov/Applications/Pension/FOIAReporting?FOIAPortal.aspx>.

Contributions Required and Contributions Made

Total contributions to the pension plan in 2019 amounted to \$350,775. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2018. The pension contributions represent funding for normal cost \$112,330, the amortization of the unfunded actuarial accrued liability \$177,418, and the interest earned was \$16,661.

NOTE F - Fire Pension Plan

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 Du Quoin Fire Department Board in accordance with the state statutes.

As of December 31, 2019, 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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE F - Fire Pension Plan - Continued

Plan Description - Concluded

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.

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.

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-68. 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.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE F - Fire Pension Plan - Continued

Funding Status and Progress - Concluded

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

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

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

The present value of future pension payments was computed by using a discount rate of 5.75%. 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 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, 2019, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,545,066
Current employees-	
Accumulated employee contributions including allocated investment income	<u>2,261,609</u>
Total pension benefit obligation	7,806,675
Net assets available for benefits, at market	<u>(3,250,644)</u>
Unfunded pension benefit obligation	<u>\$ 4,556,031</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

Funding Method:	Projected Unit Credit
Actuarial Cost Method:	Normal cost, plus an additional amount determined as a level percentage of payroll to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset Valuation Method:	Investment gains and losses are recognized over a 5-year period.
Interest Rate:	5.75%
Salary Increases:	Service-related table with rates grading from 12.50% to 3.50% at 31 years of service.
Payroll Growth:	3.50%

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE F - Fire Pension Plan - Concluded

Actuarial Assumptions - Concluded

Tier 2 cost of living:	1.25%
Healthy Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males and females
Disability Mortality Rates:	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males and females.
Marital Assumptions:	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

Decrement other than mortality are based on experience tables. The rate of service-related deaths was 20% while the rate of service-related disabilities was 80%. All of these assumptions are based on experience for all Article 4 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables. The above valuations use personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant. The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI Website: <https://insurance.illinois.gov/Applications/Pension/FOIAReporting?FOIAPortal.aspx>.

Contributions Required and Contributions Made

Total contributions to the pension plan in 2019 amounted to \$361,651. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2018. The pension contributions represent funding for normal cost \$133,534, the amortization of the unfunded actuarial accrued liability \$220,222, and the interest earned was \$20,341.

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 \$92,192, the total required contribution for the current fiscal year.

NOTE H - Commitments and Contingencies

Grant Audit

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

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE I - Interfund Receivables and Payables

Due To/From Other Funds balances at December 31, 2019, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 0	\$ 20,254
Police Pension Fund	9,734	0
Public Library Fund	<u>10,520</u>	<u>0</u>
Total	<u>\$ 20,254</u>	<u>\$ 20,254</u>

Transactions between funds are representative of property taxes collected and not yet distributed and are required to be reimbursed by the respective fund. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements.

NOTE J - Fund Equity

At December 31, 2019 no funds had a deficit in the fund balance or net position.

NOTE K - Risk Management

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers compensation. During the year ended December 31, 2019, there were no significant reductions in coverage. Also, there have been no settlement amounts, which have exceeded insurance coverage on the past three years.

NOTE L - Notes Payable

1. 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 \$4,737 on the loan during the year. The loan will mature on April 30, 2023. The following is a summary of the loan payments:

<u>Fiscal Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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>\$ 8,072</u>	<u>\$ 98,952</u>	<u>\$ 107,024</u>
Balance as of December 31, 2018		\$ 124,794	
Debt incurred during the year		0	
Debt eliminated during the year		<u>(25,842)</u>	
Balance as of December 31, 2019		<u>\$ 98,952</u>	

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE L - Notes Payable - Continued

2. EPA Loan - Proprietary Fund

The City of Du Quoin 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 \$73,536 on the loan during the year ended December 31, 2019. As of December 31, 2019, the loan balance was \$2,681,112.

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>
2/6/2020	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>\$ 258,117</u>	<u>\$ 2,681,112</u>	<u>\$ 2,939,229</u>

Balance as of December 31, 2018	\$ 3,027,466
Debt incurred during the year	0
Debt eliminated during the year	<u>(346,354)</u>
Balance as of December 31, 2019	<u>\$ 2,681,112</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE L - Notes Payable - Continued

3. 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 \$11,895 on the loan during the year ended December 31, 2019. As of December 31, 2019, the loan balance was \$495,970.

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>
04/25/2020	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>\$ 86,766</u>	<u>\$ 495,970</u>	<u>\$ 582,736</u>

Balance as of December 31, 2018	\$ 525,698
Debt incurred during the year	0
Debt eliminated during the year	<u>(29,728)</u>
Balance as of December 31, 2019	<u>\$ 495,970</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE L - 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 \$2,279 beginning September 8, 2016. The City paid interest expense of \$4,286 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
2020	\$ 5,182	\$ 22,169	\$ 27,351
2021	4,269	23,082	27,351
2022	3,319	24,032	27,351
2023	2,329	25,022	27,351
2024	1,299	26,052	27,351
2025	273	17,961	18,234
Totals	<u>\$ 16,671</u>	<u>\$ 138,318</u>	<u>\$ 154,989</u>

Balance as of December 31, 2017	\$ 158,961
Debt incurred during the year	0
Debt eliminated during the year	<u>(20,643)</u>
Balance as of December 31, 2019	<u>\$ 138,318</u>

5. Fire Truck Loan - Governmental Funds

The City of Du Quoin has a loan agreement with the Edgar City Bank & Trust Company for a fire truck. The loan amount is \$400,000 with annual payments beginning June 21, 2013 in the amount of \$58,432. The City paid interest expense of \$3,488 on the loan during the year. The loan will mature on June 21, 2020. The following is a summary of the loan payments:

Fiscal Year Ended	Interest	Principal	Total
2020	\$ 1,517	\$ 42,392	\$ 43,909
Totals	<u>\$ 1,517</u>	<u>\$ 42,392</u>	<u>\$ 43,909</u>

Balance as of December 31, 2018	\$ 97,336
Debt incurred during the year	0
Debt eliminated during the year	<u>(54,944)</u>
Balance as of December 31, 2019	<u>\$ 42,392</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE L - Notes Payable - Concluded

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

	Governmental Activities			Business-Type Activities				Total Reporting Entity
	City Hall Roof Loan	Fire Truck Lease	Total	IL EPA Facility Loan	IL EPA Drinking Water Loan	SICBCC Loan	Total	
<u>December 31,</u>								
2019	\$ 27,351	\$ 43,909	\$ 71,260	\$ 419,890	\$ 41,624	\$ 30,578	\$ 492,092	\$ 563,352
2020	27,351	-	27,351	419,890	41,624	30,578	492,092	519,443
2021	27,351	-	27,351	419,890	41,624	30,578	492,092	519,443
2022	27,351	-	27,351	419,890	41,624	15,290	476,804	504,155
2023	27,351	-	27,351	419,890	41,624	-	461,514	488,865
2024-2028	18,234	-	18,234	839,779	208,120	-	1,047,899	1,066,133
2029-2033	-	-	-	-	166,496	-	166,496	166,496
 TOTAL	 154,989	 43,909	 198,898	 2,939,229	 582,736	 107,024	 3,628,989	 3,827,887
Less Interest	(16,671)	(1,517)	(18,188)	(258,117)	(86,766)	(8,072)	(352,955)	(371,143)
 Outstanding Principal	 <u>\$ 138,318</u>	 <u>\$ 42,392</u>	 <u>\$ 180,710</u>	 <u>\$ 2,681,112</u>	 <u>\$ 495,970</u>	 <u>\$ 98,952</u>	 <u>\$ 3,276,034</u>	 <u>\$ 3,456,744</u>

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE M - Computation of Legal Debt Margin

Assessed Valuation - 2018 Tax Year Levy		\$ 44,090,093
Statutory Debt Limitation (8.625% of assessed valuation)		\$ 3,802,771
Total Debt:		
Loan Obligations	3,456,744	
Total Debt	3,456,744	
Less: EPA Loan Exempt from Debt Limitation	(3,177,082)	279,662
Statutory Debt Margin		\$ 3,523,109

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE N - 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 26, 2018. The City received tax distributions in September, November, and December 2019.

