

City of Quincy, Illinois

Comprehensive Annual Financial Report

Year Ended April 30, 2014

	<u>Page</u>
<i>INTRODUCTORY SECTION</i>	
Elected Officials and Department Heads	
<i>FINANCIAL SECTION</i>	
Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 12
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Governmental Funds’ Financial Statements	
Balance Sheet	15
Reconciliation of the Governmental Funds’ Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17 - 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds Financial Statements	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Net Position	21
Statement of Cash Flows	22– 23
Fiduciary Funds	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to the Basic Financial Statements	26 – 55
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Budgetary Comparison Schedules – Major Governmental Funds	
General Fund	56
State and Federal Grants Fund	57
Quincy Transit Lines Fund	58
Capital Projects Fund	59
Budget - to - GAAP Reconciliation	60
Schedules of Funding Progress	61 – 62
Combining Statement of Net Position – Component Units	63

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Non-Major Governmental Funds	64 – 67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	68 – 71
Combining Statement of Net Position – Non-Major Proprietary Funds	72
Combining Statement of Revenues, Expenses and Changes in Net Position – Non-Major Proprietary Funds	73
Combining Statement of Cash Flows – Non-Major Proprietary Funds	74
Combining Statement of Net Position – Governmental-Type Activities – Internal Service Funds	75
Combining Statement of Revenues, Expenses and Changes in Net Position – Governmental-Type Activities – Internal Service Funds	76
Combining Statement of Cash Flows – Governmental-Type Activities – Internal Service Funds	77 – 78
Combining Statement of Fiduciary Net Position – Pension Funds	79
Combining Statement of Changes in Fiduciary Net Position – Pension Funds	80
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds	81
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	82

STATISTICAL SECTION

Schedule of Long-Term Debt Service Requirements	83 – 84
Principal Taxpayers in the City	85
Revenue Base, Revenue Rates, and Property Tax Levies	86
Debt Capacity and Debt Ratios	87
Number of Employees and Level of Service	88
Employment Rates – City of Quincy and Adams County	89

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90 – 91
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	92 – 93
Schedule of Expenditures of Federal Awards	94
Notes to Schedule of Expenditures of Federal Awards	95
Schedule of Findings and Questioned Costs	96 – 97
Status of Prior Year Findings and Questioned Costs	98
<i>Quincy Transit Lines:</i>	
Section 5311 Annual Financial Report	99
Section 5311 Grant Reimbursement	100
Schedule of Revenue and Expense under Downstate Operating Assistance Grant – OP-14-32-IL	101 – 102

City of Quincy, Illinois

A Home Rule City

Council/Mayor Form of Government

(As of April 30, 2014)

MAYOR

Kyle A. Moore

CITY COUNCIL

1 st Ward	Virgil E. Goehl Glenda A. (Lexze) Mann	5 th Ward	John M. (Mike) Rein Jennifer M. Lepper
2 nd Ward	Steven K. Duesterhaus David A. Bauer	6 th Ward	Daniel J. Brink James A. Musolino
3 rd Ward	Gregory P. (Paul) Havermale Jared Holbrook	7 th Ward	Jack E. Holtschlag Terri L. Heinecke
4 th Ward	Michael H. Farha Anthony E. Sassen		

CITY CLERK

Virginia Hayden

CITY TREASURER

Peggy R. Crim

DIRECTOR OF ADMINISTRATIVE SERVICES

Glenda Hackemack

DEPARTMENT DIRECTORS

Corporation Counsel	Lonnie Dunn
Comptroller	Sheri Ray
Engineering	Jeffrey Conte
Utilities	Jeffrey Conte
Police	Robert R. Copley
Planning and Development	Charles T. Bevelheimer
Central Services	Marty Stegeman
Fire	Joe Henning
Quincy Transit Lines	Marty Stegeman
Quincy Regional Airport	Jarred Hester
Purchasing	James E. Murphy
911 System	Steven D. Rowlands
MIS	James E. Murphy
Human Resources	Stacey O'Brien

Financial Section



Independent Auditor's Report

The Honorable Mayor
and City Council
City of Quincy, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Quincy, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Quincy, Illinois, as of April 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress on pages 3 through 12 and 56 through 63 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 Quincy, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Quincy Transit Lines reports are presented for purposes of additional analysis as required by the Illinois Department of Transportation, and is also not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, on our consideration of the City of Quincy, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Quincy, Illinois' internal control over financial reporting and compliance.

Wade Stables P.C.
Wade Stables P.C.
Certified Public Accountants

October 20, 2014
Quincy, Illinois

Management's
Discussion and Analysis

The discussion and analysis of the City of Quincy, Illinois is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and, (5) identify individual fund issues and concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements.

Overview of the Financial Statements

The discussion and analysis serves as an introduction to the City of Quincy's basic financial statements. The City of Quincy's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Quincy's finances. The Statement of Net Position represents information on all of the City of Quincy's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Quincy is improving or deteriorating. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health or financial condition of the City. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police and fire departments, public works, engineering and administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business-type Activities** – The City's water and sewer system are reported here. The City charges a fee to customers to help it cover all or most of the cost of operation, including depreciation.

Reporting the City's Most Significant Funds

Fund Financial Statements

The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police and Fire Pensions and Private Purpose Funds). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Total column on the Business-type Fund Financial Statements is the same as the Business-type column in the Government-Wide Financial Statements, the Governmental Fund Financial Statements require reconciliation because of different measurement focus (current financial resources versus total economic resources). The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-Wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Budgetary comparisons for the major governmental funds and the Schedule of Funding Progress for the pension plans are presented immediately following the notes to financial statements.

The City as a Whole – Government-Wide Financial Analysis

The City's combined net position was \$134.3 million as of April 30, 2014. Analyzing the net position and net income of governmental and business-type activities separately, the business type activities net position is \$79.8 million.

By far the largest portion of the City's net position (90.8 percent) reflects its investment in capital assets (e.g., property, plant and equipment, net of depreciation); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Summary of Net Position
at April 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 32.1	\$ 33.0	\$ 16.4	\$ 14.8	\$ 48.5	\$ 47.8
Capital assets - net of depreciation	49.5	50.6	64.8	66.3	114.3	116.9
Total Assets	\$ 81.6	\$ 83.6	\$ 81.2	\$ 81.1	\$ 162.8	\$ 164.7
Current liabilities	\$ 1.5	\$ 2.7	\$ 0.9	\$ 1.4	\$ 2.4	\$ 4.1
Long-term liabilities and debt	24.0	25.5	0.5	0.6	24.5	26.1
Total Liabilities	\$ 25.5	\$ 28.2	\$ 1.4	\$ 2.0	\$ 26.9	\$ 30.2
Deferred Inflows of Resources	\$ 1.6	\$ 1.6	\$ -	\$ -	\$ 1.6	\$ 1.6
Net position:						
Invested in capital assets, net of related debt	\$ 49.5	\$ 49.5	\$ 64.6	\$ 66.0	\$ 114.1	\$ 115.5
Restricted	14.3	14.3	-	-	14.3	14.3
Unrestricted	(9.3)	(10.0)	15.2	13.1	5.9	3.1
Total Net Position	\$ 54.5	\$ 53.8	\$ 79.8	\$ 79.1	\$ 134.3	\$ 132.9

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts

In fiscal year 2014, city-wide salaries & wages grew slightly at 0.94% or \$185,495. However, health insurance benefit cost rose over 6%, with departmental premiums increasing \$240,000 city wide. The City also noticed substantial increase in the workers compensation and general liability areas. The IMRF pension contribution rate increased from calendar year 2012 rate of 12.77% to the calendar year 2013 rate of 13.12%.

Police and Fire pension fund payments increased over the previous year by about \$13,000. Police pension increased \$38,000 or 2.29%, while fire pension contributions decreased \$25,000 or 1%.

The EAV for the 2012 year (collected in FY 2014) grew by only 0.23%. In addition to essentially no growth, the city council and administration also lowered the tax rate to maintain a flat property tax levy. With no increase in levied property tax, the City relies heavily on sales tax dollars to meet obligations. Sales Tax (state and home rule) make up 56% of the City's revenues. Municipal sales tax revenues were up \$297,000 which represents a 3% increase. Home rule purchase tax was unchanged from the previous year. The City is obligated to rebate limited portions of the home rule sales tax collected for debt issuance and developer agreements. While the rebate agreements are limited to .75% and 1%, the total rebated amount for fiscal year 2014 was nearly \$535,000, compared to \$590,000 last year.

State Income Tax is collected by the state with a portion allocated to local governments on a per-capita basis. The state's ability to disburse the funds in a timely fashion has impacted our revenue trends. Income tax revenues were down 1.48% in FY2014 compared to the previous year.

City of Quincy, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2014
(Unaudited)

The following chart shows the revenue and expenses of the governmental and business-type activities:

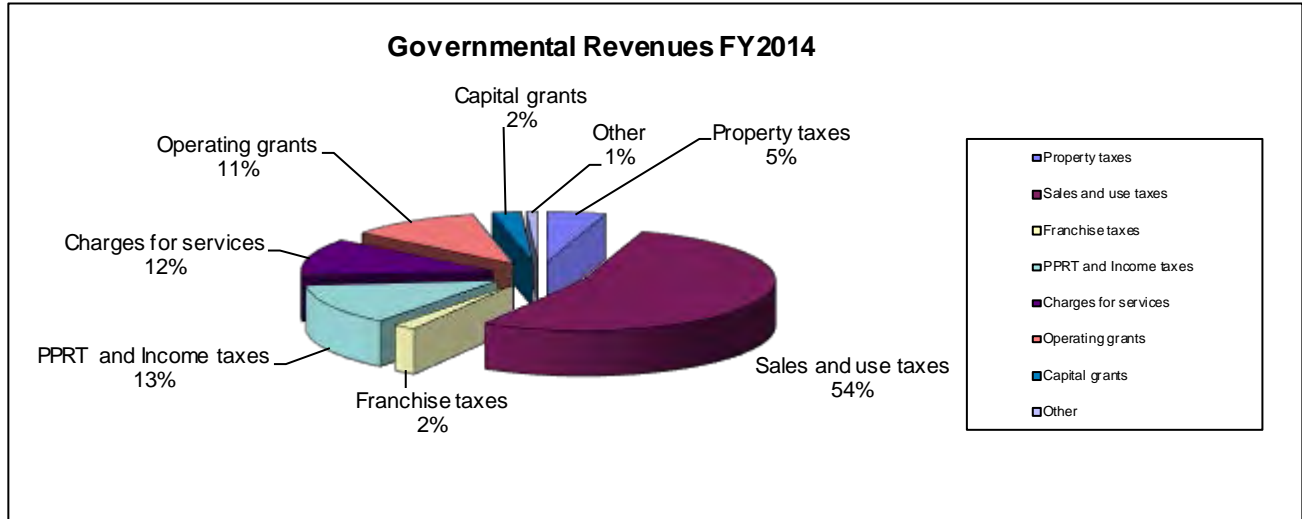
Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 4.9	\$ 4.7	\$ 11.0	\$ 11.1	\$ 15.9	\$ 15.8
Operating grants and contributions	4.5	5.3	-	-	4.5	5.3
Capital grants and contributions	1.0	0.2	0.6	-	1.6	0.2
General Revenues:						
Property taxes	2.0	2.0	-	-	2.0	2.0
Other taxes	27.7	27.2	-	-	27.7	27.2
Other	0.4	0.5	1.4	0.4	1.8	0.9
Total revenues	\$ 40.5	\$ 39.9	\$ 13.0	\$ 11.5	\$ 53.5	\$ 51.4
Expenses:						
General government	\$ 5.0	\$ 5.0	\$ -	\$ -	\$ 5.0	\$ 5.0
Public safety	17.7	16.2	-	-	17.7	16.2
Public works and engineering	13.0	13.1	-	-	13.0	13.1
Water, Sewer, Airport, Barge Dock	-	-	13.0	11.6	13.0	11.6
Health, Culture, Community Dev	2.5	3.7	-	-	2.5	3.7
Interest on long-term debt	0.8	1.1	-	-	0.8	1.1
Total expenses	\$ 39.0	\$ 39.1	\$ 13.0	\$ 11.6	\$ 52.0	\$ 50.7
Increase (decrease) in net position before transfers and special items	\$ 1.5	\$ 0.8	\$ -	\$ (0.1)	\$ 1.5	\$ 0.7
Transfers	(0.8)	(0.6)	0.8	0.6	-	-
Impairment of Hydro Project Costs	-	(5.1)	-	-	-	(5.1)
Increase (decrease) in net position	\$ 0.7	\$ (4.9)	\$ 0.8	\$ 0.5	\$ 1.5	\$ (4.4)
Net Position at beginning of year	53.8	58.7	79.0	78.5	132.8	137.2
Net Position at end of year	\$ 54.5	\$ 53.8	\$ 79.8	\$ 79.0	\$ 134.3	\$ 132.8

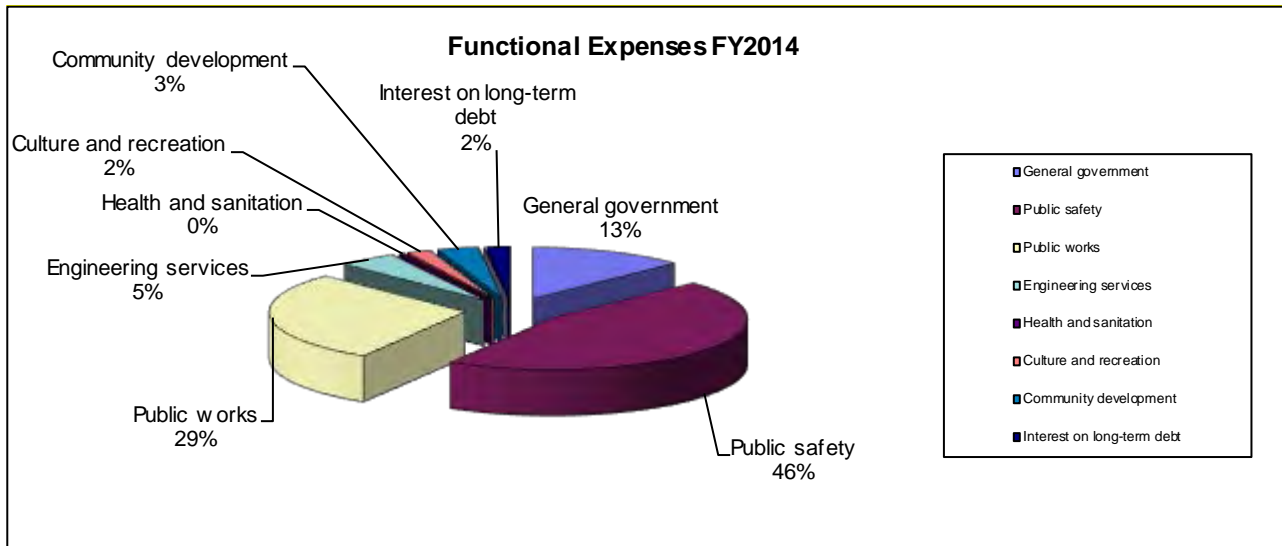
The City's combined change in net position in FY2014 was an increase of \$1.5 million compared to the decrease of \$4.4 million in FY2013. The City's total revenues increased in 2014 by \$2.1 million to \$53.5 million. Of this amount, the Governmental revenues increased by \$0.6 million while Business-type revenues increased by \$1.5 million.

The cost of all City programs increased by \$1.3 million with the Business-type costs increasing by \$1.4 million and the Governmental costs increasing by \$0.1 million. In Governmental Activities' expenses, Public Safety expenses increased by \$1.5 million while Public Works/Engineering decreased by \$0.1 million and Health/Culture/Community Development decreased by \$1.2 million. General Government remained the same in FY2014.

The following graph portrays the City's revenue sources for its governmental revenues:

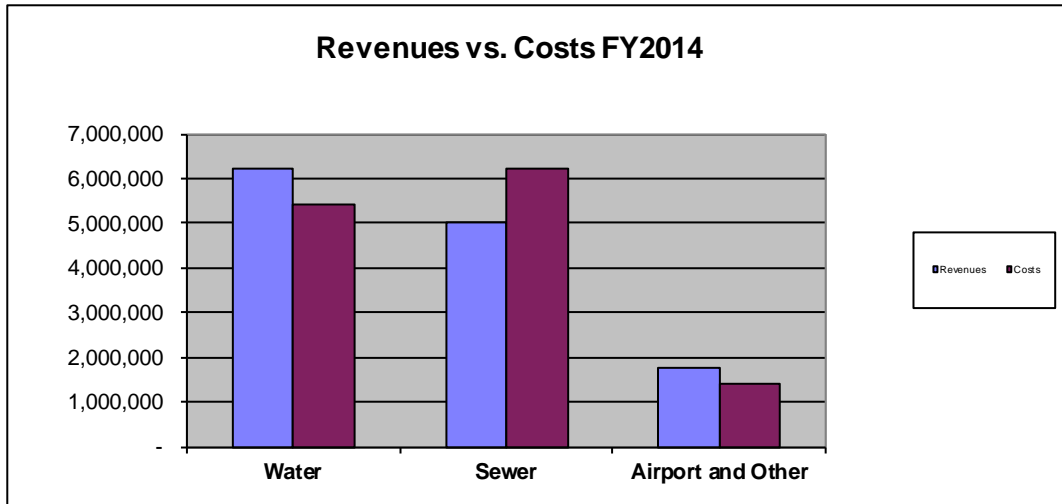


The following graph depicts the different expense categories and the percentage of resources provided for each category:



Business-type Activities

The following graph depicts the revenues versus the costs for each department of the business-type activities:



Normal Impacts

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income and sales tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in City approved rates – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water, wastewater, building fees, home rule sales tax, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment income – the City's investment portfolio is managed using rotating short-term maturities resulting in less fluctuation in investment income.

Expenses:

Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing.

Salary Increases (annual adjustments) – of the City's six organized bargaining units, four are prohibited from work stoppage and, therefore, are subject to arbitration.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Revenues:

For FY2014, revenues from governmental activities totaled \$40.5 million, an increase of \$0.6 million from FY2013. Most significant of the revenue changes was an increase of \$0.5 million in other taxes and an increase of \$0.2 million in charges for services.

Intergovernmental revenues (shared state and local sales tax, replacement tax, and income tax) continue to be the City's largest revenue sources, combining for a total of \$27.7 million, or 68.4%, of all Governmental Activities revenues for FY2014.

Business-type Activities saw an increase of \$1.5 million in revenues from the previous fiscal year with charges for services decreasing \$0.1 million and capital grants and contributions increasing by \$0.6 million and other revenue increasing \$1.0 million.

Expenses:

For FY2014, expenditures for governmental activities totaled \$39.0 million, a slight decrease of \$0.1 million from the prior year.

Expenses for Business-type activities increased by \$1.4 million. The \$1.4 million increase in business-type expenses is a result of flooding. On April 16, 2013 severe storms and heavy rainfall produced high water levels within areas of the city. The city engaged in an emergency operations plan to close streets, redirect traffic, and place sandbags around the Waste Water Treatment Plant. The resulting effects of this storm caused the Waste Water Treatment Facility to become flooded. The city incurred over \$500,000 in expenses to rent emergency generators to power the Waste Water Treatment Facility and pump flood waters from the basement of the facility. In addition to the emergency response, there was major damage to the motors, blowers, and electrical circuits at the plant. The City incurred an additional \$1 million in repairs. The City was able to seek FEMA reimbursement for the emergency work and the resulting revenue is noted in capital grants in the business-type activities. In addition, the city received an additional \$1 million insurance payment resulting from the claim. There is on-going mitigation work to relocate the motors, blowers, pumps to higher ground which will be noted in the FYE 2015 statements.

For Governmental Activities the \$40.5 million in revenues was offset by \$39.0 million in expenses resulting in an increase in net position of \$1.5 million before transfers. For Business-type Activities, revenues of \$13.0 million were offset by \$13.0 million in expenses for less than \$0.1 million of change in net position before transfers.

The City's Funds

For FY2014, the governmental funds of the City reported a combined fund balance of \$20.0 million. This is an increase of 6.4%, or \$1.2 million from last year's combined fund balance of \$18.8 million. The ending balance includes an increase in fund balance of \$0.7 million in the City's General Fund. In addition, these other changes in fund balances should be noted:

- The 2009 Hydro Bond Fund had an increase in fund balance of \$0.6 million. This fund is used to accumulate resources to pay the 2009 Hydro Bond when it comes due. Various transfers were made from other funds to increase this fund balance.
- The TIF #2 Fund had a decrease in fund balance of \$0.5 million for FY2014. This fund is used to account for the taxes collected within the TIF district to be used for certain purposes within the district. During FY2014, funds were used for the demolition of the Newcomb Hotel due to a fire.

General Fund Budgeting Highlights

For FY2014, actual expenditures on a budgetary basis were \$27.1 million compared to the budget amount of \$29.0 million. The \$1.9 million variance was due to spending less than budgeted in various areas, especially police, fire, public works, community development and operating transfers out. The largest variances were in the police department of \$0.6 million and the public works and community development of \$0.3 million each. Operating transfers out also had a variance of \$0.2 million with budgeted transfers being more than actual.

The City's actual amounts available for appropriation on a budgetary basis were \$31.3 million as compared to the budget amount of \$30.7 million. This resulted in a variance of \$0.6 million. Much of this variance is due to the budgeting of intergovernmental revenues of \$23.8 million and receiving \$24.6 million due to an increase in sales tax received.

Capital Assets

At the end of FY2014, the City had \$114.3 million invested in its funds for capital assets. This amount represents a decrease of \$2.6 million or 2.2%. The decrease is due to current year depreciation exceeding current year additions.

