

City of Quincy, Illinois

Comprehensive Annual Financial Report

Year Ended April 30, 2013

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City of Quincy, Illinois

A Home Rule City

Council/Mayor Form of Government

(As of April 30, 2013)

MAYOR

John A. Spring

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 Kyle A. Moore	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

Gary Sparks

DEPARTMENT DIRECTORS

Corporation Counsel	Andrew W. Staff
Comptroller	Ann Scott
Engineering	Jeffrey H. Steinkamp
Utilities	David M. Kent
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	Jeffrey H. Steinkamp
Purchasing	Ann Scott
911 System	Steven D. Rowlands
MIS	James E. Murphy
Human Services	Douglas Olson

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, 2013, 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, 2013, 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 64 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 November 22, 2013, 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

November 22, 2013
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 \$132.9 million as of April 30, 2013. Analyzing the net position and net income of governmental and business-type activities separately, the business type activities net position is \$79.1 million.

By far the largest portion of the City's net position (92.0 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, 2013 and 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 33.0	\$ 30.6	\$ 14.8	\$ 13.7	\$ 47.8	\$ 44.3
Capital assets - net of depreciation	50.6	57.8	66.3	66.7	116.9	124.5
Total Assets	\$ 83.6	\$ 88.4	\$ 81.1	\$ 80.4	\$ 164.7	\$ 168.8
Current liabilities	\$ 2.7	\$ 1.6	\$ 1.4	\$ 1.2	\$ 4.1	\$ 2.8
Long-term liabilities and debt	27.1	28.1	0.6	0.7	27.7	28.8
Total Liabilities	\$ 29.8	\$ 29.7	\$ 2.0	\$ 1.9	\$ 31.8	\$ 31.6
Net position:						
Invested in capital assets, net of related debt	\$ 49.5	\$ 53.6	\$ 66.0	\$ 66.2	\$ 115.5	\$ 119.8
Restricted	14.3	14.0	-	-	14.3	14.0
Unrestricted	(10.0)	(8.9)	13.1	12.3	3.1	3.4
Total Net Position	\$ 53.8	\$ 58.7	\$ 79.1	\$ 78.5	\$ 132.9	\$ 137.2

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 2013 salaries & wages grew city wide by about 2% or \$415,000. However, health insurance benefit cost rose nearly 8%, with departmental premiums increasing \$280,000 city wide. The IMRF pension contribution rate increased from calendar year 2011 rate of 9.71% to the calendar year 2012 rate of 9.71%.

Police and Fire pension fund payments decreased from previous year by about \$300,000. Police pension decreased \$209,772 or 11.14%, while fire pension contributions decreased \$95,000 or 3.85%.

The EAV for the 2011 year (collected in FY 2013) grew by only 0.98%. In addition to essentially no growth, the city council and administration also lowered the tax rate to maintain a flat property tax rate. 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 54% of the City's revenues. Municipal sales tax revenues were up \$207,000 which represents a 2% increase. Home rule purchase tax was much the same, up \$235,000 or 2.6%. 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 2013 was nearly \$590,000, compared to \$512,000 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 up 24% in FY2013 over previous year.

City of Quincy, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2013
(Unaudited)