TAX LEVY YEARS 2018, 2017, 2016			
	2018	2017	2016
ASSESSED VALUATION	\$ 44,090,093	\$ 43,912,040	\$ 43,663,729
Social Security	0.0000	0.0000	0.0000
Library	0.1640	0.1649	0.1643
IMRF	0.0000	0.1461	0.1008
Firefighter's Pension	0.7349	0.6495	0.6532
Police Pension	0.6800	0.6249	0.6746
Total	1.5789	1.5854	1.5929
	2018	2017	2016
TAX EXTENSIONS			
Social Security	\$ -	\$ -	\$ -
Library	70,560	72,411	71,740
IMRF	-	64,155	44,013
Firefighter's Pension	324,018	285,209	285,211
Police Pension	299,813	274,406	294,556
Road and Bridge	36,374	36,227	32,049
TIF #1	78,998	84,181	80,306
TIF #2	20,865	42,808	46,499
TIF #3	32,011	43,224	45,072
Total	\$ 862,639	\$ 902,621	\$ 899,446
	2018	2017	2016
TAX COLLECTIONS			
Social Security	\$ -	\$ -	\$ -
Library	69,654	71,823	71,638
IMRF	-	63,634	43,950
Firefighter's Pension	319,981	282,891	284,804
Police Pension	296,077	272,177	294,135
Road and Bridge	36,150	35,996	31,903
TIF #1	78,998	84,010	79,937
TIF #2	20,865	42,808	46,499
TIF #3	32,011	43,224	45,072
Total	\$ 853,736	\$ 896,563	\$ 897,938

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE O - Interfund Operating Transfers

Individual fund operating transfers for fiscal year 2019 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Governmental Funds</u>		
<i>Major Funds</i>		
General Fund	\$ 162,777	\$ 7,123
Investment Pool	0	145,460
Park	3,939	9,829
<i>Non-Major Funds</i>		
Public Library	155	731
Drug Abuse	0	850
TIF #2	0	13,563
TIF #3	26,653	0
Restricted Building Impr	3,800	0
Total Governmental Funds	197,324	177,556
Less Interfund Transfers	(177,556)	(177,556)
Add Fiduciary Transfers	577,292	0
Net Governmental Fund Transfers	597,060	0
<u>Proprietary Funds</u>		
Waterworks and Sewage	79	522,196
Capital Improvements	510,786	13,090
Meter Deposit	4,653	0
Total Proprietary Funds	515,518	535,286
Less Interfund Transfers	(515,518)	(515,518)
Net Proprietary Fund Transfers	0	19,768
<u>Fiduciary Funds</u>		
IMRF Pension Trust Fund	0	577,292
Total Transfers, Net	\$ 597,060	\$ 597,060

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

NOTE P - 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, 2020. Changes in the amounts received or timing of the amounts received from the State of Illinois, could result in cash flow problems for the City, and may require budget amendments and cuts of services.

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE Q - Subsequent Events

The City has evaluated subsequent events through April 17, 2020, the date which the financial statements were available to be issued.

Due to the COVID-19 pandemic the city may have future interruptions of production due to supply chain disruptions, unavailability of personnel, and reductions in local taxes, intergovernmental receipts, interest on investments, and utility income. The event conditions of the COVID-19 event did not exist at the date of the balance sheet but arose subsequent to that date. The prospective financial effect of the event is unknown.

NOTE R - 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, 2019, the amount due to the city is \$390,291.

NOTE S - Revolving Loans Receivable

Below is a summary of the City of Du Quoin's Revolving Loan Program receivables as of December 31, 2019. The total of \$1,797 is shown as a receivable in the Du Quoin Business & Industrial Development Fund. The Grand Theater was deemed uncollectible and \$20,000 was written off as bad debt. The City closed the Revolving Loan Program. \$153,219 was paid to the State of Illinois to close out the program. The City anticipates receiving that money back in the form of non-compete state grants in future years.

<u>Borrower</u>	<u>Original Loan Amount</u>	<u>Date</u>	<u>Due Date</u>	<u>12/31/19 Balance</u>
Vicki Holmes	\$ 6,800	03/2016	04/2021	\$ 1,797
Grand Theater	\$ 20,000	08/2014	08/2019	<u>0</u>
Total				<u>\$ 1,797</u>

NOTE T - Prior Period Adjustment

A prior period adjustment was made to the Police Pension Trust Fund and Fire Pension Trust Fund. Implementation of GASB 84 - Fiduciary Activities, changed reporting requirements of the Pension Trust Funds. The adjustment of (\$15,620,131) was to correct the pension liability and had no effect on the statement of changes in fiduciary net position.

NOTE U - GASB 84 Implementation

During the year ended November 30, 2019, the City implemented GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Illinois Municipal Retirement Fund actuarial information is now presented as a Pension Trust Fund. This information used to be presented in the Governmental Activities financial statements.

CITY OF DUQUOIN, ILLINOIS
Notes to Basic Financial Statements - Continued
December 31, 2019

NOTE U - Components of Fund Balance

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

	Major Governmental Funds				Nonmajor	Total
	General	Investment	Motor	Park	Governmental	Governmental
Fund Balances:	Fund	Pool	Fuel Tax	Fund	Funds	Funds
<u>Nonspendable</u>						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Nonspendable	-	-	-	-	-	-
<u>Restricted</u>						
General Government	-	-	-	-	518,346	518,346
Transportation	-	-	266,832	-	-	266,832
Total Restricted	-	-	266,832	-	518,346	785,178
<u>Committed</u>						
General Government	-	-	-	-	8,557	8,557
Services	-	-	-	-	123,798	123,798
Total Committed	-	-	-	-	132,355	132,355
<u>Assigned</u>						
General Government	-	462,117	-	-	-	462,117
Public Safety	-	-	-	-	45,788	45,788
Services	-	-	-	457,651	-	457,651
Total Assigned	-	462,117	-	457,651	45,788	965,556
<u>Unassigned</u>						
General Government	593,116	-	-	-	-	593,116
Total Unassigned	593,116	-	-	-	-	593,116
Total Governmental Fund Balances	\$ 593,116	\$ 462,117	\$ 266,832	\$ 457,651	\$ 696,489	\$ 2,476,205

CITY OF DU QUOIN, ILLINOIS
Notes to Basic Financial Statements - Concluded
December 31, 2019

NOTE V - Capital Assets

Capital asset activity for the year ended December 31, 2019 is as follows:

Changes in Capital Assets

Year Ended December 31, 2019

	ASSETS			ACCUMULATED DEPRECIATION					Net
	Balance 1/1/19	Additions	Deletions	Balance 12/31/19	Balance 1/1/19	Current Provisions	Deductions	Balance 12/31/19	Book Value 12/31/19
GOVERNMENTAL ACTIVITIES									
<i>Non-Depreciable Capital Assets</i>									
Land	\$ 50,500	\$ -	\$ -	\$ 50,500	\$ -	\$ -	\$ -	\$ -	\$ 50,500
<i>Depreciable Capital Assets</i>									
Buildings and Plants	3,664,831	3,800	-	3,668,631	2,569,695	91,511	-	2,661,206	1,007,425
Land Improvements	2,346,988	-	-	2,346,988	701,304	130,689	-	831,993	1,514,995
Machinery and Equipment	2,212,517	4,120	-	2,216,637	1,903,066	86,782	-	1,989,848	226,789
Vehicles	1,411,023	166,041	-	1,577,064	1,294,149	107,176	-	1,401,325	175,739
Total Depreciable Capital Assets	9,635,359	173,961	-	9,809,320	6,468,214	416,158	-	6,884,372	2,924,948
TOTAL GOVERNMENTAL ACTIVITIES	9,685,859	173,961	-	9,859,820	6,468,214	416,158	-	6,884,372	2,975,448
BUSINESS-TYPE ACTIVITIES									
<i>Non-Depreciable Capital Assets</i>									
Project in Progress	-	4,000	-	4,000	-	-	-	-	4,000
<i>Depreciable Capital Assets</i>									
Buildings and Plants	8,464,732	-	-	8,464,732	2,795,804	211,618	-	3,007,422	5,457,310
Land Improvements	2,727,390	-	-	2,727,390	1,344,260	165,130	-	1,509,390	1,218,000
Machinery and Equipment	976,304	-	-	976,304	814,736	70,167	-	884,903	91,401
Vehicles	37,465	-	-	37,465	37,465	-	-	37,465	-
Total Depreciable Capital Assets	12,205,891	-	-	12,205,891	4,992,265	446,915	-	5,439,180	6,766,711
TOTAL BUSINESS-TYPE ACTIVITIES	12,205,891	4,000	-	12,209,891	4,992,265	446,915	-	5,439,180	6,770,711
TOTAL REPORTING ENTITY	<u>\$ 21,891,750</u>	<u>\$ 177,961</u>	<u>\$ -</u>	<u>\$ 22,069,711</u>	<u>\$ 11,460,479</u>	<u>\$ 863,073</u>	<u>\$ -</u>	<u>\$ 12,323,552</u>	<u>\$ 9,746,159</u>
Governmental Function	Governmental Activities								
Depreciation Expense:									
General Government	\$ 166,125								
Public Safety	194,155								
Services	29,331								
Transportation	26,547								
Total Depreciation Expense	<u>\$ 416,158</u>								

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DU QUOIN, ILLINOIS
Illinois Municipal Retirement Fund - Schedule of Funding Progress
For the Year Ended December 31, 2019

CITY EMPLOYEES - EMPLOYER NUMBER 00498R

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Entry Age (b) Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/19	\$ 8,866,613	\$ 9,225,034	\$ 358,421	96.11%	\$ 1,183,207	30.29%
12/31/18	\$ 7,617,644	\$ 8,807,927	\$ 1,190,283	86.49%	\$ 1,281,603	92.87%
12/31/17	\$ 8,137,797	\$ 8,043,997	\$ (93,800)	101.17%	\$ 1,240,191	-7.56%

On a market basis, the actuarial value of assets as of December 31, 2019 is \$8,866,613. On a market basis, the funded ratio would be 96.11%.

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

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
December 31, 2019

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

Calendar Year Ending December 31,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 137,184	\$ 124,865	\$ 142,918	\$ 148,090	\$ 140,775	\$ 142,670
Interest on the Total Pension Liability	623,900	592,737	611,608	593,471	563,611	500,732
Benefit Changes	-	-	-	-	-	-
Difference Between Expected and Actual Experience	198,034	225,600	(300,085)	(80,709)	80,638	270,258
Assumption Changes	-	227,257	(269,210)	(18,290)	9,019	304,727
Benefit Payments and Refunds	(542,011)	(406,529)	(449,107)	(389,500)	(387,393)	(350,648)
Net Change in Total Pension Liability	417,107	763,930	(263,876)	253,062	406,650	867,739
Total Pension Liability-Beginning	8,807,927	8,043,997	8,307,873	8,054,811	7,648,161	6,780,422
Total Pension Liability-Ending (a)	\$ 9,225,034	\$ 8,807,927	\$ 8,043,997	\$ 8,307,873	\$ 8,054,811	\$ 7,648,161
Plan Fiduciary Net Position						
Employer Contributions	\$ 99,864	\$ 120,368	\$ 154,155	\$ 160,480	\$ 160,909	\$ 161,734
Employee Contributions	53,244	47,564	55,808	57,035	59,255	99,355
Pension Plan Net Investment Income	1,407,636	(448,775)	1,272,782	479,821	34,282	397,248
Benefit Payments and Refunds	(542,011)	(406,529)	(449,107)	(389,500)	(387,393)	(350,648)
Other	230,236	167,219	(169,673)	89,895	69,089	75,221
Net Change in Plan Fiduciary Net Position	1,248,969	(520,153)	863,965	397,731	(63,858)	382,910
Plan Fiduciary Net Position-Beginning	7,617,644	8,137,797	7,273,832	6,876,101	6,939,959	6,557,049
Plan Fiduciary Net Position-Ending (b)	\$ 8,866,613	\$ 7,617,644	\$ 8,137,797	\$ 7,273,832	\$ 6,876,101	\$ 6,939,959
Net Pension Liability/(Asset) - Ending (a-b)	\$ 358,421	\$ 1,190,283	\$ (93,800)	\$ 1,034,041	\$ 1,178,710	\$ 708,202
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.11%	86.49%	101.17%	87.55%	85.37%	90.74%
Covered Valuation Payroll	\$ 1,183,207	\$ 1,281,603	\$ 1,240,191	\$ 1,263,629	\$ 1,316,772	\$ 1,232,057
Net Pension Liability as a Percentage of Covered Valuation Payroll	30.29%	92.87%	-7.56%	81.83%	89.52%	57.48%

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
IMRF - Multiyear Schedule of Contributions
December 31, 2019

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
2019	\$ 99,863	\$ 99,864	\$ (1)	\$ 1,183,207	8.44%
2018	156,099	155,972	127	1,281,603	9.39%
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%

See Accompanying Notes to the 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 - All Departments
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes	\$ 2,070,537	\$ 2,070,537	\$ 1,960,669	\$ (109,868)
Intergovernmental	2,100,317	2,100,317	2,179,034	78,717
Licenses and Permits	36,882	36,882	38,499	1,617
Fines and Penalties	54,129	54,129	54,121	(8)
Revenues from Services	6,480	6,480	4,549	(1,931)
Interest Income	337	337	664	327
Other	47,235	47,235	91,782	44,547
Total Revenues	<u>4,315,917</u>	<u>4,315,917</u>	<u>4,329,318</u>	<u>13,401</u>
Expenditures				
<i>Current</i>				
General Government	1,407,344	1,407,344	1,536,996	(129,652)
Public Safety	2,035,511	2,035,511	2,043,470	(7,959)
Transportation	662,278	662,278	720,509	(58,231)
<i>Capital Outlay</i>	60,250	60,250	106,733	(46,483)
<i>Debt Service</i>	85,700	85,700	83,361	2,339
Total Expenditures	<u>4,251,083</u>	<u>4,251,083</u>	<u>4,491,069</u>	<u>(239,986)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>64,834</u>	<u>64,834</u>	<u>(161,751)</u>	<u>(226,585)</u>
Other Financing Sources (Uses)				
Operating Transfers In	191,022	191,022	162,777	(28,245)
Operating Transfers Out	<u>(150,022)</u>	<u>(150,022)</u>	<u>(7,123)</u>	<u>142,899</u>
Total Other Financing Sources (Uses)	<u>41,000</u>	<u>41,000</u>	<u>155,654</u>	<u>114,654</u>

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - All Departments - Concluded
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Net Change in Fund Balance	<u>\$ 105,834</u>	<u>\$ 105,834</u>	(6,097)	<u>\$ (111,931)</u>
Beginning Fund Balance			693,931	
GAAP Adjustments:				
Due From State of Illinois			(72,108)	
Accounts Payable			(7,763)	
Other Payables			5,407	
Due to Other Funds			<u>(20,254)</u>	
Total GAAP Adjustments			<u>(94,718)</u>	
Ending Fund Balance			<u>\$ 593,116</u>	