Table 3
Capital Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Non-Depreciable Assets						
Land	\$ 2.8	\$ 2.3	\$ 1.8	\$ 1.8	\$ 4.6	\$ 4.1
Construction in Progress	0.3	0.2	-	-	0.3	0.2
Depreciable Assets						
Vehicles	8.7	8.8	2.7	2.7	11.4	11.5
Buildings and improvements	16.7	16.6	148.2	146.5	164.9	163.1
Equipment and furniture	6.8	6.2	1.9	1.9	8.7	8.1
Infrastructure	123.1	121.2	-	-	123.1	121.2
Accumulated depreciation	(108.9)	(104.7)	(89.8)	(86.6)	(198.7)	(191.3)
	\$ 49.5	\$ 50.6	\$ 64.8	\$ 66.3	\$ 114.3	\$ 116.9

Debt Outstanding

At year-end, the City had \$16,341,733 in long-term bond obligations comprised of the following issues:

Table 4
Outstanding Debt

	Issued	Outstanding
GORN 2013A	\$ 825,000	\$ 623,735
GORN 2013B	907,000	785,469
GORB 2012	1,552,000	495,000
GORB 2005	9,530,000	7,020,000
GOCAB 2009A	6,596,818	1,087,529
GOB 2009B	1,245,000	1,245,000
GOB 2009C	5,533,000	5,085,000
Total	\$ 26,188,818	\$ 16,341,733

Economic Factors

Quincy is located in west central Illinois, adjacent to the Mississippi River and covers approximately 15.39 square miles. The City of Quincy is the economic hub for the region. The city is served by the Quincy Public School system and several institutions of higher learning including John Wood Community College, Quincy University, Vatterott College, and Blessing-Reiman College of Nursing. The presence of health care providers and retail shopping in our city creates a regional draw. Blessing Hospital is the largest employer in the city, employing over 2,600 people. The City's unemployment rate as of the end of April improved to 4.8% over last year's rate of 5.9%. The city rate is lower than the same-month state unemployment rate of 7.2.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact Sheri Ray, City Comptroller, City of Quincy, 730 Maine St., Quincy, Illinois 62301-4056.

Basic Financial Statements

Government-wide financial statements display information about the government as a whole, except for its fiduciary activities. The statements include separate columns for the governmental and business-type activities of the primary government as well as for its component units.

Fund financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide statements. These statements display information about major funds individually and Non-Major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units.

City of Quincy, Illinois
Government-Wide Statement of Net Position
April 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 20,250,115	\$ 14,298,292	\$ 34,548,407	\$ 1,020,128
Investments	-	-	-	2,813,618
Receivables, net	10,447,591	1,711,862	12,159,453	735,912
Inventories	34,781	265,812	300,593	-
Prepaid items	-	124,158	124,158	-
Net pension asset	1,368,290	-	1,368,290	-
Capital assets, net	49,504,501	64,799,164	114,303,665	6,579,303
Total Assets	\$ 81,605,278	\$ 81,199,288	\$ 162,804,566	\$ 11,148,961
Liabilities				
Accounts payable	\$ 580,724	\$ 340,467	\$ 921,191	\$ 16,127
Accrued expenses	967,011	37,355	1,004,366	122,969
Unearned revenue	-	306,590	306,590	39,248
Non-current liabilities:				
Accrued interest and accretion	430,360	-	430,360	-
Net pension obligation	456,912	-	456,912	-
OPEB obligation	434,198	-	434,198	-
Due within one year	3,415,740	201,034	3,616,774	-
Due in more than one year	19,185,391	485,427	19,670,818	-
Total Liabilities	\$ 25,470,336	\$ 1,370,873	\$ 26,841,209	\$ 178,344
Deferred Inflows of Resources				
Unearned property taxes	\$ 1,624,464	\$ -	\$ 1,624,464	\$ 732,092
Net Position				
Invested in capital assets, net of related debt	\$ 49,504,501	\$ 64,599,164	\$ 114,103,665	\$ 6,579,303
Restricted for:				
Debt service	822,061	-	822,061	-
Capital projects	1,742,501	-	1,742,501	-
Economic development loans	5,941,882	-	5,941,882	-
Motor fuel tax projects	3,358,124	-	3,358,124	-
Other purposes	2,465,100	-	2,465,100	419,310
Unrestricted	(9,323,691)	15,229,251	5,905,560	3,239,912
Total Net Position	\$ 54,510,478	\$ 79,828,415	\$ 134,338,893	\$ 10,238,525

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Government-wide Statement of Activities
For the Year Ended April 30, 2014

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 4,993,887	\$ 650,973	\$ 152	\$ -	\$ (4,342,762)	\$ -	\$ (4,342,762)	\$ -
Public safety	17,748,472	1,078,060	626,416	47,226	(15,996,770)	-	(15,996,770)	-
Public works	11,138,997	2,937,940	3,380,297	534,132	(4,286,628)	-	(4,286,628)	-
Engineering services	1,882,231	-	-	-	(1,882,231)	-	(1,882,231)	-
Health and sanitation	173,616	-	-	-	(173,616)	-	(173,616)	-
Culture and recreation	768,479	-	-	75,000	(693,479)	-	(693,479)	-
Community development	1,319,731	214,323	476,494	339,861	(289,053)	-	(289,053)	-
Interest on long-term debt	758,823	-	-	-	(758,823)	-	(758,823)	-
Total Governmental Activities	\$ 38,784,236	\$ 4,881,296	\$ 4,483,359	\$ 996,219	\$ (28,423,362)	\$ -	\$ (28,423,362)	\$ -
Business-type Activities:								
Water	\$ 5,415,784	\$ 6,212,828	\$ -	\$ -	\$ -	\$ 797,044	\$ 797,044	\$ -
Sewer	6,215,122	4,446,412	-	558,054	-	(1,210,656)	(1,210,656)	-
Airport	1,264,172	132,507	-	10,676	-	(1,120,989)	(1,120,989)	-
Other	134,228	210,422	29,601	-	-	105,795	105,795	-
Total Business-Type Activities	\$ 13,029,306	\$ 11,002,169	\$ 29,601	\$ 568,730	\$ -	\$ (1,428,806)	\$ (1,428,806)	\$ -
Total Primary Government	\$ 51,813,542	\$ 15,883,465	\$ 4,512,960	\$ 1,564,949	\$ (28,423,362)	\$ (1,428,806)	\$ (29,852,168)	\$ -
Component Units:								
Woodland Cemetery	\$ 230,513	\$ 10,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (220,338)
Quincy Public Library	2,595,987	329,641	1,010,745	-	-	-	-	(1,255,601)
Total Component Units	\$ 2,826,500	\$ 339,816	\$ 1,010,745	\$ -	\$ -	\$ -	\$ -	\$ (1,475,939)
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 417,504	\$ -	\$ 417,504	\$ 731,346
Property taxes, levied for debt service					1,595,352	-	1,595,352	-
Personal property replacement tax					1,327,831	-	1,327,831	372,463
Sales and public service taxes					21,687,561	-	21,687,561	-
Income taxes					3,959,530	-	3,959,530	-
Franchise taxes					752,418	-	752,418	-
Payment from City of Quincy					(174,000)	-	(174,000)	174,000
Investment earnings (loss)					155,974	54,750	210,724	187,007
Miscellaneous					233,319	1,303,023	1,536,342	17,104
Transfers					(834,183)	829,183	(5,000)	-
Total General Revenues and Transfers					\$ 29,121,306	\$ 2,186,956	\$ 31,308,262	\$ 1,481,920
Change in Net Position					\$ 697,944	\$ 758,150	\$ 1,456,094	\$ 5,981
Net Position at beginning of year					53,812,534	79,070,265	132,882,799	10,232,544
Net Position at end of year					\$ 54,510,478	\$ 79,828,415	\$ 134,338,893	\$ 10,238,525

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Balance Sheet
Governmental Funds
April 30, 2014

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 4,641,483	\$ 164,577	\$ 357,757	\$ 956,718	\$ 9,704,046	\$ 15,824,581
Receivables, net	159,836	-	5,337	-	197,016	362,189
Due from other funds	-	-	-	-	140,354	140,354
Due from other governments	4,154,355	120,413	400,450	4,463	130,984	4,810,665
Total Assets	\$ 8,955,674	\$ 284,990	\$ 763,544	\$ 961,181	\$ 10,172,400	\$ 21,137,789
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 176,179	\$ 25,212	\$ 2,427	\$ 6,048	\$ 194,502	\$ 404,368
Accrued expenses	589,692	-	19,758	-	13,485	622,935
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	140,354	-	-	-	140,354
Total Liabilities	\$ 765,871	\$ 165,566	\$ 22,185	\$ 6,048	\$ 207,987	\$ 1,167,657
Fund Balances						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,209,995	\$ 1,209,995
Economic development loans	-	-	-	-	2,662,099	2,662,099
Capital projects	-	-	-	955,133	982,551	1,937,684
911 System	-	-	-	-	922,617	922,617
Motor fuel tax projects	-	-	-	-	3,358,124	3,358,124
Public safety projects	-	-	-	-	190,457	190,457
Other projects	49,743	-	-	-	246,317	296,060
Housing projects	-	119,424	-	-	-	119,424
Transit	-	-	741,359	-	-	741,359
Assigned for:						
Green projects	-	-	-	-	155,469	155,469
Capital projects	-	-	-	-	236,784	236,784
Unassigned	8,140,060	-	-	-	-	8,140,060
Total Fund Balances	\$ 8,189,803	\$ 119,424	\$ 741,359	\$ 955,133	\$ 9,964,413	\$ 19,970,132
Total Liabilities and Fund Balances	\$ 8,955,674	\$ 284,990	\$ 763,544	\$ 961,181	\$ 10,172,400	\$ 21,137,789

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
 Reconciliation of the Governmental Funds' Balance Sheet to Statement of Net Position
 April 30, 2014

Total governmental fund balances	\$ 19,970,132
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.</p>	46,573,990
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position</p>	
Current assets	4,788,379
Capital assets	2,930,511
Current liabilities	(625,386)
Long-term liabilities	(222,708)
<p>Other long-term assets are not available to pay for the current period expenditures and, therefore, they are not reported in the governmental funds balance sheet.</p>	6,314,963
<p>Long term liabilities including bonds payable with related interest and accretion, and deferred compensation are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.</p>	<u>(25,219,403)</u>
Net position of governmental activities	<u>\$ 54,510,478</u>

City of Quincy, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2014

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 49,514	\$ -	\$ -	\$ -	\$ 1,963,342	\$ 2,012,856
Franchise taxes	424,914	-	-	-	327,504	752,418
Public service taxes	24,544,510	-	-	-	2,430,412	26,974,922
Grants and contributions	78,949	790,435	15,756	622,260	83,107	1,590,507
Charges for services	794,167	-	92,671	-	35,346	922,184
Fines and forfeitures	518,940	-	-	-	60,713	579,653
Intergovernmental	37,873	-	3,315,806	-	623,441	3,977,120
Investment earnings	15,965	30	1,505	4,468	115,753	137,721
Miscellaneous	100,310	-	295	-	497,774	598,379
Total Revenues	\$ 26,565,142	\$ 790,465	\$ 3,426,033	\$ 626,728	\$ 6,137,392	\$ 37,545,760
Expenditures						
General Government						
Aldermen	\$ 239,688	\$ -	\$ -	\$ -	\$ -	\$ 239,688
Mayor	291,905	-	-	-	-	291,905
City Treasurer	255,032	-	-	-	-	255,032
City Clerk	180,060	-	-	-	-	180,060
Director of Administration	92,288	-	-	-	-	92,288
Purchasing	64,952	-	-	-	-	64,952
Building maintenance	183,121	-	-	-	-	183,121
Comptroller	322,456	-	-	-	-	322,456
Legal department	236,894	-	-	-	-	236,894
Boards and commissions	40,027	-	-	-	-	40,027
Information technology	636,595	-	-	-	-	636,595
Public Safety						
Police Department	8,456,437	-	-	-	82,239	8,538,676
Fire Department	6,283,786	-	-	-	12,199	6,295,985
911 System	-	-	-	-	1,494,205	1,494,205
Public Works	1,217,861	-	3,094,068	67,758	85,766	4,465,453
Engineering Services	669,573	-	-	-	899,862	1,569,435
Health and Sanitation	172,666	-	-	-	-	172,666
Cemetery	174,000	-	-	-	-	174,000
Culture and Recreation	42,944	-	-	-	725,535	768,479
Community Development	603,273	173,209	-	-	472,840	1,249,322
Debt Service						
Principal retirement	-	-	-	166,477	1,512,796	1,679,273
Interest and charges	-	-	-	9,204	718,057	727,261
Capital outlay	136,510	524,703	18,744	1,312,175	1,205,465	3,197,597
Total Expenditures	\$ 20,300,068	\$ 697,912	\$ 3,112,812	\$ 1,555,614	\$ 7,208,964	\$ 32,875,370

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances (Concluded)
Governmental Funds
For the Year Ended April 30, 2014

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,265,074	\$ 92,553	\$ 313,221	\$ (928,886)	\$ (1,071,572)	\$ 4,670,390
Other Financing Sources (Uses)						
Cost share transfers, net	\$ 549,281	\$ -	\$ (145,695)	\$ -	\$ (17,554)	\$ 386,032
Sale of assets	24,619	-	-	-	-	24,619
Operating transfers in	441,395	-	304,784	2,120,445	2,249,919	5,116,543
Operating transfers out	(6,590,238)	-	-	(1,304,866)	(1,132,708)	(9,027,812)
Total Other Financing Sources (Uses)	\$ (5,574,943)	\$ -	\$ 159,089	\$ 815,579	\$ 1,099,657	\$ (3,500,618)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 690,131	\$ 92,553	\$ 472,310	\$ (113,307)	\$ 28,085	\$ 1,169,772
Fund Balances, May 1, 2013	7,499,672	26,871	269,049	1,068,440	9,936,328	18,800,360
Fund Balances, April 30, 2014	<u>\$ 8,189,803</u>	<u>\$ 119,424</u>	<u>\$ 741,359</u>	<u>\$ 955,133</u>	<u>\$ 9,964,413</u>	<u>\$ 19,970,132</u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended April 30, 2014

Net change in fund balances - total governmental funds	\$	1,169,772
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the governmental-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation and disposals in the current period.		(931,347)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,495,418
Compensated absences do not require the use of current financial resources, as they are considered long-term liabilities. Therefore, the change in compensated absences liability is not included as an expenditure in governmental funds.		(177,630)
Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		163,638
Some expenses reported in the statement of net activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(1,021,907)</u>
Change in net position of governmental activities	\$	<u><u>697,944</u></u>

City of Quincy, Illinois
Statement of Net Position
Proprietary Funds
April 30, 2014

	Business-type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Department	Sewer Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds		
Assets							
Current Assets							
Cash and cash equivalents	\$ 8,072,268	\$ 5,667,228	\$ 355,055	\$ 432	\$ 203,309	\$ 14,298,292	\$ 4,425,534
Receivables, net	975,909	707,234	22,875	-	5,844	1,711,862	328,064
Inventories	265,812	-	-	-	-	265,812	34,781
Prepaid expenses	61,985	62,173	-	-	-	124,158	-
Total Current Assets	<u>\$ 9,375,974</u>	<u>\$ 6,436,635</u>	<u>\$ 377,930</u>	<u>\$ 432</u>	<u>\$ 209,153</u>	<u>\$ 16,400,124</u>	<u>\$ 4,788,379</u>
Noncurrent Assets							
Land	\$ 242,946	\$ 861,374	\$ 453,124	\$ 220,390	\$ 19,945	\$ 1,797,779	\$ 488,071
Systems	29,250,250	81,372,395	17,782,063	-	145,556	128,550,264	510,500
Building and equipment	3,941,896	9,534,552	4,943,298	906,069	241,282	19,567,097	2,210,394
Vehicles and equipment	727,484	2,044,220	1,880,203	16,835	-	4,668,742	5,418,976
Less: Accumulated depreciation	(18,190,296)	(60,189,157)	(10,895,898)	(263,900)	(245,467)	(89,784,718)	(5,697,430)
Total Noncurrent Assets	<u>\$ 15,972,280</u>	<u>\$ 33,623,384</u>	<u>\$ 14,162,790</u>	<u>\$ 879,394</u>	<u>\$ 161,316</u>	<u>\$ 64,799,164</u>	<u>\$ 2,930,511</u>
Total Assets	<u><u>\$ 25,348,254</u></u>	<u><u>\$ 40,060,019</u></u>	<u><u>\$ 14,540,720</u></u>	<u><u>\$ 879,826</u></u>	<u><u>\$ 370,469</u></u>	<u><u>\$ 81,199,288</u></u>	<u><u>\$ 7,718,890</u></u>
Liabilities							
Current Liabilities							
Accounts payable	\$ 288,506	\$ 39,755	\$ 4,492	\$ 5,652	\$ 2,062	\$ 340,467	\$ 176,356
Accrued expenses	22,272	11,627	2,761	-	695	37,355	344,076
Customer deposits	306,590	-	-	-	-	306,590	-
Compensated absences	103,809	38,713	5,876	-	2,636	151,034	104,954
Bonds, notes and loans payable	-	-	-	50,000	-	50,000	-
Total Current Liabilities	<u>\$ 721,177</u>	<u>\$ 90,095</u>	<u>\$ 13,129</u>	<u>\$ 55,652</u>	<u>\$ 5,393</u>	<u>\$ 885,446</u>	<u>\$ 625,386</u>
Noncurrent liabilities							
Compensated absences	\$ 229,692	\$ 79,886	\$ 20,070	\$ -	\$ 5,779	\$ 335,427	\$ 222,708
Bonds, notes and loans payable	-	-	-	150,000	-	150,000	-
Total Noncurrent Liabilities	<u>\$ 229,692</u>	<u>\$ 79,886</u>	<u>\$ 20,070</u>	<u>\$ 150,000</u>	<u>\$ 5,779</u>	<u>\$ 485,427</u>	<u>\$ 222,708</u>
Total Liabilities	<u><u>\$ 950,869</u></u>	<u><u>\$ 169,981</u></u>	<u><u>\$ 33,199</u></u>	<u><u>\$ 205,652</u></u>	<u><u>\$ 11,172</u></u>	<u><u>\$ 1,370,873</u></u>	<u><u>\$ 848,094</u></u>
Net Position							
Invested in capital assets, net of related debt	\$ 15,972,280	\$ 33,623,384	\$ 14,162,790	\$ 679,394	\$ 161,316	\$ 64,599,164	\$ 2,930,511
Unrestricted	8,425,105	6,266,654	344,731	(5,220)	197,981	15,229,251	3,940,285
Total Net Position	<u><u>\$ 24,397,385</u></u>	<u><u>\$ 39,890,038</u></u>	<u><u>\$ 14,507,521</u></u>	<u><u>\$ 674,174</u></u>	<u><u>\$ 359,297</u></u>	<u><u>\$ 79,828,415</u></u>	<u><u>\$ 6,870,796</u></u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the Year Ended April 30, 2014

	Business-type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Department	Sewer Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds		
Operating Revenues							
Charges for services	\$ 6,212,828	\$ 4,446,412	\$ 132,507	\$ 6,995	\$ 203,427	\$ 11,002,169	\$ 11,385,538
Miscellaneous	30,506	999,714	271,163	1,640	-	1,303,023	42,944
Total Operating Revenues	\$ 6,243,334	\$ 5,446,126	\$ 403,670	\$ 8,635	\$ 203,427	\$ 12,305,192	\$ 11,428,482
Operating Expenses							
Salaries and wages	\$ 1,626,473	\$ 821,716	\$ 200,364	\$ 2,025	\$ 25,127	\$ 2,675,705	\$ 1,848,799
Benefits	1,016,277	613,278	111,853	431	11,763	1,753,602	1,176,456
Purchased services	520,774	2,383,031	145,610	21,531	5,059	3,076,005	3,910,926
Supplies	1,193,628	131,061	130,034	7,793	3,787	1,466,303	1,244,570
Claims and judgments	-	-	-	-	-	-	5,989,695
Noncapitalized equipment	119,566	245,052	16,659	-	-	381,277	-
Other objects	252,161	264,314	14,879	1,023	-	532,377	45,819
Depreciation	686,905	1,756,670	644,411	34,952	20,737	3,143,675	143,918
Total Operating Expenses	\$ 5,415,784	\$ 6,215,122	\$ 1,263,810	\$ 67,755	\$ 66,473	\$ 13,028,944	\$ 14,360,183
Operating Income (Loss)	\$ 827,550	\$ (768,996)	\$ (860,140)	\$ (59,120)	\$ 136,954	\$ (723,752)	\$ (2,931,701)
Non-Operating Revenues (Expenses)							
Interest income	\$ 32,073	\$ 20,723	\$ 1,123	\$ 3	\$ 828	\$ 54,750	\$ 18,253
Grants and contributions	-	405,954	10,676	29,601	-	446,231	-
Interest expense	-	-	(362)	-	-	(362)	-
Total Non-operating Revenues (Expenses)	\$ 32,073	\$ 426,677	\$ 11,437	\$ 29,604	\$ 828	\$ 500,619	\$ 18,253
Income (Loss) Before Transfers and Contributions	\$ 859,623	\$ (342,319)	\$ (848,703)	\$ (29,516)	\$ 137,782	\$ (223,133)	\$ (2,913,448)
Transfers in	-	-	961,157	75,650	-	1,036,807	3,077,086
Transfers out	(53,812)	(53,812)	-	-	(100,000)	(207,624)	-
Capital contributions	-	152,100	-	-	-	152,100	-
Change in Net Position	\$ 805,811	\$ (244,031)	\$ 112,454	\$ 46,134	\$ 37,782	\$ 758,150	\$ 163,638
Net Position at beginning of year	23,591,574	40,134,069	14,395,067	628,040	321,515	79,070,265	6,707,158
Net Position at year end	\$ 24,397,385	\$ 39,890,038	\$ 14,507,521	\$ 674,174	\$ 359,297	\$ 79,828,415	\$ 6,870,796