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

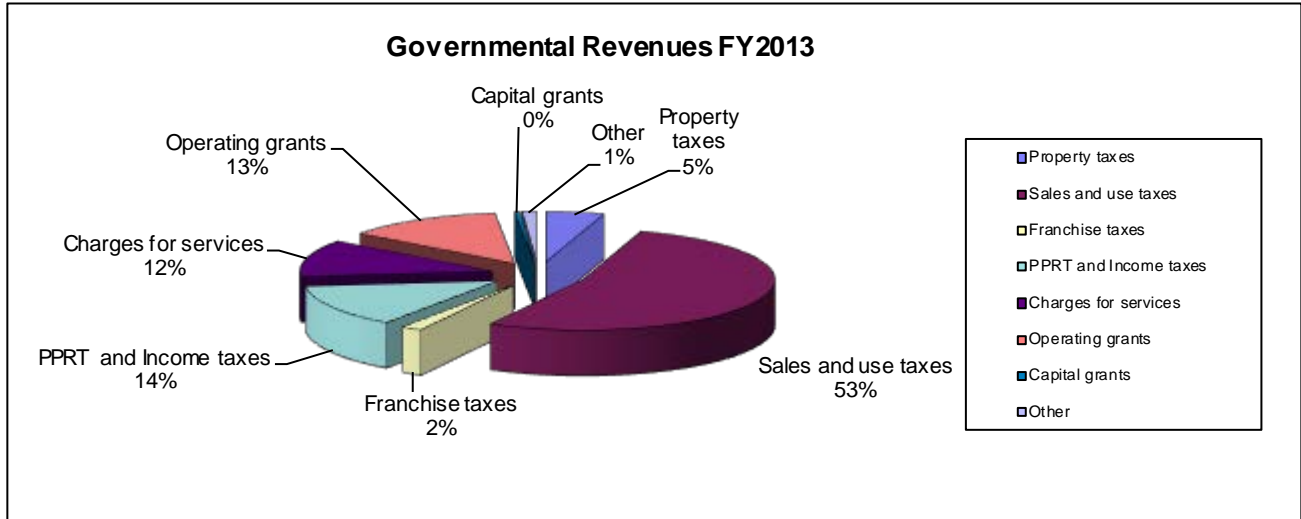
Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 4.7	\$ 4.7	\$ 11.1	\$ 11.5	\$ 15.8	\$ 16.2
Operating grants and contributions	5.3	4.9	-	-	5.3	4.9
Capital grants and contributions	0.2	0.2	-	0.2	0.2	0.4
General Revenues:						
Property taxes	2.0	1.7	-	-	2.0	1.7
Other taxes	27.2	26.7	-	-	27.2	26.7
Other	0.5	0.5	0.4	0.4	0.9	0.9
Total revenues	\$ 39.9	\$ 38.7	\$ 11.5	\$ 12.1	\$ 51.4	\$ 50.8
Expenses:						
General government	\$ 5.0	\$ 4.3	\$ -	\$ -	\$ 5.0	\$ 4.3
Public safety	16.2	15.3	-	-	16.2	15.3
Public works and engineering	13.1	14.0	-	-	13.1	14.0
Water, Sewer, Airport, Barge Dock	-	-	11.6	11.5	11.6	11.5
Health, Culture, Community Dev	3.7	4.6	-	-	3.7	4.6
Interest on long-term debt	1.1	1.1	-	-	1.1	1.1
Total expenses	\$ 39.1	\$ 39.3	\$ 11.6	\$ 11.5	\$ 50.7	\$ 50.8
Increase (decrease) in net position before transfers and special items	\$ 0.8	\$ (0.6)	\$ (0.1)	\$ 0.6	\$ 0.7	\$ -
Transfers	(0.6)	(0.3)	0.6	0.3	-	-
Impairment of Hydro Project Costs	(5.1)	-	-	-	(5.1)	-
Increase (decrease) in net position	\$ (4.9)	\$ (0.9)	\$ 0.5	\$ 0.9	\$ (4.4)	\$ -
Net Position at beginning of year	58.7	59.6	78.5	77.6	137.2	137.2
Net Position at end of year	\$ 53.8	\$ 58.7	\$ 79.0	\$ 78.5	\$ 132.8	\$ 137.2