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Administration Department
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Local Sales Tax	\$ 622,492	\$ 622,492	\$ 566,925	\$ (55,567)
Electric Utilities Tax	391,518	391,518	400,021	8,503
Communications Utilities Tax	94,503	94,503	75,207	(19,296)
Franchise Tax	54,261	54,261	64,248	9,987
Intergovernmental				
Income Tax	87,261	87,261	99,824	12,563
Sales Tax	153,417	153,417	144,978	(8,439)
Personal Property Replacement Tax	4,648	4,648	7,565	2,917
Charitable Gaming Tax	1,825	1,825	1,861	36
Operating Grant	14,000	14,000	3,308	(10,692)
State Fair Contract	8,000	8,000	9,115	1,115
Licenses and Permits	36,882	36,882	38,499	1,617
Fines and Penalties	250	250	195	(55)
Revenues from Services				
Rental	6,480	6,480	4,549	(1,931)
Interest Income	337	337	664	327
Other	19,200	19,200	64,061	44,861
Total Revenues	<u>1,495,074</u>	<u>1,495,074</u>	<u>1,481,020</u>	<u>(14,054)</u>
Expenditures				
<i>Current</i>				
General Government				
Wages	283,326	283,326	281,553	1,773
Payroll Taxes	27,514	27,514	23,738	3,776
IMRF Contributions	20,547	20,547	24,835	(4,288)
Health Insurance	327,626	327,626	313,446	14,180
Clothing	1,000	1,000	1,258	(258)
Maintenance	9,100	9,100	7,521	1,579
Utilities	40,400	40,400	37,109	3,291
Postage	1,600	1,600	1,934	(334)
Professional Fees	50,200	50,200	56,640	(6,440)
Publications	3,500	3,500	4,976	(1,476)
Travel	1,950	1,950	1,889	61
Dues	2,300	2,300	3,709	(1,409)
Audit	22,500	22,500	23,000	(500)
Insurance	13,925	13,925	13,990	(65)
Supplies	18,350	18,350	21,706	(3,356)

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Administration Department - Concluded
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Expenditures - Continued				
<i>Current</i>				
General Government				
Rent	70	70	69	1
Projects	10,600	10,600	43,501	(32,901)
Property Taxes	1,000	1,000	1,372	(372)
Property Maintenance	21,500	21,500	103,467	(81,967)
Recycling	20,200	20,200	20,600	(400)
Airport	13,000	13,000	13,000	-
School District Sales Tax	502,636	502,636	457,768	44,868
Other	14,500	14,500	79,915	(65,415)
<i>Debt Service</i>	27,200	27,200	24,929	2,271
Total Expenditures	<u>1,434,544</u>	<u>1,434,544</u>	<u>1,561,925</u>	<u>(127,381)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 60,530</u>	<u>\$ 60,530</u>	<u>\$ (80,905)</u>	<u>\$ (141,435)</u>

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Civil Defense Department
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Local Sales Tax	\$ 9,714	\$ 9,714	\$ 8,847	\$ (867)
Intergovernmental				
Income Tax	7,073	7,073	8,091	1,018
Sales Tax	12,434	12,434	11,750	(684)
Personal Property Replacement Tax	377	377	476	99
Operating Grant	-	-	18,866	18,866
Capital Grant	15,000	15,000	13,000	(2,000)
Other	-	-	8,170	8,170
Total Revenues	<u>44,598</u>	<u>44,598</u>	<u>69,200</u>	<u>24,602</u>
Expenditures				
<i>Current</i>				
Public Safety				
Wages	4,800	4,800	4,800	-
Payroll Taxes	618	618	496	122
IMRF Contributions	405	405	10,888	(10,483)
Maintenance	11,000	11,000	270	10,730
Utilities	20,500	20,500	12,447	8,053
Professional Fees	500	500	-	500
Travel	1,000	1,000	883	117
Dues	500	500	1,153	(653)
Supplies	1,500	1,500	6,542	(5,042)
Other	500	500	481	19
<i>Capital Outlay</i>	<u>5,250</u>	<u>5,250</u>	<u>34,188</u>	<u>(28,938)</u>
Total Expenditures	<u>46,573</u>	<u>46,573</u>	<u>72,148</u>	<u>(25,575)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,975)</u>	<u>\$ (1,975)</u>	<u>\$ (2,948)</u>	<u>\$ (973)</u>

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Fire Department
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	\$ -	\$ -	\$ 10,520	\$ 10,520
Local Sales Tax	264,079	264,079	240,507	(23,572)
Intergovernmental				
Income Tax	192,263	192,263	219,942	27,679
Sales Tax	338,024	338,024	319,432	(18,592)
Personal Property Replacement Tax	10,241	10,241	12,985	2,744
State Fair Contract	8,000	8,000	15,400	7,400
Fire Tax	11,000	11,000	11,995	995
Other	4,070	4,070	4,980	910
Total Revenues	<u>827,677</u>	<u>827,677</u>	<u>835,761</u>	<u>8,084</u>
Expenditures				
<i>Current</i>				
Public Safety				
Wages	503,879	503,879	515,547	(11,668)
Payroll Taxes	14,075	14,075	11,005	3,070
Health Insurance	106,062	106,062	103,686	2,376
Clothing	5,250	5,250	4,794	456
Maintenance	37,450	37,450	40,637	(3,187)
Utilities	8,500	8,500	8,368	132
Postage	200	200	60	140
Professional Fees	-	-	-	-
Publications	2,000	2,000	282	1,718
Travel	11,000	11,000	10,398	602
Dues	2,500	2,500	848	1,652
Insurance	31,314	31,314	31,314	-
Supplies	6,000	6,000	2,959	3,041
Rent	250	250	-	250
Fire Tax Payout	11,000	11,000	11,995	(995)
Other	500	500	2,504	(2,004)
<i>Debt Service</i>	<u>58,500</u>	<u>58,500</u>	<u>58,432</u>	<u>68</u>
Total Expenditures	<u>798,480</u>	<u>798,480</u>	<u>802,829</u>	<u>(4,349)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 29,197</u>	<u>\$ 29,197</u>	<u>\$ 32,932</u>	<u>\$ 3,735</u>

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Police Department
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	\$ -	\$ -	\$ 9,734	\$ 9,734
Local Sales Tax	403,010	403,010	367,035	(35,975)
Intergovernmental				
Income Tax	293,411	293,411	335,653	42,242
Sales Tax	515,856	515,856	487,483	(28,373)
Personal Property Replacement Tax	15,629	15,629	19,818	4,189
State Fair Contract	4,000	4,000	4,000	-
School Resource Officer		-	14,500	14,500
Fines and Penalties	53,879	53,879	53,926	47
Other	6,200	6,200	13,713	7,513
Total Revenues	<u>1,291,985</u>	<u>1,291,985</u>	<u>1,305,862</u>	<u>13,877</u>
Expenditures				
<i>Current</i>				
Public Safety				
Wages	916,487	916,487	922,700	(6,213)
Payroll Taxes	43,203	43,203	36,476	6,727
IMRF Contributions	17,621	17,621	19,546	(1,925)
Health Insurance	156,231	156,231	154,575	1,656
Clothing	10,150	10,150	9,183	967
Maintenance	26,600	26,600	35,896	(9,296)
Utilities	12,400	12,400	13,137	(737)
Postage	350	350	90	260
Professional Fees	2,500	2,500	1,890	610
Publications	1,000	1,000	-	1,000
Travel	23,900	23,900	21,851	2,049
Dues	3,400	3,400	3,933	(533)
Insurance	21,166	21,166	21,214	(48)
Supplies	17,700	17,700	15,071	2,629
Rent	500	500	502	(2)
Other	1,000	1,000	5,049	(4,049)
<i>Capital Outlay</i>	35,000	35,000	47,241	(12,241)
Total Expenditures	<u>1,289,208</u>	<u>1,289,208</u>	<u>1,308,354</u>	<u>(19,146)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 2,777</u>	<u>\$ 2,777</u>	<u>\$ (2,492)</u>	<u>\$ (5,269)</u>