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2014

	Business-type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Department	Sewer Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds		
Cash Flows from Operating Activities:							
Receipts from customers	\$ 6,172,939	\$ 4,373,393	\$ 129,180	\$ 6,995	\$ 198,572	\$ 10,881,079	\$ 5,114,299
Payments to suppliers	(2,239,991)	(3,364,231)	(313,560)	(47,094)	(7,035)	(5,971,911)	(6,255,020)
Payments to employees	(2,704,880)	(1,441,527)	(326,533)	(2,456)	(36,759)	(4,512,155)	(2,013,167)
Internal activity - payments to other funds	-	-	-	-	-	-	6,235,021
Claims paid	-	-	-	-	-	-	(5,989,436)
Other receipts (payments)	30,506	999,714	271,163	1,640	-	1,303,023	(2,875)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,258,574</u>	<u>\$ 567,349</u>	<u>\$ (239,750)</u>	<u>\$ (40,915)</u>	<u>\$ 154,778</u>	<u>\$ 1,700,036</u>	<u>\$ (2,911,178)</u>
Cash Flows from NonCapital Financing Activities:							
Operating subsidies and transfers	\$ (53,812)	\$ (53,812)	\$ 961,157	\$ 75,650	\$ (100,000)	\$ 829,183	\$ 3,077,086
Cash Flows from Capital and Related Financing Activities:							
Proceeds from sale of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions	-	152,100	-	-	-	152,100	-
Purchases of capital assets	(541,104)	(557,587)	(559,956)	(29,754)	-	(1,688,401)	(36,190)
Disposal of capital assets	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	(53,250)	(50,000)	-	(103,250)	-
Interest paid on capital debt	-	-	(362)	-	-	(362)	-
Other receipts (payments)	-	405,954	10,676	29,601	-	446,231	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (541,104)</u>	<u>\$ 467</u>	<u>\$ (602,892)</u>	<u>\$ (50,153)</u>	<u>\$ -</u>	<u>\$ (1,193,682)</u>	<u>\$ (36,190)</u>
Cash Flows from Investing Activities:							
Interest received	\$ 32,073	\$ 20,723	\$ 1,123	\$ 3	\$ 828	\$ 54,750	\$ 18,253
Net Cash Provided (Used) by Investing Activities	<u>\$ 32,073</u>	<u>\$ 20,723</u>	<u>\$ 1,123</u>	<u>\$ 3</u>	<u>\$ 828</u>	<u>\$ 54,750</u>	<u>\$ 18,253</u>
Net Increase (Decrease) in Cash and Cash Investments	\$ 695,731	\$ 534,727	\$ 119,638	\$ (15,415)	\$ 55,606	\$ 1,390,287	\$ 147,971
Cash and Cash Equivalents, May 1, 2013	<u>7,376,537</u>	<u>5,132,501</u>	<u>235,417</u>	<u>15,847</u>	<u>147,703</u>	<u>12,908,005</u>	<u>4,277,563</u>
Cash and Cash Equivalents, April 30, 2014	<u>\$ 8,072,268</u>	<u>\$ 5,667,228</u>	<u>\$ 355,055</u>	<u>\$ 432</u>	<u>\$ 203,309</u>	<u>\$ 14,298,292</u>	<u>\$ 4,425,534</u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended April 30, 2014

	Business-type Activities Enterprise Funds					Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Department	Sewer Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds		
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities							
Income (loss) from operations	\$ 827,550	\$ (768,996)	\$ (860,140)	\$ (59,120)	\$ 136,954	\$ (723,752)	\$ (2,931,701)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Amortization and depreciation	686,905	1,756,670	644,411	34,952	20,737	3,143,675	143,918
(Gain)/Loss on sale of fixed assets	-	-	-	-	-	-	1,992
(Increase) Decrease in:							
Accounts receivable	(84,838)	(73,019)	(3,327)	-	(4,855)	(166,039)	(38,210)
Inventories	(44,410)	-	-	-	-	(44,410)	(72)
Prepaid items	(9,796)	(27,099)	-	-	-	(36,895)	-
Increase (Decrease) in:							
Accounts payable	(99,656)	(313,674)	(6,378)	(16,747)	1,811	(434,644)	77,263
Accrued expenses	(28,953)	(16,135)	(2,695)	-	(901)	(48,684)	(151,697)
Customer deposits	44,949	-	-	-	-	44,949	-
Compensated absences	(33,177)	9,602	(11,621)	-	1,032	(34,164)	(12,671)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,258,574</u>	<u>\$ 567,349</u>	<u>\$ (239,750)</u>	<u>\$ (40,915)</u>	<u>\$ 154,778</u>	<u>\$ 1,700,036</u>	<u>\$ (2,911,178)</u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Statement of Fiduciary Net Position - Fiduciary Funds
April 30, 2014

	Pension Trust Funds	Private Purpose Trusts
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,174,872	\$ 197,149
Investments	55,740,008	-
Receivables, net	3,575,248	-
Total Assets	\$ 61,490,128	\$ 197,149
Liabilities		
Current Liabilities		
Accounts payable	\$ -	\$ 7,579
Accrued expenses	25,446	-
Total Liabilities	\$ 25,446	\$ 7,579
Deferred Inflows of Resources		
Unearned property taxes	\$ 3,437,423	-
Net Position		
Held in trust for pension benefits	\$ 58,027,259	\$ -
Restricted for future expenditures	-	189,570
Total Net Position	\$ 58,027,259	\$ 189,570

City of Quincy, Illinois
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended April 30, 2014

	Pension Trust Funds	Private Purpose Trusts
Additions		
Taxes:		
Property taxes	\$ 3,289,836	\$ -
Personal Property Replacement tax	772,159	-
Total taxes	<u>\$ 4,061,995</u>	<u>\$ -</u>
Contributions:		
Plan members	\$ 869,426	\$ -
Outside Agencies	-	44,596
Transfers from general fund	-	5,000
Total contributions	<u>\$ 869,426</u>	<u>\$ 49,596</u>
Investment earnings:		
Net increase (decrease) in fair value	\$ 2,326,403	\$ -
Realized gain (loss) on sale of investments	631,671	-
Interest	660,944	179
Dividends	753,600	-
Total investment earnings	<u>\$ 4,372,618</u>	<u>\$ 179</u>
Total Additions	<u>\$ 9,304,039</u>	<u>\$ 49,775</u>
Deductions		
Benefits	\$ 5,727,204	\$ -
Administrative expenses	435,121	-
Payments to others	-	73,455
Total Deductions	<u>\$ 6,162,325</u>	<u>\$ 73,455</u>
Change in net position	\$ 3,141,714	\$ (23,680)
Net position, May 1, 2013	<u>54,885,545</u>	<u>213,250</u>
Net position, April 30, 2014	<u><u>\$ 58,027,259</u></u>	<u><u>\$ 189,570</u></u>

Notes to the
Financial Statements

1) Summary of Significant Accounting Policies

The City of Quincy, Illinois (City) was incorporated in 1840. The City is a home rule city under Illinois law and operates under the Council/Mayor form of government. The City provides a variety of general government services to residents including law enforcement, fire protection, public works, cemetery, airport services, public health and welfare, community development, waterworks and sanitation.

A. Financial Reporting Entity

The accounting and reporting policies of the City relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has determined that the Quincy Public Library and Woodland Cemetery are component units of the City of Quincy, Illinois. Information for the Quincy Public Library and Woodland Cemetery has been discretely presented. Complete financial statements for the library and cemetery may be obtained from the respective entities.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The focus is on both the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by fund type), and the component units. Both the government-wide and the fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities' columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information for enhanced analysis and comparability.

The government-wide Statement of Position reflects both the gross and net cost per functional category (public safety, culture and recreation, etc.) that are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, culture and recreation, etc.) or business-type activity.

1) Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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 and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The operating grants column includes operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund statements are presented on a current financial resource or modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the City.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is on determination of changes in financial position, rather than on income determination. The following are the City's major governmental funds:

General Fund

The General Fund is the main operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements that are not paid through other funds are paid from the General Fund.

State and Federal Grants Fund

The State and Federal Grants Fund is used to account for the various community development and housing grants received from the Federal and State government.

Quincy Transit Lines Fund

The Quincy Transit Lines Fund is used to account for the activities of the City's public transit system. The majority of this fund's resources come from state and federal grants and allocations.

1) **Summary of Significant Accounting Policies (Continued)**

B. Government-wide and Fund Financial Statements (Continued)

1. **Governmental Funds (Concluded)**

Capital Projects Fund

The Capital Projects Fund accounts for the acquisition or construction of capital projects not included in other Capital Project funds.

The other governmental funds of the City are considered non-major and are as follows:

Special Revenue Funds – used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. These funds include: 911 System, Motor Fuel Tax, Town Road Tax, Police Contributions, Fire Contributions, Franchise Fee “Green”, Tourism Tax, and the City’s Revolving Loan funds. These loan funds include the Economic Development Revolving Loan Fund, which was established from an Urban Development Action Grant (UDAG); the Community Development Action Program (CDAP) Revolving Loan Fund; the Central Business District Loan Fund; the Neighborhood Housing Rehab Loan Fund; and the Energy Grant Loan Fund.

Capital Project Funds – used to account for the acquisition and construction of capital facilities other than those being financed by proprietary funds. The Capital Projects Funds use General Obligation or Certificates of Obligation Bonds proceeds, grants, or transfers from other funds. These funds include Sanitation Connection, TIF #2, TIF #3, 2009 OLC Capital Projects, Sewer Equipment Replacement, QMEA Cap Reserve, and Fire Equipment Improvement.

Debt Service Funds – used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt primarily from taxes levied by the City. The fund balances of the Debt Service Funds are restricted to signify the amounts that are restricted exclusively for debt service expenditures.

2. **Proprietary Funds**

Enterprise Funds

Enterprise Funds are used to account for those operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, costs incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City’s major Enterprise Funds consist of the following funds:

Water Fund – used to account for the operation of the City’s water treatment facilities and services.

Sewer Fund – used to account for the operation of the City’s waste disposal activities.

Quincy Regional Airport Fund – used to account for the operation of the City’s airport.

Firefighters Regional Training Center – used to account for the operation of the fire training center.

The other enterprise fund of the City, Quincy Regional Dock, is considered non-major.

1) Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

2. Proprietary Funds (Concluded)

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by such departments to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service Funds include Self Insurance, Central Services, Central Garage, Health Insurance Fund and Unemployment Compensation Fund. These funds are included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenue or expenses for the funds are allocated to the appropriate functional activity.

3. Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Fiduciary funds are not included in the government-wide financial statements. The Fiduciary Funds of the City are as follows:

Pension Trust Funds

The Pension Trust Funds are accounted for in the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Pension Trust Funds account for the assets of the City's Police and Fire pension plans.

Police Pension Fund – used to account for the accumulation of resources needed to pay pension costs when due. Resources are contributions from police force members at rates fixed by state statutes and City contributions in the form of an annual property tax levy.

Fire Pension Fund – used to account for the accumulation of resources needed to pay pension costs when due. Resources are contributions from fire department members at rates fixed by state statutes and City contributions in the form of an annual property tax levy.

Private Purpose Trust Funds

Private Purpose Trust Funds are used to accumulate assets for other purposes. These funds consist of the Learn Not to Burn Fund, the Sister City Commission Fund, the Stay Alive House Fund, the Lincoln Bicentennial Commission, the Human Rights Commission, the City Tree Board and the Bridge Lighting Fund.

1) Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds' statements. Long-term assets and long-term liabilities are included in the government-wide statements. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. First, monies must be expended on the specific purpose or project before any amounts will be paid to the City. Therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. Second, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utilities), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represents an estimate of the 2013 levy. Property taxes are levied each year on all taxable real property in the City. The City passes a property tax levy ordinance, usually in the fourth calendar quarter of each year, for the fiscal year beginning on May 1 of such calendar year. The tax becomes a lien as of the following January 1, on the assessed value listed as of the day prior (December 31) for all real property located in the City. In the year following the levy, the County bills the property taxes in two installments, generally in May and August. The taxes become delinquent approximately 40 days after the dates billed. The County collects the taxes and remits them to the City. The City receives these remittances approximately one month after the collections' dates.

In the government-wide statement of net position and statement of activities, all proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position.

The statement of net position, statement of activities, financial statements of the Proprietary Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1) Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balances.

E. Investments

Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates. Investments are reported in the Police and Fire Pension funds.

F. Statement of Cash Flows

For purposes of the Statement of Cash Flows for the proprietary fund type funds, all highly liquid investments (including restricted assets) with maturity of three months or less when purchased are considered to be cash equivalents.

G. Accounts Receivable

Accounts receivable result primarily from services provided to citizens and are accounted for in various funds. Water services are accounted for in the Water Fund and sewer and airport services are accounted for in the Sewer Fund and Quincy Regional Airport Fund. Accounts receivable are shown net of an allowance for uncollectible accounts.

H. Inventories

Inventories consist of consumable supplies and are valued at cost using the first in-first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

I. Capital Assets

Capital assets including land, buildings, improvements, equipment assets and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Systems and Improvements	20 – 100 years
Buildings	15 – 100 years
Machinery and Equipment	5 – 40 years
Office Equipment	5 – 10 years
Vehicles	5 – 15 years

The City's collections of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

1) Summary of Significant Accounting Policies (Continued)

J. Unearned Revenue

In the governmental funds, unearned revenues represent amounts due, which are measurable, but not available. In the statement of net position, unearned revenues represent the deferral of property tax receivables which are levied for a future period.

Unearned revenue represents grants and similar items received, however, the City has not met all eligibility requirements imposed by the provider.

K. Interfund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund. Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Non-current portions of long-term interfund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused compensatory benefits. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Sick leave and other benefits are accumulative as far as time available and are reimbursable to employees upon termination, in full or in part. The costs of these benefits are recognized when paid to active employees.

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt, excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1) Summary of Significant Accounting Policies (Continued)

N. Fund Balances

Fund balances are classified as follows:

Nonspendable- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City had no nonspendable fund balances as of April 30, 2014.

Restricted- This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or law or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City had \$11,437,819 in restricted fund balances that consisted of various funds.

Committed- This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City had no committed fund balances as of April 30, 2014.

Assigned- This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council through budgetary process. The City had assigned resources of \$392,253 as of April 30, 2014.

Unassigned- All amounts not included in other spendable classifications.

The City's policy is to use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise.

O. Bond Premium and Issuance Costs

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In accordance with GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, bond premiums, as well as issuance costs, are shown as outflows of resources in the year the debt was issued. In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1) Summary of Significant Accounting Policies (Concluded)

P. Properties Held for Resale

Properties acquired through the Community Development Program are recorded at the lower of cost or fair value. Therefore, costs incurred which are not recoverable upon resale and permanent declines in fair value are charged to expense/expenditures.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) Budgets and Budgetary Accounting

The fiscal year of the City of Quincy, Illinois has been established as the twelve-month period beginning on May 1. The Mayor submits a budget of estimated expenditures and revenues to the City Council. State law requires that a public hearing on the proposed budget be held at least 10 days prior to passage to obtain taxpayer comments. The budget is required to be legally adopted through passage of an ordinance prior to May 1.

The City Council is authorized to transfer budgeted amounts within departments. The budget is changed by line item transfers or supplemental appropriations. Formal budgetary integrations are employed as a management controls device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

The budget is prepared using the cash basis of accounting. Individual fund statements have been reconciled from the modified accrual basis of accounting to the cash basis of accounting for comparative purposes. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

3) Deposits and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City follows a policy of required collateralization of all deposits in excess of federally insured amounts. At April 30, 2014, the carrying amount of the City's deposits (excluding component units) was \$36,918,553 and the respective bank balances totaled \$37,407,395. Included in the bank balances are Certificates of Deposit totaling \$19,226,955. The insured and collateral status of the bank balances, by category risk, was as follows:

	Primary Government
FDIC Insured	\$ 16,547,341
Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name	17,974,710
Invested in Money Market Funds	1,831,957
Invested in Illinois Funds	1,053,387
	\$ 37,407,395

Investments

State statutes and City ordinances authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities (excluding collateralized mortgage obligations, or CMO's; Real Estate Mortgage Investment Conduits, or REMIC's; or other principal or interest only obligations), obligations of any state or a political subdivision of any state (pension funds), money market funds registered under the Investment Company Act of 1940, repurchase agreements, insured or collateralized certificates of deposit and money market funds. Pension fund investments are authorized by state statute and include, in addition to the previously mentioned investments, marketable equity securities.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy generally limits the maturities of investments to no more than three years from the date of purchase. Reserves for capital improvement projects are limited to the expected use of the funds or a maximum of five years from the date of purchase. State statute places additional maturity limits on specific investment vehicles. Investments in short term obligations of corporations are limited to 180 days from the date of purchase and repurchase agreements are limited to periods of 330 days or less.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top three ratings issued by at least two standard rating services. The City limits pension fund investments in individual issues to a maximum of 10% of the pension fund's net assets.

Investments available for sale are recorded in the Firefighters' and Police Pension Funds. The investments are held by the Firefighters' and Police Pension Funds and are actively managed by Mercantile Trust Department and First Bankers Trust Department, respectively.

3) Deposits and Investments (Concluded)

Investments shown in the Fiduciary Funds – Pension Trusts are as follows:

	Amortized Cost	Fair Value
Investments Available for Sale:		
U.S. Government Agencies	\$ 25,906,963	\$ 26,049,651
Certificates of deposit	950,000	950,000
Corporate bonds	206,026	207,113
Mutual Funds	4,365,107	4,677,468
Common and Preferred Stocks	19,177,322	23,855,776
	\$ 50,605,418	\$ 55,740,008
 Investment Maturities (in years):		
Maturing 2014-2035	\$ 27,062,989	\$ 27,206,764
	\$ 27,062,989	\$ 27,206,764
Equity Securities	23,542,429	28,533,244
	\$ 50,605,418	\$ 55,740,008

A reconciliation of cash, cash equivalents and investments, as shown in the financial statements, is as follows:

Cash on hand	\$ 1,875
Deposits with financial institutions	36,918,553
Investments	55,740,008
Total Cash and Investments	\$ 92,660,436

	Cash and Equivalents	Investments	Total
Government-wide Statement of Net Assets	\$ 34,548,407	\$ -	\$ 34,548,407
Statement of Fiduciary Net Assets	2,372,021	55,740,008	58,112,029
	\$ 36,920,428	\$ 55,740,008	\$ 92,660,436

4) Capital Assets

Depreciation expense was charged to the functions of the government as follows:

Governmental Activities	
General government	\$ 122,722
Public safety	399,572
Public works	3,413,064
Other governmental activities	536,246
Total Governmental activities	\$ 4,471,604
 Business-Type Activities	
Water	\$ 686,905
Sewer	1,756,670
Airport	665,147
Other enterprise	34,951
Total Business-type activities	\$ 3,143,673

4) Capital Assets (Concluded)

The following is a summary of Capital Asset transactions for the year ended April 30, 2014:

Governmental Activities

	Balance, April 30, 2013	Additions	Retirements	Balance, April 30, 2014
Buildings	\$ 15,237,788	\$ 102,703	\$ -	\$ 15,340,491
Improvements	1,416,893	27,995	-	1,444,888
Infrastructure	121,179,347	1,844,622	-	123,023,969
Machinery and equipment	5,960,197	503,505	-	6,463,702
Vehicles	8,764,104	222,693	(284,246)	8,702,551
Furniture and intangibles	243,912	106,241	(9,900)	340,253
Total assets being depreciated	<u>\$ 152,802,241</u>	<u>\$ 2,807,759</u>	<u>\$ (294,146)</u>	<u>\$ 155,315,854</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (5,245,049)	\$ (378,382)	\$ -	\$ (5,623,431)
Improvements	(760,386)	(35,801)	-	(796,187)
Infrastructure	(88,400,536)	(3,307,419)	-	(91,707,955)
Machinery and equipment	(4,202,152)	(268,822)	-	(4,470,974)
Vehicles	(5,922,484)	(465,352)	276,200	(6,111,636)
Furniture and intangibles	(183,414)	(15,828)	9,900	(189,342)
Total accumulated depreciation	<u>\$ (104,714,021)</u>	<u>\$ (4,471,604)</u>	<u>\$ 286,100</u>	<u>\$ (108,899,525)</u>
Net total of capital assets being depreciated	<u>\$ 48,088,220</u>	<u>\$ (1,663,845)</u>	<u>\$ (8,046)</u>	<u>\$ 46,416,329</u>
Land	2,287,353	485,719	(6,500)	2,766,572
Construction in Progress	169,994	317,851	(166,245)	321,600
Governmental Activities Capital Assets	<u>\$ 50,545,567</u>	<u>\$ (860,275)</u>	<u>\$ (180,791)</u>	<u>\$ 49,504,501</u>

Business-Type Activities

	Balance, April 30, 2013	Additions	Retirements	Balance, April 30, 2014
Buildings	\$ 19,132,480	\$ 434,617	\$ -	\$ 19,567,097
Systems	127,300,822	1,249,442	-	128,550,264
Machinery and equipment	1,914,709	4,342	-	1,919,051
Vehicles	2,749,691	-	-	2,749,691
Total assets being depreciated	<u>\$ 151,097,702</u>	<u>\$ 1,688,401</u>	<u>\$ -</u>	<u>\$ 152,786,103</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (9,797,119)	\$ (420,349)	\$ -	\$ (10,217,468)
Systems	(74,006,137)	(2,537,308)	-	(76,543,445)
Machinery and equipment	(946,476)	(103,551)	-	(1,050,027)
Vehicles	(1,891,312)	(82,465)	-	(1,973,777)
Total accumulated depreciation	<u>\$ (86,641,044)</u>	<u>\$ (3,143,673)</u>	<u>\$ -</u>	<u>\$ (89,784,717)</u>
Net total of capital assets being depreciated	<u>\$ 64,456,658</u>	<u>\$ (1,455,272)</u>	<u>\$ -</u>	<u>\$ 63,001,386</u>
Land	1,797,779	-	-	1,797,779
Construction in Progress	-	-	-	-
Business-Type Activities Capital Assets	<u>\$ 66,254,437</u>	<u>\$ (1,455,272)</u>	<u>\$ -</u>	<u>\$ 64,799,165</u>

5) Non-current Liabilities

For the Year Ended April 30, 2014, the changes in non-current liabilities are as follows:

Governmental Activities

	Balance	(Retirements)	Balance
	April 30, 2013	Additions	April 30, 2014
General Obligation Bonds	\$ 17,854,529	\$ (1,512,796)	\$ 16,341,733
Accreted value on bond	279,949	41,394	321,343
Accrued interest on bonds	118,849	(9,832)	109,017
Notes Payable - Bank	605,599	(166,477)	439,122
Compensated absences	3,254,316	164,960	3,419,276
Pension obligation	447,819	9,093	456,912
OPEB obligation	290,998	143,200	434,198
Unearned property taxes	1,596,465	27,999	1,624,464
Landfill post-closure	2,553,000	(152,000)	2,401,000
	<u>\$ 27,001,524</u>	<u>\$ (1,454,459)</u>	<u>\$ 25,547,065</u>

Business-Type Activities

	Balance	(Retirements)	Balance
	April 30, 2013	Additions	April 30, 2014
Notes Payable - Bank	\$ 53,250	\$ (53,250)	\$ -
Loan from Econ Development	250,000	(50,000)	200,000
Compensated absences	520,626	(34,165)	486,461
	<u>\$ 823,876</u>	<u>\$ (137,415)</u>	<u>\$ 686,461</u>

General Obligation Bonds are direct obligations issued on a pledge on the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. The City has determined that it has not earned interest on bond proceeds in excess of arbitrage amounts and, consequently, has not accrued an "arbitrage liability" to the federal government.