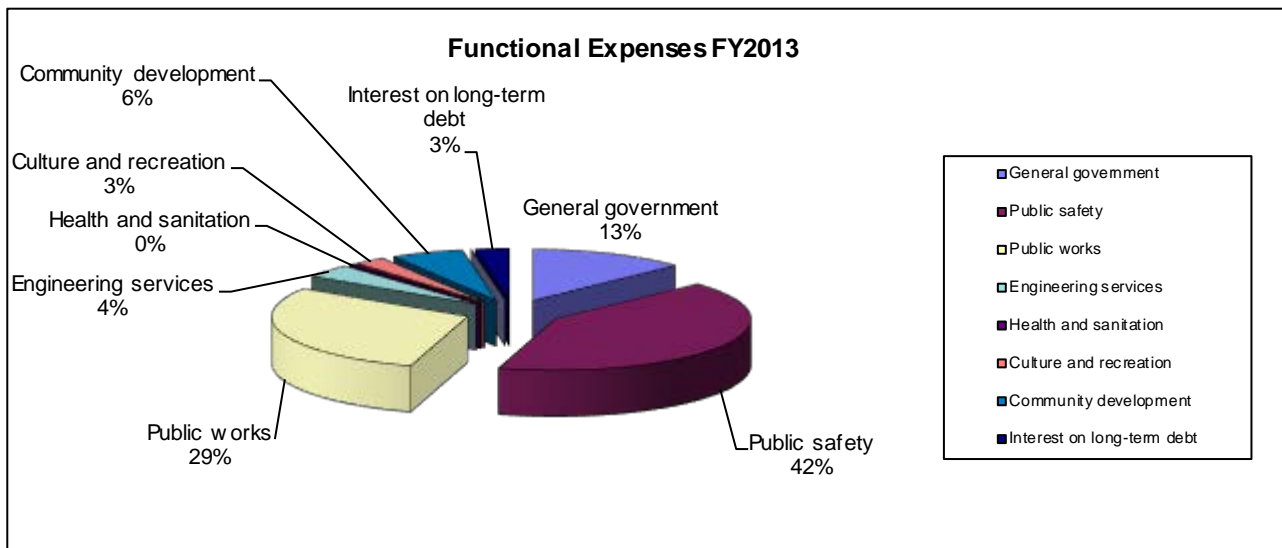
The City's combined change in net position in FY2013 was a decrease of \$4.4 million compared to the decrease of less than \$0.1 million in FY2012. The City's total revenues increased in 2013 by \$0.6 million to \$51.4 million. Of this amount, the Governmental revenues increased by \$1.2 million while Business-type revenues decreased by \$0.6 million.

The cost of all City programs decreased by \$0.1 million with the Business-type costs increasing by \$0.1 million and the Governmental costs decreasing by \$0.2 million. In Governmental Activities' expenses, Public Safety expenses increased by \$0.9 million while both Public Works/Engineering and Health/Culture/Community Development decreased by \$0.9 million, respectively. General Government increased \$0.7 million in FY2013.

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

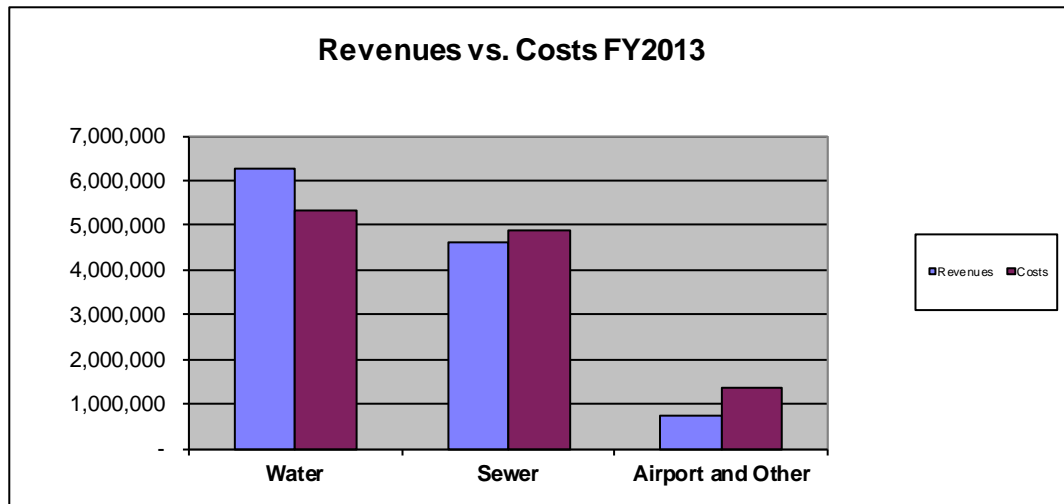


The following graph depicts the different expense categories and the percentage of resources provided for each category:



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 FY2013, revenues from governmental activities totaled \$39.9 million, an increase of \$1.2 million from FY2012. Most significant of the revenue changes was an increase of \$0.5 million in other taxes and an increase of \$0.4 million in operating grants and contributions.

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 \$27.2 million, or 68.2%, of all Governmental Activities revenues for FY2013.

Business-type Activities saw a decrease of \$0.6 million in charges for services from the previous fiscal year with charges for services decreasing \$0.4 million and capital grants and contributions decreasing by \$0.2 million.

Expenses:

For FY2013, expenditures for governmental activities totaled \$39.1 million, a slight decrease of \$0.2 million from the prior year.

Expenses for Business-type activities slightly increased by \$0.1 million.

