

**CITY OF DU QUOIN, ILLINOIS**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2018**

# CITY OF DU QUOIN, ILLINOIS

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Du Quoin, Illinois

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Du Quoin, Illinois, as of and for the year ended December 31, 2018, 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, 2018, 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.

## ***Emphasis of Matter***

### ***Prior Period Adjustment***

As described in Note T to the financial statements, in 2018, the City of Du Quoin, Illinois posted a prior period adjustment to the business-type funds to correctly report the utility accounts receivable balance. The adjustment had no effect on net income for the year. Our opinion is not modified with respect to this matter.

## ***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 6 - 17, the IMRF schedules on pages 65 - 67, the budgetary comparison information on pages 68 - 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 29, 2019, 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.

A handwritten signature in dark ink that reads "Emling & Hoffman P.C." in a cursive, slightly slanted script.

Emling & Hoffman, P.C.

Du Quoin, Illinois  
April 29, 2019



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

To the City Council  
City of Du Quoin, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Du Quoin, Illinois, as of and for the year ended December 31, 2018, 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 29, 2019.

### **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: 2018-01 and FINDING02: 2018-02].



## **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.

A handwritten signature in blue ink that reads "Emling & Hoffman PC".

Emling & Hoffman, P.C.

Du Quoin, Illinois  
April 29, 2019

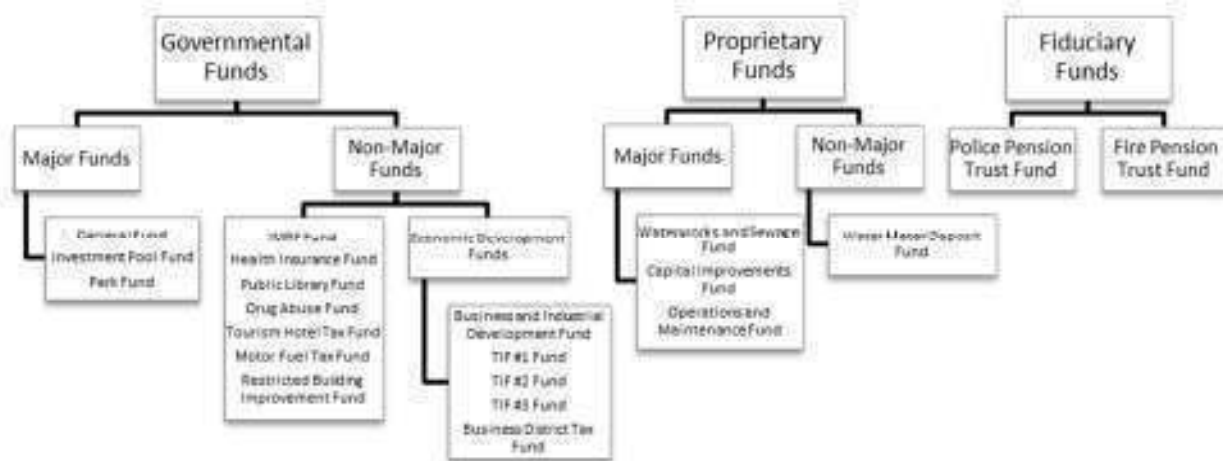


## Management Discussion and Analysis For the Fiscal Year Ended December 31, 2018

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, 2018. 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, Investment Pool, and Park Funds. 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 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. Major 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.

Fiduciary Funds is the last of the three main fund types. It includes the Police and Fire 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 four Restricted Funds since 2015: the Pool Restoration, Health Insurance, Restricted Building Improvement, and Water and Sewer Infrastructure Funds. The Pool Restoration Fund was a savings fund used to renovate the City Pool in fall 2016. Its revenues were from donations, fundraisers, and an annual receivable from Du Quoin Unit School District #300 of \$39,029. This receivable is the result of a renegotiated intergovernmental agreement. In December, 2016 the City rolled the Pool Restoration Fund into the Restricted Park and Pool Fund. It is still funded by the annual receivable of \$39,029. The purpose of this fund was to establish a non-taxing Park District that funds future expansion, improvement, and repair of park and pool facilities.

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 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.

The Water and Sewer Infrastructure 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.

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.

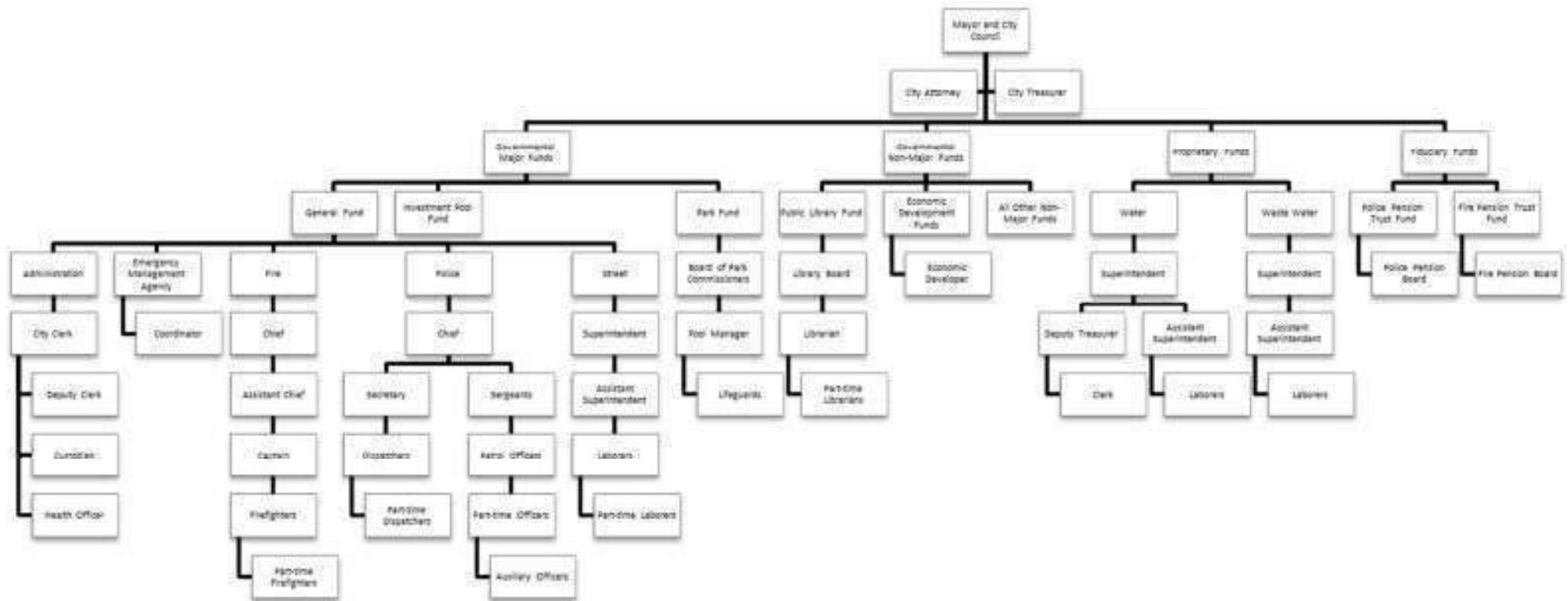
The Public Library Fund provides for the operation of the Du Quoin Public Library. The City accounts for the Library's funds, but does not manage them. The Library Board is responsible for levying their own Real Estate taxes, preparing their own budget, and approving expenditures.

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 Tax Increment Financing (TIF) Districts 1, 2, and 3, the Business Development District, and the Revolving Loan Fund. 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 Development 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 Revolving Loan Fund (RLF) 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.

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



## Financial Highlights

For the year ended December 31, 2018, revenues across all funds totaled \$8,717,116. Expenditures totaled \$8,150,361, resulting in a total net change in fund balance of \$566,755<sup>1</sup>. An alternative measure of the City's financial position is reported in the Statement of Activities. According to this measure, the total change in net position is \$410,653<sup>2</sup>. 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 expenditures<sup>3</sup>. In 2017, 2016, and 2015, the total net change in fund balance was \$191,322, (\$44,257), and \$311,975, respectively. From 2015 through 2018, the collective total net change in fund balance was \$1,025,795 versus (\$1,410,203) for the preceding four years ending in 2014.

Using the modified accrual basis of accounting, General Fund revenues increased from \$3,657,380 in 2017 to \$3,975,088 in 2018 for an increase of \$317,708 or 8.7%. Taxes and Intergovernmental revenues collectively increased \$212,346 or 6.2%. There was also an increase of Grant Income of \$93,662. Expenditures increased slightly. They increased from \$3,798,419 in 2017 to \$3,883,825 in 2018 for an increase of \$85,406 or 2.2% due to an increase in Public Safety and Capital Outlay expenditures of \$82,415 and \$63,750, respectively. The larger growth in General Fund revenues relative to the smaller growth in expenditures resulted in a surplus of \$91,263<sup>4</sup>.

Using the cash basis of accounting, General Fund revenues were \$3,939,516 against expenditures of \$3,880,528 for a surplus of \$58,988. There was budget variances of \$158,413 on revenues and (\$211,792) on expenditures. The better than expected revenues were mostly due to overages of \$41,495 in Taxes and \$78,662 in Grant Income. Expenditures were worse than expected mostly due to overages of (\$39,560) in Wages, (\$48,836) in Health Insurance, and (\$35,719) in Maintenance<sup>5</sup>.

Investment Pool Fund had revenues of \$111,606 and expenditures of \$0 for a surplus of \$111,606. The Fund had a revenues variance of \$18,721 from the budget due to Video Gaming Tax and Interest Income being over budget by \$17,521 and \$1,200, respectively. Video Gaming Tax increased \$4,257 or 4% year over year<sup>6</sup>.

Park Fund had revenues of \$162,198 versus expenditures of \$118,928 for a surplus of \$43,270. This surplus was largely due to total revenues variance of \$10,065 and Utilities expenditure variance of \$9,624. This Fund continues to provide for the City's pool and parks that many families use and enjoy<sup>7</sup>.

Major Proprietary Funds revenues decreased from \$2,954,683 in 2017 to \$2,833,356 in 2018 for a decrease of \$121,327 or 4.1%. This drop in revenues was largely due to Grant Income of \$208,712 in 2017 to rehabilitate the Grant Way lift station. Expenditures went the other direction. They increased from \$2,635,918 in 2017 to \$2,795,133 in 2018 for an increase of 6%. For 2018, Major Proprietary Funds net income was \$14,487. For comparison, net income from 2015 through 2017 was \$166,472, \$99,276, and \$276,541, respectively<sup>8</sup>.

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<sup>1</sup> See pages 22, 25, and 28

<sup>2</sup> See page 19

<sup>3</sup> See page 23

<sup>4</sup> See page 22

<sup>5</sup> See pages 68-75

<sup>6</sup> See page 76

<sup>7</sup> See page 77

<sup>8</sup> See page 25

The City continues to support the Fiduciary Funds by levying real estate taxes by the full or greater amount requested by the Police and Fire Pension Boards. The Illinois Department of Insurance determines these amounts to get the Pension Funds 90% funded by 2040. For 2018, the Police Pension Board requested \$274,395. The City levied \$274,395 and received \$272,177. The Fire Pension Board requested \$265,367. The City levied \$285,214 and received \$282,891. The Police and Fire Pension Funds are 51.6% and 42.6% funded, respectively<sup>9</sup>.

Restricted Funds continue to be used constructively and for the purposes that they were intended for. The following Restricted Funds had a surplus in 2018: Business and Industrial Development, IMRF, Public Library, Drug Abuse, Tourism/Hotel Tax, TIF #2, TIF #3, Business District Tax, and Motor Fuel Tax Funds. The following had a deficit: Health Insurance, TIF #1, and Restricted Building Improvement Funds. The Restricted Funds collectively had a surplus of \$319,130. The largest contributor was the Business District Tax Fund of \$144,285. Cash balances for the Restricted Funds have grown \$880,245 or 157.4% since 2015.

The Economic Development Funds continue to assist businesses, provide for public projects, and perpetually grow. In 2018, TIF Funds provided for six new and 12 existing redevelopment agreements. Four of the six new agreements provided \$44,550 in roof repair and replacement assistance. The other two new agreements provided \$20,498 in solar panels and land acquisition. They also provided for the development of a public commons area at 110 and 112 East Main Street. TIF Funds had combined revenues of \$253,176 versus expenditures of \$194,161 for a surplus of \$59,015. Combined TIF revenues were \$81,670 more than 2017 due to an Industrial Park land sale of \$83,112 to Chester Construction Supply. The land sale proceeds will be used to extend water and sewer mains to their development in 2019.

Business District Tax Fund had revenues of \$378,743 and expenditures of \$234,458 for a surplus of \$144,285. Revenues were \$194,920 more than 2017 due to the Illinois Department of Revenue assessing all businesses in the Business District the correct sales tax rate. In 2018, this Fund provided for two new and five existing redevelopment agreements. The two new agreements provided \$24,000 to Abundant Storage and \$17,500 to Porter's Storage and RV. The City also prepaid \$54,911 to Fenton's Custom and Collision to fulfill the remainder of that redevelopment agreement.

Business and Industrial Development Fund had revenues of \$2,449 versus expenditures of \$0 for a surplus of \$2,449. All revenues were generated through interest income from existing loans and there was no new activity for the year.

## **2019 Budget**

The 2019 Budget has budgeted revenues and expenditures of \$9,232,543 and \$8,975,843, respectively for a budgeted surplus of \$256,700. This is an increase in budgeted revenues and expenditures of \$601,625 and \$653,474, respectively from 2018. There are surpluses budgeted in General, Park, IMRF, Restricted Building Improvements, Major Proprietary, Business District Tax, and Investment Pool Funds. There are deficits budgeted in Health Insurance, Motor Fuel Tax, and TIF Funds.

The significant increase in budgeted revenues from 2018 is mostly due to anticipated State Grants of \$272,915 and an increase of Business District Sales Tax of \$215,718. There are also smaller budgeted revenue increases in Income Tax of \$33,149, Utility Tax of \$18,988, Towing Fees of \$16,400, and Water Revenues of \$42,506. All of these revenue sources sum to a budgeted increase of \$599,676. All other large revenue sources such as Property and Sales Taxes are expected to be constant or decrease slightly.

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<sup>9</sup> See page 60

In regard to budgeted expenditures, labor costs are expected to increase by \$147,337 due to Fire and Police pensions, health insurance, and pay raises. Fire and Police pensions contribute \$62,811 to the labor costs increase due to the Illinois Department of Insurance making changes to their actuarial assumptions such as decreasing investment returns and increasing life expectancy. The City decided to absorb this pension shortfall, rather than levy more property taxes. Health insurance premiums are expected to increase by 10%, and dental, vision, and life insurance premiums are expected to increase by 7.6%. All insurance renews on May 1, 2019. Hourly wage rates are set to increase by \$0.41 for Firefighters and \$0.54 for all other full-time employees. Annual property, liability, and workers' compensation insurance premiums are set to decrease from \$280,780 in 2018 to \$176,579 in 2019. IMRF employer contribution rates are also set to decrease from 12.18% of employee earnings in 2018 to 8.44% in 2019. All other budgeted expenditures such as fuel, maintenance, and utilities are expected to remain stable.