5) Non-current Liabilities (Continued)

General Obligation Bonds

At April 30, 2014, bonds payable consisted of the following individual issues:

\$1,552,000 General Obligation Refunding Bonds, Series 2010, dated May 1, 2010, due in annual installments ranging from \$50,000 to \$382,000 through 2020, with interest from 2.25% to 3.60%, payable April 15 and October 15.	\$ 495,000
\$825,000 General Obligation (Limited Tax) Notes, Series 2013A, dated April 14, 2013, due in monthly installments of \$17,763.37 each through April 24, 2017, with interest at 1.60%, payable the 24th of each month.	623,735
\$907,000 General Obligation (Limited Tax) Notes, Series 2013B, dated April 24, 2013, due in monthly installments of \$11,612.09 each through April 24, 2020, with interest at 2.08%, payable the 24th of each month.	785,469
\$9,530,000 General Obligation Refunding Bonds, Series 2005, dated November 22, 2005, due in annual installments ranging from \$30,000 to \$1,320,000 through 2020, with interest from 3.0% to 4.0%, payable April 15 and October 15.	7,020,000
\$6,596,818.30 (\$7,290,000 Compounded Accreted Value at Maturity) General Obligation Capital Appreciation Bonds, Series 2009A, dated September 21, 2009, with principal and interest of \$4,970,000 due on December 1, 2012, and principal and interest of \$2,320,000 due on December 1, 2015, with interest from 2.0% to 3.0%	1,087,529
\$1,245,000 General Obligation Bonds, Series 2009B, dated September 21, 2009, due in annual installments ranging from \$185,000 to \$225,000 beginning 2018 through 2023, with interest from 3.0% to 4.0%, payable January 1 and July 1.	1,245,000
\$5,533,000 Taxable General Obligation Bonds, Series 2009C (Recovery Zone Economic Development Bonds (Direct Payment)), dated November 20, 2009, due in annual installments ranging from \$58,000 through \$420,000 through 2029, with interest from 2.2% to 6.1%, payable January 1 and July 1.	5,085,000
Total	\$ 16,341,733
Less: Current portion of bonds payable	(1,588,672)
Net Long-Term Bonds Payable	<u>\$ 14,753,061</u>

On May 1, 2010, the City issued \$1,552,000 in 2010 General Obligation Refunding Bonds to advance refund the Series 1999 Bonds. The net proceeds of \$1,533,133 (after payment of \$18,867 in issuance costs) were deposited with an escrow agent to provide for future debt service payments on the 1999 Series bonds. As a result, the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. This refinancing is expected to produce an overall cash flow savings of \$52,759 over the ten years following the refunding and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$69,926.

5) Non-current Liabilities (Continued)

General Obligation Bonds (Continued)

On April 14, 2013, the City issued General Obligation (Limited Tax) Notes in the amount of \$825,000 to currently refund the 1996 Corporate Purpose Bonds originally issued to finance the construction of the Oakley-Lindsay Center.

On April 24, 2013, the City issued General Obligation (Limited Tax) Notes in the amount of \$907,000 to currently refund the loan agreement with Bank of America originally issued to provide financing for City Hall heating and air conditioning upgrades.

On November 15, 2005, the City issued \$9,530,000 in General Obligation Bonds with an average interest rate of 3.5% to advance refund \$9,420,000 of outstanding 1998, 1999 and 2000 Series bonds. The net proceeds of \$9,494,494 (after payment of \$35,506 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998, 1999 and 2000 Series bonds. As a result, the 1998, 1999 and 2000 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The City completed the advance refunding to reduce its total debt service payments over the next 13 years by \$841,923 and to obtain an economic gain of \$676,286.

On September 21, 2009, the City issued General Obligation Capital Appreciation Bonds in the amount of \$6,596,818.30 with a compounded accreted value of \$7,290,000. The bond proceeds are being used for engineering, design and other preliminary work for a regional hydro-electric plant and lock and dam facilities. These bonds do not pay semiannual interest. Instead the Compounded Accreted Value will accrue from the date of delivery and compound on June 1 and December 1 each year at the per annum rate. This Compounded Accreted Value will be payable in two installments: \$4,970,000 on December 1, 2011 and \$2,320,000 on December 1, 2015. During the year ended April 30, 2012, the City used the unused proceeds from this bond along with City funds to partially repay this bond in the amount of \$5,813,105 including the accumulated accretion. The accretion for the remaining bond balance due for the year ended April 30, 2014, is \$321,343 and the accumulated accretion is included in the government-wide statement of net assets.

On September 15, 2009, the City issued additional General Obligation Bonds in the amount of \$1,245,000 to finance extensions and improvements for the Oakley-Lindsay Center.

The City issued Taxable General Obligation Bonds, or Recovery Zone Economic Development Bonds, on November 20, 2009, in the amount of \$5,533,000. These bonds are also referred to as Build America Bonds. Under the American Recovery and Reinvestment Act of 2009 (ARRA) state and local governments were allowed to issue taxable governmental bonds with a federal subsidy for a portion of the borrowing costs equal to 45 percent of the total coupon interest payable to investors. The proceeds of these bonds are being used to fund the acquisition, construction and installation of Quincy Public Library facilities and improvements.

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the unfunded debt from these earlier issues will not be actually retired until the call dates come due or until maturity if they are not callable issues. As of April 30, 2014, these prior refunded bonds had been retired, therefore, no money is being held in escrow on these refunding bonds.

Interest expense from these bonds totaling \$758,823 has been included as a direct function expense. No interest was required to be capitalized during the year ended April 30, 2014.

5) Non-current Liabilities (Continued)

General Obligation Bonds (Concluded)

As a home-rule maturity, the City has no legal debt limit.

The annual aggregate maturities of General Obligation bonded debt for subsequent years are as follows:

Year Ending April 30	Principal	Interest	Total
2015	\$ 1,588,672	\$ 642,192	\$ 2,230,864
2016	2,757,144	965,265	3,722,409
2017	1,745,758	510,326	2,256,084
2018	1,817,218	447,370	2,264,588
2019	2,090,033	372,254	2,462,287
2020-2024	4,027,908	1,097,114	5,125,022
2025-2029	2,315,000	422,610	2,737,610
	<u>\$ 16,341,733</u>	<u>\$ 4,457,131</u>	<u>\$ 20,798,864</u>

Notes Payable – Bank

On November 30, 2009, the City entered into a loan agreement with Bank of Springfield in the amount of \$336,428.26 to refinance loans with First Bankers Trust Company (for a pump truck for the Fire Department) and Associated Bank (for an Airport Hangar building). This agreement calls for 66 monthly payments of \$5,527 each at a fixed interest rate of 2.94%. The balance outstanding at April 30, 2014, was \$34,792.

On November 20, 2009, the City entered into a loan agreement with Bank of Springfield in the amount of \$729,172 to provide financing to purchase fire equipment. The agreement calls for 72 monthly payments of \$11,049 each at a fixed interest rate of 2.91%. The balance outstanding at April 30, 2014, was \$204,329.

The City entered into a loan agreement with the Illinois Finance Authority for the Fire Truck Revolving Loan Program on April 7, 2009. This program allows the Authority to make no interest loans to fire departments for the purpose of purchasing fire trucks and related equipment. This loan calls for 20 annual payments of \$12,500 each beginning November 1, 2011 and ending November 1, 2029. The balance outstanding at April 30, 2014, was \$200,000.

The City acquired a piece of land from Quincy University in May 2005 for use as the Firefighters Regional Training Center. The City also received a lease agreement for the use of land at the site from the University for \$1 per year for 20 years. The land was valued at \$250,000 and the lease was valued at \$250,000. The City has an economic development loan due from the University for \$500,000 that was converted to the Firefighters Regional Training Center. The \$500,000 is to be repaid in 7 annual payments of \$50,000 at 0% interest with a balloon payment of \$150,000. The balance outstanding at April 30, 2014, was \$200,000.

On November 18, 2013, the City entered into a loan agreement with Bank of Springfield in the amount of \$180,000 for the purchase of an airport hangar. This agreement calls for 23 monthly payments of \$7,664.96 each with an irregular last payment of \$7,664.97 at a fixed interest rate of 2.1%. The balance outstanding at April 30, 2014, was zero.

5) Non-current Liabilities (Continued)

Notes Payable – Bank (Concluded)

The annual requirements to amortize the outstanding loans as of April 30, 2014, are as follows:

Governmental Activities

Year Ending April 30	Principal	Interest	Total
2015	\$ 170,594	\$ 4,874	\$ 175,468
2016	93,528	761	94,289
2017	12,500	-	12,500
2018	12,500	-	12,500
2019	12,500	-	12,500
2020-2024	62,500	-	62,500
2025-2029	62,500	-	62,500
2030	12,500	-	12,500
	<u>\$ 439,122</u>	<u>\$ 5,635</u>	<u>\$ 444,757</u>

Business-Type Activities

Year Ending April 30	Principal	Interest	Total
2015	\$ 50,000	-	\$ 50,000
2016	150,000	-	150,000
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Total Notes Payable	<u>\$ 639,122</u>	<u>\$ 5,635</u>	<u>\$ 644,757</u>

5) Non-current Liabilities (Continued)

Compensated Absences

Accumulated unpaid vacation pay, sick pay and compensatory time are accrued as the liability is incurred. The amount of the liability is determined by calculating each employee's accumulated number of vacation, sick leave and/or compensatory hours at their rate of pay on April 30, 2014.

A summary of the liability for compensated absences by function at April 30, 2014, follows:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Comp Time</u>	<u>Total</u>	<u>Current Portion</u>
Governmental activities:					
General government	\$ 106,987	\$ 62,733	\$ -	\$ 169,720	\$ 66,668
Public safety	1,450,475	646,776	577,085	2,674,336	1,368,670
Public works	307,579	130,204	36,062	473,845	175,006
Engineering services	30,917	22,089	-	53,006	23,601
Community development	26,844	21,525	-	48,369	22,530
	<u>\$ 1,922,802</u>	<u>\$ 883,327</u>	<u>\$ 613,147</u>	<u>\$ 3,419,276</u>	<u>\$ 1,656,475</u>
Business-type activities:					
Water	\$ 233,562	\$ 99,938	\$ -	\$ 333,500	\$ 103,809
Sewer	80,895	37,704	-	118,599	38,713
Airport	20,477	5,470	-	25,947	5,876
Other	5,907	2,508	-	8,415	2,636
	<u>\$ 340,841</u>	<u>\$ 145,620</u>	<u>\$ -</u>	<u>\$ 486,461</u>	<u>\$ 151,034</u>
Total Compensated Absences	<u>\$ 2,263,643</u>	<u>\$ 1,028,947</u>	<u>\$ 613,147</u>	<u>\$ 3,905,737</u>	<u>\$ 1,807,509</u>

Other Non-current Liabilities

As stated above, the City issued General Obligation Capital Appreciation Bonds in the amount of \$6,596,818.30 with a compounded accreted value of \$7,290,000. The Compounded Accreted Value will accrue from the date of delivery and compound on June 1 and December 1 each year at the per annum rate. The accumulated accretion on these bonds at April 30, 2014, is \$321,343.

Accrued interest on bonds is comprised of the following:

	<u>Next Interest Payment Due</u>	<u>Accrued Interest April 30, 2014</u>
GOB 2009B	\$ 22,108	\$ 14,738
GOB 2009C	141,419	94,279
	<u>\$ 163,527</u>	<u>\$ 109,017</u>

5) Non-current Liabilities (Concluded)

Other Non-current Liabilities (Concluded)

On May 13, 1996, a consent order judgment was entered against the City and other co-defendants in a lawsuit brought by the State of Illinois Environmental Protection Agency resulting from the City's Landfill #5. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years. \$2,401,000 has been accrued as a landfill post-closure liability at April 30, 2014, representing the estimated remaining current cost of all post-closure care. However, due to changes in technology, laws or regulations, these costs may change in the future.

Unearned property taxes are explained below in Note 6.

The City currently maintains three defined benefit pension plans for its employees as explained later in these notes to financial statements. In accordance with Government Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as amended by GASB Statement No. 50, *Pension Disclosures*, the City is required to report a liability if the City did not make contributions equal to or more than the Annual Required Contribution (ARC) as calculated by the actuary. For the year ended April 30, 2014, the City had accumulated a liability of \$456,912.

In accordance with Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is required to account for a liability for postemployment benefits owed to retirees and beneficiaries. While the City does not pay for continued health insurance coverage, they do allow retirees and beneficiaries to remain on the City's health plan. This creates an implicit rate subsidy because typically the costs for medical insurance for retirees are higher than for active employees. The City is required to report a liability if the City did not make contributions equal to or more than the Annual Required Contribution (ARC) as calculated by the actuary. For the year ended April 30, 2014, the City had accumulated a liability of \$434,198.

6) Property Taxes

Property taxes are levied prior to December 31 on the equalized assessed value as of the prior January 1 for all real estate located within the City. Equalized assessed value is equal to one-third of the appraised fair value of the real estate, less applicable exemptions authorized by the City Council and/or the State of Illinois.

Taxes are payable in two installments on July 1 and September 1 of the year following the levy (July 1 and September 1, 2013 for the 2012 levy). An asset for property taxes receivable is recorded when an unenforceable legal claim arises. At that point, the City has an enforceable legal claim, even though actual payment is not required until a later date. Property taxes of \$1,624,464 in the Governmental activities and \$3,437,423 in the Pension Trust funds, levied for 2013, have been recorded as unearned income because they are generally not available to pay liabilities of the current period. Such unearned revenues are budgeted and recognized in the year of collection. Current tax collections for the year ended April 30, 2014, were 100% of the 2012 tax levy.

7) Pension Plans

Illinois Municipal Retirement Fund (IMRF)

Plan Description

The City of Quincy'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 employer 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. That report may be obtained online at www.imrf.org.

Funding Policy

As set by statute, the employer regular plan members are required to contribute 4.5 percent 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 employer annual required contribution rate for calendar 2013 was 13.12 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 benefit rate is set by statute.

Annual Pension Cost

For the fiscal year ended April 30, 2014, the City's actual contributions for pension cost for the regular plan was \$1,378,761. Its required contribution for the fiscal year ended April 30, 2014 was \$1,387,854.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2014	\$ 1,387,854	99%	\$ 456,912
4/30/2013	1,386,617	99%	447,819
4/30/2012	1,217,565	92%	438,441

The required contribution for FY2014 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% 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 employer regular 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 employer regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

7) Pension Plans (Continued)

Illinois Municipal Retirement Fund (IMRF) (Concluded)

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 84.63 percent funded. The actuarial accrued liability for benefits was \$38,800,939 and the actuarial value of assets was \$32,837,393, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,963,546. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$10,683,444 and the ratio of the UAAL to the covered payroll was 56 percent.

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

Police and Firefighter's Pension Funds

The City of Quincy contributes to two single-employer defined benefit pension plans: Police Pension Fund and Firefighter's Pension Fund. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Chapter 40 of the Illinois State Statutes assigns the authority to establish and amend benefit provisions to the Illinois General Assembly. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the City of Quincy, 730 Maine Street, Quincy, Illinois, 62301, (217) 228-4517.

The most recent actuary for both the Police and Firefighter's Pension plans was completed as of April 30, 2013.

Police Pension Plan

Covered employees are currently required to contribute 9.91 percent of their regular salary to the Police Pension Plan. The member rate is determined by State Statute. The City is required to contribute at an actuarially determined amount. The City's contribution is funded by property taxes and must be equal to the sum of: (a) the normal cost of the pension fund for the year involved, plus (b) the amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of fiscal year 2040. Administrative costs are funded by investment earnings. Contributions and benefits are recognized when due and payable. Refunds are recognized as paid.

The City's annual pension cost and net pension obligation (asset) for the plan for the year ended April 30, 2014 were as follows:

Police Pension:

Annual required contribution	\$ 2,143,997
Interest on net pension obligation(asset)	(53,195)
Adjustment to annual required contribution	38,810
Annual pension cost	<u>\$ 2,129,612</u>
Contributions made	(1,713,871)
Decrease in net pension obligation	<u>\$ 415,741</u>
Net pension obligation (asset), beginning of year	(759,929)
Net pension obligation (asset), end of year	<u><u>\$ (344,188)</u></u>

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds (Continued)

The annual required contribution for the year ended April 30, 2014, was determined as part of the April 30, 2013 actuarial valuation using the Projected Unit Credit method. The actuarial assumptions at April 30, 2013, included (a) 7.0% investment rate of return, (b) projected salary increases of 5.0% per year, and (c) additional cost-of-living increases of 3.0% per year. The actuarial value of the Police Pension 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. The Police Pension Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the April 30, 2013, valuation was 28 years.

As of April 30, 2013, the most recent actuarial valuation date, the Police Pension Plan was 55.6 percent funded. The actuarial accrued liability for benefits was \$57,519,701 and the actuarial value of assets was \$31,961,573, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,558,128. The covered payroll (annual payroll of active employees covered by the plan) was \$4,679,072 and the ratio of the UAAL to covered payroll was 546.2 percent.

The schedule of funding progress, presented as RSI following the notes to 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.

Trend Information				
Fiscal Year Ended	Annual Pension Cost	Total Employer Contribution	% of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2014	\$ 2,129,612	\$ 1,713,871	80.5%	\$ (344,188)
2013	1,667,007	1,673,930	100.4%	(759,929)
2012	1,628,652	1,883,702	115.7%	(753,006)

At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	65
Terminated plan members entitled to but not yet receiving benefits	1
Active vested plan members	74
Total members	140

Firefighters' Pension Plan

Covered employees are currently required to contribute 9.455 percent of their regular salary to the Firefighters' Pension Plan. The member rate is determined by State Statute. The City's contribution is funded by property taxes and must be equal to the sum of: (a) the normal cost of the pension fund for the year involved, plus (b) the amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of fiscal year 2040. Administrative costs are funded by investment earnings. Contributions and benefits are recognized when due and payable. Refunds are recognized as paid.

7) Pension Plans (Concluded)

Police and Firefighter's Pension Funds (Concluded)

The City's annual pension cost and net pension obligation (asset) for the plan for the year ended April 30, 2014 were as follows:

Annual required contribution	\$ 2,757,273
Interest on net pension obligation(asset)	(98,306)
Adjustment to annual required contribution	71,722
Annual pension cost	<u>\$ 2,730,689</u>
Contributions made	<u>(2,350,426)</u>
Decrease in net pension obligation	\$ 380,263
Net pension obligation (asset), beginning of year	<u>(1,404,365)</u>
Net pension obligation (asset), end of year	<u><u>\$ (1,024,102)</u></u>

The annual required contribution for the year ended April 30, 2014, was determined as part of the April 30, 2013 actuarial valuation using the Projected Unit Credit method. The actuarial assumptions at April 30, 2013, included (a) 7.0% investment rate of return, (b) projected salary increases of 5.0% per year, and (c) additional cost-of-living increases of 3.0% per year. The actuarial value of the Firefighters' Pension 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. The Firefighters' Pension Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the April 30, 2013, valuation was 28 years.

As of April 30, 2013, the most recent actuarial valuation date, the Firefighters' Pension Plan was 41.2 percent funded. The actuarial accrued liability for benefits was \$60,813,650 and the actuarial value of assets was \$25,038,861, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,774,789. The covered payroll (annual payroll of active employees covered by the plan) was \$3,890,117 and the ratio of the UAAL to covered payroll was 919.6 percent.

The schedule of funding progress, presented as RSI following the notes to 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.

Trend Information				
Fiscal Year Ended	Annual Pension Cost	Total Employer Contribution	% of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2014	\$ 2,730,689	\$ 2,350,426	86.1%	\$ (1,024,102)
2013	2,214,726	2,375,224	107.2%	(1,404,365)
2012	2,155,996	2,470,264	114.6%	(1,243,867)

At April 30, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	84
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	<u>63</u>
Total members	<u><u>147</u></u>

8) Health Insurance Plan for Retired Employees

The City of Quincy provides limited health care insurance coverage for its eligible retired employees. Retirees are provided the opportunity to remain on the City's health care plan with the retiree being responsible for the premium. While the City does not pay for continued health insurance coverage, this creates an implicit rate subsidy because typically the costs for medical insurance for retirees are higher than for active employees. The City also pays the premiums for eligible disabled pensioners.

Covered employees are not required to contribute to the Plan. The City is also not required to contribute to the Plan. The City's annual OPEB cost and net OPEB obligation for the plan for the year ended April 30, 2014 were as follows:

Annual required contribution	\$ 347,192
Interest on net OPEB obligation	11,640
Adjustment to annual required contribution	<u>(9,700)</u>
Annual pension cost	\$ 349,132
Contributions made	<u>(205,932)</u>
Increase in net OPEB obligation	\$ 143,200
Net OPEB obligation, beginning of year	<u>290,998</u>
Net OPEB obligation, end of year	<u><u>\$ 434,198</u></u>

The annual required contribution for the year ended April 30, 2014, was determined as part of the April 30, 2014 actuarial valuation using the Entry Age Normal Cost method. The actuarial assumptions at April 30, 2014, included (a) 4.0% investment rate of return, (b) projected salary increases of 4.0% per year, (c) health care inflation rate of 7.5% initial and 5.5% ultimate, and (d) 30% of active employees assumed to elect benefit. The actuarial value of the Plan assets was determined using market techniques. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at the April 30, 2014, valuation was 30 years.

As of April 30, 2014, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$6,052,208 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,384,766. The covered payroll (annual payroll of active employees covered by the plan) was \$19,843,209 and the ratio of the UAAL to covered payroll was 42.3 percent.