For Governmental Activities the \$39.9 million in revenues was offset by \$39.1 million in expenses resulting in a reduction in net position of \$0.8 million before transfers and special items. For Business-type Activities, revenues of \$11.5 million were offset by \$11.6 million in expenses for a decrease in net position of \$0.1 million before transfers.

For FY2013, the costs that had been capitalized for the hydroelectric project of \$5.1 million was determined to be impaired due to the decision not to pursue these projects and the remote possibility of selling any assets acquired for the project.

The City's Funds

For FY2013, the governmental funds of the City reported a combined fund balance of \$18.8 million. This is an increase of 4.4%, or \$0.8 million from last year's combined fund balance of \$18.0 million. The ending balance includes an increase in fund balance of \$0.5 million in the City's General Fund. In addition, these other changes in fund balances should be noted:

- The Motor Fuel Tax Fund had an increase in fund balance of \$0.4 million. This fund is used to account for the motor fuels tax received and related costs for approved motor fuel tax projects.
- The 2009C G/O Library Project Fund had a decrease in fund balance of \$0.3 million for FY2013. This fund is used to account for the bond proceeds and related costs of the construction and renovation of the Quincy Public Library, a component unit of the City of Quincy. The decrease is due to the spending of prior year unspent debt proceeds and all proceeds have been spent as of April 30, 2013.

General Fund Budgeting Highlights

For FY2013, actual expenditures on a budgetary basis were \$26.6 million compared to the budget amount of \$28.0 million. The \$1.4 million variance was due to spending less than budgeted in various areas, especially police, fire, community development and building maintenance. The largest variances were in the police department of \$0.4 million and the fire department and community development of \$0.2 million each. Operating transfers out also had a variance of \$0.3 million with budgeted transfers being more than actual.

The City's actual amounts available for appropriation on a budgetary basis were \$30.2 million as compared to the budget amount of \$29.4 million. This resulted in a variance of \$0.8 million. Much of this variance is due to the budgeting of intergovernmental revenues of \$23.1 million and receiving \$24.0 million due to late payments received by the State of Illinois in this fiscal year from the prior year and an increase in sales tax received.

Capital Assets

At the end of FY2013, the City had \$116.9 million invested in its funds for capital assets. This amount represents a decrease of \$7.6 million or 6.1%. \$5.1 million of this decrease was due to the impairment of the hydroelectric projects costs in the governmental-type activities. The remaining \$2.1 million of this decrease in the governmental-type activities is due to current year depreciation exceeding current year additions.

Table 3
Capital Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-Depreciable Assets						
Land	\$ 2.3	\$ 2.2	\$ 1.8	\$ 1.8	\$ 4.1	\$ 4.0
Construction in Progress	0.2	5.7	-	-	0.2	5.7
Depreciable Assets						
Vehicles	8.8	8.6	2.7	2.6	11.5	11.2
Buildings and improvements	16.6	16.6	146.5	144.3	163.1	160.9
Equipment and furniture	6.2	5.9	1.9	1.8	8.1	7.7
Infrastructure	121.2	119.0	-	-	121.2	119.0
Accumulated depreciation	(104.7)	(100.2)	(86.6)	(83.8)	(191.3)	(184.0)
	<u>\$ 50.6</u>	<u>\$ 57.8</u>	<u>\$ 66.3</u>	<u>\$ 66.7</u>	<u>\$ 116.9</u>	<u>\$ 124.5</u>

Debt Outstanding

At year-end, the City had \$17,854,529 in long-term bond obligations comprised of the following issues:

Table 4
Outstanding Debt

	Issued	Outstanding
GORN 2013A	\$ 825,000	\$ 825,000
GORN 2013B	907,000	907,000
GORB 2012	1,552,000	565,000
GORB 2005	9,530,000	7,975,000
GOCAB 2009A	6,596,818	1,087,529
GOB 2009B	1,245,000	1,245,000
GOB 2009C	5,533,000	5,250,000
Total	\$ 26,188,818	\$ 17,854,529

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 remains steady at 5.9%, same as last year. Based on building permits issued by the Inspections department, new construction is on the rise with 135 permits issued in FY2013 valued at over \$28 million compared to only 62 permits issued in FY2012 valued at \$18 million. The spark in new construction gives hope of a rising EAV in future years when construction is complete.