The 2019 Budget contains the following planned capital expenditures: \$152,065 for water and sewer main extensions in the Industrial Park, \$94,030 for water main replacement on South Madison Street, \$35,000 for a squad car, \$20,000 for down payment on a dump truck, and \$5,250 for the City's grant portion of a trailer hauler truck. Planned capital expenditures total \$306,345, which is up from \$134,100 in 2018.

## **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. However, the 2019 Proprietary Funds Budget does include an appropriation of \$30,578 for additional debt payments.

### **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, 2018 was compiled by Budget and Finance Director Andrew Croessman.

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Andrew Croessman, Budget and Finance Director

## FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

December 31, 2018 and December 31, 2017 Comparison

	Governmental Activities		% Change
	2018	2017	
<b>Assets</b>			
Current Assets	\$ 2,978,127	\$ 2,504,157	18.93%
Non-Current Assets			
Capital Assets, Net of Depreciation	3,217,645	3,563,145	-9.70%
Net Pension Obligation	-	93,800	-100.00%
<b>Total Assets</b>	<u>6,195,772</u>	<u>6,161,102</u>	0.56%
<b>Deferred Outflows of Resources</b>			
Pension Obligation	<u>612,991</u>	<u>-</u>	N/A
<b>Liabilities</b>			
Current Liabilities	154,002	242,176	-36.41%
Non-Current Liabilities	<u>1,560,509</u>	<u>434,097</u>	259.48%
<b>Total Liabilities</b>	<u>1,714,511</u>	<u>676,273</u>	153.52%
<b>Deferred Inflows of Resources</b>			
Pension Obligation	<u>-</u>	<u>787,845</u>	-100.00%
<b>Net Position</b>			
Net Investment in Capital Assets	2,961,348	3,233,205	-8.41%
Restricted	1,439,128	936,082	53.74%
Unrestricted (Deficit)	<u>693,776</u>	<u>527,697</u>	31.47%
<b>Total Net Position</b>	<u>\$ 5,094,252</u>	<u>\$ 4,696,984</u>	8.46%

# FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES - Concluded

December 31, 2018 and December 31, 2017 Comparison

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Revenue</b>			
Program Revenue:			
Charges for Services	\$ 269,797	\$ 226,591	19.07%
Operating Grants & Contributions	62,477	13,724	355.24%
Capital Grants & Contributions	76,565	-	N/A
General Revenue:			
Taxes	904,348	829,102	9.08%
Intergovernmental	3,783,341	3,521,348	7.44%
Interest Income	5,245	3,374	55.45%
Miscellaneous	161,990	82,372	96.66%
<b>Total Revenue</b>	<b>5,263,763</b>	<b>4,676,511</b>	<b>12.56%</b>
<b>Expenses</b>			
General Government	1,530,655	1,492,979	2.52%
Public Safety	2,300,038	2,268,498	1.39%
Public Welfare	66,483	35,729	86.08%
Services	229,343	249,326	-8.01%
Transportation	781,534	945,595	-17.35%
Interest on Long-term Debt	11,470	14,682	-21.88%
Pension Expense	39,376	110,453	-64.35%
<b>Total Expenses</b>	<b>4,958,899</b>	<b>5,117,262</b>	<b>-3.09%</b>
Operating Transfers, Net	92,404	35,924	157.22%
Change in Net Position	397,268	(404,827)	198.13%
Beginning Net Position	4,696,984	5,101,811	-7.93%
Ending Net Position	\$ 5,094,252	\$ 4,696,984	8.46%

## FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES

December 31, 2018 and December 31, 2017 Comparison

	<b>Business-Type Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Assets</b>			
Current Assets	\$ 673,104	\$ 427,855	57.32%
Non-Current Assets			
Capital Assets, Net of Depreciation	7,213,626	7,675,559	-6.02%
<b>Total Assets</b>	<b>7,886,730</b>	<b>8,103,414</b>	<b>-2.67%</b>
<b>Deferred Outflows of Resources</b>			
None	-	-	0.00%
<b>Liabilities</b>			
Current Liabilities	552,668	534,063	3.48%
Non-Current Liabilities	3,322,237	3,720,935	-10.71%
<b>Total Liabilities</b>	<b>3,874,905</b>	<b>4,254,998</b>	<b>-8.93%</b>
<b>Deferred Inflows of Resources</b>			
None	-	-	0.00%
<b>Net Position</b>			
Net Investment in Capital Assets	3,535,668	3,605,850	-1.95%
Restricted	-	-	0.00%
Unrestricted (Deficit)	476,157	242,566	96.30%
<b>Total Net Position</b>	<b>\$ 4,011,825</b>	<b>\$ 3,848,416</b>	<b>4.25%</b>

# FINANCIAL ANALYSIS OF THE BUSINESS-TYPE ACTIVITIES - Concluded

December 31, 2018 and December 31, 2017 Comparison

	<b>Business-Type Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Revenue</b>			
Program Revenue:			
Charges for Services	\$ 2,824,309	\$ 2,739,047	3.11%
Capital Grants & Contributions	-	208,712	-100.00%
General Revenue:			
Interest Income	59	35	68.57%
Other	37,801	20,866	81.16%
<b>Total Revenue</b>	<b>2,862,169</b>	<b>2,968,660</b>	<b>-3.59%</b>
<b>Expenses</b>			
Waterworks & Sewage Fund	2,234,874	2,149,135	3.99%
Capital Improvements Fund	395,003	376,532	4.91%
Water Meter Deposit Fund	26,163	19,670	33.01%
Interest on Long-Term Debt	100,340	110,251	-8.99%
<b>Total Expenses</b>	<b>2,756,380</b>	<b>2,655,588</b>	<b>3.80%</b>
Operating Transfers, Net	(92,404)	(35,924)	-157.22%
Change in Net Position	13,385	277,148	-95.17%
Beginning Net Position	3,848,416	3,571,268	7.76%
Prior Period Adjustment - See Note T	150,024	-	N/A
Ending Net Position	<b>\$ 4,011,825</b>	<b>\$ 3,848,416</b>	<b>4.25%</b>

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DU QUOIN, ILLINOIS**  
Statement of Net Position  
December 31, 2018

	<b>Primary Government</b>		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 222,162	\$ 508,082	\$ 730,244
Cash (Restricted)	1,577,113	-	1,577,113
Investments, at cost	121,562	-	121,562
Due from State of Illinois	604,784	-	604,784
Accounts Receivable	-	165,022	165,022
Due from Other Governments	429,320	-	429,320
Notes Receivable	23,186	-	23,186
<b>Total Current Assets</b>	<b>2,978,127</b>	<b>673,104</b>	<b>3,651,231</b>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment			
Non-Depreciable	50,500	-	50,500
Depreciable (Net)	3,167,145	7,213,626	10,380,771
<b>Total Non-Current Assets</b>	<b>3,217,645</b>	<b>7,213,626</b>	<b>10,431,271</b>
<b>Total Assets</b>	<b>6,195,772</b>	<b>7,886,730</b>	<b>14,082,502</b>
<b>Deferred Outflows of Resources</b>			
Pension Obligation	612,991	-	612,991
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	32,461	74,790	107,251
Other Payables	28,745	69,354	98,099
Accrued Absences	25,841	6,600	32,441
Loans and Leases Payable	66,955	401,924	468,879
<b>Total Current Liabilities</b>	<b>154,002</b>	<b>552,668</b>	<b>706,670</b>
<b>Non-Current Liabilities</b>			
Accrued Absences	180,884	46,203	227,087
Loans and Leases Payable	189,342	3,276,034	3,465,376
Net Pension Liability	1,190,283	-	1,190,283
<b>Total Non-Current Liabilities</b>	<b>1,560,509</b>	<b>3,322,237</b>	<b>4,882,746</b>
<b>Total Liabilities</b>	<b>1,714,511</b>	<b>3,874,905</b>	<b>5,589,416</b>
<b>Deferred Inflows of Resources</b>			
None	-	-	-
<b>Net Position</b>			
Net Investment in Capital Assets	2,961,348	3,535,668	6,497,016
Restricted	1,439,128	-	1,439,128
Unrestricted (Deficit)	693,776	476,157	1,169,933
<b>Total Net Position</b>	<b>\$ 5,094,252</b>	<b>\$ 4,011,825</b>	<b>\$ 9,106,077</b>

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, 2018

Functions/Programs	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	
Primary Government							
Governmental Activities							
General Government	\$ 1,530,655	\$ 46,767	\$ -	\$ -	\$ (1,483,888)	\$ -	\$ (1,483,888)
Public Safety	2,300,038	93,062	17,097	76,565	(2,113,314)	-	(2,113,314)
Public Welfare	66,483	66,459	-	-	(24)	-	(24)
Services	229,343	34,662	45,380	-	(149,301)	-	(149,301)
Transportation	781,534	28,847	-	-	(752,687)	-	(752,687)
Interest on Long-Term Debt	11,470	-	-	-	(11,470)	-	(11,470)
Pension Expense	39,376	-	-	-	(39,376)	-	(39,376)
Total Governmental Activities	4,958,899	269,797	62,477	76,565	(4,550,060)	-	(4,550,060)
Business-Type Activities							
Waterworks & Sewage Fund	2,234,874	2,795,509	-	-	-	560,635	560,635
Capital Improvements Fund	395,003	-	-	-	-	(395,003)	(395,003)
Water Meter Deposit Fund	26,163	28,800	-	-	-	2,637	2,637
Interest on Long-Term Debt	100,340	-	-	-	-	(100,340)	(100,340)
Total Business-Type Activities	2,756,380	2,824,309	-	-	-	67,929	67,929
Total Primary Government	\$ 7,715,279	\$ 3,094,106	\$ 62,477	\$ 76,565	\$ (4,550,060)	\$ 67,929	\$ (4,482,131)
General Revenues:							
Taxes:							
Property Tax					\$ 305,924	\$ -	\$ 305,924
Hotel Tax					35,793	-	35,793
Utility Tax					504,191	-	504,191
Franchise Tax					58,440	-	58,440
Intergovernmental:							
Replacement Tax					47,129	-	47,129
Retailers' Occupation Tax					2,699,959	-	2,699,959
Income and Use Tax					766,224	-	766,224
Allotments					156,364	-	156,364
Other					113,665	-	113,665
Interest Income					5,245	59	5,304
Miscellaneous					161,990	37,801	199,791
Operating Transfers, Net					92,404	(92,404)	-
Total General Revenues and Transfers					4,947,328	(54,544)	4,892,784
Change in Net Position					397,268	13,385	410,653
Beginning Net Position					4,696,984	3,848,416	8,545,400
Prior Period Adjustment - See Note T					-	150,024	150,024
Ending Net Position					\$ 5,094,252	\$ 4,011,825	\$ 9,106,077

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, 2018

	<b>Major Funds</b>			Non-Major	Total
	General	Investment	Park	Governmental	Governmental
	Fund	Pool Fund	Fund	Funds	Funds
<b>Assets and Deferred Outflows of Resources</b>					
<b>Assets</b>					
Cash	\$ 222,162	\$ -	\$ -	\$ -	\$ 222,162
Cash (Restricted)	-	356,860	31,089	1,189,164	1,577,113
Investments, at cost	-	119,365	-	2,197	121,562
Due From State of Illinois	524,753	8,816	-	71,215	604,784
Due from Other Governments	155	-	429,320	-	429,475
Notes Receivable	-	-	-	23,186	23,186
<b>Total Assets</b>	<b>747,070</b>	<b>485,041</b>	<b>460,409</b>	<b>1,285,762</b>	<b>2,978,282</b>
<b>Deferred Outflows of Resources</b>					
None	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 747,070</b>	<b>\$ 485,041</b>	<b>\$ 460,409</b>	<b>\$ 1,285,762</b>	<b>\$ 2,978,282</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 24,644	\$ -	\$ 1,064	\$ 6,753	\$ 32,461
Due To Other Governments	-	-	-	155	155
Other Payables	28,495	-	-	250	28,745
<b>Total Liabilities</b>	<b>53,139</b>	<b>-</b>	<b>1,064</b>	<b>7,158</b>	<b>61,361</b>
<b>Deferred Inflows of Resources</b>					
None	-	-	-	-	-
<b>Fund Balance</b>					
Nonspendable	-	-	429,320	23,186	452,506
Restricted	-	-	-	1,062,075	1,062,075
Committed	-	-	-	125,063	125,063
Assigned	-	485,041	30,025	68,280	583,346
Unassigned	693,931	-	-	-	693,931
<b>Total Fund Balance</b>	<b>693,931</b>	<b>485,041</b>	<b>459,345</b>	<b>1,278,604</b>	<b>2,916,921</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 747,070</b>	<b>\$ 485,041</b>	<b>\$ 460,409</b>	<b>\$ 1,285,762</b>	<b>\$ 2,978,282</b>

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, 2018

Fund Balances of Governmental Funds	\$ 2,916,921
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Amounts reported for governmental activities in the statement of net assets differ because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,217,645
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	612,991
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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.	(1,190,283)
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Long-term liabilities for accrued absences are not due and payable in the current period and, therefore, are not reported in the funds.	(206,725)
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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>(256,297)</u>
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Net Position of Governmental Activities	<u><u>\$ 5,094,252</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, 2018

	<b>Major Funds</b>			Non-Major	Total
	General	Investment	Park	Governmental	Governmental
	Fund	Pool Fund	Fund	Funds	Funds
<b>Revenues</b>					
Taxes	\$ 598,627	\$ -	\$ -	\$ 305,721	\$ 904,348
Intergovernmental	3,042,285	110,127	89,571	541,358	3,783,341
Grant Income	93,662	-	-	45,380	139,042
Licenses and Permits	37,387	-	-	-	37,387
Fines and Penalties	58,090	-	-	68,424	126,514
Revenues from Services	73,199	-	27,052	5,645	105,896
Interest Income	337	2,185	-	2,723	5,245
Other	71,501	-	6,546	83,943	161,990
<b>Total Revenues</b>	<b>3,975,088</b>	<b>112,312</b>	<b>123,169</b>	<b>1,053,194</b>	<b>5,263,763</b>
<b>Expenditures</b>					
<i>Current</i>					
General Government	906,598	-	-	481,115	1,387,713
Public Safety	2,130,166	-	-	-	2,130,166
Public Welfare	-	-	-	37,722	37,722
Services	-	-	106,291	89,415	195,706
Transportation	678,203	-	-	125,812	804,015
<i>Capital Outlay</i>	83,745	-	13,701	-	97,446
<i>Debt Service</i>	85,113	-	-	-	85,113
<b>Total Expenditures</b>	<b>3,883,825</b>	<b>-</b>	<b>119,992</b>	<b>734,064</b>	<b>4,737,881</b>
Excess (Deficiency) of Revenues Over Expenditures	91,263	112,312	3,177	319,130	525,882
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	168,904	8,110	-	172,425	349,439
Operating Transfers Out	(102,982)	-	(9,927)	(209,042)	(321,951)
<b>Total Other Financing Sources (Uses)</b>	<b>65,922</b>	<b>8,110</b>	<b>(9,927)</b>	<b>(36,617)</b>	<b>27,488</b>
Net Change in Fund Balance	157,185	120,422	(6,750)	282,513	553,370
<b>Beginning Fund Balance</b>	<b>536,746</b>	<b>364,619</b>	<b>466,095</b>	<b>996,091</b>	<b>2,363,551</b>
<b>Ending Fund Balance</b>	<b>\$ 693,931</b>	<b>\$ 485,041</b>	<b>\$ 459,345</b>	<b>\$ 1,278,604</b>	<b>\$ 2,916,921</b>