The schedule of funding progress, presented as RSI following the notes to 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.

Trend Information				
Fiscal Year Ended	Annual OPEB Cost	Total Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 349,132	\$ 205,932	59.0%	\$ 434,198
2013	347,192	205,932	59.3%	290,998
2012	355,670	205,932	57.9%	149,738

8) Health Insurance Plan for Retired Employees (Concluded)

At April 30, 2014, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	24
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	262
Active nonvested plan members	112
Total members	398

9) Individual Fund Disclosures

For the year ended April 30, 2014, no major funds, for which budgets were adopted, had an excess of expenditures over budgeted amounts.

10) Self Insurance Funds

The City has initiated a self-insured retention program (SIR) within the Internal Revenue Service Fund Type in order to satisfy potential claims. The City is self-insured with excess coverage in these areas: (a) Liabilities, Worker's Compensation and Property Damage (Self-Insurance Fund); (b) Health Insurance (Health Insurance Fund); and (c) State Unemployment Compensation (Unemployment Compensation Fund). A description and supplementary information for these funds are as follows:

Health Insurance

The City is self-insured for health insurance through a plan administered by Private Health Care Systems. Premiums are recorded as an expense in the paying fund and as income in the internal service fund. Premiums collected from employees are also recorded as income in the internal service fund. Expenditures for health care claims are treated as expenses in the internal service fund.

Unemployment Compensation

The City makes payments to the State of Illinois unemployment compensation fund on a reimbursement basis in lieu of paying an unemployment tax. The Unemployment Compensation Fund was established to collect reimbursements from other funds based on the respective claims made.

Liabilities, Worker's Compensation and Property Damage

The City participates in the Municipal Insurance Cooperative Association (MICA) for excess coverage of liability and property damage claims. The City pays an annual premium to MICA, which includes its share of excess coverage premium costs, administrative fees and contributions to the joint loss fund from which each individual city's claims are paid. The City's annual premium for the year ended April 30, 2014, was \$2,270,506. Limits of liability are as follows:

Type of Coverage	Risk Level		Excess Insurance Coverage Limits
	City	Loss Fund	
Property Insurance	\$ 1,000	\$ 150,000	\$ 50,000,000
Third Party Liability	N/A	\$ 200,000	\$ 9,000,000
Worker's Compensation	N/A	\$ 500,000	Statutory limits
Crime Coverage	\$ 1,000	\$ 50,000	\$ 1,000,000

11) Internal Balances

Interfund transfers during the year ended April 30, 2014, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General Fund	\$ 441,395	\$ 6,590,238
State and Federal Grants Fund	-	-
Quincy Transit Lines	304,784	-
Capital Projects Fund	2,120,445	1,304,866
Other governmental funds	2,249,919	1,132,708
	\$ 5,116,543	\$ 9,027,812
Water Department	\$ -	\$ 53,812
Sewer Department	-	53,812
Quincy Regional Airport	961,157	-
Regional Training Facility	75,650	-
Other enterprise funds	-	100,000
	\$ 1,036,807	\$ 207,624
Central Garage	\$ 331,586	\$ -
Central Services	2,745,500	-
	\$ 3,077,086	\$ -
Private Purpose Trust Funds:		
Sister City Commission	\$ 5,000	\$ -
	\$ 5,000	\$ -
	\$ 9,235,436	\$ 9,235,436

Interfund receivables and payables at April 30, 2014, were as follows:

<u>Due to</u>	<u>Due from Neighborhood Stabilization</u>	<u>Total</u>
HUD Grant Fund	\$ 140,354	\$ 140,354
Total	\$ 140,354	\$ 140,354

The HUD Grant fund incurred expenses relating to a housing grant that has yet to be received. Therefore, the Neighborhood Stabilization fund was used to supplement these expenses until the grant money is received from the state. The increase in the interfund balances for the year ended April 30, 2014, was \$14,372.

12) Contingent Liabilities

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

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

13) Segment Information Disclosure

The City maintains five Enterprise funds. The Water Department and Sewer Department provide water and wastewater treatment services, respectively, to residents of the City. The Municipal Airport fund provides for the operations and maintenance of the Quincy Municipal Airport and Baldwin Field. The Regional Training Facility fund accounts for the operation of the City's firefighter training center. The Municipal Dock Fund accounts for the operation of the City's river dock.

Key financial information as of and for the year ended April 30, 2014 for these funds is as follows:

	Water Department	Sanitation Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds	Total
Operating revenues	\$ 6,243,334	\$ 5,446,126	\$ 403,670	\$ 8,635	\$ 203,427	\$12,305,192
Operating expenses (excluding depreciation)	4,728,879	4,458,452	619,399	32,803	45,736	9,885,269
Depreciation	686,905	1,756,670	644,411	34,952	20,737	3,143,675
Operating income	\$ 827,550	\$ (768,996)	\$ (860,140)	\$ (59,120)	\$ 136,954	\$ (723,752)
Non-operating revenues/ (expenses)	32,073	426,677	11,437	29,604	828	500,619
Capital contributions	-	152,100	-	-	-	152,100
Operating transfers	(53,812)	(53,812)	961,157	75,650	(100,000)	829,183
Net income (loss)	<u>\$ 805,811</u>	<u>\$ (244,031)</u>	<u>\$ 112,454</u>	<u>\$ 46,134</u>	<u>\$ 37,782</u>	<u>\$ 758,150</u>
Capital asset additions	\$ (541,104)	\$ (557,586)	\$ (559,957)	\$ (29,755)	\$ -	\$ (1,688,402)
Net working capital	\$ 8,654,797	\$ 6,346,540	\$ 364,801	\$ (55,220)	\$ 203,760	\$15,514,678
Total assets	\$25,348,254	\$40,060,019	\$14,540,720	\$ 879,826	\$ 370,469	\$81,199,288
Notes payable from operating revenues	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
Total equity	\$24,397,385	\$39,890,038	\$14,507,521	\$ 674,174	\$ 359,297	\$79,828,415

14) Deferred Compensation

Internal Revenue Code Section 457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans are administered by AIG Valic and Nationwide Retirement Solutions, Inc. The plans, available to all full-time City employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. City employees deferred \$630,677 into the plans for the year ended April 30, 2014.

15) Economic Development Loans Receivable

The City, through the Community Development Commission, makes economic development loans to qualified businesses. The loans are financed through funds received from Community Development Block Grants (CDBG) and an Urban Development Action Grant (UDAG). The Commission monitors the provisions of the grant agreements and the revolving loan programs. A summary of loans outstanding at April 30, 2014, follows:

	Loans Outstanding
Revolving Loan Fund	\$ 1,195,670
CDBG Revolving Loan Fund	969,358
Business and Housing Loans	1,111,291
Energy Grant Loans	3,464
Total	\$ 3,279,783

The City has contracted with Two Rivers Regional Council of Public Officials to administer the Housing and Urban Development (HUD) Rental Rehabilitation Loan program. The ten-year loans are made to landlords for improvements to qualifying properties. At the end of each year, 10% of the loan is forgiven if all requirements of the program are being met. Due to the nature of the loans (no repayment if all requirements are met), the amount outstanding at April 30, 2014, is not recorded in these financial statements.

16) Leases (As Lessor)

The City receives rental income from various lease agreements. Following are the largest lease agreements, with the remaining agreements being immaterial to the financial statements:

The City leases a portion of the City Hall Annex located at 706 Maine Street for use as a financial institution. The lease, dated March 12, 1992, had an original term of four years, with an option of renewal for four consecutive four-year terms. For the year ended April 30, 2014, the City received rental income for the property in the amount of \$43,885.

On April 1, 2008, the City renewed a lease with Abbott Supply, LLC for the property located at 1016 Vermont. This lease expired on March 31, 2011 and a new lease agreement was executed as of April 1, 2011. For the year ended April 30, 2014, the City received rental income in the amount of \$24,176.

The City also leases ground for communication services. This lease, dated October 21, 2002, had an original term of five years beginning no later than March 1, 2003 and renewing in four successive five-year periods thereafter. The City received \$12,452 in rental income from this property for the year ended April 30, 2014.

17) Leases (as Lessee)

The City entered into a lease agreement with the Ruth M. Waterkotte Revocable Trust for use of property used as a parking lot for the Amtrak Station. The lease is dated November 1, 2008 and ends October 31, 2013 with the option to renew for three successive renewals of five years each. The lease was renewed through October 31, 2018. The lease calls for monthly payments of \$585 each, adjusted for inflation, bringing the payment to \$626 for this renewal period. The future minimum rentals are as follows:

Year Ending April 30	Total
2015	\$ 7,513
2016	7,513
2017	7,513
2018	7,513
2019	3,757
	\$ 33,809

18) Conduit Debt

From time-to-time, the City has issued industrial revenue bonds on behalf of private sector and nonprofit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements.

19) Commitments and Contingencies

Effective September 10, 2010, the City entered into a management agreement with Environmental Management Corporation (EMC) for the management of the City's wastewater facilities. This agreement has a period of five years commencing March 1, 2010 and continuing until February 28, 2015. Under this agreement, EMC will manage the wastewater facilities so that the effluent discharge meets or exceeds wastewater effluent requirements established by the Illinois Environmental Protection Agency (IEPA) and the U.S. Environmental Protection Agency (USEPA). EMC shall also manage the biosolids and lime sludge disposal program consistent with USEPA and IEPA land application requirements. The EMC Facility Manager and the Pretreatment Coordinator shall be EMC employees and EMC will be responsible for all payroll expense for such employees. All other employees supervised by these EMC employees will remain City employees and the City is responsible for the payroll expenses of those remaining employees. EMC will limit overtime expenditure for these City employees in agreed upon amounts with EMC being responsible for any overtime costs exceeding these limits. The City retains ownership of the wastewater facilities and equipment and is responsible for the cost of repairing and replacing the facilities and equipment and any required capital improvements. EMC will invoice the City monthly for all costs according to the fee schedule, which varies according to volume of sludge disposal, and any reimbursable costs that are the City's responsibility. For the year ended April 30, 2014, the City incurred costs of \$970,798 related to this agreement. The following table depicts the future minimum fees under this agreement:

Year Ending April 30	Total
2015	\$ 381,735
	<u>\$ 381,735</u>

On August 18, 2006, the City applied to the Federal Energy Regulatory Commission (FERC) for preliminary permits for the Lock and Dam Numbers 20, 21 and 22. In December 2009, on advice of financial consultants, the City organized Mississippi River No. 21 Hydropower Company, an Illinois for profit corporation as a way to qualify the Lock and Dam 21 project for the ARRA Section 1603 grant, which provides a 30% grant funding. On February 17, 2011, a FERC hearing officer issued an order dismissing the City's LLC License application stating that the City had violated Section 7(a) of the Federal Power Act Municipal Preference Provision by forming a for profit corporation, a non-municipal entity, to help fund the hydropower project. The City requested a hearing on the dismissal order. Subsequently, FERC conducted a hearing and concurred with the hearing officer and dismissed the license application barring the City of Quincy, Great River Hydropower, LLC and Mississippi River No. 21 Hydropower Company from filing for preliminary permits or development applications for the Mississippi River Lock and Dam No. 21 for one year.

To date, the City of Quincy and its subsidiaries have incurred costs of \$5,241,521 on this project with the majority of the funding provided by a general obligation bond and a grant from the Department of Energy. As of April 30, 2012, \$5,143,481 of the total costs were shown as Construction in Progress and included with the capital assets on the Statement of Net Position. The City has reviewed its options regarding licensure at Lock and Dams 24 and 25 and the possibility of selling the previous studies done at Lock and Dam 21 to a subsequent developer. As the possibility of selling this asset is remote and as it is not likely the project will be pursued further, this construction in progress asset has been permanently impaired. Therefore, the \$5,143,481 has been removed from the capital assets and was shown as an impairment on the FY2013 financial statements.

20) Subsequent Events

Subsequent events have been evaluated through October 20, 2014, which is the date the financial statements were available to be issued.

21) Recently Issued Pronouncements

For the year ended April 30, 2014, the City implemented the following relevant standards:

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.* The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity.

As of April 30, 2014, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25,* will be effective for the City beginning with its year ending April 30, 2015. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* will be effective for the City beginning with its year ending April 30, 2016. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Management has not yet completed its evaluation of the impact, if any, of the provisions of these statements on its financial statements.

Required Supplementary Information

Budgetary comparison schedules are presented as Required Supplementary information (RSI) for the general fund and each major special revenue and capital projects fund that has a legally adopted annual budget. The budgetary schedules present the final amended budget for the reporting period as well as actual inflows, outflows and balances stated on the government's budgetary (cash) basis. A separate column reports the variance between the final budget and actual amounts.

The Schedules of Funding Progress for each of the City's defined benefit pension plans present information used to consistently measure the City's funded status over a ten-year period.

City of Quincy, Illinois
 Budgetary Comparison Schedule - General Fund
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, May 1, 2013	\$ 3,636,885	\$ 3,636,885	\$ 3,636,885	\$ -
Resources (inflows):				
Property taxes	50,000	50,000	49,514	(486)
Franchise taxes	406,000	406,000	418,632	12,632
Charges for services	1,007,725	1,007,725	788,319	(219,406)
Fines and forfeitures	473,100	473,100	518,940	45,840
Intergovernmental	23,754,274	23,834,274	24,612,790	778,516
Grants and contributions	137,200	137,200	123,784	(13,416)
Investment earnings	23,827	23,827	15,965	(7,862)
Miscellaneous	103,840	103,840	100,309	(3,531)
Sale of assets	42,000	42,000	24,619	(17,381)
Cost share transfers, net	558,875	558,875	549,281	(9,594)
Operating transfers in	441,811	441,811	441,395	(416)
Amounts available for Appropriation	<u>\$ 30,635,537</u>	<u>\$ 30,715,537</u>	<u>\$ 31,280,433</u>	<u>\$ 564,896</u>
Charges to appropriations (outflows)				
General Government				
Aldermen	\$ 236,688	\$ 240,688	\$ 239,688	\$ 1,000
Mayor	339,467	339,467	287,496	51,971
City Treasurer	271,731	271,731	258,433	13,298
City Clerk	177,238	183,236	181,483	1,753
Director of Administration	136,341	136,341	91,246	45,095
Purchasing	66,897	66,897	66,227	670
Building Maintenance	372,591	256,099	220,338	35,761
Comptroller	365,510	365,510	323,293	42,217
Legal Department	299,034	293,036	236,183	56,853
Boards and Commissions	87,161	87,161	42,515	44,646
Information Technology	656,240	656,240	655,998	242
Public Safety				
Police Department	9,159,046	9,159,046	8,582,403	576,643
Fire Department	6,558,240	6,557,270	6,351,818	205,452
Public Works	1,413,871	1,489,221	1,233,415	255,806
Engineering Services	771,353	768,053	678,181	89,872
Health and sanitation	150,657	154,607	141,203	13,404
Community development	928,600	928,600	657,726	270,874
Culture and recreation	57,275	57,275	42,944	14,331
Cemetery	174,000	174,000	174,000	-
Nondepartmental				
Operating transfers out	6,682,742	6,814,204	6,590,238	223,966
Total Charges to Appropriations	<u>\$ 28,904,682</u>	<u>\$ 28,998,682</u>	<u>\$ 27,054,828</u>	<u>\$ 1,943,854</u>
Budgetary Balance, April 30, 2014	<u>\$ 1,730,855</u>	<u>\$ 1,716,855</u>	<u>\$ 4,225,605</u>	<u>\$ 2,508,750</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - State and Federal Grants Fund
 For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, May 1, 2013	\$ 5,660	\$ 5,660	\$ 5,660	\$ -
Resources (inflows):				
Grants and contributions	1,098,502	1,752,942	1,224,946	(527,996)
Investment earnings	-	-	30	30
Amounts available for Appropriation	<u>\$ 1,104,162</u>	<u>\$ 1,758,602</u>	<u>\$ 1,230,636</u>	<u>\$ (527,966)</u>
Charges to appropriations (outflows)				
Community development Nondepartmental	\$ 996,745	\$ 1,660,185	\$ 1,109,023	\$ 551,162
Operating transfers out	-	-	-	-
Total Charges to Appropriations	<u>\$ 996,745</u>	<u>\$ 1,660,185</u>	<u>\$ 1,109,023</u>	<u>\$ 551,162</u>
Budgetary Balance, April 30, 2014	<u>\$ 107,417</u>	<u>\$ 98,417</u>	<u>\$ 121,613</u>	<u>\$ 23,196</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Quincy Transit Lines Fund
 For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, May 1, 2013	\$ 317,915	\$ 317,915	\$ 317,915	\$ -
Resources (inflows):				
Charges for services	110,200	110,200	92,966	(17,234)
Grants and contributions	3,157,513	3,157,513	2,931,112	(226,401)
Investment earnings	2,000	2,000	1,505	(495)
Cost share transfers, net	(183,861)	(183,861)	(145,695)	38,166
Operating transfers in	304,784	304,784	304,784	-
Amounts available for Appropriation	<u>\$ 3,708,551</u>	<u>\$ 3,708,551</u>	<u>\$ 3,502,587</u>	<u>\$ (205,964)</u>
Charges to appropriations (outflows)				
Public Works	\$ 3,415,236	\$ 3,397,750	\$ 3,115,247	\$ 282,503
Capital outlay	<u>20,500</u>	<u>37,986</u>	<u>25,821</u>	<u>12,165</u>
Total Charges to Appropriations	<u>\$ 3,435,736</u>	<u>\$ 3,435,736</u>	<u>\$ 3,141,068</u>	<u>\$ 294,668</u>
Budgetary Balance, April 30, 2014	<u>\$ 272,815</u>	<u>\$ 272,815</u>	<u>\$ 361,519</u>	<u>\$ 88,704</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Capital Projects Fund
 For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, May 1, 2013	\$ 1,072,172	\$ 1,072,172	\$ 1,072,172	\$ -
Resources (inflows):				
Grants and contributions	75,000	119,845	617,797	497,952
Miscellaneous	-	-	-	-
Investment earnings	9,000	9,000	4,468	(4,532)
Operating transfers in	2,135,287	2,135,287	2,120,445	(14,842)
Amounts available for Appropriation	<u>\$ 3,291,459</u>	<u>\$ 3,336,304</u>	<u>\$ 3,814,882</u>	<u>\$ 478,578</u>
Charges to appropriations (outflows)				
General government	\$ 73,000	\$ 67,400	\$ 43,480	\$ 23,920
Public Safety	204,750	204,750	169,385	35,365
Public Works	2,009,375	2,009,375	1,063,337	946,038
Community development	90,612	106,682	101,315	5,367
Health and sanitation	45,270	45,270	172	45,098
Loan/Lease payments	175,682	175,682	175,681	1
Nondepartmental				
Operating transfers out	740,390	740,390	1,304,866	(564,476)
Total Charges to Appropriations	<u>\$ 3,339,079</u>	<u>\$ 3,349,549</u>	<u>\$ 2,858,236</u>	<u>\$ 491,313</u>
Budgetary Balance, April 30, 2014	<u>\$ (47,620)</u>	<u>\$ (13,245)</u>	<u>\$ 956,646</u>	<u>\$ 969,891</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule
 Budget - to - GAAP Reconciliation
 For the Year Ended April 30, 2014

	<u>General Fund</u>	<u>State and Federal Grants Fund</u>	<u>Quincy Transit Lines</u>	<u>Capital Projects Fund</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 31,280,433	\$ 1,230,636	\$ 3,502,587	\$ 3,814,882
Differences - Budget to GAAP:				
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(3,636,885)	(5,660)	(317,915)	(1,072,172)
Revenues in the statement of revenues, expenditures, and changes in fund balances are reported on the modified accrual basis of accounting. In the budgetary comparison schedule, revenues are reported when received.	(63,111)	(434,511)	400,450	4,463
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(1,015,295)	-	(159,089)	(2,120,445)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 26,565,142</u>	<u>\$ 790,465</u>	<u>\$ 3,426,033</u>	<u>\$ 626,728</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule.	\$ 27,054,828	\$ 1,109,023	\$ 3,141,068	\$ 2,858,236
Differences - Budget to GAAP:				
Expenditures in the statement of revenues, expenditures, and changes in fund balances are reported on the modified accrual basis of accounting. In the budgetary comparison schedule, expenses are reported when the liability is paid.	(164,522)	(411,111)	(28,256)	2,244
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	(6,590,238)	-	-	(1,304,866)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 20,300,068</u>	<u>\$ 697,912</u>	<u>\$ 3,112,812</u>	<u>\$ 1,555,614</u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Required Supplementary Information
Schedules of Funding Progress
For the Year Ended April 30, 2014

Quincy Firefighters' Pension Fund

Valuation Date	Actuarial		Unfunded Actuarial Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	Value of Assets (a)	Actuarial Accrued Liability (b)				
4/30/2013	\$ 25,038,861	\$ 60,813,650	\$ 35,774,789	41.2%	\$ 3,890,117	919.6%
4/30/2012	23,941,801	56,674,993	32,733,192	42.2%	3,800,199	861.4%
4/30/2011	22,675,748	54,898,220	32,222,472	41.3%	3,764,337	856.0%
4/30/2010	21,946,266	51,510,483	29,564,217	42.6%	3,770,411	784.1%
4/30/2009	22,097,645	47,167,100	25,069,455	46.8%	3,796,581	660.3%
4/30/2008	22,343,577	44,079,359	21,735,782	50.7%	3,477,122	625.1%
4/30/2007	21,907,527	42,606,754	20,699,227	51.4%	3,356,113	616.8%
4/30/2006	20,920,010	41,209,642	20,289,632	50.8%	3,130,378	648.2%
4/30/2005	21,687,482	39,411,382	17,723,900	55.0%	2,946,259	601.6%
4/30/2004	21,561,714	33,393,906	11,832,192	64.6%	2,998,820	394.6%
4/30/2003	21,042,415	32,071,665	11,029,250	65.6%	2,953,169	373.5%
4/30/2002	20,681,777	30,172,432	9,490,655	68.5%	2,839,442	334.2%
4/30/2001	20,001,048	28,844,908	8,843,860	69.3%	2,718,887	325.3%
4/30/2000	19,298,970	28,053,326	8,754,356	68.8%	2,592,700	337.7%
4/30/1999	18,634,414	26,728,319	8,093,905	69.7%	2,632,504	307.5%
4/30/1998	18,981,778	24,481,646	5,499,868	77.5%	2,425,562	226.7%
4/30/1997	18,095,000	23,407,000	5,312,000	77.3%	2,402,000	221.1%