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
GENERAL FUND - Street Department
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	\$ 31,698	\$ 31,698	\$ 36,150	\$ 4,452
Local Sales Tax	199,262	199,262	181,475	(17,787)
Intergovernmental				
Income Tax	145,072	145,072	165,959	20,887
Sales Tax	255,058	255,058	241,029	(14,029)
Personal Property Replacement Tax	7,728	7,728	9,796	2,068
Operating Grant	-	-	2,208	2,208
Other	17,765	17,765	858	(16,907)
Total Revenues	<u>656,583</u>	<u>656,583</u>	<u>637,475</u>	<u>(19,108)</u>
Expenditures				
<i>Current</i>				
Transportation				
Wages	308,749	308,749	278,119	30,630
Payroll Taxes	28,488	28,488	23,042	5,446
IMRF Contribution	21,865	21,865	18,618	3,247
Health Insurance	72,631	72,631	55,169	17,462
Clothing	2,000	2,000	953	1,047
Maintenance	54,800	54,800	76,877	(22,077)
Utilities	59,400	59,400	59,600	(200)
Postage	100	100	48	52
Professional Fees	2,000	2,000	13,052	(11,052)
Publications	100	100	-	100
Travel	17,500	17,500	16,992	508
Insurance	18,945	18,945	18,958	(13)
Supplies	57,700	57,700	119,396	(61,696)
Rent	500	500	-	500
Projects	13,500	13,500	39,127	(25,627)
Other	4,000	4,000	558	3,442
<i>Capital Outlay</i>	20,000	20,000	25,304	(5,304)
Total Expenditures	<u>682,278</u>	<u>682,278</u>	<u>745,813</u>	<u>(63,535)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (25,695)</u>	<u>\$ (25,695)</u>	<u>\$ (108,338)</u>	<u>\$ (82,643)</u>

See Accompanying Notes to the 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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental				
Video Gaming Tax	\$ 100,400	\$ 100,400	\$ 116,148	\$ 15,748
Interest Income	2,000	2,000	5,769	3,769
Total Revenues	<u>102,400</u>	<u>102,400</u>	<u>121,917</u>	<u>19,517</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(145,460)	(145,460)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(145,460)</u>	<u>(145,460)</u>
Net Change in Fund Balance	<u>\$ 102,400</u>	<u>\$ 102,400</u>	(23,543)	<u>\$ (125,943)</u>
Beginning Fund Balance			485,041	
GAAP Adjustments:				
Due From State of Illinois			619	
Total GAAP Adjustments			<u>619</u>	
Ending Fund Balance			<u>\$ 462,117</u>	

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
MOTOR FUEL TAX FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 154,252	\$ 154,252	\$ 186,863	\$ 32,611
Interest Income	60	60	57	(3)
Other	-	-	3,012	3,012
Total Revenues	<u>154,312</u>	<u>154,312</u>	<u>189,932</u>	<u>35,620</u>
Expenditures				
<i>Current</i>				
Transportation				
MFT Expense	114,800	114,800	200,560	(85,760)
Equipment Rental	32,000	32,000	-	32,000
Sidewalk Materials	2,200	2,200	2,826	(626)
Sidewalk Labor	9,000	9,000	7,842	1,158
Total Expenditures	<u>158,000</u>	<u>158,000</u>	<u>211,228</u>	<u>(53,228)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,688)</u>	<u>(3,688)</u>	<u>(21,296)</u>	<u>(17,608)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,688)</u>	<u>\$ (3,688)</u>	<u>(21,296)</u>	<u>\$ (17,608)</u>
Beginning Fund Balance			272,761	
GAAP Adjustments:				
Due From State of Illinois			13,548	
Accounts Payable			1,819	
Total GAAP Adjustments			<u>15,367</u>	
Ending Fund Balance			<u>\$ 266,832</u>	

See Accompanying Notes to the 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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Local Sales Tax	\$ 24,581	\$ 24,581	\$ 22,387	\$ (2,194)
Intergovernmental				
Income Tax	17,896	17,896	20,472	2,576
Sales Tax	31,464	31,464	29,733	(1,731)
Personal Property Tax	953	953	1,208	255
School District Loan Payment	39,029	39,029	39,029	-
Revenue from Services	26,200	26,200	27,850	1,650
Other	1,200	1,200	940	(260)
Total Revenues	<u>141,323</u>	<u>141,323</u>	<u>141,619</u>	<u>296</u>
Expenditures				
<i>Current</i>				
Services				
Wages	47,000	47,000	46,049	951
Payroll Taxes	6,040	6,040	4,753	1,287
Maintenance	13,000	13,000	11,995	1,005
Utilities	11,800	11,800	9,381	2,419
Postage	70	70	20	50
Professional Fees	2,700	2,700	-	2,700
Insurance	1,987	1,987	1,995	(8)
Supplies	16,500	16,500	22,236	(5,736)
Projects	2,600	2,600	1,575	1,025
Other	600	600	1,353	(753)
<i>Capital Outlay</i>	<u>14,028</u>	<u>14,028</u>	<u>-</u>	<u>14,028</u>
Total Expenditures	<u>116,325</u>	<u>116,325</u>	<u>99,357</u>	<u>16,968</u>
Excess (Deficiency) of Revenues over Expenditures	<u>24,998</u>	<u>24,998</u>	<u>42,262</u>	<u>17,264</u>

See Accompanying Notes to the 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 - Concluded
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	3,939	3,939
Operating Transfers Out	-	-	(9,829)	(9,829)
Total Other Financing Sources (Uses)	-	-	(5,890)	(5,890)
Net Change in Fund Balance	<u>\$ 24,998</u>	<u>\$ 24,998</u>	36,372	<u>\$ 11,374</u>
Beginning Fund Balance			459,345	
GAAP Adjustments:				
Due From Other Governments			(39,029)	
Accounts Payable			963	
Total GAAP Adjustments			<u>(38,066)</u>	
Ending Fund Balance			<u>\$ 457,651</u>	

See Accompanying Notes to the Required Supplementary Information

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information
December 31, 2019

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 26, 2018.

NOTE B - Stewardship, Compliance and Accountability

During the fiscal year ended December 31, 2019 the following funds had expenditures in excess of their budget appropriation:

General Fund	Motor Fuel Tax Fund	Drug Abuse Fund
TIF #3 Fund	Restricted Building Improvement Fund	Water Meter Deposit Fund

The following funds did not have a budget appropriation:

Business & Industrial Development Fund

CITY OF DU QUOIN, ILLINOIS
Notes to Required Supplementary Information - Concluded
December 31, 2019

NOTE C - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 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 2019 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): 24-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:	2.50%
Salary Increases:	3.35% - 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	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 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 to non-disabled lives. For active members, 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 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, 2017 actuarial valuation.