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ 553,370
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.	(345,500)
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.	73,643
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>115,755</u>
Change in Net Position of Governmental Activities	<u><u>\$ 397,268</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, 2018

	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 316,464	\$ 125,128	\$ 66,490	\$ 508,082
Accounts Receivable	165,022	-	-	165,022
<b>Total Current Assets</b>	<u>481,486</u>	<u>125,128</u>	<u>66,490</u>	<u>673,104</u>
<b>Non-Current Assets</b>				
Property, Plant, and Equipment:				
Non-Depreciable	-	-	-	-
Depreciable (Net)	664,750	6,548,876	-	7,213,626
<b>Total Non-Current Assets</b>	<u>664,750</u>	<u>6,548,876</u>	<u>-</u>	<u>7,213,626</u>
<b>Total Assets</b>	<u>1,146,236</u>	<u>6,674,004</u>	<u>66,490</u>	<u>7,886,730</u>
<b>Deferred Outflows of Resources</b>				
None	-	-	-	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	74,790	-	-	74,790
Other Payables	6,739	-	62,615	69,354
Accrued Absences	6,600	-	-	6,600
Loans and Leases Payable	25,842	376,082	-	401,924
<b>Total Current Liabilities</b>	<u>113,971</u>	<u>376,082</u>	<u>62,615</u>	<u>552,668</u>
<b>Non-Current Liabilities</b>				
Accrued Absences	46,203	-	-	46,203
Loans and Leases Payable	98,952	3,177,082	-	3,276,034
<b>Total Non-Current Liabilities</b>	<u>145,155</u>	<u>3,177,082</u>	<u>-</u>	<u>3,322,237</u>
<b>Total Liabilities</b>	<u>259,126</u>	<u>3,553,164</u>	<u>62,615</u>	<u>3,874,905</u>
<b>Deferred Inflows of Resources</b>				
None	-	-	-	-
<b>Net Position</b>				
Net Investment in Capital Assets	539,956	2,995,712	-	3,535,668
Restricted	-	-	-	-
Unrestricted (Deficit)	347,154	125,128	3,875	476,157
<b>Total Net Position</b>	<u>\$ 887,110</u>	<u>\$ 3,120,840</u>	<u>\$ 3,875</u>	<u>\$ 4,011,825</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, 2018

	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
<b>Operating Revenue</b>				
Water and Sewer Revenue	\$ 2,692,118	\$ -	\$ -	\$ 2,692,118
Leachate Processing	47,696	-	-	47,696
Tap-on Fees	25,515	-	-	25,515
Reconnect Fees	30,180	-	-	30,180
<b>Total Operating Revenues</b>	<u>2,795,509</u>	<u>-</u>	<u>-</u>	<u>2,795,509</u>
<b>Operating Expenses</b>				
Water	1,676,034	-	-	1,676,034
Water Pollution Control Plant	547,794	-	-	547,794
Depreciation	75,962	395,003	-	470,965
<b>Total Operating Expenses</b>	<u>2,299,790</u>	<u>395,003</u>	<u>-</u>	<u>2,694,793</u>
<b>Operating Income (Loss)</b>	<u>495,719</u>	<u>(395,003)</u>	<u>-</u>	<u>100,716</u>
<b>Non-Operating Revenue</b>				
Interest Income	-	46	13	59
Meter Deposits	-	-	28,800	28,800
Miscellaneous	37,801	-	-	37,801
<b>Total Non-Operating Revenues</b>	<u>37,801</u>	<u>46</u>	<u>28,813</u>	<u>66,660</u>
<b>Non-Operating Expenses</b>				
Interest Expense	5,739	94,601	-	100,340
Miscellaneous	-	-	26,163	26,163
<b>Total Non-Operating Expenses</b>	<u>5,739</u>	<u>94,601</u>	<u>26,163</u>	<u>126,503</u>
<b>Operating Transfers</b>				
Operating Transfers In	3,771	518,386	-	522,157
Operating Transfers Out	(545,893)	-	(3,752)	(549,645)
<b>Total Operating Transfers</b>	<u>(542,122)</u>	<u>518,386</u>	<u>(3,752)</u>	<u>(27,488)</u>
Net Income (Loss)	(14,341)	28,828	(1,102)	13,385
<b>Beginning Net Position</b>	751,427	3,092,012	4,977	3,848,416
<b>Prior Period Adjustment - See Note T</b>	<u>150,024</u>	<u>-</u>	<u>-</u>	<u>150,024</u>
<b>Ending Net Position</b>	<u>\$ 887,110</u>	<u>\$ 3,120,840</u>	<u>\$ 3,875</u>	<u>\$ 4,011,825</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, 2018

	<b>Major Funds</b>			
	Waterworks & Sewage Fund	Capital Improvements Fund	Water Meter Deposit Fund	Total Proprietary Funds
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 2,780,511	\$ -	\$ -	\$ 2,780,511
Other Operating Receipts/(Payments)	(2,217,200)	-	-	(2,217,200)
<b>Net Cash Flows from Operating Activities</b>	<b>563,311</b>	<b>-</b>	<b>-</b>	<b>563,311</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Miscellaneous	37,801	-	7,667	45,468
Operating Transfers In/(Out)	(542,122)	518,386	(3,752)	(27,488)
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>(504,321)</b>	<b>518,386</b>	<b>3,915</b>	<b>17,980</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of Capital Assets	(9,034)	-	-	(9,034)
Grant Receipts	208,712	-	-	208,712
Interest on Loans	(5,738)	(94,601)	-	(100,339)
Loan Principal Retired	(24,839)	(366,911)	-	(391,750)
<b>Net Cash Flows from Capital &amp; Related Financing Activities</b>	<b>169,101</b>	<b>(461,512)</b>	<b>-</b>	<b>(292,411)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest on Deposits	-	46	13	59
<b>Net Cash Flows from Investing Activities</b>	<b>-</b>	<b>46</b>	<b>13</b>	<b>59</b>
Net Increase (Decrease) in Cash and Cash Equivalents	228,091	56,920	3,928	288,939
Cash and Cash Equivalents, Beginning of Year	88,373	68,208	62,562	219,143
Cash and Cash Equivalents, End of Year	<u>\$ 316,464</u>	<u>\$ 125,128</u>	<u>\$ 66,490</u>	<u>\$ 508,082</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 495,719	\$ (395,003)	\$ -	\$ 100,716
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	75,962	395,003	-	470,965
Change in Assets and Liabilities:				
Accounts Receivable	(14,998)			(14,998)
Accounts Payable	6,229	-	-	6,229
Other Payables	(3,005)	-	-	(3,005)
Accrued Absences	3,404	-	-	3,404
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 563,311</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 563,311</b>

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, 2018

	<b>PENSION TRUST FUNDS</b>		
	Police Pension Trust Fund	Fire Pension Trust Fund	Total Fiduciary
<b>Assets</b>			
Cash	\$ 164,653	\$ 117,554	\$ 282,207
Investments	3,908,788	2,770,543	6,679,331
<b>Total Assets</b>	<b>\$ 4,073,441</b>	<b>\$ 2,888,097</b>	<b>\$ 6,961,538</b>
<b>Liabilities</b>			
Other Payables	\$ -	\$ 308	\$ 308
<b>Total Liabilities</b>	<b>-</b>	<b>308</b>	<b>308</b>
<b>Net Position</b>			
Pension Liability	4,073,441	2,887,789	6,961,230
<b>Total Liabilities and Net Position</b>	<b>\$ 4,073,441</b>	<b>\$ 2,888,097</b>	<b>\$ 6,961,538</b>

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, 2018

	<b>PENSION TRUST FUNDS</b>		
	Police Pension Trust Fund	Fire Pension Trust Fund	Total Fiduciary
<b>ADDITIONS</b>			
<i>Contributions:</i>			
Employer	\$ 290,317	\$ 300,867	\$ 591,184
Participants	53,598	40,839	94,437
<i>Total Contributions</i>	<u>343,915</u>	<u>341,706</u>	<u>685,621</u>
<i>Investment Income:</i>			
Net Appreciation (Depreciation) in Fair Value of Investments (Unrealized)	(286,630)	(197,504)	(484,134)
Gains and (Losses) from the Sale of Securities (Realized)	-	-	-
Interest, Dividends, and Other Income	149,429	102,373	251,802
<i>Total Investment Income</i>	<u>(137,201)</u>	<u>(95,131)</u>	<u>(232,332)</u>
Less Investment Expense	(10,513)	(7,232)	(17,745)
<i>Net Investment Income (Loss)</i>	<u>(147,714)</u>	<u>(102,363)</u>	<u>(250,077)</u>
<b>TOTAL ADDITIONS</b>	<u>196,201</u>	<u>239,343</u>	<u>435,544</u>
<b>DEDUCTIONS</b>			
<i>Pension Benefits:</i>			
Retirement	279,254	188,704	467,958
Disability	56,609	62,865	119,474
Survivor	69,831	82,469	152,300
Refund	10,624	-	10,624
<i>Total Pension Benefits</i>	<u>416,318</u>	<u>334,038</u>	<u>750,356</u>
<i>Administrative Expenses</i>			
Professional Fees	13,010	11,749	24,759
Other	1,922	780	2,702
<i>Total Administrative Expenses</i>	<u>14,932</u>	<u>12,529</u>	<u>27,461</u>
<b>TOTAL DEDUCTIONS</b>	<u>431,250</u>	<u>346,567</u>	<u>777,817</u>
<b>Net Increase (Decrease) in Plan Net Assets</b>	(235,049)	(107,224)	(342,273)
<b>Net Plan Assets Held in Trust for Pension Benefits January 1, 2018</b>	<u>4,308,490</u>	<u>2,995,013</u>	<u>7,303,503</u>
<b>Net Plan Assets Held in Trust for Pension Benefits December 31, 2018</b>	<u>\$ 4,073,441</u>	<u>\$ 2,887,789</u>	<u>\$ 6,961,230</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, 2018

**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, 2018

**NOTE A - Summary of Significant Accounting Policies - Continued**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

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

The City reports the following major governmental funds:

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

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

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

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

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

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

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

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

4. The Pinckneyville-Du Quoin Airport

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

The following condensed Statement of Net Position as of April 30, 2018, and the Statement of Revenues, Expenses and Changes in Net Position for the year ending April 30, 2018, 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, 2018

**NOTE A - Summary of Significant Accounting Policies - Continued**

4. The Pinckneyville-Du Quoin Airport - Concluded

<b>ASSETS</b>		<b>RECEIPTS</b>	
Current Assets		Intergovernmental Income	\$ 4,000
Cash & Prepaid Expenses	\$ 54,995	Grant Income	555,133
Grant Receivable	2,962	Rental Income	26,524
Prepaid Expenses	765	Interest Income	277
Capital Assets		Other Income	12,114
Property, Plant & Equipment (Net)	1,739,582	<b>TOTAL RECEIPTS</b>	<u>598,048</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,798,304</u>		
<b>LIABILITIES AND NET POSITION</b>		<b>DISBURSEMENTS</b>	
Liabilities		Depreciation	59,767
Accounts Payable	\$ 3,150	Interest Expense	7,500
Net Position		Other Expense	26,167
Net Investment in Capital Assets	1,739,582	<b>TOTAL DISBURSEMENTS</b>	<u>93,434</u>
Unrestricted	55,572		
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,798,304</u>	<b>TRANSFERS</b>	
		Net Transfers	0
		<b>TOTAL TRANSFERS</b>	<u>0</u>
		<b>Net Income (Loss)</b>	<u>\$ 504,614</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, 2018

**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, 2018

**NOTE A - Summary of Significant Accounting Policies - Continued**

7. Fund Balances - Concluded

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

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

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

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

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

8. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund income statement includes reconciliation between *net changes in fund balances* and *net change in net position of governmental activities* as reported in the government-wide statement of net position. The difference of (\$156,102) is as follows:

Current Year Purchases	\$ 97,446
Depreciation Expense	(442,946)
Loan Principal Payments	73,643
Accrued Absences	(998)
Pension Expense	116,753
Total	<u>\$ (156,102)</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 \$2,177,331 is summarized as follows:

Capital Assets	\$ 3,217,645
Deferred Pension Obligation	612,991
Net Pension Obligation	(1,190,283)
Accrued Absences	(206,725)
Long-Term Liabilities	(256,297)
Total	<u>\$ 2,177,331</u>



**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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, 2018, the amount of vested vacation and sick pay was \$259,528.