Police Pension Fund

Valuation Date	Actuarial		Unfunded Actuarial Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	Value of Assets (a)	Actuarial Accrued Liability (b)				
4/30/2013	\$ 31,961,573	\$ 57,519,701	\$ 25,558,128	55.6%	\$ 4,679,072	546.2%
4/30/2012	30,546,174	51,797,508	21,251,334	59.0%	4,577,057	464.3%
4/30/2011	28,665,007	49,345,302	20,680,295	58.1%	4,612,594	448.3%
4/30/2010	27,454,875	46,370,363	18,915,488	59.2%	4,610,924	410.2%
4/30/2009	26,545,765	42,792,496	16,246,731	62.0%	4,397,805	369.4%
4/30/2008	26,074,414	39,877,551	13,803,137	65.4%	4,305,958	320.6%
4/30/2007	25,196,517	38,307,988	13,111,471	65.8%	4,019,943	326.2%
4/30/2006	23,431,815	40,117,451	16,685,636	58.4%	3,962,781	421.1%
4/30/2005	23,934,248	32,849,396	8,915,148	72.9%	3,807,590	234.1%
4/30/2004	23,384,858	31,163,120	7,778,262	75.0%	3,552,802	218.9%
4/30/2003	22,522,479	29,788,213	7,265,734	75.6%	3,400,092	213.7%
4/30/2002	21,543,006	27,465,593	5,922,587	78.4%	3,078,845	192.4%
4/30/2001	20,612,084	26,377,562	5,765,478	78.1%	3,119,609	184.8%
4/30/2000	19,674,399	25,060,503	5,386,104	78.5%	3,112,655	173.0%
4/30/1999	18,957,528	22,792,842	3,835,314	83.2%	2,932,646	130.8%
4/30/1998	18,809,091	22,015,798	3,206,707	85.4%	2,758,685	116.2%
4/30/1997	17,611,000	20,615,000	3,004,000	85.4%	2,642,000	113.7%

City of Quincy, Illinois
Required Supplementary Information (Concluded)
Schedules of Funding Progress
For the Year Ended April 30, 2014

Illinois Municipal Retirement Fund

<u>Actuarial</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Covered</u>	<u>UAAL as a</u>	
<u>Valuation</u>	<u>Value</u>	<u>Accrued</u>	<u>Actuarial</u>	<u>Ratio</u>	<u>Payroll</u>	
<u>Date</u>	<u>of Assets (a)</u>	<u>Liability</u>	<u>Liability</u>	<u>(a/b)</u>	<u>(c)</u>	
		<u>(b)</u>	<u>(b-a)</u>		<u>of Covered</u>	
					<u>Payroll</u>	
					<u>((b-a)/c)</u>	
12/31/2013	\$ 32,837,393	\$ 38,800,939	\$ 5,963,546	84.63%	\$ 10,683,444	55.82%
12/31/2012	30,320,667	38,591,095	8,270,428	78.57%	10,577,469	78.19%
12/31/2011	28,560,122	37,428,045	8,867,923	76.31%	10,486,364	84.57%
12/31/2010	27,551,010	35,975,434	8,424,424	76.58%	10,714,480	78.63%
12/31/2009	28,979,388	34,127,320	5,147,932	84.92%	11,777,156	43.71%
12/31/2008	30,565,202	37,102,930	6,537,728	82.38%	11,282,614	57.95%
12/31/2007	35,034,273	34,522,869	(511,404)	101.48%	10,784,024	0.00%
12/31/2006	31,564,241	31,805,329	241,088	99.24%	10,309,923	2.34%
12/31/2005	28,027,491	28,680,812	653,321	97.72%	9,842,194	6.64%
12/31/2004	25,202,766	26,813,708	1,610,942	93.99%	9,580,161	16.82%
12/31/2003	23,980,791	25,391,392	1,410,601	94.44%	9,232,424	15.28%
12/31/2002	27,549,867	26,406,458	(1,143,409)	104.33%	9,604,440	0.00%
12/31/2001	30,185,188	25,861,627	(4,323,561)	116.72%	9,653,051	0.00%
12/31/2000	27,542,816	23,273,212	(4,269,604)	118.35%	9,430,132	0.00%
12/31/1999	23,310,235	20,566,204	(2,744,031)	113.34%	9,009,232	0.00%
12/31/1998	18,713,172	19,129,307	416,135	97.82%	8,738,152	4.76%
12/31/1997	18,623,219	18,324,943	(298,276)	101.63%	8,061,487	0.00%
12/31/1996	16,000,648	16,557,495	556,847	96.64%	7,878,379	7.07%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$40,063,107. On a market basis, the funded ratio would be 103.25%.

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

Health Insurance Plan for Retired Employees

<u>Actuarial</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Covered</u>	<u>UAAL as a</u>	
<u>Valuation</u>	<u>Value</u>	<u>Accrued</u>	<u>Actuarial</u>	<u>Ratio</u>	<u>Payroll</u>	
<u>Date</u>	<u>of Assets (a)</u>	<u>Liability</u>	<u>Liability</u>	<u>(a/b)</u>	<u>(c)</u>	
		<u>(b)</u>	<u>(b-a)</u>		<u>of Covered</u>	
					<u>Payroll</u>	
					<u>((b-a)/c)</u>	
4/30/2014	\$ -	\$ 8,384,766	\$ 8,384,766	0.0%	\$ 19,843,209	42.26%
4/30/2013	-	6,052,208	6,052,208	0.0%	19,419,222	31.17%
4/30/2012	-	6,052,208	6,052,208	0.0%	19,419,222	31.17%

City of Quincy, Illinois
Combining Statement of Net Position - Component Units
April 30, 2014

	Quincy Public Library	Woodland Cemetery	Total Component Units
Assets			
Cash and cash investments	\$ 961,006	\$ 59,122	\$ 1,020,128
Investments	1,317,466	1,496,152	2,813,618
Receivables , net	735,912	-	735,912
Capital assets, net	6,165,811	413,492	6,579,303
Total Assets	\$ 9,180,195	\$ 1,968,766	\$ 11,148,961
Liabilities			
Accounts payable	\$ 15,209	\$ 918	\$ 16,127
Accrued expenses	117,916	5,053	122,969
Unearned revenue	39,248	-	39,248
Total Liabilities	\$ 172,373	\$ 5,971	\$ 178,344
Deferred Inflows of Resources			
Unearned property taxes	\$ 732,092	\$ -	\$ 732,092
Net Position			
Invested in capital assets, net of related debt	\$ 6,165,811	\$ 413,492	\$ 6,579,303
Restricted for:			
Other purposes	105,424	313,886	419,310
Unrestricted	2,004,495	1,235,417	3,239,912
Total Net Position	\$ 8,275,730	\$ 1,962,795	\$ 10,238,525

The accompanying notes are an integral part of these financial statements.

Other Supplementary Information

The Supplementary information which follows are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Quincy, Illinois.

City of Quincy, Illinois
Combining Balance Sheet
Non-Major Governmental Funds
April 30, 2014

	Special Revenue Funds							
	911 System	Motor Fuel Tax	Town Road Tax	Police Contributions	Fire Contributions	Franchise Fee "Green"	Economic Development Loan	CDAP Loan
Assets								
Cash and cash equivalents	\$ 856,564	\$ 3,255,010	\$ 72,513	\$ 179,455	\$ 11,472	\$ 134,635	\$ 973,412	\$ 1,145,551
Receivables, net	38,239	48,999	-	-	-	20,834	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	56,075	74,909	-	-	-	-	-	-
Total Assets	\$ 950,878	\$ 3,378,918	\$ 72,513	\$ 179,455	\$ 11,472	\$ 155,469	\$ 973,412	\$ 1,145,551
Liabilities and Fund Balances								
Accounts payable	\$ 14,776	\$ 20,794	\$ -	\$ 470	\$ -	\$ -	\$ -	\$ -
Accrued expenses	13,485	-	-	-	-	-	-	-
Total Liabilities	\$ 28,261	\$ 20,794	\$ -	\$ 470	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	-	-	-	-	-	-	973,412	1,145,551
Capital projects	-	-	-	-	-	-	-	-
911 System	922,617	-	-	-	-	-	-	-
Motor fuel tax projects	-	3,358,124	-	-	-	-	-	-
Public safety projects	-	-	-	178,985	11,472	-	-	-
Other projects	-	-	72,513	-	-	-	-	-
Assigned for:								
Green projects	-	-	-	-	-	155,469	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 922,617	\$ 3,358,124	\$ 72,513	\$ 178,985	\$ 11,472	\$ 155,469	\$ 973,412	\$ 1,145,551
Total Liabilities and Fund Balances	\$ 950,878	\$ 3,378,918	\$ 72,513	\$ 179,455	\$ 11,472	\$ 155,469	\$ 973,412	\$ 1,145,551

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
April 30, 2014

	Special Revenue Funds				Capital Projects Funds			
	CBD Loan	Neighborhood Rehab Loan	Energy Grant Loan	Tourism Tax	Total Special Revenue Funds	Sanitation Connection	TIF #2	TIF #3
Assets								
Cash and cash equivalents	\$ 297,979	\$ 46,081	\$ 58,722	\$ 88,279	\$ 7,119,673	\$ 341,976	\$ 64,654	\$ 31,705
Receivables, net	-	-	-	85,525	193,597	1,100	-	-
Due from other funds	-	140,354	-	-	140,354	-	-	-
Due from other governments	-	-	-	-	130,984	-	-	-
Total Assets	\$ 297,979	\$ 186,435	\$ 58,722	\$ 173,804	\$ 7,584,608	\$ 343,076	\$ 64,654	\$ 31,705
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 36,040	\$ -	\$ 25,997	\$ 20,805
Accrued expenses	-	-	-	-	13,485	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 49,525	\$ -	\$ 25,997	\$ 20,805
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	297,979	186,435	58,722	-	2,662,099	-	-	-
Capital projects	-	-	-	-	-	343,076	38,657	10,900
911 System	-	-	-	-	922,617	-	-	-
Motor fuel tax projects	-	-	-	-	3,358,124	-	-	-
Public safety projects	-	-	-	-	190,457	-	-	-
Other projects	-	-	-	173,804	246,317	-	-	-
Assigned for:								
Green projects	-	-	-	-	155,469	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 297,979	\$ 186,435	\$ 58,722	\$ 173,804	\$ 7,535,083	\$ 343,076	\$ 38,657	\$ 10,900
Total Liabilities and Fund Balances	\$ 297,979	\$ 186,435	\$ 58,722	\$ 173,804	\$ 7,584,608	\$ 343,076	\$ 64,654	\$ 31,705

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
April 30, 2014

	Capital Project Funds				Debt Service Funds		
	2009 OLC Capital Projects	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Total Capital Projects Funds	2013A Bond	2013B HVAC Bond
Assets							
Cash and cash equivalents	\$ 306,843	\$ 236,335	\$ 158,400	\$ 234,465	\$ 1,374,378	\$ 139,274	\$ -
Receivables, net	-	-	-	2,319	3,419	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total Assets	\$ 306,843	\$ 236,335	\$ 158,400	\$ 236,784	\$ 1,377,797	\$ 139,274	\$ -
Liabilities and Fund Balances							
Accounts payable	\$ 111,660	\$ -	\$ -	\$ -	\$ 158,462	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Total Liabilities	\$ 111,660	\$ -	\$ -	\$ -	\$ 158,462	\$ -	\$ -
Fund Balances							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,274	\$ -
Economic development loans	-	-	-	-	-	-	-
Capital projects	195,183	236,335	158,400	-	982,551	-	-
911 System	-	-	-	-	-	-	-
Motor fuel tax projects	-	-	-	-	-	-	-
Public safety projects	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-
Assigned for:							
Green projects	-	-	-	-	-	-	-
Capital projects funds	-	-	-	236,784	236,784	-	-
Total Fund Balances	\$ 195,183	\$ 236,335	\$ 158,400	\$ 236,784	\$ 1,219,335	\$ 139,274	\$ -
Total Liabilities and Fund Balances	\$ 306,843	\$ 236,335	\$ 158,400	\$ 236,784	\$ 1,377,797	\$ 139,274	\$ -

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Balance Sheet (Concluded)
Non-Major Governmental Funds
April 30, 2014

	Debt Service Funds					Total Debt Service Funds	Total Non-Major Governmental Funds
	2010 GO Bond	2005 GO Bond	2009 OLC G/O Bond	2009 Library Bond	2009 Hydro Bond		
Assets							
Cash and cash equivalents	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 9,704,046
Receivables, net	-	-	-	-	-	-	197,016
Due from other funds	-	-	-	-	-	-	140,354
Due from other governments	-	-	-	-	-	-	130,984
Total Assets	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 10,172,400
Liabilities and Fund Balances							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,502
Accrued expenses	-	-	-	-	-	-	13,485
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,987
Fund Balances							
Restricted for:							
Debt service	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 1,209,995
Economic development loans	-	-	-	-	-	-	2,662,099
Capital projects	-	-	-	-	-	-	982,551
911 System	-	-	-	-	-	-	922,617
Motor fuel tax projects	-	-	-	-	-	-	3,358,124
Public safety projects	-	-	-	-	-	-	190,457
Other projects	-	-	-	-	-	-	246,317
Assigned for:							
Green projects	-	-	-	-	-	-	155,469
Capital projects funds	-	-	-	-	-	-	236,784
Total Fund Balances	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 9,964,413
Total Liabilities and Fund Balances	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 10,172,400

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended April 30, 2014

	Special Revenue Funds							
	911 System	Motor Fuel Tax	Town Road Tax	Police Contributions	Fire Contributions	Franchise Fee "Green"	Economic Development Loan	CDAP Loan
Revenues								
Property taxes	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -
Public service taxes	368,430	1,178,437	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	327,504	-	-
Grants and contributions	-	-	-	69,185	13,922	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	60,713	-	-	-	-
Intergovernmental	513,222	15,436	-	-	-	-	-	-
Investment earnings	3,421	15,473	305	876	43	435	21,405	24,078
Miscellaneous	1,042	-	-	-	-	-	149,128	122,551
Total Revenues	\$ 886,115	\$ 1,209,346	\$ 3,805	\$ 130,774	\$ 13,965	\$ 327,939	\$ 170,533	\$ 146,629
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ 82,239	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	12,199	-	-	-
911 system	1,494,205	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Engineering services	-	899,862	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	69,140	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	-	41,463	-	83,192	-	58,707	-	-
Total Expenditures	\$ 1,494,205	\$ 941,325	\$ -	\$ 165,431	\$ 12,199	\$ 58,707	\$ 69,140	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (608,090)	\$ 268,021	\$ 3,805	\$ (34,657)	\$ 1,766	\$ 269,232	\$ 101,393	\$ 146,629
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	761,600	-	-	-	-	-	-	-
Operating transfers out	-	-	-	(1,884)	-	(203,311)	(487,500)	(90,000)
Total Other Financing Sources (Uses)	\$ 761,600	\$ -	\$ -	\$ (1,884)	\$ -	\$ (203,311)	\$ (487,500)	\$ (90,000)
Net Change in Fund Balances	\$ 153,510	\$ 268,021	\$ 3,805	\$ (36,541)	\$ 1,766	\$ 65,921	\$ (386,107)	\$ 56,629
Fund Balances, May 1, 2013	769,107	3,090,103	68,708	215,526	9,706	89,548	1,359,519	1,088,922
Fund Balances, April 30, 2014	\$ 922,617	\$ 3,358,124	\$ 72,513	\$ 178,985	\$ 11,472	\$ 155,469	\$ 973,412	\$ 1,145,551

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended April 30, 2014

	Special Revenue Funds				Capital Projects Funds			
	CBD Loan	Neighborhood Rehab Loan	Energy Grant Loan	Tourism Tax	Total Special Revenue Funds	Sanitation Connection	TIF #2	TIF #3
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ -	\$ 350,624	\$ 13,866
Public service taxes	-	-	-	883,545	2,430,412	-	-	-
Franchise taxes	-	-	-	-	327,504	-	-	-
Grants and contributions	-	-	-	-	83,107	-	-	-
Charges for services	-	-	-	-	-	32,562	-	-
Fines and forfeitures	-	-	-	-	60,713	-	-	-
Intergovernmental	-	-	-	-	528,658	-	-	-
Investment earnings	30,371	175	475	259	97,316	1,660	2,417	149
Miscellaneous	86,205	2,920	16,353	-	378,199	-	24	-
Total Revenues	\$ 116,576	\$ 3,095	\$ 16,828	\$ 883,804	\$ 3,909,409	\$ 34,222	\$ 353,065	\$ 14,015
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	\$ 82,239	\$ -	\$ -	\$ -
Fire department	-	-	-	-	12,199	-	-	-
911 system	-	-	-	-	1,494,205	-	-	-
Public works	-	-	-	-	-	4,111	59,800	21,855
Engineering services	-	-	-	-	899,862	-	-	-
Culture and recreation	-	-	-	537,145	537,145	-	-	-
Community development	397,500	6,200	-	-	472,840	-	-	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	183,362	178,980	836,974	6,149
Total Expenditures	\$ 397,500	\$ 6,200	\$ -	\$ 537,145	\$ 3,681,852	\$ 183,091	\$ 896,774	\$ 28,004
Excess (Deficiency) of Revenues Over Expenditures	\$ (280,924)	\$ (3,105)	\$ 16,828	\$ 346,659	\$ 227,557	\$ (148,869)	\$ (543,709)	\$ (13,989)
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ (17,554)	\$ (17,554)	\$ -	\$ -	\$ -
Operating transfers in	300,000	-	-	-	1,061,600	-	-	-
Operating transfers out	(27,000)	-	-	(323,013)	(1,132,708)	-	-	-
Total Other Financing Sources (Uses)	\$ 273,000	\$ -	\$ -	\$ (340,567)	\$ (88,662)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (7,924)	\$ (3,105)	\$ 16,828	\$ 6,092	\$ 138,895	\$ (148,869)	\$ (543,709)	\$ (13,989)
Fund Balances, May 1, 2013	305,903	189,540	41,894	167,712	7,396,188	491,945	582,366	24,889
Fund Balances, April 30, 2014	\$ 297,979	\$ 186,435	\$ 58,722	\$ 173,804	\$ 7,535,083	\$ 343,076	\$ 38,657	\$ 10,900

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended April 30, 2014

	Capital Projects Funds				Debt Service Funds		
	2009 OLC Capital Projects	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Total Capital Projects Funds	2013A Bond	2013B HVAC Bond
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 364,490	\$ -	\$ -
Public service taxes	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-	-
Charges for services	-	-	-	2,784	35,346	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	-	94,783	94,783	-	-
Investment earnings	2,840	1,000	619	943	9,628	1,269	-
Miscellaneous	-	-	-	-	24	-	-
Total Revenues	\$ 2,840	\$ 1,000	\$ 619	\$ 98,510	\$ 504,271	\$ 1,269	\$ -
Expenditures							
Public Safety							
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	-	-	-
911 system	-	-	-	-	-	-	-
Public works	-	-	-	-	85,766	-	-
Engineering services	-	-	-	-	-	-	-
Culture and recreation	188,390	-	-	-	188,390	-	-
Community development	-	-	-	-	-	-	-
Debt Service							
Principal retirement	-	-	-	-	-	201,265	121,531
Interest and charges	-	-	-	-	-	23,228	17,961
Capital Outlay	-	-	-	-	1,022,103	-	-
Total Expenditures	\$ 188,390	\$ -	\$ -	\$ -	\$ 1,296,259	\$ 224,493	\$ 139,492
Excess (Deficiency) of Revenues Over Expenditures	\$ (185,550)	\$ 1,000	\$ 619	\$ 98,510	\$ (791,988)	\$ (223,224)	\$ (139,492)
Other Financing Sources (Uses)							
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	47,583	-	47,583	229,830	139,492
Operating transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 47,583	\$ -	\$ 47,583	\$ 229,830	\$ 139,492
Net Change in Fund Balances	\$ (185,550)	\$ 1,000	\$ 48,202	\$ 98,510	\$ (744,405)	\$ 6,606	\$ -
Fund Balances, May 1, 2013	380,733	235,335	110,198	138,274	1,963,740	132,668	-
Fund Balances, April 30, 2014	\$ 195,183	\$ 236,335	\$ 158,400	\$ 236,784	\$ 1,219,335	\$ 139,274	\$ -

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Concluded)
Non-Major Governmental Funds
For the Year Ended April 30, 2014

	2010 GO Bond	2005 GO Bond	2009 OLC G/O Bond	2009 Library Bond	2009 Hydro Bond	Total Debt Service Funds	Total Non-Major Governmental Funds
Revenues							
Property taxes	\$ 87,266	\$ 1,183,432	\$ -	\$ 324,654	\$ -	\$ 1,595,352	\$ 1,963,342
Public service taxes	-	-	-	-	-	-	2,430,412
Franchise taxes	-	-	-	-	-	-	327,504
Grants and contributions	-	-	-	-	-	-	83,107
Charges for services	-	-	-	-	-	-	35,346
Fines and forfeitures	-	-	-	-	-	-	60,713
Intergovernmental	-	-	-	-	-	-	623,441
Investment earnings	676	2,358	61	1,741	2,704	8,809	115,753
Miscellaneous	-	-	-	119,551	-	119,551	497,774
Total Revenues	\$ 87,942	\$ 1,185,790	\$ 61	\$ 445,946	\$ 2,704	\$ 1,723,712	\$ 6,137,392
Expenditures							
Public Safety							
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,239
Fire department	-	-	-	-	-	-	12,199
911 system	-	-	-	-	-	-	1,494,205
Public works	-	-	-	-	-	-	85,766
Engineering services	-	-	-	-	-	-	899,862
Culture and recreation	-	-	-	-	-	-	725,535
Community development	-	-	-	-	-	-	472,840
Debt Service							
Principal retirement	70,000	955,000	-	165,000	-	1,512,796	1,512,796
Interest and charges	16,923	325,517	44,715	289,213	500	718,057	718,057
Capital Outlay	-	-	-	-	-	-	1,205,465
Total Expenditures	\$ 86,923	\$ 1,280,517	\$ 44,715	\$ 454,213	\$ 500	\$ 2,230,853	\$ 7,208,964
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,019	\$ (94,727)	\$ (44,654)	\$ (8,267)	\$ 2,204	\$ (507,141)	\$ (1,071,572)
Other Financing Sources (Uses)							
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,554)
Operating transfers in	-	107,624	45,600	-	618,190	1,140,736	2,249,919
Operating transfers out	-	-	-	-	-	-	(1,132,708)
Total Other Financing Sources (Uses)	\$ -	\$ 107,624	\$ 45,600	\$ -	\$ 618,190	\$ 1,140,736	\$ 1,099,657
Net Change in Fund Balances	\$ 1,019	\$ 12,897	\$ 946	\$ (8,267)	\$ 620,394	\$ 633,595	\$ 28,085
Fund Balances, May 1, 2013	70,405	29,264	19,449	145,764	178,850	576,400	9,936,328
Fund Balances, April 30, 2014	\$ 71,424	\$ 42,161	\$ 20,395	\$ 137,497	\$ 799,244	\$ 1,209,995	\$ 9,964,413