**OTHER SUPPLEMENTARY INFORMATION COMBINING AND
INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	SPECIAL REVENUE FUNDS					
	Business & Industrial Development	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund
Assets and Deferred Outflows of Resources						
Assets						
Cash (Restricted)	\$ -	\$ 215,381	\$ 122,462	\$ 45,788	\$ 10,646	\$ 27,899
Investments, at Cost	-	-	3,549	-	-	-
Due From State of Illinois	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Total Assets	<u>-</u>	<u>215,381</u>	<u>126,011</u>	<u>45,788</u>	<u>10,646</u>	<u>27,899</u>
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 215,381</u>	<u>\$ 126,011</u>	<u>\$ 45,788</u>	<u>\$ 10,646</u>	<u>\$ 27,899</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ 2,038	\$ -	\$ 2,089	\$ -
Other Payables	-	-	175	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,213</u>	<u>-</u>	<u>2,089</u>	<u>-</u>
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	215,381	-	-	-	27,899
Committed	-	-	123,798	-	8,557	-
Assigned	-	-	-	45,788	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>215,381</u>	<u>123,798</u>	<u>45,788</u>	<u>8,557</u>	<u>27,899</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ -</u>	<u>\$ 215,381</u>	<u>\$ 126,011</u>	<u>\$ 45,788</u>	<u>\$ 10,646</u>	<u>\$ 27,899</u>

CITY OF DU QUOIN, ILLINOIS
Combining Balance Sheet - Concluded
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	SPECIAL REVENUE FUNDS				
	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Restricted Building Improvement Fund	Total Non-Major Funds
Assets and Deferred Outflows of Resources					
Assets					
Cash (Restricted)	\$ 13,335	\$ 3,193	\$ 191,379	\$ 22,204	\$ 652,287
Investments, at Cost	-	-	-	-	3,549
Due From State of Illinois	-	-	44,955	-	44,955
Notes Receivable	-	-	-	-	-
Total Assets	<u>13,335</u>	<u>3,193</u>	<u>236,334</u>	<u>22,204</u>	<u>700,791</u>
Deferred Outflows of Resources					
None	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 13,335</u>	<u>\$ 3,193</u>	<u>\$ 236,334</u>	<u>\$ 22,204</u>	<u>\$ 700,791</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 4,127
Other Payables	-	-	-	-	175
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,302</u>
Deferred Inflows of Resources					
None	-	-	-	-	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	13,335	3,193	236,334	22,204	518,346
Committed	-	-	-	-	132,355
Assigned	-	-	-	-	45,788
Unassigned	-	-	-	-	-
Total Fund Balance	<u>13,335</u>	<u>3,193</u>	<u>236,334</u>	<u>22,204</u>	<u>696,489</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 13,335</u>	<u>\$ 3,193</u>	<u>\$ 236,334</u>	<u>\$ 22,204</u>	<u>\$ 700,791</u>

CITY OF DU QUOIN, ILLINOIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	SPECIAL REVENUE FUNDS					
	Business & Industrial Development	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund
Revenues						
Taxes	\$ -	\$ -	\$ 69,660	\$ -	\$ 33,596	\$ 79,005
Intergovernmental	-	-	13,888	-	-	-
Fines and Penalties	-	-	1,902	56,786	-	-
Revenues from Services	-	-	5,663	-	-	-
Interest Income	11	43	215	-	2	-
Other	-	-	5,625	1,948	-	-
Total Revenues	11	43	96,953	58,734	33,598	79,005
Expenditures						
<i>Current</i>						
General Government	173,219	1,561	-	-	26,132	58,466
Public Safety	-	-	-	16,948	-	-
Services	-	-	96,551	-	-	-
Transportation	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	63,428	-	-
<i>Debt Service</i>	-	-	-	-	-	-
Total Expenditures	173,219	1,561	96,551	80,376	26,132	58,466
Excess (Deficiency) of Revenues over Expenditures	(173,208)	(1,518)	402	(21,642)	7,466	20,539
Other Financing Sources (Uses)						
Operating Transfers In	-	-	155	-	-	-
Operating Transfers Out	-	-	(731)	(850)	-	-
Total Other Financing Sources (Uses)	-	-	(576)	(850)	-	-
Net Change in Fund Balance	(173,208)	(1,518)	(174)	(22,492)	7,466	20,539
Beginning Fund Balance	173,208	216,899	123,972	68,280	1,091	7,360
Ending Fund Balance	\$ -	\$ 215,381	\$ 123,798	\$ 45,788	\$ 8,557	\$ 27,899

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, 2019

	SPECIAL REVENUE FUNDS				
	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Restricted Building Improvement Fund	Total Non-Major Funds
Revenues					
Taxes	\$ 20,867	\$ 32,013	\$ 367,015	\$ -	\$ 602,156
Intergovernmental	-	-	-	-	13,888
Fines and Penalties	-	-	-	-	58,688
Revenues from Services	-	-	-	-	5,663
Interest Income	-	-	651	22	944
Other	-	-	9,000	-	16,573
Total Revenues	20,867	32,013	376,666	22	697,912
Expenditures					
<i>Current</i>					
General Government	90,056	124,771	367,798	-	842,003
Public Safety	-	-	-	-	16,948
Services	-	-	-	-	96,551
Transportation	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	3,800	67,228
<i>Debt Service</i>	-	-	-	-	-
Total Expenditures	90,056	124,771	367,798	3,800	1,022,730
Excess (Deficiency) of Revenues over Expenditures	(69,189)	(92,758)	8,868	(3,778)	(324,818)
Other Financing Sources (Uses)					
Operating Transfers In	-	26,653	-	3,800	30,608
Operating Transfers Out	(13,563)	-	-	-	(15,144)
Total Other Financing Sources (Uses)	(13,563)	26,653	-	3,800	15,464
Net Change in Fund Balance	(82,752)	(66,105)	8,868	22	(309,354)
Beginning Fund Balance	96,087	69,298	227,466	22,182	1,005,843
Ending Fund Balance	\$ 13,335	\$ 3,193	\$ 236,334	\$ 22,204	\$ 696,489

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
Revenues				
Interest Income	\$ 30	\$ 30	\$ 43	\$ 13
Total Revenues	<u>30</u>	<u>30</u>	<u>43</u>	<u>13</u>
Expenditures				
<i>Current</i>				
General Government				
Health Insurance Reimbursements	<u>37,500</u>	<u>37,500</u>	<u>1,561</u>	<u>35,939</u>
Total Expenditures	<u>37,500</u>	<u>37,500</u>	<u>1,561</u>	<u>35,939</u>
Excess (Deficiency) of Revenues over Expenditures	<u>30</u>	<u>30</u>	<u>(1,518)</u>	<u>35,952</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>\$ (37,470)</u>	<u>\$ (37,470)</u>	(1,518)	<u>\$ 35,952</u>
Beginning Fund Balance			216,899	
GAAP Adjustments:				
None			<u>-</u>	
Ending Fund Balance			<u>\$ 215,381</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
PUBLIC LIBRARY FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	\$ 76,000	\$ 76,000	\$ 69,660	\$ (6,340)
Intergovernmental				
Personal Property Replacement Tax	6,250	6,250	6,252	2
Operating Grant	9,636	9,636	7,636	(2,000)
Fines and Penalties	2,000	2,000	1,902	(98)
Revenue from Services	5,750	5,750	5,663	(87)
Interest Income	125	125	215	90
Other	1,500	1,500	5,625	4,125
Total Revenues	<u>101,261</u>	<u>101,261</u>	<u>96,953</u>	<u>(4,308)</u>
Expenditures				
<i>Current</i>				
Services				
Wages	42,025	42,025	41,357	668
Payroll Taxes	5,600	5,600	3,895	1,705
IMRF	3,900	3,900	2,279	1,621
Health Insurance	11,000	11,000	10,870	130
Postage	350	350	269	81
Travel	200	200	93	107
Supplies	1,450	1,450	1,903	(453)
Maintenance	11,085	11,085	11,379	(294)
Books/Magazines	13,750	13,750	12,260	1,490
Computer	1,000	1,000	417	583
Audio/Visual	1,250	1,250	948	302
Genealogy	200	200	214	(14)
Grants	10,000	10,000	7,997	2,003
Other	3,750	3,750	1,091	2,659
Total Expenditures	<u>105,560</u>	<u>105,560</u>	<u>94,972</u>	<u>10,588</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,299)</u>	<u>(4,299)</u>	<u>1,981</u>	<u>6,280</u>