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 Ann Scott, 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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 19,849,405	\$ 12,908,005	\$ 32,757,410	\$ 917,468
Investments	-	-	-	2,698,949
Receivables, net	10,933,150	1,545,824	12,478,974	748,317
Inventories	34,709	221,402	256,111	-
Prepaid items	-	87,263	87,263	-
Net pension asset	2,164,294	-	2,164,294	-
Capital assets, net	50,545,567	66,254,437	116,800,004	6,769,943
Total Assets	\$ 83,527,125	\$ 81,016,931	\$ 164,544,056	\$ 11,134,677
Liabilities and Net Position				
Liabilities				
Accounts payable	\$ 1,624,188	\$ 775,111	\$ 2,399,299	\$ 18,953
Accrued expenses	1,088,879	86,039	1,174,918	112,968
Unearned revenue	-	261,641	261,641	770,212
Non-current liabilities:				
Accrued interest and accretion	398,798	-	398,798	-
Net pension obligation	447,819	-	447,819	-
OPEB obligation	290,998	-	290,998	-
Unearned property taxes	1,596,465	-	1,596,465	-
Due within one year	3,185,520	261,172	3,446,692	-
Due in more than one year	21,081,924	562,703	21,644,627	-
Total Liabilities	\$ 29,714,591	\$ 1,946,666	\$ 31,661,257	\$ 902,133
Net Position				
Invested in capital assets, net of related debt	\$ 49,458,038	\$ 65,951,187	\$ 115,409,225	\$ 6,769,943
Restricted for:				
Debt service	220,894	-	220,894	-
Capital projects	2,513,173	-	2,513,173	-
Economic development loans	6,642,598	-	6,642,598	-
Motor fuel tax projects	3,090,103	-	3,090,103	-
Other purposes	1,925,576	-	1,925,576	412,060
Unrestricted	(10,037,848)	13,119,078	3,081,230	3,050,541
Total Net Position	\$ 53,812,534	\$ 79,070,265	\$ 132,882,799	\$ 10,232,544

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, 2013

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating		Capital	Primary Government			Component Units
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 5,040,912	\$ 625,280	\$ 101,757	\$ -	\$ (4,313,875)	\$ -	\$ (4,313,875)	\$ -
Public safety	16,206,843	1,009,027	680,127	139,429	(14,378,260)	-	(14,378,260)	-
Public works	11,458,597	2,764,089	2,938,947	33,750	(5,721,811)	-	(5,721,811)	-
Engineering services	1,601,794	-	-	-	(1,601,794)	-	(1,601,794)	-
Health and sanitation	156,037	-	-	-	(156,037)	-	(156,037)	-
Culture and recreation	1,001,832	-	-	-	(1,001,832)	-	(1,001,832)	-
Community development	2,321,044	316,906	1,548,358	-	(455,780)	-	(455,780)	-
Interest on long-term debt	1,079,281	-	-	-	(1,079,281)	-	(1,079,281)	-
Total Governmental Activities	\$ 38,866,340	\$ 4,715,302	\$ 5,269,189	\$ 173,179	\$ (28,708,670)	\$ -	\$ (28,708,670)	\$ -
Business-type Activities:								
Water	\$ 5,322,344	\$ 6,249,126	\$ -	\$ -	\$ -	\$ 926,782	\$ 926,782	\$ -
Sewer	4,889,690	4,601,212	-	-	-	(288,478)	(288,478)	-
Airport	1,248,733	136,205	-	-	-	(1,112,528)	(1,112,528)	-
Other	120,803	161,293	29,017	-	-	69,507	69,507	-
Total Business-Type Activities	\$ 11,581,570	\$ 11,147,836	\$ 29,017	\$ -	\$ -	\$ (404,717)	\$ (404,717)	\$ -
Total Primary Government	\$ 50,447,910	\$ 15,863,138	\$ 5,298,206	\$ 173,179	\$ (28,708,670)	\$ (404,717)	\$ (29,113,387)	\$ -
Component Units:								
Woodland Cemetery	\$ 223,167	\$ 5,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (217,467)
Quincy Public Library	2,456,110	329,060	23,223	1,059,061	-	-	-	(1,044,766)
Total Component Units	\$ 2,679,277	\$ 334,760	\$ 23,223	\$ 1,059,061	\$ -	\$ -	\$ -	\$ (1,262,233)
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 430,209	\$ -	\$ 430,209	\$ 793,647
Property taxes, levied for debt service					1,522,374	-	1,522,374	-
Personal property replacement tax					1,396,732	-	1,396,732	325,465
Sales and public service taxes					21,128,483	-	21,128,483	-
Income taxes					4,013,501	-	4,013,501	-
Franchise taxes					702,225	-	702,225	-
Payment from City of Quincy					(160,100)	-	(160,100)	160,100
Investment earnings (loss)					179,501	76,005	255,506	205,497
Miscellaneous					299,824	312,388	612,212	25,109
Transfers					(589,856)	584,856	(5,000)	-
Impairment of Hydroelectric Project Costs					(5,143,481)	-	(5,143,481)	-
Total General Revenues, Special Items and Transfers					\$ 23,779,412	\$ 973,249	\$ 24,752,661	\$ 1,509,818
Change in Net Position					\$ (4,929,258)	\$ 568,532	\$ (4,360,726)	\$ 247,585
Net Position at beginning of year					58,741,792	78,501,733	137,243,525	9,984,959
Net Position at end of year					\$ 53,812,534	\$ 79,070,265	\$ 132,882,799	\$ 10,232,544