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Net Position
Non-Major Proprietary Funds
April 30, 2014

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 203,309	\$ 203,309
Receivables, net	5,844	5,844
Total Current Assets	\$ 209,153	\$ 209,153
Noncurrent Assets		
Capital assets:		
Land	\$ 19,945	\$ 19,945
Systems	145,556	145,556
Buildings and improvements	241,282	241,282
Less: Accumulated depreciation	(245,467)	(245,467)
Total Noncurrent Assets	\$ 161,316	\$ 161,316
Total Assets	\$ 370,469	\$ 370,469
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,062	\$ 2,062
Accrued expenses	695	695
Accrued compensated absences	2,636	2,636
Bonds, notes and loans payable	-	-
Total Current Liabilities	\$ 5,393	\$ 5,393
Noncurrent Liabilities		
Accrued compensated absences	\$ 5,779	\$ 5,779
Total Noncurrent Liabilities	\$ 5,779	\$ 5,779
Total Liabilities	\$ 11,172	\$ 11,172
Net Position		
Invested in capital assets, net of debt	\$ 161,316	\$ 161,316
Unrestricted	197,981	197,981
Total Net Position	\$ 359,297	\$ 359,297

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended April 30, 2014

	<u>Enterprise Funds</u> <u>Quincy Municipal Dock</u>	<u>Total Non-Major Proprietary Funds</u>
Operating Revenues		
Charges for services	\$ 203,427	\$ 203,427
Total Revenues	<u>\$ 203,427</u>	<u>\$ 203,427</u>
Operating Expenses		
Salaries and wages	\$ 25,127	\$ 25,127
Benefits	11,763	11,763
Purchased services	5,059	5,059
Supplies	3,787	3,787
Depreciation expense	20,737	20,737
Total Operating Expenses	<u>\$ 66,473</u>	<u>\$ 66,473</u>
Operating Income	<u>\$ 136,954</u>	<u>\$ 136,954</u>
Nonoperating Revenues (Expenses)		
Interest revenue	\$ 828	\$ 828
Operating transfers in	-	-
Operating transfers out	(100,000)	(100,000)
Total Nonoperating Revenues (Expenses)	<u>\$ (99,172)</u>	<u>\$ (99,172)</u>
Change in Net Position	<u>\$ 37,782</u>	<u>\$ 37,782</u>
Net Position, May 1, 2013	321,515	321,515
Net Position, April 30, 2014	<u><u>\$ 359,297</u></u>	<u><u>\$ 359,297</u></u>

City of Quincy, Illinois
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended April 30, 2014

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 198,572	\$ 198,572
Payments to suppliers	(7,035)	(7,035)
Payments to employees	(36,759)	(36,759)
Net Cash Provided by Operations	\$ 154,778	\$ 154,778
Cash Flows from Noncapital Financing Activities		
Operating subsidies and transfers	\$ (100,000)	\$ (100,000)
Cash Flows from Investing Activities		
Interest received	\$ 828	\$ 828
Net Cash Provided by Investing Activities	\$ 828	\$ 828
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 55,606	\$ 55,606
Cash and Cash Equivalents, May 1, 2013	147,703	147,703
Cash and Cash Equivalents, April 30, 2014	\$ 203,309	\$ 203,309
Operating Income	\$ 136,954	\$ 136,954
Adjustments to reconcile Operating Income:		
Amortization and depreciation	20,737	20,737
(Increase) Decrease in:		
Accounts receivable	(4,855)	(4,855)
Increase (Decrease) in:		
Accounts payable	1,811	1,811
Accrued expenses	(901)	(901)
Accrued compensated absences	1,032	1,032
Cash flows from operating activities	\$ 154,778	\$ 154,778

City of Quincy, Illinois
Combining Statement of Net Position - Governmental-Type Activities
Internal Service Funds
April 30, 2014

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,300,476	\$ 10,678	\$ 91,887	\$ 2,299,495	\$ 722,998	\$ 4,425,534
Receivables, net	888	225,794	-	296	101,086	328,064
Inventories	34,781	-	-	-	-	34,781
Total Current Assets	\$ 1,336,145	\$ 236,472	\$ 91,887	\$ 2,299,791	\$ 824,084	\$ 4,788,379
Noncurrent Assets						
Capital assets:						
Land	\$ -	\$ 488,071	\$ -	\$ -	\$ -	\$ 488,071
Systems	-	510,500	-	-	-	510,500
Buildings and improvements	-	2,210,394	-	-	-	2,210,394
Vehicles and equipment	4,507,911	903,596	-	7,469	-	5,418,976
Less: Accumulated depreciation	(4,063,639)	(1,626,322)	-	(7,469)	-	(5,697,430)
Total Noncurrent Assets	\$ 444,272	\$ 2,486,239	\$ -	\$ -	\$ -	\$ 2,930,511
Total Assets	\$ 1,780,417	\$ 2,722,711	\$ 91,887	\$ 2,299,791	\$ 824,084	\$ 7,718,890
Liabilities						
Current Liabilities						
Accounts payable	\$ 84,858	\$ 85,131	\$ -	\$ 6,108	\$ 259	\$ 176,356
Accrued expenses	4,945	15,727	-	2,318	321,086	344,076
Compensated absences	19,623	72,944	-	12,387	-	104,954
Total Current Liabilities	\$ 109,426	\$ 173,802	\$ -	\$ 20,813	\$ 321,345	\$ 625,386
Noncurrent Liabilities						
Compensated absences	\$ 40,958	\$ 158,113	\$ -	\$ 23,637	\$ -	\$ 222,708
Total Noncurrent Liabilities	\$ 40,958	\$ 158,113	\$ -	\$ 23,637	\$ -	\$ 222,708
Total Liabilities	\$ 150,384	\$ 331,915	\$ -	\$ 44,450	\$ 321,345	\$ 848,094
Net Position						
Invested in capital assets, net of debt	\$ 444,272	\$ 2,486,239	\$ -	\$ -	\$ -	\$ 2,930,511
Restricted for debt service	-	-	-	-	-	-
Unrestricted	1,185,761	(95,443)	91,887	2,255,341	502,739	3,940,285
Total Net Position	\$ 1,630,033	\$ 2,390,796	\$ 91,887	\$ 2,255,341	\$ 502,739	\$ 6,870,796

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Revenues, Expenses and Changes in Net Position - Governmental-Type Activities
Internal Service Funds
For the Year Ended April 30, 2014

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Operating Revenues						
Charges for services	\$ 1,684,221	\$ 777,886	\$ -	\$ 2,778,755	\$ 6,144,676	\$ 11,385,538
Miscellaneous	26,095	13,899	-	2,950	-	42,944
Total Revenues	\$ 1,710,316	\$ 791,785	\$ -	\$ 2,781,705	\$ 6,144,676	\$ 11,428,482
Operating Expenses						
Salaries and wages	\$ 377,993	\$ 1,241,544	\$ -	\$ 229,262	\$ -	\$ 1,848,799
Benefits	251,451	813,366	-	111,639	-	1,176,456
Purchased services	232,242	1,357,650	-	2,321,034	-	3,910,926
Supplies	1,140,698	92,844	-	11,028	-	1,244,570
Claims	-	-	47,538	29,712	5,912,445	5,989,695
Other	-	694	-	45,125	-	45,819
Depreciation expense	75,955	67,963	-	-	-	143,918
Total Operating Expenses	\$ 2,078,339	\$ 3,574,061	\$ 47,538	\$ 2,747,800	\$ 5,912,445	\$ 14,360,183
Operating Income	\$ (368,023)	\$ (2,782,276)	\$ (47,538)	\$ 33,905	\$ 232,231	\$ (2,931,701)
Nonoperating Revenues (Expenses)						
Interest and investment revenue	\$ 5,531	\$ 7	\$ 503	\$ 9,105	\$ 3,107	\$ 18,253
Operating transfers in	331,586	2,745,500	-	-	-	3,077,086
Operating transfers out	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ 337,117	\$ 2,745,507	\$ 503	\$ 9,105	\$ 3,107	\$ 3,095,339
Change in Net Position	\$ (30,906)	\$ (36,769)	\$ (47,035)	\$ 43,010	\$ 235,338	\$ 163,638
Net Position, May 1, 2013	1,660,939	2,427,565	138,922	2,212,331	267,401	6,707,158
Net Position, April 30, 2014	\$ 1,630,033	\$ 2,390,796	\$ 91,887	\$ 2,255,341	\$ 502,739	\$ 6,870,796

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Cash Flows - Governmental-Type Activities
Internal Service Funds
For the Year Ended April 30, 2014

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Cash Flows from Operating Activities						
Receipts from customers	\$ 1,686,457	\$ 764,512	\$ -	\$ -	\$ 2,663,330	\$ 5,114,299
Payments to suppliers	(1,564,125)	(2,248,214)	-	(2,442,681)	-	(6,255,020)
Payments to employees	(404,371)	(1,266,550)	-	(223,771)	(118,475)	(2,013,167)
Internal activity-payments from other funds	-	-	-	2,778,729	3,456,292	6,235,021
Claims paid	-	-	(47,538)	(29,712)	(5,912,186)	(5,989,436)
Other receipts (payments)	26,095	13,205	-	(42,175)	-	(2,875)
Net Cash Provided by Operations	<u>\$ (255,944)</u>	<u>\$ (2,737,047)</u>	<u>\$ (47,538)</u>	<u>\$ 40,390</u>	<u>\$ 88,961</u>	<u>\$ (2,911,178)</u>
Cash Flows from Noncapital Financing Activities						
Operating subsidies and transfers	<u>\$ 331,586</u>	<u>\$ 2,745,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,077,086</u>
Cash Flows from Capital and Related Financing Activities						
Purchases of capital assets	\$ (36,190)	\$ -	\$ -	\$ -	\$ -	\$ (36,190)
Disposal of capital assets	-	-	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (36,190)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,190)</u>
Cash Flows from Investing Activities						
Interest received	<u>\$ 5,531</u>	<u>\$ 7</u>	<u>\$ 503</u>	<u>\$ 9,105</u>	<u>\$ 3,107</u>	<u>\$ 18,253</u>
Net Cash Provided by Investing Activities	<u>\$ 5,531</u>	<u>\$ 7</u>	<u>\$ 503</u>	<u>\$ 9,105</u>	<u>\$ 3,107</u>	<u>\$ 18,253</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 44,983	\$ 8,460	\$ (47,035)	\$ 49,495	\$ 92,068	\$ 147,971
Cash and Cash Equivalents, May 1, 2013	<u>1,255,493</u>	<u>2,218</u>	<u>138,922</u>	<u>2,250,000</u>	<u>630,930</u>	<u>4,277,563</u>
Cash and Cash Equivalents, April 30, 2014	<u><u>\$ 1,300,476</u></u>	<u><u>\$ 10,678</u></u>	<u><u>\$ 91,887</u></u>	<u><u>\$ 2,299,495</u></u>	<u><u>\$ 722,998</u></u>	<u><u>\$ 4,425,534</u></u>

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Cash Flows - Governmental-Type Activities (Concluded)
Internal Service Funds
For the Year Ended April 30, 2014

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Reconciliation of operating income to net cash flows from operating activities						
Operating Income	\$ (368,023)	\$ (2,782,276)	\$ (47,538)	\$ 33,905	\$ 232,231	\$ (2,931,701)
Adjustments to reconcile Operating Income:						
Amortization and depreciation	75,955	67,963	-	-	-	143,918
(Gain) Loss on disposal of capital assets	1,992	-	-	-	-	1,992
(Increase) Decrease in:						
Accounts receivable	244	(13,374)	-	(26)	(25,054)	(38,210)
Inventories	(72)	-	-	-	-	(72)
Increase (Decrease) in:						
Accounts payable	60,338	15,646	-	1,020	259	77,263
Accrued expenses	(8,111)	(20,399)	-	(4,712)	(118,475)	(151,697)
Accrued compensated absences	(18,267)	(4,607)	-	10,203	-	(12,671)
Cash flows from operating activities	<u>\$ (255,944)</u>	<u>\$ (2,737,047)</u>	<u>\$ (47,538)</u>	<u>\$ 40,390</u>	<u>\$ 88,961</u>	<u>\$ (2,911,178)</u>

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Pension Funds
April 30, 2014

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Assets			
Current Assets			
Cash and cash equivalents	\$ 954,640	\$ 1,220,232	\$ 2,174,872
Investments	30,821,955	24,918,053	55,740,008
Receivables, net	1,560,384	2,014,864	3,575,248
Total Assets	\$ 33,336,979	\$ 28,153,149	\$ 61,490,128
Liabilities			
Current Liabilities			
Accrued expenses	\$ -	\$ 25,446	\$ 25,446
Total Liabilities	\$ -	\$ 25,446	\$ 25,446
Deferred Inflows of Resources			
Unearned property taxes	\$ 1,487,268	\$ 1,950,155	\$ 3,437,423
Net Position			
Held in trust for pension benefits	\$ 31,849,711	\$ 26,177,548	\$ 58,027,259
Total Net Position	\$ 31,849,711	\$ 26,177,548	\$ 58,027,259

City of Quincy, Illinois
Combining Statement of Changes in Fiduciary Net Position - Pension Funds
For the Year Ended April 30, 2014

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Additions			
Taxes:			
Property taxes	\$ 1,395,710	\$ 1,894,126	\$ 3,289,836
Personal Property Replacement tax	316,470	455,689	772,159
Total taxes	<u>\$ 1,712,180</u>	<u>\$ 2,349,815</u>	<u>\$ 4,061,995</u>
Contributions:			
Plan members	\$ 486,757	\$ 382,669	\$ 869,426
	<u>\$ 486,757</u>	<u>\$ 382,669</u>	<u>\$ 869,426</u>
Investment earnings:			
Net increase (decrease) in fair value	\$ 1,035,715	\$ 1,290,688	\$ 2,326,403
Realized gain (loss) on sale of investments	201,970	429,701	631,671
Interest	340,492	320,452	660,944
Dividends	372,115	381,485	753,600
Total investment earnings	<u>\$ 1,950,292</u>	<u>\$ 2,422,326</u>	<u>\$ 4,372,618</u>
Total Additions	<u>\$ 4,149,229</u>	<u>\$ 5,154,810</u>	<u>\$ 9,304,039</u>
Deductions			
Benefits	\$ 2,511,750	\$ 3,215,454	\$ 5,727,204
Administrative expenses	282,806	152,315	435,121
Total Deductions	<u>\$ 2,794,556</u>	<u>\$ 3,367,769</u>	<u>\$ 6,162,325</u>
Change in net position	\$ 1,354,673	\$ 1,787,041	\$ 3,141,714
Net position, May 1, 2013	30,495,038	24,390,507	54,885,545
Net position, April 30, 2014	<u><u>\$ 31,849,711</u></u>	<u><u>\$ 26,177,548</u></u>	<u><u>\$ 58,027,259</u></u>

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds
April 30, 2014

	Learn Not to Burn Fund	Sister City Commission	Stay Alive House	Lincoln Bicentennial Commission	Human Rights Commission	City Tree Board	Bridge Lighting Fund	Total Private Purpose
Assets								
Current Assets								
Cash and equivalents	\$ 2,540	\$ 15,716	\$ 1,717	\$ 1,217	\$ 638	\$ 19,191	\$ 156,130	\$ 197,149
Total Assets	\$ 2,540	\$ 15,716	\$ 1,717	\$ 1,217	\$ 638	\$ 19,191	\$ 156,130	\$ 197,149
Liabilities								
Current Liabilities								
Accounts payable	\$ -	\$ 6,989	\$ -	\$ -	\$ -	\$ 590	\$ -	\$ 7,579
Total Liabilities	\$ -	\$ 6,989	\$ -	\$ -	\$ -	\$ 590	\$ -	\$ 7,579
Net Position								
Restricted for future expenditures	\$ 2,540	\$ 8,727	\$ 1,717	\$ 1,217	\$ 638	\$ 18,601	\$ 156,130	\$ 189,570
Total Net Position	\$ 2,540	\$ 8,727	\$ 1,717	\$ 1,217	\$ 638	\$ 18,601	\$ 156,130	\$ 189,570

The accompanying notes are an integral part of these financial statements.

City of Quincy, Illinois
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds
For the Year Ended April 30, 2014

	Learn Not to Burn Fund	Sister City Commission	Stay Alive House	Lincoln Bicentennial Commission	Human Rights Commission	City Tree Board	Bridge Lighting Fund	Total Private Purpose
Additions								
Contributions:								
Outside agencies	\$ -	\$ 5,216	\$ -	\$ -	\$ -	\$ -	\$ 39,380	\$ 44,596
Transfers from general fund	-	5,000	-	-	-	-	-	5,000
	<u>\$ -</u>	<u>\$ 10,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,380</u>	<u>\$ 49,596</u>
Investment earnings:								
Interest	\$ 12	\$ 59	\$ 8	\$ 9	\$ 3	\$ 88	\$ -	\$ 179
Total investment earnings	<u>\$ 12</u>	<u>\$ 59</u>	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 3</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 179</u>
Total Additions	<u>\$ 12</u>	<u>\$ 10,275</u>	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 3</u>	<u>\$ 88</u>	<u>\$ 39,380</u>	<u>\$ 49,775</u>
Deductions								
Payments to others	\$ 393	\$ 15,770	\$ 229	\$ 1,298	\$ -	\$ 3,515	\$ 52,250	\$ 73,455
Total Deductions	<u>\$ 393</u>	<u>\$ 15,770</u>	<u>\$ 229</u>	<u>\$ 1,298</u>	<u>\$ -</u>	<u>\$ 3,515</u>	<u>\$ 52,250</u>	<u>\$ 73,455</u>
Change in net position	\$ (381)	\$ (5,495)	\$ (221)	\$ (1,289)	\$ 3	\$ (3,427)	\$ (12,870)	\$ (23,680)
Net position, May 1, 2013	2,921	14,222	1,938	2,506	635	22,028	169,000	213,250
Net position, April 30, 2014	<u><u>\$ 2,540</u></u>	<u><u>\$ 8,727</u></u>	<u><u>\$ 1,717</u></u>	<u><u>\$ 1,217</u></u>	<u><u>\$ 638</u></u>	<u><u>\$ 18,601</u></u>	<u><u>\$ 156,130</u></u>	<u><u>\$ 189,570</u></u>

The accompanying notes are an integral part of these financial statements.

Statistical Section

Statistical information contained herein relates to the physical, economic, social and political characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes and supporting schedules presented in the financial section.