The following is a summary of compensated absence activity:

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Used</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Current	\$ 26,744	\$ 20,211	\$ 21,114	\$ 25,841
Long-Term	<u>178,983</u>	<u>149,698</u>	<u>147,797</u>	<u>180,884</u>
Total	<u>\$ 205,727</u>	<u>\$ 169,909</u>	<u>\$ 168,911</u>	<u>\$ 206,725</u>
<i>Business-Type Activities</i>				
Current	\$ 6,422	\$ 3,488	3,310	\$ 6,600
Long-Term	<u>42,977</u>	<u>26,394</u>	<u>23,168</u>	<u>46,203</u>
Total	<u>\$ 49,399</u>	<u>\$ 29,882</u>	<u>26,478</u>	<u>\$ 52,803</u>
Grand Total	<u>\$ 255,126</u>	<u>\$ 199,791</u>	<u>195,389</u>	<u>\$ 259,528</u>

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, 2018, 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, 2018

**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, 2018, the carrying amount of the City's deposits was \$2,587,764, 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>
<b>Governmental Activities</b>					
<b><u>Major Funds</u></b>					
General	\$ 59,461	\$ 418,211	\$ 0	\$ 477,672	\$ 221,862
Investment Pool	139,666	165,802	51,392	356,860	356,860
Park	13,168	12,904	5,017	31,089	31,089
<b><u>Non-Major Funds</u></b>					
Bus & Ind. Dev.	18,675	131,347	0	150,022	150,022
Health Insurance	27,000	189,899	0	216,899	216,899
Public Library	16,142	106,497	0	122,639	122,639
Drug Abuse	29,731	26,804	11,476	68,011	67,627
Tourism Hotel Tax	598	4,207	0	4,805	4,805
TIF #1 Fund	4,028	28,332	0	32,360	7,360
TIF #2 Fund	11,961	84,126	0	96,087	96,087
TIF #3 Fund	8,626	60,672	0	69,298	69,298
Business District Tax	74,109	66,810	28,601	169,520	169,520
Motor Fuel Tax	32,580	229,145	0	261,725	261,725
Building Improvements	2,761	19,421	0	22,182	22,182
Total Governmental Activities	438,506	1,544,177	96,486	2,079,169	1,797,975

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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>
<b>Business-Type Activities</b>					
<u>Major Funds</u>					
Waterworks & Sewage	38,526	270,965	0	309,491	315,964
Capital Improvements	15,576	109,552	0	125,128	125,128
Water Meter Deposit	8,392	59,024	0	67,416	66,490
Total Business Type Activities	<u>62,494</u>	<u>439,541</u>	<u>0</u>	<u>502,035</u>	<u>507,582</u>
<b>Fiduciary Funds</b>					
Police Pension	196,781	0	0	196,781	164,653
Fire Pension	<u>117,833</u>	<u>0</u>	<u>0</u>	<u>117,833</u>	<u>117,554</u>
Total Fiduciary Funds	<u>314,614</u>	<u>0</u>	<u>0</u>	<u>314,614</u>	<u>282,207</u>
<b>TOTAL</b>	<u>\$ 815,614</u>	<u>\$ 1,983,718</u>	<u>\$ 96,486</u>	<u>\$ 2,895,818</u>	<u>\$ 2,587,764</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>
<b>Governmental Activities</b>					
<u>Major Funds</u>					
Investment Pool:					
Illinois Funds	\$ 119,365	\$ 0	\$ 0	\$ 119,365	\$ 119,365
<u>Non-Major Funds</u>					
Public Library:					
Illinois Funds	<u>2,197</u>	<u>0</u>	<u>0</u>	<u>2,197</u>	<u>2,197</u>
Total Governmental Activities	<u>\$ 121,562</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 121,562</u>	<u>\$ 121,562</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, 2018

**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, 2018, Money Market Funds, interest rate risk is not significant.

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

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

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

**Fiduciary Funds**

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

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

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**NOTE B - Cash and Investments - Continued**

**Investments - Continued**

Investments made by the City's Police Pension Fund and Fire Pension Fund are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk in the following categories:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counter-parties trust department or an agent in the City's name.

	Category		Carrying Amount (Cost)	Market Value
	#1	#2		
Fiduciary Funds				
Police Pension	\$ 3,908,788	\$ 0	\$ 3,908,788	\$ 3,908,788
Fire Pension	2,770,543	0	2,770,543	2,770,543
<b>TOTAL</b>	<u>\$ 6,679,331</u>	<u>\$ 0</u>	<u>\$ 6,679,331</u>	<u>\$ 6,679,331</u>

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

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money Market	\$ 168,622	\$ 168,622	\$ 0	\$ 0	\$ 0
Fixed Income:					
U.S. Government	246,998	99,450	147,548	0	0
Securities	643,854	100,376	293,798	249,680	0
Corporate Bonds	1,647,404	251,100	1,396,304	0	0
Certificates of Deposit	756,168	0	657,377	98,791	0
Municipal Bonds	300,327	197,766	102,561	0	0
Mortgage Pools	259,765	189	250	44,459	214,867
Equity:					
Mutual Funds	1,621,360	1,621,360	0	0	0
Exchange Traded	1,034,833	1,034,833	0	0	0
<b>Total</b>	<u>\$ 6,679,331</u>	<u>\$ 3,473,696</u>	<u>\$ 2,597,838</u>	<u>\$ 392,930</u>	<u>\$ 214,867</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**NOTE B - Cash and Investments - Concluded**

**Investments - Concluded**

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

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

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

**NOTE C - Restricted Cash**

Restricted assets consist of cash in several local banks that is for various special revenue funds. These items are included in current assets on the Statement of Net Position.

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

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.

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

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

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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](http://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, 2018

**NOTE D - Municipal Retirement Fund - Continued**

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

	<u>Regular</u>
Retirees and Beneficiaries	33
Inactive, Non-Retired Members	13
Active Members	<u>25</u>
Total	<u><u>71</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 2018 was 12.18%. For the fiscal year ended December 31, 2018, the City of Du Quoin contributed \$156,099 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, 2018. 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, 2018:

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value of Assets
Price Inflation:	2.50%
Salary Increases:	3.39% 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, 2018

**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	<u>100%</u>	

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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 3.71%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	<b>Regular Plan Members</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A)-(B)</b>
<b>Balances at December 31, 2017</b>	<b>\$ 8,043,997</b>	<b>\$ 8,137,797</b>	<b>\$ (93,800)</b>
<b>Changes for the year:</b>			
Service Cost	124,865	0	\$ 124,865
Interest on the Total Pension Liability	592,737	0	592,737
Changes of Benefit Terms	0	0	0
Difference Between Expected and Actual Experience of the Total Pension Liability	225,600	0	225,600
Changes of Assumptions	227,257	0	227,257
Contributions – Employer	0	120,368	(120,368)
Contributions – Employees	0	47,564	(47,564)
Net Investment Income	0	(448,775)	448,775
Benefit Payments, including Refunds of Employee Contributions	(406,529)	(406,529)	0
Other (Net Transfer)	0	167,219	(167,219)
Net Changes	763,930	(520,153)	1,284,083
<b>Balances at December 31, 2018</b>	<b>\$ 8,807,927</b>	<b>\$ 7,617,644</b>	<b>\$ 1,190,283</b>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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	\$ 2,209,271	\$ 1,190,283	\$ 338,542

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	\$ 154,826	\$ 131,232
Changes of assumptions	155,963	111,280
Net difference between projected and actual earnings on pension plan investments	<u>954,775</u>	<u>445,545</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>1,265,564</u>	<u>688,057</u>
Pension Contributions made subsequent to the Measurement Date	<u>35,484</u>	<u>0</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,301,048</u>	<u>\$ 688,057</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
2019	\$ 162,300	\$ 0
2020	149,981	0
2021	89,425	0
2022	211,285	0
2023	0	0
Thereafter	0	0
Total	<u>\$ 612,991</u>	<u>\$ 0</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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](http://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 2018 was 12.18 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 2018 was \$156,099.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/18	\$ 156,099	100%	\$ 0
12/31/17	154,156	100%	0
12/31/16	160,481	100%	0

The required contribution for 2018 was determined as part of the December 31, 2016, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2016, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2016 is being amortized as a level percentage of projected payroll on an open 25 year basis.

*Funded Status and Funding Progress.* As of December 31, 2018, the most recent actuarial valuation date, the Regular plan was 83.23 percent funded. The actuarial accrued liability for benefits was \$4,481,718 and the actuarial value of assets was \$3,730,231, resulting in an underfunded actuarial accrued liability (UAAL) of \$751,487. The covered payroll for calendar year 2018 (annual payroll of active employees covered by the plan) was \$1,281,603 and the ratio of the UAAL to the covered payroll was 59 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, 2018

**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, 2017, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>10</u>
Active plan participants:	
Vested	6
Non-vested	<u>5</u>
Total	<u>11</u>

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

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

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

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

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

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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, 2018

**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, 2017, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 7,110,132
Current employees-	
Accumulated employee contributions including allocated investment income	1,256,764
Surplus	<u>0</u>
Total pension benefit obligation	8,366,896
Net assets available for benefits, at market	<u>(4,315,353)</u>
Unfunded pension benefit obligation	<u>\$ 4,051,543</u>

Actuarial Assumptions

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

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, 2018

**NOTE E - Police Pension Plan - Concluded**

Actuarial Assumptions - Concluded

Decrements 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 2017 amounted to \$299,771. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2017. The pension contributions represent funding for normal cost \$108,178, the amortization of the unfunded actuarial accrued liability \$175,293, and the interest earned was \$16,300.

**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 DuQuoin Fire Department Board in accordance with the state statutes.

As of December 31, 2017, 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>7</u>
Active plan participants:	
Vested	4
Non-vested	<u>6</u>
Total	<u>10</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, 2018

**NOTE F - Fire Pension Plan - Continued**

Plan Description - Concluded

The changes made to this subsection by this amendatory Act of the 91<sup>st</sup> 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, 2018

**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, 2017, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,431,853
Current employees-	
Accumulated employee contributions including allocated investment income	<u>2,730,248</u>
Total pension benefit obligation	7,162,101
Net assets available for benefits, at market	<u>(3,050,826)</u>
Unfunded pension benefit obligation	<u>\$ 4,111,275</u>

Actuarial Assumptions

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

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, 2018

**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.

Decrements 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 2017 amounted to \$322,649. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of December 31, 2017. The pension contributions represent funding for normal cost \$119,986, the amortization of the unfunded actuarial accrued liability \$185,119, and the interest earned was \$17,544.

**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 \$97,324, 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, 2018

**NOTE I - Interfund Receivables and Payables**

Due To/From Other Funds balances at December 31, 2018, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 155	\$ 0
Public Library Fund	<u>0</u>	<u>155</u>
Total	<u>\$ 155</u>	<u>\$ 155</u>

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

**NOTE J - Fund Equity**

At December 31, 2018 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, 2018, 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 \$5,739 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>
2019	\$ 4,736	\$ 25,842	\$ 30,578
2020	3,692	26,886	30,578
2021	2,605	27,973	30,578
2022	1,475	29,103	30,578
2023	300	14,990	15,290
Totals	<u>\$ 12,808</u>	<u>\$ 124,794</u>	<u>\$ 137,602</u>

Balance as of December 31, 2017	\$ 149,633
Debt incurred during the year	0
Debt eliminated during the year	<u>(24,839)</u>
Balance as of December 31, 2018	<u>\$ 124,794</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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 \$82,035 on the loan during the year ended December 31, 2018. As of December 31, 2018, the loan balance was \$3,027,466.

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>
2/6/2019	2.50%	\$ 37,843	\$ 172,101	\$ 209,944
8/6/2019	2.50%	35,692	174,253	209,945
2/6/2020	2.50%	33,514	176,431	209,945
8/6/2020	2.50%	31,309	178,636	209,945
2/6/2021	2.50%	29,076	180,869	209,945
8/6/2021	2.50%	26,815	183,130	209,945
2/6/2022	2.50%	24,526	185,419	209,945
8/6/2022	2.50%	22,208	187,737	209,945
2/6/2023	2.50%	19,861	190,084	209,945
8/6/2023	2.50%	17,485	192,460	209,945
2/6/2024	2.50%	15,079	194,866	209,945
8/6/2024	2.50%	12,644	197,301	209,945
2/6/2025	2.50%	10,177	199,768	209,945
8/6/2025	2.50%	7,680	202,265	209,945
2/6/2026	2.50%	5,152	204,793	209,945
8/6/2026	2.50%	2,591	207,353	209,944
Totals		<u>\$ 331,652</u>	<u>\$ 3,027,466</u>	<u>\$ 3,359,118</u>

Balance as of December 31, 2017	\$ 3,365,321
Debt incurred during the year	0
Debt eliminated during the year	<u>(337,855)</u>
Balance as of December 31, 2018	<u>\$ 3,027,466</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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 \$12,566 on the loan during the year ended December 31, 2018. As of December 31, 2018, the loan balance was \$525,698.

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>
04/25/2019	2.295%	\$ 6,033	\$ 14,779	\$ 20,812
10/25/2019	2.295%	5,863	14,949	20,812
04/25/2020	2.295%	5,692	15,120	20,812
10/25/2020	2.295%	5,518	15,294	20,812
04/25/2021	2.295%	5,343	15,469	20,812
10/25/2021	2.295%	5,165	15,647	20,812
04/25/2022	2.295%	4,986	15,826	20,812
10/25/2022	2.295%	4,804	16,008	20,812
04/25/2023	2.295%	4,620	16,192	20,812
10/25/2023	2.295%	4,435	16,377	20,812
04/25/2024	2.295%	4,247	16,565	20,812
10/25/2024	2.295%	4,057	16,755	20,812
04/25/2025	2.295%	3,864	16,948	20,812
10/25/2025	2.295%	3,670	17,142	20,812
04/25/2026	2.295%	3,473	17,339	20,812
10/25/2026	2.295%	3,274	17,538	20,812
04/25/2027	2.295%	3,073	17,739	20,812
10/25/2027	2.295%	2,869	17,943	20,812
04/25/2028	2.295%	2,663	18,149	20,812
10/25/2028	2.295%	2,455	18,357	20,812
04/25/2029	2.295%	2,245	18,567	20,812
10/25/2029	2.295%	2,031	18,781	20,812
04/25/2030	2.295%	1,816	18,996	20,812
10/25/2030	2.295%	1,598	19,214	20,812
04/25/2031	2.295%	1,378	19,434	20,812
10/25/2031	2.295%	1,154	19,658	20,812
04/25/2032	2.295%	929	19,883	20,812
10/25/2032	2.295%	701	20,111	20,812
04/25/2033	2.295%	470	20,342	20,812
10/25/2033	2.295%	236	20,576	20,812
Totals		<u>\$ 98,662</u>	<u>\$ 525,698</u>	<u>\$ 624,360</u>
Balance as of December 31, 2017		\$	554,755	
Debt incurred during the year			0	
Debt eliminated during the year			<u>(29,057)</u>	
Balance as of December 31, 2018		\$	<u>525,698</u>	

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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 \$2,118 beginning September 8, 2016. The City paid interest expense of \$6,048 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
2019	\$ 5,857	\$ 21,280	\$ 27,137
2020	5,007	22,130	27,137
2021	4,123	23,014	27,137
2022	3,203	23,934	27,137
2023	2,247	24,890	27,137
2024	1,253	25,884	27,137
2025	263	17,829	18,092
Totals	<u>\$ 21,953</u>	<u>\$ 158,961</u>	<u>\$ 180,914</u>

Balance as of December 31, 2017	\$ 179,594
Debt incurred during the year	0
Debt eliminated during the year	<u>(20,633)</u>
Balance as of December 31, 2018	<u>\$ 158,961</u>

5. Fire Truck Lease - Governmental Funds

The City of Du Quoin has a lease agreement with the Edgar City Bank & Trust Company for a fire truck. The lease amount is \$400,000 with annual payments beginning June 21, 2013 in the amount of \$58,432. The City paid interest expense of \$5,422 on the lease during the year. The lease will mature on June 21, 2020. The following is a summary of the lease payments:

Fiscal Year Ended	Interest	Principal	Total
2019	\$ 12,757	\$ 45,675	\$ 58,432
2020	6,771	51,661	58,432
Totals	<u>\$ 19,528</u>	<u>\$ 97,336</u>	<u>\$ 116,864</u>

Balance as of December 31, 2017	\$ 150,346
Debt incurred during the year	0
Debt eliminated during the year	<u>(53,010)</u>
Balance as of December 31, 2018	<u>\$ 97,336</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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	Fire Truck		IL EPA	IL EPA	SICBCC		
<u>December 31,</u>	<u>Roof Loan</u>	<u>Lease</u>	<u>Total</u>	<u>Facility Loan</u>	<u>Drinking Water Loan</u>	<u>Loan</u>	<u>Total</u>	
2019	\$ 27,137	\$ 58,432	\$ 85,569	\$ 419,889	\$ 41,624	\$ 30,578	\$ 492,091	\$ 577,660
2020	27,137	58,432	85,569	419,890	41,624	30,578	492,092	577,661
2021	27,137	-	27,137	419,890	41,624	30,578	492,092	519,229
2022	27,137	-	27,137	419,890	41,624	30,578	492,092	519,229
2023	27,137	-	27,137	419,890	41,624	15,290	476,804	503,941
2024-2028	45,229	-	45,229	1,259,669	208,120	-	1,467,789	1,513,018
2029-2033	-	-	-	-	208,120	-	208,120	208,120
 TOTAL	 180,914	 116,864	 297,778	 3,359,118	 624,360	 137,602	 4,121,080	 4,418,858
Less Interest	(21,953)	(19,528)	(41,481)	(331,652)	(98,662)	(12,808)	(443,122)	(484,603)
 <b>Outstanding Principal</b>	 <u>\$ 158,961</u>	 <u>\$ 97,336</u>	 <u>\$ 256,297</u>	 <u>\$ 3,027,466</u>	 <u>\$ 525,698</u>	 <u>\$ 124,794</u>	 <u>\$ 3,677,958</u>	 <u>\$ 3,934,255</u>



**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 30, 2018

**NOTE M - Computation of Legal Debt Margin**

Assessed Valuation - 2017 Tax Year Levy		\$ 43,912,040
Statutory Debt Limitation (8.625% of assessed valuation)		\$ 3,787,413
Total Debt:		
Loan Obligations	3,836,919	
Lease Obligations	97,336	
Total Debt	<u>3,934,255</u>	
Less: EPA Loan Exempt from Debt Limitation	<u>(3,553,164)</u>	<u>381,091</u>
Statutory Debt Margin		<u>\$ 3,406,322</u>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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 27, 2017. The City received tax distributions in September, October, and December 2018.

<b>TAX LEVY YEARS 2017, 2016, 2015</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>ASSESSED VALUATION</b>	<b>\$ 43,912,040</b>	<b>\$ 43,663,729</b>	<b>\$ 42,794,567</b>
Social Security	0.0000	0.0000	0.0000
Library	0.1649	0.1643	0.1646
IMRF	0.1461	0.1008	0.0981
Firefighter's Pension	0.6495	0.6532	0.6830
Police Pension	0.6249	0.6746	0.6087
Total	<b>1.5854</b>	<b>1.5929</b>	<b>1.5544</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>TAX EXTENSIONS</b>			
Social Security	\$ -	\$ -	\$ -
Library	72,411	71,740	70,440
IMRF	64,155	44,013	41,981
Firefighter's Pension	285,209	285,211	292,287
Police Pension	274,406	294,556	260,491
Road and Bridge	36,227	32,049	32,823
TIF #1	84,181	80,306	75,169
TIF #2	42,808	46,499	46,208
TIF #3	43,224	45,072	43,985
Total	<b>\$ 902,621</b>	<b>\$ 899,446</b>	<b>\$ 863,384</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>TAX COLLECTIONS</b>			
Social Security	\$ -	\$ -	\$ -
Library	71,823	71,638	70,523
IMRF	63,634	43,950	83,266
Firefighter's Pension	282,891	284,804	270,874
Police Pension	272,177	294,135	241,407
Road and Bridge	35,996	31,903	32,413
TIF #1	84,010	79,937	74,300
TIF #2	42,808	46,499	46,208
TIF #3	43,224	45,072	43,985
Total	<b>\$ 896,563</b>	<b>\$ 897,938</b>	<b>\$ 862,976</b>

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**NOTE O - Interfund Operating Transfers**

Individual fund operating transfers for fiscal year 2018 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds</b>		
<i>Major Funds</i>		
General Fund	\$ 168,904	\$ 102,982
Investment Pool	8,110	0
Park	0	9,927
<i>Non-Major Funds</i>		
IMRF	0	152,764
Public Library	0	2,724
Health Insurance	118,318	0
Motor Fuel Tax	553	0
TIF #1	51,685	0
TIF #2	1,869	21,350
TIF #3	0	32,204
Total Governmental Funds	349,439	321,951
Less Interfund Transfers	(257,035)	(321,951)
Net Governmental Fund Transfers	92,404	0
<b>Proprietary Funds</b>		
Waterworks and Sewage	3,771	545,893
Capital Improvements	518,386	0
Meter Deposit	0	3,752
Total Proprietary Funds	522,157	549,645
Less Interfund Transfers	(522,157)	(457,241)
Net Proprietary Transfers	0	92,404
<b>Total Transfers, Net</b>	<b>\$ 92,404</b>	<b>\$ 92,404</b>

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

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**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, 2019. Changes in the amounts received or timing of the amounts received from the State of Illinois, could result in cash flow problems for the City, and may require budget amendments and cuts of services.

**NOTE Q - Subsequent Events**

The City has evaluated subsequent events through April 29, 2019, the date which the financial statements were available to be issued.

**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, 2018, the amount due to the city is \$429,320.

**NOTE S - Revolving Loans Receivable**

Below is a summary of the City of Du Quoin's Revolving Loan Program receivables as of December 31, 2018. The total of \$23,186 is shown as a receivable in the Du Quoin Business & Industrial Development Fund.

<u>Borrower</u>	<u>Original Loan Amount</u>	<u>Date</u>	<u>Due Date</u>	<u>12/31/18 Balance</u>
Vicki Holmes	\$ 6,800	03/2016	04/2021	\$ 3,186
Grand Theater	\$ 20,000	08/2014	08/2019	<u>20,000</u>
Total				<u>\$ 23,186</u>

**NOTE T - Prior Period Adjustment**

The Water Fund has a prior period adjustment of \$150,024 for the prior year utility accounts receivable. The adjustments had no effect on the change in net position for the current year.

**CITY OF DUQUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Continued  
December 31, 2018

**NOTE U - Components of Fund Balance**

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

	Major Governmental Funds				
	General	Investment	Park	Nonmajor	Total
Fund Balances:	Fund	Fund	Fund	Governmental	Governmental
				Funds	Funds
<u>Nonspendable</u>					
Notes Receivable	\$ -	\$ -	\$ 429,320	\$ 23,186	\$ 452,506
Total Nonspendable	-	-	429,320	23,186	452,506
<u>Restricted</u>					
General Government	-	-	-	789,314	789,314
Transportation	-	-	-	272,761	272,761
Total Restricted	-	-	-	1,062,075	1,062,075
<u>Committed</u>					
General Government	-	-	-	1,091	1,091
Services	-	-	-	123,972	123,972
Total Committed	-	-	-	125,063	125,063
<u>Assigned</u>					
General Government	-	485,041	-	-	485,041
Public Welfare	-	-	-	68,280	68,280
Services	-	-	30,025	-	30,025
Total Assigned	-	485,041	30,025	68,280	583,346
<u>Unassigned</u>					
General Government	693,931	-	-	-	693,931
Total Unassigned	693,931	-	-	-	693,931
Total Governmental Fund Balances	\$ 693,931	\$ 485,041	\$ 459,345	\$ 1,278,604	\$ 2,916,921

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Basic Financial Statements - Concluded  
December 31, 2018

**NOTE V - Capital Assets**

Capital asset activity for the year ended December 31, 2018 is as follows:

**Changes in Capital Assets**  
**Year Ended December 31, 2018**

	ASSETS				ACCUMULATED DEPRECIATION				Net
	Balance 1/1/18	Additions	Deletions	Balance 12/31/18	Balance 1/1/18	Current Provisions	Deductions	Balance 12/31/18	Book Value 12/31/18
<b>GOVERNMENTAL ACTIVITIES</b>									
<i>Non-Depreciable Capital Assets</i>									
Land	\$ 50,500	\$ -	\$ -	\$ 50,500	\$ -	\$ -	\$ -	\$ -	\$ 50,500
Total Non-Depreciable Capital Assets	50,500	-	-	50,500	-	-	-	-	50,500
<i>Depreciable Capital Assets</i>									
Buildings and Plants	3,664,831	-	-	3,664,831	2,478,208	91,487	-	2,569,695	1,095,136
Land Improvements	2,338,492	8,496	-	2,346,988	571,252	130,052	-	701,304	1,645,684
Machinery and Equipment	2,654,844	88,950	531,277	2,212,517	2,336,258	98,085	531,277	1,903,066	309,451
Vehicles	1,772,412	-	361,389	1,411,023	1,532,216	123,322	361,389	1,294,149	116,874
Total Depreciable Capital Assets	10,430,579	97,446	892,666	9,635,359	6,917,934	442,946	892,666	6,468,214	3,167,145
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	10,481,079	97,446	892,666	9,685,859	6,917,934	442,946	892,666	6,468,214	3,217,645
<b>BUSINESS-TYPE ACTIVITIES</b>									
<i>Depreciable Capital Assets</i>									
Buildings and Plants	8,064,732	400,000	-	8,464,732	2,284,186	511,618	-	2,795,804	5,668,928
Land Improvements	2,727,390	-	-	2,727,390	1,179,129	165,131	-	1,344,260	1,383,130
Machinery and Equipment	1,367,270	9,034	400,000	976,304	1,026,762	87,974	300,000	814,736	161,568
Vehicles	65,975	-	28,510	37,465	59,731	6,244	28,510	37,465	-
Total Depreciable Capital Assets	12,225,367	409,034	428,510	12,205,891	4,549,808	770,967	328,510	4,992,265	7,213,626
<b>TOTAL REPORTING ENTITY</b>	<u>\$ 22,706,446</u>	<u>\$ 506,480</u>	<u>\$ 1,321,176</u>	<u>\$ 21,891,750</u>	<u>\$ 11,467,742</u>	<u>\$ 1,213,913</u>	<u>\$ 1,221,176</u>	<u>\$ 11,460,479</u>	<u>\$ 10,431,271</u>
Governmental Function	Governmental Activities								
Depreciation Expense:									
General Government	\$ 166,101								
Public Safety	197,430								
Services	28,761								
Transportation	37,053								
Welfare	13,601								
Total Depreciation Expense	<u>\$ 442,946</u>								

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DU QUOIN, ILLINOIS**  
Illinois Municipal Retirement Fund - Schedule of Funding Progress  
For the Year Ended December 31, 2018

**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)
12/31/2018	\$ 3,730,231	\$ 4,481,718	\$ 751,487	83.23%	\$ 1,281,603	58.64%
12/31/2017	\$ 3,733,554	\$ 4,024,531	\$ 290,977	92.77%	\$ 1,240,191	23.46%
12/31/2016	\$ 3,431,849	\$ 4,337,471	\$ 905,622	79.12%	\$ 1,263,629	71.67%

On a market basis, the actuarial value of assets as of December 31, 2018 is \$3,313,831. On a market basis, the funded ratio would be 73.94%.

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, 2018

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

Calendar Year Ending December 31,	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 124,865	\$ 142,918	\$ 148,090	\$ 140,775	\$ 142,670
Interest on the Total Pension Liability	592,737	611,608	593,471	563,611	500,732
Benefit Changes	-	-	-	-	-
Difference Between Expected and Actual Experience	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	(406,529)	(449,107)	(389,500)	(387,393)	(350,648)
<b>Net Change in Total Pension Liability</b>	<b>763,930</b>	<b>(263,876)</b>	<b>253,062</b>	<b>406,650</b>	<b>867,739</b>
<b>Total Pension Liability-Beginning</b>	<b>8,043,997</b>	<b>8,307,873</b>	<b>8,054,811</b>	<b>7,648,161</b>	<b>6,780,422</b>
<b>Total Pension Liability-Ending (a)</b>	<b>\$ 8,807,927</b>	<b>\$ 8,043,997</b>	<b>\$ 8,307,873</b>	<b>\$ 8,054,811</b>	<b>7,648,161</b>
<b>Plan Fiduciary Net Position</b>					
Employer Contributions	\$ 120,368	\$ 154,155	\$ 160,480	\$ 160,909	\$ 161,734
Employee Contributions	47,564	55,808	57,035	59,255	99,355
Pension Plan Net Investment Income	(448,775)	1,272,782	479,821	34,282	397,248
Benefit Payments and Refunds	(406,529)	(449,107)	(389,500)	(387,393)	(350,648)
Other	167,219	(169,673)	89,895	69,089	75,221
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(520,153)</b>	<b>863,965</b>	<b>397,731</b>	<b>(63,858)</b>	<b>382,910</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>8,137,797</b>	<b>7,273,832</b>	<b>6,876,101</b>	<b>6,939,959</b>	<b>6,557,049</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>\$ 7,617,644</b>	<b>\$ 8,137,797</b>	<b>\$ 7,273,832</b>	<b>\$ 6,876,101</b>	<b>6,939,959</b>
<b>Net Pension Liability/(Asset) - Ending (a-b)</b>	<b>\$ 1,190,283</b>	<b>\$ (93,800)</b>	<b>\$ 1,034,041</b>	<b>\$ 1,178,710</b>	<b>\$ 708,202</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	86.49%	101.17%	87.55%	85.37%	90.74%
<b>Covered Valuation Payroll</b>	\$ 1,281,603	\$ 1,240,191	\$ 1,263,629	\$ 1,316,772	\$ 1,232,057
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	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, 2018

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
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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes	\$ 560,045	\$ 560,045	\$ 601,540	\$ 41,495
Intergovernmental	2,985,471	2,985,471	3,003,800	18,329
Grant Income	15,000	15,000	93,662	78,662
Licenses and Permits	37,230	37,230	37,387	157
Fines and Penalties	51,502	51,502	58,090	6,588
Revenues from Services	81,320	81,320	73,199	(8,121)
Interest Income	135	135	337	202
Other	50,400	50,400	71,501	21,101
<b>Total Revenues</b>	<u>3,781,103</u>	<u>3,781,103</u>	<u>3,939,516</u>	<u>158,413</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government	777,924	777,924	905,554	(127,630)
Public Safety	2,115,065	2,115,065	2,132,117	(17,052)
Transportation	636,247	636,247	673,999	(37,752)
<i>Capital Outlay</i>	55,000	55,000	83,745	(28,745)
<i>Debt Service</i>	84,500	84,500	85,113	(613)
<b>Total Expenditures</b>	<u>3,668,736</u>	<u>3,668,736</u>	<u>3,880,528</u>	<u>(211,792)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>112,367</u>	<u>112,367</u>	<u>58,988</u>	<u>(53,379)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	168,904	168,904
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(94,872)</u>	<u>(94,872)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>74,032</u>	<u>74,032</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, 2018