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
PUBLIC LIBRARY FUND - Concluded
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Other Financing Sources (Uses)				
Operating Transfers In	4,500	4,500	155	(4,345)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(731)</u>	<u>(731)</u>
Total Other Financing Sources (Uses)	<u>4,500</u>	<u>4,500</u>	<u>(576)</u>	<u>(5,076)</u>
Net Change in Fund Balance	<u>\$ 201</u>	<u>\$ 201</u>	1,405	<u>\$ 1,204</u>
Beginning Fund Balance			123,972	
GAAP Adjustments:				
Accounts Payable			<u>(1,579)</u>	
Total GAAP Adjustments			<u>(1,579)</u>	
Ending Fund Balance			<u>\$ 123,798</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, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or
Revenues				
Fines and Penalties	\$ 52,400	\$ 52,400	\$ 56,786	\$ 4,386
Other	-	-	1,948	1,948
Total Revenues	<u>52,400</u>	<u>52,400</u>	<u>58,734</u>	<u>6,334</u>
Expenditures				
<i>Current</i>				
Public Welfare				
Maintenance	1,600	1,600	202	1,398
Supplies	10,700	10,700	8,632	2,068
Drug Fund	14,000	14,000	5,304	8,696
DUI Fund	10,600	10,600	3,157	7,443
Capital Outlay	-	-	63,428	(63,428)
Total Expenditures	<u>36,900</u>	<u>36,900</u>	<u>80,723</u>	<u>(43,823)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,500</u>	<u>15,500</u>	<u>(21,989)</u>	<u>(37,489)</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(850)	(850)
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>(850)</u>	<u>(850)</u>
Net Change in Fund Balance	<u>\$ 15,500</u>	<u>\$ 15,500</u>	<u>(22,839)</u>	<u>\$ (38,339)</u>
Beginning Fund Balance			68,280	
GAAP Adjustments:				
Accounts Payable			347	
Total GAAP Adjustments			<u>347</u>	
Ending Fund Balance			<u>\$ 45,788</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TOURISM HOTEL TAX FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Hotel Tax	\$ 35,400	\$ 35,400	\$ 33,596	\$ (1,804)
Interest Income	-	-	2	2
Total Revenues	<u>35,400</u>	<u>35,400</u>	<u>33,598</u>	<u>(1,802)</u>
Expenditures				
<i>Current</i>				
General Government				
Du Quoin Chamber of Commerce	<u>35,400</u>	<u>35,400</u>	<u>27,757</u>	<u>7,643</u>
Total Expenditures	<u>35,400</u>	<u>35,400</u>	<u>27,757</u>	<u>7,643</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>5,841</u>	<u>5,841</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>5,841</u>	<u><u>\$ 5,841</u></u>
Beginning Fund Balance			1,091	
GAAP Adjustments:				
Accounts Payable			<u>1,625</u>	
Total GAAP Adjustments			<u>1,625</u>	
Ending Fund Balance			<u><u>\$ 8,557</u></u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TIF #1 FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	<u>\$ 84,181</u>	<u>\$ 84,181</u>	<u>\$ 79,005</u>	<u>\$ (5,176)</u>
Total Revenues	<u>84,181</u>	<u>84,181</u>	<u>79,005</u>	<u>(5,176)</u>
Expenditures				
<i>Current</i>				
General Government				
Business Developments	67,276	67,276	57,816	9,460
Infrastructure Improvements	<u>13,000</u>	<u>13,000</u>	<u>650</u>	<u>12,350</u>
Total Expenditures	<u>80,276</u>	<u>80,276</u>	<u>58,466</u>	<u>21,810</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,905</u>	<u>3,905</u>	<u>20,539</u>	<u>16,634</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>\$ 3,905</u></u>	<u><u>\$ 3,905</u></u>	20,539	<u><u>\$ 16,634</u></u>
Beginning Fund Balance			7,360	
GAAP Adjustments:				
None			<u>-</u>	
Total GAAP Adjustments			<u>-</u>	
Ending Fund Balance			<u><u>\$ 27,899</u></u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
TIF #2 FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	<u>\$ 42,808</u>	<u>\$ 42,808</u>	<u>\$ 20,867</u>	<u>\$ (21,941)</u>
Total Revenues	<u>42,808</u>	<u>42,808</u>	<u>20,867</u>	<u>(21,941)</u>
Expenditures				
<i>Current</i>				
General Government				
Business Developments	2,537	2,537	35,192	(32,655)
Infrastructure Improvements	<u>145,000</u>	<u>145,000</u>	<u>54,864</u>	<u>90,136</u>
Total Expenditures	<u>147,537</u>	<u>147,537</u>	<u>90,056</u>	<u>57,481</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(104,729)</u>	<u>(104,729)</u>	<u>(69,189)</u>	<u>35,540</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(13,563)</u>	<u>(13,563)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(13,563)</u>	<u>(13,563)</u>
Net Change in Fund Balance	<u><u>\$ (104,729)</u></u>	<u><u>\$ (104,729)</u></u>	<u>(82,752)</u>	<u><u>\$ 21,977</u></u>
Beginning Fund Balance			96,087	
GAAP Adjustments:				
None			<u>-</u>	
Total GAAP Adjustments			<u>-</u>	
Ending Fund Balance			<u><u>\$ 13,335</u></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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Property Tax	<u>\$ 43,224</u>	<u>\$ 43,224</u>	<u>\$ 32,013</u>	<u>\$ (11,211)</u>
Total Revenues	<u>43,224</u>	<u>43,224</u>	<u>32,013</u>	<u>(11,211)</u>
Expenditures				
<i>Current</i>				
Other				
Business Developments	<u>-</u>	<u>-</u>	<u>18,100</u>	<u>(18,100)</u>
Infrastructure Improvements	<u>55,400</u>	<u>55,400</u>	<u>106,671</u>	<u>(51,271)</u>
Total Expenditures	<u>55,400</u>	<u>55,400</u>	<u>124,771</u>	<u>(69,371)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,176)</u>	<u>(12,176)</u>	<u>(92,758)</u>	<u>(80,582)</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>26,653</u>	<u>26,653</u>
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26,653</u>	<u>26,653</u>
Net Change in Fund Balance	<u><u>\$ (12,176)</u></u>	<u><u>\$ (12,176)</u></u>	<u>(66,105)</u>	<u><u>\$ (53,929)</u></u>
Beginning Fund Balance			69,298	
GAAP Adjustments:				
None			<u>-</u>	
Total GAAP Adjustments			<u>-</u>	
Ending Fund Balance			<u><u>\$ 3,193</u></u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
BUSINESS DISTRICT TAX FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Taxes				
Business District Sales Tax	\$ 396,200	\$ 396,200	\$ 380,006	\$ (16,194)
Interest Income	-	-	651	651
Other	-	-	9,000	9,000
Total Revenues	<u>396,200</u>	<u>396,200</u>	<u>389,657</u>	<u>(6,543)</u>
Expenditures				
<i>Current</i>				
General Government				
Professional Fees	91,200	91,200	60,949	30,251
Business Developments	30,200	30,200	35,000	(4,800)
Infrastructure Improvements	113,850	113,850	77,102	36,748
Business Payouts	160,933	160,933	194,747	(33,814)
Total Expenditures	<u>396,183</u>	<u>396,183</u>	<u>367,798</u>	<u>28,385</u>
Excess (Deficiency) of Revenues over Expenditures	<u>17</u>	<u>17</u>	<u>21,859</u>	<u>21,842</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 17</u>	<u>\$ 17</u>	<u>21,859</u>	<u>\$ 21,842</u>
Beginning Fund Balance			227,466	
GAAP Adjustments:				
Due From State of Illinois			(12,991)	
Total GAAP Adjustments			<u>(12,991)</u>	
Ending Fund Balance			<u>\$ 236,334</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Budget, and Actual
RESTRICTED BUILDING IMPROVEMENT FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Revenues				
Interest Income	\$ 40	\$ 40	\$ 22	\$ (18)
Total Revenues	<u>40</u>	<u>40</u>	<u>22</u>	<u>(18)</u>
Expenditures				
Capital Outlay	-	-	3,800	(3,800)
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>(3,800)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>40</u>	<u>40</u>	<u>(3,778)</u>	<u>(3,818)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	3,800	3,800
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>3,800</u>
Net Change in Fund Balance	<u>\$ 40</u>	<u>\$ 40</u>	<u>22</u>	<u>\$ (18)</u>
Beginning Fund Balance			22,182	
GAAP Adjustments:				
None			-	
Total GAAP Adjustments			<u>-</u>	
Ending Fund Balance			<u>\$ 22,204</u>	