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

City of Quincy, Illinois
Balance Sheet
Governmental Funds
April 30, 2013

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	1996 GO Bond	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,664,713	\$ 34,252	\$ 315,151	\$ 1,092,171	\$ 957,668	\$ 9,507,887	\$ 15,571,842
Receivables, net	267,212	-	5,265	-	-	171,204	443,681
Due from other funds	-	-	-	-	-	125,982	125,982
Due from other governments	4,223,874	554,924	-	-	-	124,240	4,903,038
Total Assets	\$ 8,155,799	\$ 589,176	\$ 320,416	\$ 1,092,171	\$ 957,668	\$ 9,929,313	\$ 21,044,543
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 135,196	\$ 436,323	\$ 4,798	\$ 23,731	\$ 825,000	\$ 100,047	\$ 1,525,095
Accrued expenses	520,931	-	46,569	-	-	25,606	593,106
Due to other funds	-	125,982	-	-	-	-	125,982
Total Liabilities	\$ 656,127	\$ 562,305	\$ 51,367	\$ 23,731	\$ 825,000	\$ 125,653	\$ 2,244,183
Fund Balances							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,732	\$ 443,732
Economic development loans	-	-	-	-	132,668	2,985,778	3,118,446
Capital projects	-	-	-	1,068,440	-	1,825,466	2,893,906
911 System	-	-	-	-	-	769,107	769,107
Motor fuel tax projects	-	-	-	-	-	3,090,103	3,090,103
Public safety projects	-	-	-	-	-	225,232	225,232
Other projects	18,050	-	-	-	-	236,420	254,470
Housing projects	-	26,871	-	-	-	-	26,871
Transit	-	-	269,049	-	-	-	269,049
Assigned for:							
Green projects	-	-	-	-	-	89,548	89,548
Capital projects	-	-	-	-	-	138,274	138,274
Unassigned	7,481,622	-	-	-	-	-	7,481,622
Total Fund Balances	\$ 7,499,672	\$ 26,871	\$ 269,049	\$ 1,068,440	\$ 132,668	\$ 9,803,660	\$ 18,800,360
Total Liabilities and Fund Balances	\$ 8,155,799	\$ 589,176	\$ 320,416	\$ 1,092,171	\$ 957,668	\$ 9,929,313	\$ 21,044,543

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, 2013

Total governmental fund balances	\$ 18,800,360
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	47,505,337
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	
Current assets	4,602,126
Capital assets	3,040,230
Current liabilities	(699,789)
Long-term liabilities	(235,409)
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.	7,460,871
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.	<u>(26,661,192)</u>
Net position of governmental activities	<u><u>\$ 53,812,534</u></u>