	<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>\$ 112,367</u>	<u>\$ 112,367</u>	133,020	<u>\$ 20,653</u>
<b>Beginning Fund Balance</b>			536,746	
<b>GAAP Adjustments:</b>				
Due From State of Illinois			28,682	
Property Taxes Receivable			(1,220)	
Accounts Payable			<u>(3,297)</u>	
<b>Total GAAP Adjustments</b>			<u>24,165</u>	
<b>Ending Fund Balance</b>			<u>\$ 693,931</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Electric Utilities Tax	\$ 372,530	\$ 372,530	\$ 413,208	\$ 40,678
Communications Utilities Tax	102,799	102,799	92,676	(10,123)
Franchise Tax	52,292	52,292	58,440	6,148
Intergovernmental				
Income Tax	48,715	48,715	58,513	9,798
Use Tax	13,607	13,607	20,929	7,322
Sales Tax	208,446	208,446	204,338	(4,108)
Personal Property Replacement Tax	3,000	3,000	4,510	1,510
Charitable Gaming Tax	1,853	1,853	3,538	1,685
Licenses and Permits	37,230	37,230	37,387	157
Fines and Penalties	500	500	195	(305)
Revenues from Services				
Property Maintenance	2,600	2,600	7,985	5,385
Rental	-	-	1,200	1,200
State Fair	8,000	8,000	-	(8,000)
Interest Income	135	135	337	202
Other	32,000	32,000	45,338	13,338
<b>Total Revenues</b>	<u>883,707</u>	<u>883,707</u>	<u>948,594</u>	<u>64,887</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Wages	252,425	252,425	275,981	(23,556)
Payroll Taxes	24,230	24,230	24,495	(265)
IMRF Contributions	25,557	25,557	24,157	1,400
Health Insurance	226,108	226,108	275,150	(49,042)
Clothing	1,000	1,000	850	150
Maintenance	10,200	10,200	8,044	2,156
Utilities	37,050	37,050	37,550	(500)
Postage	2,000	2,000	1,281	719
Professional Fees	48,000	48,000	54,523	(6,523)
Publications	2,800	2,800	3,357	(557)
Travel	150	150	79	71
Dues	2,300	2,300	1,652	648
Audit	21,000	21,000	27,450	(6,450)
Insurance	35,754	35,754	35,765	(11)
Supplies	22,300	22,300	24,878	(2,578)

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Expenditures - Continued</b>				
<i>Current</i>				
General Government				
Rent	100	100	69	31
Projects	8,000	8,000	19,958	(11,958)
Property Taxes	600	600	769	(169)
Property Maintenance	16,000	16,000	36,286	(20,286)
Recycling	19,000	19,000	21,748	(2,748)
Airport	12,000	12,000	12,000	-
Other	11,350	11,350	19,512	(8,162)
<i>Debt Service</i>	<u>26,000</u>	<u>26,000</u>	<u>26,681</u>	<u>(681)</u>
<b>Total Expenditures</b>	<u>803,924</u>	<u>803,924</u>	<u>932,235</u>	<u>(128,311)</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>\$ 79,783</u>	 <u>\$ 79,783</u>	 <u>\$ 16,359</u>	 <u>\$ (63,424)</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Intergovernmental				
Income Tax	\$ 4,886	\$ 4,886	\$ 5,207	\$ 321
Use Tax	1,365	1,365	1,522	157
Sales Tax	20,907	20,907	20,411	(496)
Personal Property Replacement Tax	301	301	350	49
Grant Income				
Federal	15,000	15,000	17,097	2,097
Other	-	-	227	227
<b>Total Revenues</b>	<u>42,459</u>	<u>42,459</u>	<u>44,814</u>	<u>2,355</u>
<b>Expenditures</b>				
<i>Current</i>				
Public Safety				
Wages	2,400	2,400	2,400	-
Payroll Taxes	309	309	297	12
Maintenance	14,000	14,000	13,996	4
Utilities	22,500	22,500	25,983	(3,483)
Professional Fees	1,000	1,000	28	972
Travel	500	500	438	62
Dues	500	500	448	52
Supplies	1,500	1,500	5,123	(3,623)
Other	500	500	193	307
<b>Total Expenditures</b>	<u>43,209</u>	<u>43,209</u>	<u>48,906</u>	<u>(5,697)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (750)</u>	<u>\$ (750)</u>	<u>\$ (4,092)</u>	<u>\$ (3,342)</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Intergovernmental				
Income Tax	\$ 140,875	\$ 140,875	\$ 150,764	\$ 9,889
Use Tax	39,350	39,350	44,058	4,708
Sales Tax	602,790	602,790	590,996	(11,794)
Personal Property Replacement Tax	8,675	8,675	10,155	1,480
Revenues from Services				
State Fair	8,000	8,000	20,000	12,000
Fire Calls	3,720	3,720	-	(3,720)
Other	1,000	1,000	488	(512)
<b>Total Revenues</b>	<u>804,410</u>	<u>804,410</u>	<u>816,461</u>	<u>12,051</u>
<b>Expenditures</b>				
<i>Current</i>				
Public Safety				
Wages	505,935	505,935	499,599	6,336
Payroll Taxes	14,105	14,105	13,075	1,030
Health Insurance	89,732	89,732	101,132	(11,400)
Clothing	4,550	4,550	4,831	(281)
Maintenance	18,371	18,371	21,460	(3,089)
Utilities	10,667	10,667	14,738	(4,071)
Postage	200	200	240	(40)
Professional Fees	500	500	-	500
Publications	2,000	2,000	1,306	694
Travel	8,500	8,500	1,662	6,838
Dues	2,500	2,500	1,258	1,242
Insurance	70,618	70,618	70,521	97
Supplies	5,350	5,350	3,577	1,773
Rent	500	500	-	500
Other	1,000	1,000	779	221
<i>Debt Service</i>	<u>58,500</u>	<u>58,500</u>	<u>58,432</u>	<u>68</u>
<b>Total Expenditures</b>	<u>793,028</u>	<u>793,028</u>	<u>792,610</u>	<u>418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 11,382</u>	<u>\$ 11,382</u>	<u>\$ 23,851</u>	<u>\$ 12,469</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, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Intergovernmental				
Income Tax	\$ 229,628	\$ 229,628	\$ 239,329	\$ 9,701
Use Tax	64,142	64,142	66,110	1,968
Sales Tax	982,556	982,556	963,206	(19,350)
Personal Property Replacement Tax	14,141	14,141	16,553	2,412
Grant Income				
State	-	-	76,565	76,565
Fines and Penalties	51,002	51,002	57,895	6,893
Revenues from Services				
State Fair	4,000	4,000	-	(4,000)
School Resource Officer	14,000	14,000	15,167	1,167
Other	2,500	2,500	4,561	2,061
<b>Total Revenues</b>	<u>1,361,969</u>	<u>1,361,969</u>	<u>1,439,386</u>	<u>77,417</u>
<b>Expenditures</b>				
<i>Current</i>				
Public Safety				
Wages	963,179	963,179	974,323	(11,144)
Payroll Taxes	45,267	45,267	46,137	(870)
IMRF Contributions	26,822	26,822	27,558	(736)
Health Insurance	168,650	168,650	150,941	17,709
Clothing	9,500	9,500	10,540	(1,040)
Maintenance	23,000	23,000	33,919	(10,919)
Utilities	29,400	29,400	35,003	(5,603)
Postage	500	500	248	252
Professional Fees	2,500	2,500	5,069	(2,569)
Publications	1,900	1,900	1,565	335
Travel	2,000	2,000	1,977	23
Dues	2,500	2,500	3,688	(1,188)
Insurance	36,610	36,610	36,644	(34)
Supplies	24,000	24,000	17,083	6,917
Rent	500	500	476	24
Other	1,000	1,000	3,862	(2,862)
<i>Capital Outlay</i>	35,000	35,000	83,745	(48,745)
<b>Total Expenditures</b>	<u>1,372,328</u>	<u>1,372,328</u>	<u>1,432,778</u>	<u>(60,450)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (10,359)</u>	<u>\$ (10,359)</u>	<u>\$ 6,608</u>	<u>\$ 16,967</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Property Tax	\$ 32,424	\$ 32,424	\$ 37,216	\$ 4,792
Intergovernmental				
Income Tax	106,807	106,807	114,257	7,450
Use Tax	29,834	29,834	33,390	3,556
Sales Tax	457,016	457,016	447,891	(9,125)
Personal Property Replacement Tax	6,577	6,577	7,773	1,196
Revenues from Services				
Equipment Rental	41,000	41,000	28,847	(12,153)
Other	14,900	14,900	20,887	5,987
<b>Total Revenues</b>	<u>688,558</u>	<u>688,558</u>	<u>690,261</u>	<u>1,703</u>
<b>Expenditures</b>				
<i>Current</i>				
Transportation				
Wages	306,951	306,951	318,147	(11,196)
Payroll Taxes	27,904	27,904	27,300	604
IMRF Contribution	30,979	30,979	36,082	(5,103)
Health Insurance	58,407	58,407	64,510	(6,103)
Clothing	2,000	2,000	1,731	269
Maintenance	39,000	39,000	62,871	(23,871)
Utilities	80,950	80,950	65,452	15,498
Postage	100	100	93	7
Professional Fees	5,000	5,000	1,653	3,347
Publications	100	100	-	100
Travel	1,000	1,000	380	620
Insurance	32,456	32,456	32,496	(40)
Supplies	34,700	34,700	53,254	(18,554)
Rent	1,700	1,700	629	1,071
Projects	11,000	11,000	8,697	2,303
Other	4,000	4,000	704	3,296
<i>Capital Outlay</i>	20,000	20,000	-	20,000
<b>Total Expenditures</b>	<u>656,247</u>	<u>656,247</u>	<u>673,999</u>	<u>(17,752)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 32,311</u>	<u>\$ 32,311</u>	<u>\$ 16,262</u>	<u>\$ (16,049)</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Intergovernmental				
Video Gaming Tax	\$ 91,900	\$ 91,900	\$ 109,421	\$ 17,521
Interest Income	985	985	2,185	1,200
<b>Total Revenues</b>	<u>92,885</u>	<u>92,885</u>	<u>111,606</u>	<u>18,721</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 92,885</u>	<u>\$ 92,885</u>	111,606	<u>\$ 18,721</u>
<b>Beginning Fund Balance</b>			364,619	
<b>GAAP Adjustments:</b>				
Due From State of Illinois			<u>8,816</u>	
<b>Total GAAP Adjustments</b>			<u>8,816</u>	
<b>Ending Fund Balance</b>			<u>\$ 485,041</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Intergovernmental				
Income Tax	\$ 15,500	\$ 15,500	\$ 16,966	\$ 1,466
Use Tax	4,329	4,329	4,958	629
Sales Tax	66,321	66,321	66,507	186
Personal Property Tax	954	954	1,140	186
Revenue from Services	26,000	26,000	27,052	1,052
Other	39,029	39,029	45,575	6,546
<b>Total Revenues</b>	<u>152,133</u>	<u>152,133</u>	<u>162,198</u>	<u>10,065</u>
<b>Expenditures</b>				
<i>Current</i>				
Services				
Wages	45,000	45,000	45,699	(699)
Payroll Taxes	5,783	5,783	5,516	267
Maintenance	15,500	15,500	13,623	1,877
Utilities	19,460	19,460	9,836	9,624
Postage	100	100	36	64
Professional Fees	2,500	2,500	2,175	325
Insurance	5,862	5,862	5,819	43
Supplies	15,900	15,900	16,154	(254)
Other	3,000	3,000	6,369	(3,369)
<i>Capital Outlay</i>	14,028	14,028	13,701	327
<b>Total Expenditures</b>	<u>127,133</u>	<u>127,133</u>	<u>118,928</u>	<u>8,205</u>
Excess (Deficiency) of Revenues over Expenditures	<u>25,000</u>	<u>25,000</u>	<u>43,270</u>	<u>18,270</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(9,927)	(9,927)
<b>Total Other Financing Sources (Uses)</b>	-	-	(9,927)	(9,927)
Net Change in Fund Balance	<u>\$ 25,000</u>	<u>\$ 25,000</u>	33,343	<u>\$ 8,343</u>
<b>Beginning Fund Balance</b>			466,095	
<b>GAAP Adjustments:</b>				
Due From Other Governments			(39,029)	
Accounts Payable			(1,064)	
<b>Total GAAP Adjustments</b>			<u>(40,093)</u>	
<b>Ending Fund Balance</b>			<u>\$ 459,345</u>	

See Accompanying Notes to the Required Supplementary Information

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Required Supplementary Information  
December 31, 2018

**NOTE A - Budgets and Budgetary Accounting**

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

A. Budget adoption procedures:

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

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

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

D. The budget was adopted on December 27, 2017.

**NOTE B - Stewardship, Compliance and Accountability**

During the fiscal year ended December 31, 2018 the following funds had expenditures in excess of their budget appropriation:

General Fund	Drug Abuse Fund	TIF #1 Fund
TIF #2 Fund	Business District Tax Fund	Water & Sewage Fund
Water Meter Deposit Fund		

The following funds did not have a budget appropriation:

None

**CITY OF DU QUOIN, ILLINOIS**  
Notes to Required Supplementary Information - Concluded  
December 31, 2018

**NOTE C - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 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 2018 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): 25 year closed period  
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

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

Wage Growth: 3.50%

Price Inflation: 2.75%

Salary Increases: 3.75% - 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experience based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied to non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2004 Employee Mortality Table with adjustments to match current IMRF experience.