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, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
Operating Revenues				
Water and Sewer Revenue	\$ 2,700,911	\$ 2,700,911	\$ 2,704,995	\$ 4,084
Leachate Processing	48,200	48,200	71,578	23,378
Tap-on Fees	19,700	19,700	9,516	(10,184)
Reconnect Fees	22,900	22,900	28,145	5,245
Total Operating Revenues	2,791,711	2,791,711	2,814,234	22,523
Operating Expenses				
Water				
Wages	369,624	369,624	351,390	18,234
Payroll Taxes	32,321	32,321	29,338	2,983
IMRF Contributions	31,196	31,196	25,799	5,397
Health Insurance	97,327	97,327	83,796	13,531
Clothing	3,600	3,600	2,694	906
Maintenance	49,000	49,000	52,127	(3,127)
Utilities	32,800	32,800	32,621	179
Postage	13,000	13,000	10,956	2,044
Professional Fees	56,000	56,000	88,205	(32,205)
Publications	400	400	79	321
Travel	10,200	10,200	13,762	(3,562)
Dues	3,300	3,300	6,291	(2,991)
Insurance	25,019	25,019	25,114	(95)
Supplies	136,000	136,000	143,666	(7,666)
Water Purchases	585,000	585,000	549,859	35,141
Rent	1,500	1,500	-	1,500
Projects	96,100	96,100	33,616	62,484
Other	24,400	24,400	21,414	2,986
Water Pollution Control Plant				
Wages	198,834	198,834	209,477	(10,643)
Payroll Taxes	17,233	17,233	17,263	(30)
IMRF Contributions	16,782	16,782	17,575	(793)
Health Insurance	33,925	33,925	33,132	793
Clothing	1,500	1,500	1,485	15
Maintenance	85,500	85,500	50,702	34,798
Utilities	83,500	83,500	77,094	6,406
Postage	300	300	74	226
Professional Fees	10,000	10,000	2,984	7,016
Publications	100	100	-	100
Travel	4,600	4,600	3,089	1,511
Dues	300	300	1,770	(1,470)
Permits	15,000	15,000	15,728	(728)
Insurance	64,224	64,224	64,556	(332)

CITY OF DU QUOIN, ILLINOIS
Schedule of Revenues, Expenses, and Changes in Net Position
Original Budget, Final Budget, and Actual
WATERWORKS & SEWAGE FUND - Concluded
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Water Pollution Control Plant				
Supplies	34,000	34,000	39,309	(5,309)
Chemicals	37,500	37,500	17,401	20,099
Other	500	500	151	349
Capital Outlay	15,000	15,000	-	15,000
Debt Service	-	-	25,842	(25,842)
Total Operating Expenses	<u>2,185,585</u>	<u>2,185,585</u>	<u>2,048,359</u>	<u>137,226</u>
Operating Income (Loss)	<u>606,126</u>	<u>606,126</u>	<u>765,875</u>	<u>159,749</u>
Non-Operating Revenues/(Expenses)				
Interest Income	-	-	-	-
Miscellaneous Revenue	12,800	12,800	14,254	1,454
Interest Expense	-	-	(4,737)	(4,737)
Total Non-Operating Revenues/(Expenses)	<u>12,800</u>	<u>12,800</u>	<u>9,517</u>	<u>(3,283)</u>
Operating Transfers				
Operating Transfers In	-	-	79	79
Operating Transfers Out	-	-	(522,196)	(522,196)
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>(522,117)</u>	<u>(522,117)</u>
Net Income (Loss)	<u>\$ 618,926</u>	<u>\$ 618,926</u>	253,275	<u>\$ (365,651)</u>
Beginning Net Position			887,110	
GAAP Adjustments:				
Depreciation			(68,077)	
Accounts Payable			12,386	
Accrued Absences			(20,823)	
Accounts Receivable			(20,313)	
Other Payables			1,778	
Debt Service			25,842	
Total GAAP Adjustments			<u>(69,207)</u>	
Ending Net Position			<u>\$ 1,071,178</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
Operating Expenses				
Capital Outlay	\$ 120,000	\$ 120,000	\$ 4,000	\$ 116,000
Total Operating Expenses	<u>120,000</u>	<u>120,000</u>	<u>4,000</u>	<u>116,000</u>
Operating Income (Loss)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(4,000)</u>	<u>116,000</u>
Non-Operating Revenues				
Grant Income	120,000	120,000	-	(120,000)
Interest Income	<u>40</u>	<u>40</u>	<u>71</u>	<u>31</u>
Total Non-Operating Revenues	<u>120,040</u>	<u>120,040</u>	<u>71</u>	<u>(119,969)</u>
Non-Operating Expenses				
Interest Expense	85,431	85,431	85,431	-
Capital Outlay	<u>376,082</u>	<u>376,082</u>	<u>376,082</u>	<u>-</u>
Total Non-Operating Expenses	<u>461,513</u>	<u>461,513</u>	<u>461,513</u>	<u>-</u>
Operating Transfers				
Operating Transfers In	-	-	510,786	510,786
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(13,090)</u>	<u>(13,090)</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>497,696</u>	<u>497,696</u>
Net Income (Loss)	<u>\$ (461,473)</u>	<u>\$ (461,473)</u>	32,254	<u>\$ 493,727</u>
Beginning Net Position			3,120,840	
GAAP Adjustments:				
Capital Outlay			4,000	
Depreciation			(378,837)	
Loan Principal Payments			<u>376,082</u>	
Total GAAP Adjustments			<u>1,245</u>	
Ending Net Position			<u>\$ 3,154,339</u>	

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, 2019

	<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	\$ 15	\$ 15	\$ 14	\$ (1)
Meter Deposits	<u>23,700</u>	<u>23,700</u>	<u>24,875</u>	<u>1,175</u>
Total Non-Operating Revenues	<u>23,715</u>	<u>23,715</u>	<u>24,889</u>	<u>1,174</u>
Non-Operating Expenses				
Miscellaneous	<u>14,800</u>	<u>14,800</u>	<u>22,650</u>	<u>(7,850)</u>
Total Non-Operating Expenses	<u>14,800</u>	<u>14,800</u>	<u>22,650</u>	<u>(7,850)</u>
Operating Transfers				
Operating Transfers In	-	-	4,653	4,653
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>4,653</u>	<u>4,653</u>
Net Income (Loss)	<u>\$ 8,915</u>	<u>\$ 8,915</u>	6,892	<u>\$ (2,023)</u>
Beginning Net Position			3,875	
GAAP Adjustments:				
Other Payables			<u>(2,225)</u>	
Ending Net Position			<u>\$ 8,542</u>	

CITY OF DU QUOIN, ILLINOIS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

FINDING01: 2019-01

(Repeated From Prior Year)

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. While the bank does have pledged securities for the City's deposits, the coverage amount is not sufficient. 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, 2019

FINDING02: 2019-02

(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, 2019

FINDING 01:2018-01 Uncollateralized cash held at banks.
(Significant Deficiency)

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.

Current Status: Management agrees with the finding. While the City had the bank establish pledged securities on their deposits held at the bank, the coverage amount was not sufficient. The City will discuss this issue with the bank to ensure sufficient coverage throughout the year.

FINDING 02:2018-02 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.