City of Quincy, Illinois
Schedule of Long-term Debt Service Requirements
April 30, 2014

Year Ending April 30	General Obligation Refunding Bonds Series 2010		General Obligation (Limited Tax) Notes Series 2013A		General Obligation Refunding Bonds Series 2005A	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 80,000	\$ 14,810	\$ 204,553	\$ 8,606	\$ 1,000,000	\$ 276,350
2016	85,000	12,675	207,885	5,274	1,055,000	224,975
2017	80,000	10,200	211,297	1,866	1,110,000	176,400
2018	90,000	7,380	-	-	1,155,000	131,100
2019	110,000	3,780	-	-	1,380,000	80,400
2020	50,000	900	-	-	1,320,000	26,400
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
	<u>\$ 495,000</u>	<u>\$ 49,745</u>	<u>\$ 623,735</u>	<u>\$ 15,746</u>	<u>\$ 7,020,000</u>	<u>\$ 915,625</u>

Year Ending April 30	General Obligation Capital Appreciation Bonds Series 2009A		General Obligation Bonds Series 2009B		General Obligation Bonds Series 2009C	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ -	\$ -	\$ 44,215	\$ 180,000	\$ 282,838
2016	1,087,529	389,366	-	44,215	195,000	275,998
2017	-	-	-	44,215	215,000	267,613
2018	-	-	200,000	44,215	240,000	257,400
2019	-	-	205,000	38,215	260,000	245,400
2020	-	-	210,000	31,553	285,000	231,880
2021	-	-	220,000	24,203	310,000	216,490
2022	-	-	225,000	16,063	335,000	199,440
2023	-	-	185,000	7,400	360,000	180,680
2024	-	-	-	-	390,000	160,520
2025	-	-	-	-	420,000	138,290
2026	-	-	-	-	455,000	113,930
2027	-	-	-	-	490,000	87,085
2028	-	-	-	-	530,000	57,685
2029	-	-	-	-	420,000	25,620
	<u>\$ 1,087,529</u>	<u>\$ 389,366</u>	<u>\$ 1,245,000</u>	<u>\$ 294,294</u>	<u>\$ 5,085,000</u>	<u>\$ 2,740,869</u>

City of Quincy, Illinois
 Schedule of Long-term Debt Service Requirements (Concluded)
 April 30, 2014

Year Ending April 30	General Obligation Bonds Series 2013B		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest
	\$	\$	\$	\$
2015	124,119	15,373	1,588,672	642,192
2016	126,730	12,762	2,757,144	965,265
2017	129,461	10,032	1,745,758	510,326
2018	132,218	7,275	1,817,218	447,370
2019	135,033	4,459	2,090,033	372,254
2020	137,908	1,585	2,002,908	292,318
2021	-	-	530,000	240,693
2022	-	-	560,000	215,503
2023	-	-	545,000	188,080
2024	-	-	390,000	160,520
2025	-	-	420,000	138,290
2026	-	-	455,000	113,930
2027	-	-	490,000	87,085
2028	-	-	530,000	57,685
2029	-	-	420,000	25,620
	<u>\$ 785,469</u>	<u>\$ 51,486</u>	<u>\$ 16,341,733</u>	<u>\$ 4,457,131</u>

City of Quincy, Illinois
Principal Taxpayers in the City
April 30, 2014

The largest taxpayers in the City based upon the Equalized Assessed Valuations:

Taxpayer	2002 EAV (Approximate)	% of City's EAV
Quincy Mall, Inc.	\$ 5,999,560	1.64%
QP&S Properties	5,009,540	1.37%
W-H Associates, LLC	2,979,130	0.81%
Wis-Pak of Quincy, Inc.	2,639,500	0.72%
Wal-Mart Real Estate Business Trust	2,441,380	0.67%
Quincy Partners	1,684,360	0.46%
Hollister Whitney Elevator Corp.	1,612,720	0.44%
Sandelman, Sanford & Susan Trust	1,379,070	0.38%
Quincy King Development	1,327,050	0.36%
Quincy King Dev Co-c/o Walmart Stores #55-1454	1,233,210	0.34%
Total of Top 10 EAV's	<u>\$ 26,305,520</u>	<u>7.18%</u>
Total for City of Quincy	<u>\$ 366,448,605</u>	

Source: Adams County, Illinois, Clerk's Office

Taxpayer	2013 EAV (Approximate)	% of City's EAV
QP&S Properties	\$ 8,250,110	1.45%
Quincy-Cullinan LLC	6,158,800	1.08%
Charles & Kathie Marx	3,192,150	0.56%
Menard, Inc.	3,078,980	0.54%
Wal-Mart Real Estate Business Trust	2,917,960	0.51%
Orix Sansone Quincy Venture	2,772,680	0.49%
Mercantile Bank	2,678,750	0.47%
Walmart	2,518,430	0.44%
Wis-Pak of Quincy, Inc.	2,146,460	0.38%
Blessing Hospital	2,135,340	0.37%
Hy-Vee, Inc.	2,106,310	0.37%
Total of Top 10 EAV's	<u>\$ 37,955,970</u>	<u>6.66%</u>
Total for City of Quincy	<u>\$ 569,987,355</u>	

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Revenue Base, Revenue Rates and Property Tax Levies
April 30, 2014

**Revenue Base:
Computation of Equalized Assessed Valuation**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential	\$ 277,557,162	\$295,835,789	\$316,156,656	\$341,632,107	\$362,541,713	\$375,674,413	\$386,241,601	\$397,693,834	\$401,318,370	\$402,529,470
Farm	311,590	327,680	369,140	359,350	389,110	403,190	365,380	373,840	378,270	382,850
Commercial	108,222,015	121,638,999	128,649,380	134,175,431	144,683,476	152,263,556	157,040,192	152,961,509	150,707,812	154,028,492
Industrial	7,297,950	7,867,660	8,564,330	8,929,660	9,480,010	14,537,570	14,506,004	12,487,934	12,362,694	11,932,094
Railroads	529,754	498,841	520,149	580,234	655,126	770,619	834,400	974,773	1,034,259	1,114,449
Total (Incl. TIF)	<u>\$ 393,918,471</u>	<u>\$426,168,969</u>	<u>\$454,259,655</u>	<u>\$485,676,782</u>	<u>\$517,749,435</u>	<u>\$543,649,348</u>	<u>\$558,987,577</u>	<u>\$564,491,890</u>	<u>\$565,801,405</u>	<u>\$569,987,355</u>

Source: Adams County, Illinois, Clerk's Office

**Revenue Rates:
Tax Rate Trends**

Purpose	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Corporate	0.17941	0.20037	0.16764	0.11357	0.02103	-	-	-	-	-
Fire Pension	0.23654	0.19531	0.22175	0.24485	0.29390	0.35043	0.36990	0.34708	0.33511	0.34214
Police Pension	0.18609	0.16380	0.16906	0.20623	0.23015	0.26011	0.28697	0.24536	0.24693	0.26093
Library	0.25874	0.27886	0.27104	0.25422	0.26646	0.19829	0.12718	0.14063	0.12939	0.12844
GOCP Bonds	0.23599	0.23476	0.20263	0.18650	0.17649	0.23949	0.22808	0.26963	0.28216	0.28500
Total	<u>1.09677</u>	<u>1.07310</u>	<u>1.03212</u>	<u>1.00537</u>	<u>0.98803</u>	<u>1.04832</u>	<u>1.01213</u>	<u>1.00270</u>	<u>0.99359</u>	<u>1.01651</u>

Source: Adams County, Illinois, Clerk's Office

**Property Tax Levy:
Tax Extensions**

Levy Year	Assessed Valuation	Tax Extension (Excl. TIF)
2004	393,918,471	4,320,380
2005	426,168,969	4,573,220
2006	454,259,655	4,688,505
2007	485,676,782	4,882,849
2008	517,749,435	5,115,520
2009	543,649,348	5,699,185
2010	558,987,577	5,657,681
2011	564,491,890	5,660,160
2012	565,801,405	5,621,746
2013	569,987,355	5,793,978

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Debt Capacity and Debt Ratios
April 30, 2014

Debt Capacity:
Direct General Obligation Debt

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Obligation	\$ 17,481,930	\$ 16,892,673	\$ 16,253,899	\$ 16,387,734	\$ 15,215,767	\$ 13,995,493	\$ 26,019,131	\$ 24,821,818	\$ 18,187,529	\$ 17,854,529	\$ 16,341,733
Notes Payable-Bank	2,456,943	1,794,152	1,610,392	1,004,775	1,754,984	1,396,740	2,207,185	1,971,876	1,741,764	605,599	439,122
Total	\$ 19,938,873	\$ 18,686,825	\$ 17,864,291	\$ 17,392,509	\$ 16,970,751	\$ 15,392,233	\$ 28,226,316	\$ 26,793,694	\$ 19,929,293	\$ 18,460,128	\$ 16,780,855

Source: Comprehensive Annual Financial Report

Debt Ratios:
Direct Debt

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Est. Full Value of Taxable Property	\$ 1,166,986,638	\$ 1,181,755,413	\$ 1,278,506,907	\$ 1,362,778,965	\$ 1,457,030,346	\$ 1,553,248,305	\$ 1,630,948,044	\$ 1,676,962,731	\$ 1,693,475,670	\$ 1,697,404,215	\$ 1,709,962,065
Equalized Assessed Valuation (incl. TIF)	\$ 388,995,546	\$ 393,918,471	\$ 426,168,969	\$ 454,259,655	\$ 485,676,782	\$ 517,749,435	\$ 543,649,348	\$ 558,987,577	\$ 564,491,890	\$ 565,801,405	\$ 569,987,355
Population, Census	40,366	40,366	40,366	40,366	40,366	40,366	40,366	40,633	40,633	40,633	40,633

Source: Adams County, Illinois, Clerk's Office

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Per Capita	\$ 493.95	\$ 462.93	\$ 442.56	\$ 430.87	\$ 420.42	\$ 381.32	\$ 699.26	\$ 659.41	\$ 490.47	\$ 454.31	\$ 412.99
Percent of Estimated Full Value	1.71%	1.58%	1.40%	1.28%	1.16%	0.99%	1.73%	1.60%	1.18%	1.09%	0.98%
Percent of Equalized Assessed Value	5.13%	4.74%	4.19%	3.83%	3.49%	2.97%	5.19%	4.79%	3.53%	3.26%	2.94%

The City has no debt limit.

City of Quincy, Illinois
 Number of Employees and Level of Service
 April 30, 2014

Number of Employees

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Full-time	370	370	369	368	338	340	333	332	327
Part-time	48	48	61	53	64	61	49	45	42
Total	418	418	430	421	402	401	382	377	369

Level of Service

Employee Count by Function

Full-time Employees Only

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police sworn	74	73	77	76	75	76	75	74	75
Fire sworn	66	66	66	69	64	64	64	63	63
911 (all)	21	22	20	20	21	19	20	20	22
Transit (Union only)	24	24	23	23	20	23	20	20	21
822 Union only (Water, Sewer, Airport, Central Services)	101	101	97	99	84	84	82	82	79
Administration (no legal)	84	84	86	81	74	74	72	73	67
Total	370	370	369	368	338	340	333	332	327

City of Quincy, Illinois
Employment Rates for Quincy and Adams County
April 30, 2014

Demographics

Employment Rates for City of Quincy

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Labor Force	20,687	21,566	22,607	22,852	22,538	22,182	22,338	22,064	21,654	21,403
Employed	19,601	20,601	21,495	21,963	21,350	20,424	20,543	20,491	20,214	19,902
Unemployed	1,086	965	1,112	889	1,188	1,758	1,795	1,573	1,440	1,501
Rate	5.2%	4.5%	4.9%	3.9%	5.3%	7.9%	8.0%	7.1%	6.7%	7.0%

Source: Illinois Department of Employment Security

Employment Rates for Adams County

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Labor Force	35,801	37,338	39,222	39,511	38,873	38,092	38,371	37,424	36,751	36,179
Employed	34,172	35,916	37,854	38,108	36,907	35,304	35,525	34,939	34,469	33,841
Unemployed	1,629	1,422	1,368	1,403	1,966	2,788	2,846	2,485	2,282	2,338
Rate	4.6%	3.8%	3.5%	3.6%	5.1%	7.3%	7.4%	6.6%	6.2%	6.5%

Source: Illinois Department of Employment Security

Compliance Section

The accompanying information is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.



**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***

The Honorable Mayor and
City Council
City of Quincy, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Quincy, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise City of Quincy, Illinois' basic financial statements and have issued our report thereon dated October 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Quincy, 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 City of Quincy, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Quincy, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Quincy, 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*.

**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* (Concluded)**

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.

Wade Stables P.C.
Wade Stables P.C.
Certified Public Accountants

October 20, 2014
Quincy, Illinois



**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by OMB Circular A-133**

The Honorable Mayor and
City Council
City of Quincy, Illinois

Report on Compliance for Each Major Federal Program

We have audited City of Quincy, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Quincy, Illinois' major federal programs for the year ended April 30, 2014. City of Quincy, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Quincy, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Quincy, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Quincy, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Quincy, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

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

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by OMB Circular A-133 (Concluded)**

Report on Internal Control Over Compliance

Management of City of Quincy, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Quincy, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Quincy, Illinois' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a significant deficiency.

City of Quincy, Illinois' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Quincy, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Wade Stables P.C.
Wade Stables P.C.
Certified Public Accountants

October 20, 2014
Quincy, Illinois

City of Quincy, Illinois
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended April 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Number	Expenditures
U.S. Department of Housing & Urban Development			
Economic Development Initiative-Special Projects, Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-IL-0134	\$ 4,366
Illinois Department of Commerce and Economic Opportunity Community Development Block Grants	14.228	11-240011	\$ 222,396
	14.228	09-240022	45,000
	14.228	07-241010	80,310
	14.228	08-354060	339,861
			<u>\$ 687,567</u>
Illinois Housing Development Authority Home Investment Partnerships Program	14.239	HS-50535	\$ 98,502
Total U.S. Department of Housing & Urban Development			<u>\$ 790,435</u>
U.S. Department of Justice			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0092	\$ 17,145
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SU-B9-0055	30,081
<i>Total JAG Program Cluster</i>			<u>\$ 47,226</u>
Total U.S. Department of Justice			<u>\$ 47,226</u>
U.S. Department of Transportation			
Illinois Department of Transportation Airport Improvement Program	20.106	UIN-4165-0000	M \$ 492,456
Highway Planning and Construction	20.205	2011-SR-3738	\$ 39,578
Formula Grants for Other Than Urbanized Areas	20.509	IL-18-X030	\$ 600,253
	20.509	IL-86-X001	15,756
			M \$ 616,009
State and Community Highway Safety	20.600	OP-13-049	\$ 6,781
	20.600	OP14-0058	21,544
			<u>\$ 28,325</u>
Total Illinois Department of Transportation			<u>\$ 1,176,368</u>
Total U.S. Department of Transportation			<u>\$ 1,176,368</u>
U.S. Department of Homeland Security			
Illinois Department of Transportation Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0213HSLR722	\$ 64,351
Illinois Law Enforcement Alarm System Homeland Security Grant Program	97.067	MFF	\$ 2,362
	97.067	WMD	12,748
			<u>\$ 15,110</u>
Illinois Emergency Management Agency Disaster Grants-Public Assistance	97.036	001-62367-00	M \$ 406,106
Total U.S. Department of Homeland Security			<u>\$ 485,567</u>
Total Federal Expenditures			<u><u>\$ 2,499,596</u></u>

M - Denotes Major Program

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Quincy, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

2. Subrecipients

The City of Quincy, Illinois did not receive federal awards on behalf of others.

3. Non-Monetary Federal Awards

Non-monetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. During the year ended April 30, 2014, the City did not receive any non-monetary assistance.

4. Insurance

As of and for the year ended April 30, 2014, the City had no federal insurance in effect.

5. Federal Loans or Loan Guarantees

As of and for the year ended April 30, 2014, the City had no federal loans or loan guarantees.

1. Summary of Auditor's Results

- A. The auditor's report on the financial statements of the City of Quincy, Illinois was unmodified.
- B. No significant deficiencies in internal control over financial reporting disclosed during the audit of the financial statements is reported in accordance with *Government Auditing Standards*.
- C. No instances of noncompliance with laws and regulations are reported in accordance with *Government Auditing Standards*.
- D. One significant deficiency was disclosed during the audit of internal control over major federal award programs of the City of Quincy, Illinois.
- E. The auditor's report on compliance for the major federal award programs for the City of Quincy, Illinois expresses an unmodified opinion on all major federal programs.
- F. One audit finding relative to the major federal award programs for the City of Quincy, Illinois was noted.
- G. The programs tested as major programs included the following programs:
 - Airport Improvement Program (CFDA #20.106)
 - Formula Grants for Other Than Urbanized Areas (CFDA #20.509)
 - Disaster Grants – Public Assistance (CFDA# 97.036)
- H. The threshold for distinguishing Types A and B programs was \$300,000.
- I. The City of Quincy, Illinois qualified as a low-risk auditee.

2. Findings – Financial Statement Audit

No significant deficiencies were noted or reported during the course of the audit of the financial statements for the year ended April 30, 2014.

3. Findings and Questioned Costs – Major Federal Award Programs Audit

Significant Deficiency and Noncompliance:

Finding 2014-001:

Federal Agency: Department of Homeland Security

Pass-through Entity: Illinois Emergency Management Agency

Federal Program: Disaster Grants – Public Assistance (CFDA No. 97.036)

Requirement: Provisions of OMB Circular A-87 requires that direct charges to federal awards are for allowable costs. Also, under the Special Tests and Provisions Compliance requirement, the City must have documents to support the allowable costs. In addition, A-102 Common Rule requires that nonfederal entities received federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Condition: The City overstated labor, equipment, and materials expenditures. This caused the City to receive a greater reimbursement than what was allowable.

Cause of Condition: Invoices were inadvertently duplicated on the Reimbursement Report and labor and equipment usage was not calculated correctly. Oversight in this area is already increased and the expenditures were independently reviewed by two employees. However, neither review discovered these errors.

3. Findings and Questioned Costs – Major Federal Award Programs Audit (Concluded)

Criteria: Internal controls should be in place that ensure correct amounts are being reported in order for accurate reimbursements to be received.

Effect: The City received reimbursements in excess of allowable expenditures.

Questioned Costs: The City had questioned costs due to the overstatement of labor, equipment, and materials expenses totaling \$15,631. The questioned costs were computed by reviewing the detail of the expenditures submitted to FEMA and comparing it to the supporting documentation. The total overstated expenditures were then multiplied by the 75% FEMA reimbursement rate to determine the amount of questioned costs.

Recommendation The City employs project codes within its accounting software. We recommend using a project code for these grant expenditures. This would allow the FEMA reports and accounting records to be easily reconciled. This would also avoid including the same invoice twice. We also recommend that the City continue having two independent reviews of the reporting to also ensure that the expenditures being charged to the grant are eligible expenditures.

Response and Corrective Action Plan:

The City Comptroller accepts full responsibility for the overstatement on the FEMA 4116 project worksheet category B (Emergency Protective Measures) PA ID number 001-62367-00. The flooding occurred in mid-April, which is the same time the former Comptroller was leaving. The Comptroller's office was functioning short-staffed by one position for about a six-month period. The former senior accountant was transitioning into the position of Comptroller and simply did not spend enough time training the staff person who prepared the project worksheet. In addition, the project worksheet was closed out during the short-staffing period and the Comptroller did not double check the project worksheet.

While the City did inadvertently overstate the labor, equipment, and material on the project worksheet, it should be noted that the granting agency (FEMA) signed off on the worksheet as well, and awarded the funds as requested. The City is currently working with FEMA/IEMA to correct the project worksheet and refund the overstatement/overpayment of \$15,631.

The error was unintentional. The overstatement of labor occurred due to the fact that all hours worked during the emergency response must be reported. When reporting the police patrol 2.2 regular hours on 4/20/14, the amount was entered in the wrong field as 2.2 overtime hours on 4/19/14. Since only overtime wages are reimbursable under the grant, the entire overtime labor is considered an overstatement of \$106. The vehicle hours error resulted from a patrol vehicle which was used for a total of four hours (two hours on 4/20/14 and two hours on 4/21/14). These vehicle hours were mistakenly entered on the project worksheet as four hours for each day instead of two hours each day, resulting in a overstatement of four vehicle hours. This vehicle reimbursement error totaled \$65. The major discrepancy was the duplication of two invoices for fuel to power the generators during the power outage. The two duplicated invoices totaled \$20,670.

In summary, the overstatement is as follows:

	<u>City's Cost</u>	<u>FEMA 75%</u>
Labor	\$ 106	\$ 80
Equipment	\$ 65	\$ 49
Material	<u>\$ 20,670</u>	<u>\$ 15,502</u>
Total	\$ 20,841	\$ 15,631

The City does use project codes for sub-ledger accounting. Unfortunately, when the flooding occurred we only assumed we would be having emergency protective measures (FEMA category B). However, the damage was so great, that we ended up having permanent repair work and mitigation work done. The project code that we used had to be broken down manually into one of the three FEMA project worksheets. In the future, we plan to use the project codes for better tracking and also will use the project data to reconcile the project worksheets submitted. In addition, we will use a second employee to verify the data.

There were no prior findings or questioned costs to report.

City of Quincy, Illinois
Section 5311 Grant Reimbursement
June 30, 2014
Contract Number 4422

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses per Single Audit	\$ 426,083	\$ 2,790,349	\$ 3,216,432	
Less: Ineligible Expenses	\$ -	\$ -	\$ -	
Net Eligible Expenses	426,083	2,790,349	3,216,432	
Less: Total Operating Revenues (Per Section 5311 Report)		\$ 93,783	\$ 93,783	
Section 5311 Operating Deficit		\$ 2,696,566		
Section 5311 Deficit			\$ 3,122,649	
Section 5311 Reimbursement %	80%	50%		
A) Eligible Reimbursement per %	\$ 340,866	\$ 1,348,283		\$ 1,689,149
B) Funding Limits per Contract	N/A	N/A		\$ 600,253
C) Maximum Section 5311 Reimbursement (Lesser of A or B)	N/A	N/A	\$ 600,253	\$ 600,253
D) IDOT Payments - Section 5311 Reimbursement to Grantee	N/A	N/A		\$ 600,253
E) Amount (Over) Under Paid (C-D)	N/A	N/A		\$ -
Grantee Local Match Requirement			\$ 2,522,396	

Grantee Match Sources	Amounts
Downstate Operating Grant	\$ 2,090,681
Local Contracts	431,715
In-kind Services, Subsidies, Donations	-
	\$ 2,522,396

I certify that the costs claimed for reimbursement are adequately supported and the approval cost allocation plan of the grantees (if applicable) has been followed as provided in the project budget.

Prepared by: _____
Title: _____
Date: _____

City of Quincy, Illinois
Schedule of Revenue and Expense
under Downstate Operating Assistance Grant OP-14-32-IL
For the Year Ended June 30, 2014

Operating Revenues and Income

401	Passenger fares	\$ 92,177
402	Special transit fares	-
403	School bus service	-
404	Freight tariffs	-
405	Total charter service	-
406	Auxiliary revenue	-
407	Non-transportation revenue	1,606
407.99	Section 5307 force acct. & admin. cost reimbursement	-
411	State cash grants & reimbursements - other than Downstate Operating Assistance	-
412	State special fare assistance	-
413	Federal cash grants & reimbursements	600,253
413.99	Sec. 5307 capital funds applied to state eligible operating expenses	-
414	Interest Income	-
440	Subsidy from other sectors of operations	-
	Total Operating Revenue	\$ 694,036

Operating Expenses

501	Labor	\$ 1,270,669
502	Fringe benefits	1,008,904
503	Professional services	244,813
504	Materials & supplies consumed	421,739
505	Utilities	27,239
506	Casualty & liability	89,411
507	Taxes	-
508	Net purchased transportation	-
509	Miscellaneous transportation	9,681
511	Interest expense	-
512	Lease, rentals, and purchase-lease payments	5,470
	Indirect Expenses	138,506
	Total Operating Expenses	\$ 3,216,432
	Less Ineligible Expenses:	
	APTA and IPTA dues	\$ -
	Other	-
	Total Eligible Operating Expenses	\$ 3,216,432

City of Quincy, Illinois
Schedule of Revenue and Expense (Concluded)
under Downstate Operating Assistance Grant OP-14-32-IL
For the Year Ended June 30, 2014

Total Eligible Operating Expenses	<u>\$ 3,216,432</u>
Total Operating Revenue and Income	<u>694,036</u>
Deficit	<u>\$ 2,522,396</u>
65% of Eligible Expense	<u>2,090,681</u>
Eligible Downstate Operating Assistance (Deficit or 65% of eligible expense, whichever is less)	<u>\$ 2,090,681</u>
FY 14 Downstate Operating Assistance Received	<u>2,090,681</u>
FY 14 Downstate Operating Assistance (Over)/Under Paid	<u>\$ -</u>