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

\* Based on Valuation Assumptions used in the December 31, 2016 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, 2018

	<b>SPECIAL REVENUE FUNDS</b>						
	Business & Industrial Development	IMRF Fund	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund
<b>Assets and Deferred Outflows of Resources</b>							
<b>Assets</b>							
Cash (Restricted)	\$ 150,022	\$ -	\$ 216,899	\$ 122,639	\$ 68,627	\$ 4,805	\$ 7,360
Investments, at Cost	-	-	-	2,197	-	-	-
Due From State of Illinois	-	-	-	-	-	-	-
Notes Receivable	23,186	-	-	-	-	-	-
<b>Total Assets</b>	<u>173,208</u>	<u>-</u>	<u>216,899</u>	<u>124,836</u>	<u>68,627</u>	<u>4,805</u>	<u>7,360</u>
<b>Deferred Outflows of Resources</b>							
None	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 173,208</u>	<u>\$ -</u>	<u>\$ 216,899</u>	<u>\$ 124,836</u>	<u>\$ 68,627</u>	<u>\$ 4,805</u>	<u>\$ 7,360</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>							
<b>Liabilities</b>							
Accounts Payable	-	-	-	459	347	3,714	-
Due To Other Funds	-	-	-	155	-	-	-
Other Payables	-	-	-	250	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>864</u>	<u>347</u>	<u>3,714</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>							
None	-	-	-	-	-	-	-
<b>Fund Balance</b>							
Nonspendable	23,186	-	-	-	-	-	-
Restricted	150,022	-	216,899	-	-	-	7,360
Committed	-	-	-	123,972	-	1,091	-
Assigned	-	-	-	-	68,280	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<u>173,208</u>	<u>-</u>	<u>216,899</u>	<u>123,972</u>	<u>68,280</u>	<u>1,091</u>	<u>7,360</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 173,208</u>	<u>\$ -</u>	<u>\$ 216,899</u>	<u>\$ 124,836</u>	<u>\$ 68,627</u>	<u>\$ 4,805</u>	<u>\$ 7,360</u>

**CITY OF DU QUOIN, ILLINOIS**  
Combining Balance Sheet - Concluded  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2018

	<b>SPECIAL REVENUE FUNDS</b>					
	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Motor Fuel Tax Fund	Restricted Building Improvement Fund	Total Non-Major Funds
<b>Assets and Deferred Outflows of Resources</b>						
<b>Assets</b>						
Cash (Restricted)	\$ 96,087	\$ 69,298	\$ 169,520	\$ 261,725	\$ 22,182	\$ 1,189,164
Investments, at Cost	-	-	-	-	-	2,197
Due From State of Illinois	-	-	57,946	13,269	-	71,215
Notes Receivable	-	-	-	-	-	23,186
<b>Total Assets</b>	<u>96,087</u>	<u>69,298</u>	<u>227,466</u>	<u>274,994</u>	<u>22,182</u>	<u>1,285,762</u>
<b>Deferred Outflows of Resources</b>						
None	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 96,087</u>	<u>\$ 69,298</u>	<u>\$ 227,466</u>	<u>\$ 274,994</u>	<u>\$ 22,182</u>	<u>\$ 1,285,762</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,233	\$ -	\$ 6,753
Due To Other Funds	-	-	-	-	-	155
Other Payables	-	-	-	-	-	250
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,233</u>	<u>-</u>	<u>7,158</u>
<b>Deferred Inflows of Resources</b>						
None	-	-	-	-	-	-
<b>Fund Balance</b>						
Nonspendable	-	-	-	-	-	23,186
Restricted	96,087	69,298	227,466	272,761	22,182	1,062,075
Committed	-	-	-	-	-	125,063
Assigned	-	-	-	-	-	68,280
Unassigned	-	-	-	-	-	-
<b>Total Fund Balance</b>	<u>96,087</u>	<u>69,298</u>	<u>227,466</u>	<u>272,761</u>	<u>22,182</u>	<u>1,278,604</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 96,087</u>	<u>\$ 69,298</u>	<u>\$ 227,466</u>	<u>\$ 274,994</u>	<u>\$ 22,182</u>	<u>\$ 1,285,762</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, 2018**

	<b>SPECIAL REVENUE FUNDS</b>						
	Business & Industrial Development	IMRF Fund	Health Insurance Fund	Public Library Fund	Drug Abuse Fund	Tourism/ Hotel Tax Fund	TIF #1 Fund
<b>Revenues</b>							
Taxes	\$ -	\$ 28,033	\$ -	\$ 71,831	\$ -	\$ 35,793	\$ 84,021
Intergovernmental	-	-	-	6,251	-	-	-
Grant Income	-	-	-	45,380	-	-	-
Fines and Penalties	-	-	-	1,965	66,459	-	-
Revenues from Services	-	-	-	5,645	-	-	-
Interest Income	2,449	-	31	148	-	1	-
Other	-	-	-	831	-	-	-
<b>Total Revenues</b>	<b>2,449</b>	<b>28,033</b>	<b>31</b>	<b>132,051</b>	<b>66,459</b>	<b>35,794</b>	<b>84,021</b>
<b>Expenditures</b>							
<i>Current</i>							
General Government	-	-	12,835	-	-	34,796	132,479
Public Welfare	-	-	-	-	37,722	-	-
Services	-	-	-	89,415	-	-	-
Transporation	-	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-	-
<i>Debt Service</i>	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>12,835</b>	<b>89,415</b>	<b>37,722</b>	<b>34,796</b>	<b>132,479</b>
Excess (Deficiency) of Revenues over Expenditures	2,449	28,033	(12,804)	42,636	28,737	998	(48,458)
<b>Other Financing Sources (Uses)</b>							
Operating Transfers In	-	-	118,318	-	-	-	51,685
Operating Transfers Out	-	(152,764)	-	(2,724)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(152,764)</b>	<b>118,318</b>	<b>(2,724)</b>	<b>-</b>	<b>-</b>	<b>51,685</b>
Net Change in Fund Balance	2,449	(124,731)	105,514	39,912	28,737	998	3,227
<b>Beginning Fund Balance</b>	<b>170,759</b>	<b>124,731</b>	<b>111,385</b>	<b>84,060</b>	<b>39,543</b>	<b>93</b>	<b>4,133</b>
<b>Ending Fund Balance</b>	<b>\$ 173,208</b>	<b>\$ -</b>	<b>\$ 216,899</b>	<b>\$ 123,972</b>	<b>\$ 68,280</b>	<b>\$ 1,091</b>	<b>\$ 7,360</b>

**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, 2018**

	<b>SPECIAL REVENUE FUNDS</b>					
	TIF #2 Fund	TIF #3 Fund	Business District Tax Fund	Motor Fuel Tax Fund	Restricted Building Improvement Fund	Total Non-Major Funds
<b>Revenues</b>						
Taxes	\$ 42,813	\$ 43,230	\$ -	\$ -	\$ -	\$ 305,721
Intergovernmental	-	-	378,743	156,364	-	541,358
Grant Income	-	-	-	-	-	45,380
Fines and Penalties	-	-	-	-	-	68,424
Revenues from Services	-	-	-	-	-	5,645
Interest Income	-	-	-	56	38	2,723
Other	83,112	-	-	-	-	83,943
<b>Total Revenues</b>	<b>125,925</b>	<b>43,230</b>	<b>378,743</b>	<b>156,420</b>	<b>38</b>	<b>1,053,194</b>
<b>Expenditures</b>						
<i>Current</i>						
General Government	61,682	-	234,458	-	4,865	481,115
Public Welfare	-	-	-	-	-	37,722
Services	-	-	-	-	-	89,415
Transportation	-	-	-	125,812	-	125,812
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Debt Service</i>	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>61,682</b>	<b>-</b>	<b>234,458</b>	<b>125,812</b>	<b>4,865</b>	<b>734,064</b>
Excess (Deficiency) of Revenues over Expenditures	64,243	43,230	144,285	30,608	(4,827)	319,130
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	1,869	-	-	553	-	172,425
Operating Transfers Out	(21,350)	(32,204)	-	-	-	(209,042)
<b>Total Other Financing Sources (Uses)</b>	<b>(19,481)</b>	<b>(32,204)</b>	<b>-</b>	<b>553</b>	<b>-</b>	<b>(36,617)</b>
Net Change in Fund Balance	44,762	11,026	144,285	31,161	(4,827)	282,513
<b>Beginning Fund Balance</b>	<b>51,325</b>	<b>58,272</b>	<b>83,181</b>	<b>241,600</b>	<b>27,009</b>	<b>996,091</b>
<b>Ending Fund Balance</b>	<b>\$ 96,087</b>	<b>\$ 69,298</b>	<b>\$ 227,466</b>	<b>\$ 272,761</b>	<b>\$ 22,182</b>	<b>\$ 1,278,604</b>

**CITY OF DU QUOIN, ILLINOIS**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Original Budget, Final Budget, and Actual  
**BUSINESS & INDUSTRIAL DEVELOPMENT FUND**  
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Interest Income	\$ 1,716	\$ 1,716	\$ 2,449	\$ 733
<b>Total Revenues</b>	<u>1,716</u>	<u>1,716</u>	<u>2,449</u>	<u>733</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Professional Fees	8,500	8,500	-	8,500
Business Developments	15,000	15,000	-	15,000
Infrastructure Improvements	76,500	76,500	-	76,500
<b>Total Expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(98,284)</u>	<u>(98,284)</u>	<u>2,449</u>	<u>100,733</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (98,284)</u>	<u>\$ (98,284)</u>	<u>2,449</u>	<u>\$ 100,733</u>
<b>Beginning Fund Balance</b>			170,759	
<b>GAAP Adjustments:</b>				
None			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ 173,208</u>	

**CITY OF DU QUOIN, ILLINOIS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Original Budget, Final Budget, and Actual**  
**IMRF FUND**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Taxes				
Property Tax	<u>\$        64,150</u>	<u>\$        64,150</u>	<u>\$        66,346</u>	<u>\$          2,196</u>
<b>Total Revenues</b>	<u>64,150</u>	<u>64,150</u>	<u>66,346</u>	<u>2,196</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
IMRF	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>64,150</u>	<u>64,150</u>	<u>66,346</u>	<u>2,196</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(152,764)</u>	<u>(152,764)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(152,764)</u>	<u>(152,764)</u>
Net Change in Fund Balance	<u><u>\$        64,150</u></u>	<u><u>\$        64,150</u></u>	<u>(86,418)</u>	<u><u>\$     (150,568)</u></u>
<b>Beginning Fund Balance</b>			124,731	
<b>GAAP Adjustments:</b>				
Property Taxes Receivable			<u>(38,313)</u>	
<b>Total GAAP Adjustments</b>			<u>(38,313)</u>	
<b>Ending Fund Balance</b>			<u><u>\$          -</u></u>	



**CITY OF DU QUOIN, ILLINOIS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Original Budget, Final Budget, and Actual**  
**HEALTH INSURANCE FUND**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Interest Income	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 31</u>	<u>\$ 26</u>
<b>Total Revenues</b>	<u>5</u>	<u>5</u>	<u>31</u>	<u>26</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Health Insurance Reimbursements	<u>37,500</u>	<u>37,500</u>	<u>12,835</u>	<u>24,665</u>
<b>Total Expenditures</b>	<u>37,500</u>	<u>37,500</u>	<u>12,835</u>	<u>24,665</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5</u>	<u>5</u>	<u>(12,804)</u>	<u>24,691</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	118,318	118,318
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>118,318</u>	<u>118,318</u>
Net Change in Fund Balance	<u><u>\$ (37,495)</u></u>	<u><u>\$ (37,495)</u></u>	105,514	<u><u>\$ 143,009</u></u>
<b>Beginning Fund Balance</b>			111,385	
<b>GAAP Adjustments:</b>				
None			<u>-</u>	
<b>Ending Fund Balance</b>			<u><u>\$ 216,899</u></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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Property Tax	\$ 75,000	\$ 75,000	\$ 76,237	\$ 1,237
Intergovernmental				
Personal Property Replacement Tax	6,250	6,250	6,251	1
Grant Income				
State	4,743	4,743	2,000	(2,743)
Local	2,000	2,000	43,380	41,380
Fines and Penalties	2,000	2,000	1,965	(35)
Revenue from Services	5,950	5,950	5,645	(305)
Interest Income	125	125	148	23
Other	1,000	1,000	831	(169)
<b>Total Revenues</b>	<u>97,068</u>	<u>97,068</u>	<u>136,457</u>	<u>39,389</u>
<b>Expenditures</b>				
<i>Current</i>				
Services				
Wages	41,400	41,400	36,616	4,784
Payroll Taxes	4,950	4,950	3,882	1,068
IMRF	3,750	3,750	3,416	334
Health Insurance	10,500	10,500	10,182	318
Postage	300	300	470	(170)
Travel	100	100	-	100
Supplies	1,400	1,400	2,470	(1,070)
Maintenance	11,085	11,085	9,043	2,042
Books/Magazines	13,750	13,750	13,476	274
Computer	1,000	1,000	631	369
Audio/Visual	1,250	1,250	1,177	73
Genealogy	200	200	93	107
Grants	7,000	7,000	6,879	121
Other	5,250	5,250	1,216	4,034
<b>Total Expenditures</b>	<u>101,935</u>	<u>101,935</u>	<u>89,551</u>	<u>12,384</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,867)</u>	<u>(4,867)</u>	<u>46,906</u>	<u>51,773</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	5,000	5,000	-	(5,000)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(2,724)</u>	<u>(2,724)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>5,000</u>	<u>5,000</u>	<u>(2,724)</u>	<u>(7,724)</u>
Net Change in Fund Balance	<u>\$ 133</u>	<u>\$ 133</u>	44,182	<u>\$ 44,049</u>
<b>Beginning Fund Balance</b>			84,060	
<b>GAAP Adjustments:</b>				
Property Taxes Receivable			(4,406)	
Accounts Payable			<u>136</u>	
<b>Total GAAP Adjustments</b>			<u>(4,270)</u>	
<b>Ending Fund Balance</b>			<u>\$ 123,972</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or</u>
<b>Revenues</b>				
Fines and Penalties	<u>\$      31,067</u>	<u>\$      31,067</u>	<u>\$      66,459</u>	<u>\$      35,392</u>
<b>Total Revenues</b>	<u>31,067</u>	<u>31,067</u>	<u>66,459</u>	<u>35,392</u>
<b>Expenditures</b>				
<i>Current</i>				
Public Welfare				
Maintenance	3,500	3,500	303	3,197
Supplies	6,000	6,000	12,444	(6,444)
Drug Fund	14,000	14,000	24,230	(10,230)
DUI Fund	<u>1,000</u>	<u>1,000</u>	<u>398</u>	<u>602</u>
<b>Total Expenditures</b>	<u>24,500</u>	<u>24,500</u>	<u>37,375</u>	<u>(12,875)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,567</u>	<u>6,567</u>	<u>29,084</u>	<u>22,517</u>
<b>Other Financing Sources/(Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources/ (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$      6,567</u></u>	<u><u>\$      6,567</u></u>	<u>29,084</u>	<u><u>\$      22,517</u></u>
<b>Beginning Fund Balance</b>			39,543	
<b>GAAP Adjustments:</b>				
Accounts Payable			<u>(347)</u>	
<b>Total GAAP Adjustments</b>			<u>(347)</u>	
<b>Ending Fund Balance</b>			<u><u>\$      68,280</u></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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Taxes				
Hotel Tax	\$ 33,500	\$ 33,500	\$ 35,793	\$ 2,293
Interest Income	-	-	1	1
<b>Total Revenues</b>	<u>33,500</u>	<u>33,500</u>	<u>35,794</u>	<u>2,294</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Du Quoin Chamber of Commerce	<u>33,500</u>	<u>33,500</u>	<u>31,082</u>	<u>2,418</u>
<b>Total Expenditures</b>	<u>33,500</u>	<u>33,500</u>	<u>31,082</u>	<u>2,418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>4,712</u>	<u>4,712</u>
<b>Other Financing Sources/(Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources/ (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,712	<u>\$ 4,712</u>
<b>Beginning Fund Balance</b>			93	
<b>GAAP Adjustments:</b>				
Accounts Payable			<u>(3,714)</u>	
<b>Total GAAP Adjustments</b>			<u>(3,714)</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,091</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Property Tax	<u>\$     80,306</u>	<u>\$     80,306</u>	<u>\$     85,732</u>	<u>\$         5,426</u>
<b>Total Revenues</b>	<u>80,306</u>	<u>80,306</u>	<u>85,732</u>	<u>5,426</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Business Developments	69,605	69,605	89,561	(19,956)
Infrastructure Improvements	<u>10,701</u>	<u>10,701</u>	<u>42,918</u>	<u>(32,217)</u>
<b>Total Expenditures</b>	<u>80,306</u>	<u>80,306</u>	<u>132,479</u>	<u>(52,173)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(46,747)</u>	<u>(46,747)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	51,685	51,685
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>51,685</u>	<u>51,685</u>
Net Change in Fund Balance	<u><u>\$     -</u></u>	<u><u>\$     -</u></u>	<u>4,938</u>	<u><u>\$     4,938</u></u>
<b>Beginning Fund Balance</b>			4,133	
<b>GAAP Adjustments:</b>				
Property Taxes Receivable			<u>(1,711)</u>	
<b>Total GAAP Adjustments</b>			<u>(1,711)</u>	
<b>Ending Fund Balance</b>			<u><u>\$     7,360</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Property Tax	\$ 46,499	\$ 46,499	\$ 43,117	\$ (3,382)
Other	-	-	83,112	83,112
<b>Total Revenues</b>	<u>46,499</u>	<u>46,499</u>	<u>126,229</u>	<u>79,730</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Infrastructure Improvements	<u>46,499</u>	<u>46,499</u>	<u>61,682</u>	<u>(15,183)</u>
<b>Total Expenditures</b>	<u>46,499</u>	<u>46,499</u>	<u>61,682</u>	<u>(15,183)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>64,547</u>	<u>64,547</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	1,869	1,869
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(21,350)</u>	<u>(21,350)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(19,481)</u>	<u>(19,481)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	45,066	<u>\$ 45,066</u>
<b>Beginning Fund Balance</b>			51,325	
<b>GAAP Adjustments:</b>				
Property Taxes Receivable			<u>(304)</u>	
<b>Total GAAP Adjustments</b>			<u>(304)</u>	
<b>Ending Fund Balance</b>			<u>\$ 96,087</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Taxes				
Property Tax	<u>\$      45,071</u>	<u>\$      45,071</u>	<u>\$      43,259</u>	<u>\$      (1,812)</u>
<b>Total Revenues</b>	<u>45,071</u>	<u>45,071</u>	<u>43,259</u>	<u>(1,812)</u>
<b>Expenditures</b>				
<i>Current</i>				
Other				
Insrastructure Improvements	<u>45,071</u>	<u>45,071</u>	<u>-</u>	<u>45,071</u>
<b>Total Expenditures</b>	<u>45,071</u>	<u>45,071</u>	<u>-</u>	<u>45,071</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>43,259</u>	<u>43,259</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(32,204)</u>	<u>(32,204)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(32,204)</u>	<u>(32,204)</u>
Net Change in Fund Balance	<u><u>\$      -</u></u>	<u><u>\$      -</u></u>	<u>11,055</u>	<u><u>\$      11,055</u></u>
<b>Beginning Fund Balance</b>			58,272	
<b>GAAP Adjustments:</b>				
Property Taxes Receivable			<u>(29)</u>	
<b>Total GAAP Adjustments</b>			<u>(29)</u>	
<b>Ending Fund Balance</b>			<u><u>\$      69,298</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Revenues</b>				
Intergovernmental				
Business District Sales Tax	<u>\$ 180,482</u>	<u>\$ 180,482</u>	<u>\$ 351,818</u>	<u>\$ 171,336</u>
<b>Total Revenues</b>	<u>180,482</u>	<u>180,482</u>	<u>351,818</u>	<u>171,336</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government				
Business Developments	15,500	15,500	24,284	(8,784)
Infrastructure Improvements	15,500	15,500	22,615	(7,115)
Business Payouts	<u>119,836</u>	<u>119,836</u>	<u>187,559</u>	<u>(67,723)</u>
<b>Total Expenditures</b>	<u>150,836</u>	<u>150,836</u>	<u>234,458</u>	<u>(83,622)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>29,646</u>	<u>29,646</u>	<u>117,360</u>	<u>87,714</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ 29,646</u></u>	<u><u>\$ 29,646</u></u>	<u>117,360</u>	<u><u>\$ 87,714</u></u>
<b>Beginning Fund Balance</b>			83,181	
<b>GAAP Adjustments:</b>				
Due From State of Illinois			<u>26,925</u>	
<b>Total GAAP Adjustments</b>			<u>26,925</u>	
<b>Ending Fund Balance</b>			<u><u>\$ 227,466</u></u>	

**CITY OF DU QUOIN, ILLINOIS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Original Budget, Final Budget, and Actual**  
**MOTOR FUEL TAX FUND**  
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 157,307	\$ 157,307	\$ 156,594	\$ (713)
Interest Income	<u>65</u>	<u>65</u>	<u>56</u>	<u>(9)</u>
<b>Total Revenues</b>	<u>157,372</u>	<u>157,372</u>	<u>156,650</u>	<u>(722)</u>
<b>Expenditures</b>				
<i>Current</i>				
Transportation				
MFT Expense	110,205	110,205	77,254	32,951
Equipment Rental	41,000	41,000	20,000	21,000
Sidewalk Materials	<u>27,900</u>	<u>27,900</u>	<u>27,073</u>	<u>827</u>
<b>Total Expenditures</b>	<u>179,105</u>	<u>179,105</u>	<u>124,327</u>	<u>54,778</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(21,733)</u>	<u>(21,733)</u>	<u>32,323</u>	<u>54,056</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	553	553
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>553</u>	<u>553</u>
Net Change in Fund Balance	<u>\$ (21,733)</u>	<u>\$ (21,733)</u>	<u>32,876</u>	<u>\$ 54,609</u>
<b>Beginning Fund Balance</b>			241,600	
<b>GAAP Adjustments:</b>				
Due From State of Illinois			(230)	
Accounts Payable			<u>(1,485)</u>	
<b>Total GAAP Adjustments</b>			<u>(1,715)</u>	
<b>Ending Fund Balance</b>			<u>\$ 272,761</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive or (Negative)
<b>Revenues</b>				
Interest Income	\$ 50	\$ 50	\$ 38	\$ (12)
<b>Total Revenues</b>	<u>50</u>	<u>50</u>	<u>38</u>	<u>(12)</u>
<b>Expenditures</b>				
<i>Current</i>				
General Government	<u>6,000</u>	<u>6,000</u>	<u>4,865</u>	<u>1,135</u>
<b>Total Expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>4,865</u>	<u>1,135</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,950)</u>	<u>(5,950)</u>	<u>(4,827)</u>	<u>1,123</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (5,950)</u>	<u>\$ (5,950)</u>	<u>(4,827)</u>	<u>\$ 1,123</u>
<b>Beginning Fund Balance</b>			27,009	
<b>GAAP Adjustments:</b>				
None			<u>-</u>	
<b>Total GAAP Adjustments</b>			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ 22,182</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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive or (Negative)
<b>Operating Revenues</b>				
Water and Sewer Revenue	\$ 2,663,405	\$ 2,663,405	\$ 2,677,120	\$ 13,715
Leachate Processing	48,000	48,000	47,696	(304)
Tap-on Fees	16,556	16,556	25,515	8,959
Reconnect Fees	22,600	22,600	30,180	7,580
<b>Total Operating Revenues</b>	<b>2,750,561</b>	<b>2,750,561</b>	<b>2,780,511</b>	<b>29,950</b>
<b>Operating Expenses</b>				
Water				
Wages	372,990	372,990	371,230	1,760
Payroll Taxes	33,161	33,161	31,703	1,458
IMRF Contributions	44,062	44,062	40,093	3,969
Health Insurance	85,413	85,413	92,585	(7,172)
Clothing	3,000	3,000	2,628	372
Maintenance	63,000	63,000	66,723	(3,723)
Utilities	35,000	35,000	42,212	(7,212)
Postage	13,500	13,500	14,679	(1,179)
Professional Fees	45,000	45,000	77,956	(32,956)
Publications	2,000	2,000	66	1,934
Travel	500	500	595	(95)
Dues	3,500	3,500	2,649	851
Insurance	38,162	38,162	38,026	136
Supplies	93,902	93,902	166,373	(72,471)
Water Purchases	515,000	515,000	605,096	(90,096)
Rent	750	750	3,470	(2,720)
Projects	84,257	84,257	83,285	972
Other	29,000	29,000	27,031	1,969
Capital Outlay	24,000	24,000	-	24,000
Water Pollution Control Plant				
Wages	195,007	195,007	200,837	(5,830)
Payroll Taxes	16,940	16,940	17,216	(276)
IMRF Contributions	23,752	23,752	24,823	(1,071)
Health Insurance	29,603	29,603	31,848	(2,245)
Clothing	1,500	1,500	1,500	-
Maintenance	82,682	82,682	71,056	11,626
Utilities	111,500	111,500	77,120	34,380
Postage	300	300	171	129
Professional Fees	10,000	10,000	70	9,930
Publications	100	100	-	100
Travel	3,000	3,000	1,812	1,188
Dues	300	300	-	300
Permits	15,000	15,000	15,000	-
Insurance	63,938	63,938	63,374	564

**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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Operating Expenses</b>				
Water Pollution Control Plant				
Supplies	41,000	41,000	19,506	21,494
Chemicals	37,500	37,500	23,136	14,364
Other	15,000	15,000	325	14,675
Capital Outlay	500	500	-	500
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<u>2,133,819</u>	<u>2,133,819</u>	<u>2,214,194</u>	<u>(80,375)</u>
<b>Operating Income (Loss)</b>	<u>616,742</u>	<u>616,742</u>	<u>566,317</u>	<u>(50,425)</u>
<b>Non-Operating Revenues/(Expenses)</b>				
Interest Income	-	-	-	-
Miscellaneous Revenue	10,000	10,000	37,801	27,801
Interest Expense	-	-	(5,739)	(5,739)
<b>Total Non-Operating Revenues/(Expenses)</b>	<u>10,000</u>	<u>10,000</u>	<u>32,062</u>	<u>22,062</u>
<b>Operating Transfers</b>				
Operating Transfers In	-	-	3,771	3,771
Operating Transfers Out	-	-	(545,893)	(545,893)
<b>Total Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>(542,122)</u>	<u>(542,122)</u>
Net Income (Loss)	<u>\$ 626,742</u>	<u>\$ 626,742</u>	56,257	<u>\$ (570,485)</u>
<b>Beginning Net Position</b>			751,427	
<b>Prior Period Adjustment - See Note T</b>			150,024	
<b>GAAP Adjustments:</b>				
Depreciation			(75,962)	
Accounts Payable			(6,230)	
Accrued Absences			(3,404)	
Accounts Receivable			14,998	
<b>Total GAAP Adjustments</b>			<u>(70,598)</u>	
<b>Ending Net Position</b>			<u>\$ 887,110</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Operating Expenses</b>				
Depreciation	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenses</b>	-	-	-	-
<b>Operating Income (Loss)</b>	-	-	-	-
<b>Non-Operating Revenues</b>				
Interest Income	20	20	46	26
<b>Total Non-Operating Revenues</b>	20	20	46	26
<b>Non-Operating Expenses</b>				
Interest Expense	461,514	461,514	461,512	2
Capital Outlay	30,000	30,000	-	30,000
<b>Total Non-Operating Expenses</b>	491,514	491,514	461,512	30,002
<b>Operating Transfers</b>				
Operating Transfers In	-	-	518,386	518,386
Operating Transfers Out	-	-	-	-
<b>Total Operating Transfers</b>	-	-	518,386	518,386
Net Income (Loss)	<u>\$ (491,494)</u>	<u>\$ (491,494)</u>	56,920	<u>\$ 548,414</u>
<b>Beginning Net Position</b>			3,092,012	
<b>GAAP Adjustments:</b>				
Depreciation			(395,003)	
Loan Principal Payments			366,911	
<b>Total GAAP Adjustments</b>			<u>(28,092)</u>	
<b>Ending Net Position</b>			<u>\$ 3,120,840</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive or (Negative)</u>
<b>Non-Operating Revenues</b>				
Interest Income	\$ 15	\$ 15	\$ 13	\$ (2)
Meter Deposits	<u>25,000</u>	<u>25,000</u>	<u>28,800</u>	<u>3,800</u>
<b>Total Non-Operating Revenues</b>	<u>25,015</u>	<u>25,015</u>	<u>28,813</u>	<u>3,798</u>
<b>Non-Operating Expenses</b>				
Miscellaneous	<u>19,000</u>	<u>19,000</u>	<u>26,163</u>	<u>(7,163)</u>
<b>Total Non-Operating Expenses</b>	<u>19,000</u>	<u>19,000</u>	<u>26,163</u>	<u>(7,163)</u>
<b>Operating Transfers</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(3,752)</u>	<u>(3,752)</u>
<b>Total Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>(3,752)</u>	<u>(3,752)</u>
Net Income (Loss)	<u>\$ 6,015</u>	<u>\$ 6,015</u>	(1,102)	<u>\$ (7,117)</u>
<b>Beginning Net Position</b>			4,977	
<b>GAAP Adjustments:</b>				
None			<u>-</u>	
<b>Ending Net Position</b>			<u>\$ 3,875</u>	



**CITY OF DU QUOIN, ILLINOIS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2018**

**FINDING01: 2018-01**

(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, 2018**

**FINDING02: 2017-02**

(Repeated From Prior Year)

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

Criteria:	Current <i>Government Auditing Standards</i> 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 <i>Government Auditing Standards</i> allow the City to continue to request the auditor to prepare the financial statements and footnote disclosures. However, the City is still responsible for having a qualified person capable of overseeing (understanding) the complete drafting of the financial statements and footnote disclosures as well as having the capability of making sure that all adjusting entries, having a material effect on the financial statements, are properly posted prior to the audit being performed.
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, 2018**

<b>FINDING 01:2017-01</b>	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.
<b>FINDING 02:2017-02</b>	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.