City of Quincy, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2013

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	1996 GO Bond	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 49,852	\$ -	\$ -	\$ -	\$ -	\$ 1,902,731	\$ 1,952,583
Franchise taxes	404,723	-	-	-	-	297,502	702,225
Public service taxes	24,172,721	-	-	-	-	2,365,995	26,538,716
Grants and contributions	107,521	1,645,529	33,750	166,859	-	46,182	1,999,841
Charges for services	893,385	-	90,374	-	-	34,447	1,018,206
Fines and forfeitures	438,714	-	-	-	-	72,692	511,406
Intergovernmental	17,641	-	2,886,606	-	-	614,608	3,518,855
Investment earnings	20,908	398	611	6,516	943	130,854	160,230
Miscellaneous	94,716	-	-	62,085	-	628,379	785,180
Total Revenues	\$ 26,200,181	\$ 1,645,927	\$ 3,011,341	\$ 235,460	\$ 943	\$ 6,093,390	\$ 37,187,242
Expenditures							
General Government							
Aldermen	\$ 228,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,782
Mayor	291,292	-	-	-	-	-	291,292
City Treasurer	246,809	-	-	-	-	-	246,809
City Clerk	164,096	-	-	-	-	-	164,096
Director of Administration	127,258	-	-	-	-	-	127,258
Purchasing	67,214	-	-	-	-	-	67,214
Building maintenance	173,204	-	-	-	-	-	173,204
Comptroller	349,130	-	-	-	-	-	349,130
Legal department	283,655	-	-	-	-	-	283,655
Boards and commissions	64,435	-	-	-	-	-	64,435
Information technology	634,060	-	-	-	-	-	634,060
Public Safety							
Police Department	8,242,669	-	-	-	-	80,653	8,323,322
Fire Department	6,102,871	-	-	-	-	2,505	6,105,376
911 System	-	-	-	-	-	1,449,771	1,449,771
Public Works	1,328,307	-	2,999,815	129,725	-	29,797	4,487,644
Engineering Services	740,995	-	-	-	-	490,557	1,231,552
Health and Sanitation	155,118	-	-	-	-	-	155,118
Cemetery	160,100	-	-	-	-	-	160,100
Culture and Recreation	45,765	-	-	-	-	956,067	1,001,832
Community Development	655,548	1,549,558	-	-	-	163,097	2,368,203
Debt Service							
Principal retirement	67,195	-	-	161,969	175,000	1,065,000	1,469,164
Interest and charges	41,579	-	-	13,713	57,294	729,021	841,607
Capital outlay	211,878	54,512	46,174	1,136,515	-	978,923	2,428,002
Total Expenditures	\$ 20,381,960	\$ 1,604,070	\$ 3,045,989	\$ 1,441,922	\$ 232,294	\$ 5,945,391	\$ 32,651,626

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, 2013

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	1996 GO Bond	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,818,221	\$ 41,857	\$ (34,648)	\$ (1,206,462)	\$ (231,351)	\$ 147,999	\$ 4,535,616
Other Financing Sources (Uses)							
Cost share transfers, net	\$ 626,938	\$ (69,300)	\$ (164,315)	\$ -	\$ -	\$ (16,387)	\$ 376,936
Sale of assets	19,463	-	-	-	-	-	19,463
Operating transfers in	352,112	-	268,452	2,076,706	227,083	1,101,190	4,025,543
Operating transfers out	(6,307,164)	(315,001)	-	(760,130)	-	(813,620)	(8,195,915)
Debt proceeds	907,000	-	-	-	825,000	-	1,732,000
Payments on current refunding	(907,000)	-	-	-	(825,000)	-	(1,732,000)
Total Other Financing Sources (Uses)	\$ (5,308,651)	\$ (384,301)	\$ 104,137	\$ 1,316,576	\$ 227,083	\$ 271,183	\$ (3,773,973)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 509,570	\$ (342,444)	\$ 69,489	\$ 110,114	\$ (4,268)	\$ 419,182	\$ 761,643
Fund Balances, May 1, 2012	6,990,102	369,315	199,560	958,326	136,936	9,384,478	18,038,717
Fund Balances, April 30, 2013	\$ 7,499,672	\$ 26,871	\$ 269,049	\$ 1,068,440	\$ 132,668	\$ 9,803,660	\$ 18,800,360

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, 2013

Net change in fund balances - total governmental funds	\$ 761,643
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.	(7,112,230)
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.	1,080,852
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.	(123,480)
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.	565,663
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>(101,706)</u>
Change in net position of governmental activities	<u><u>\$ (4,929,258)</u></u>

City of Quincy, Illinois
Statement of Net Position
Proprietary Funds
April 30, 2013

	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	\$ 7,376,537	\$ 5,132,501	\$ 235,417	\$ 15,847	\$ 147,703	\$ 12,908,005	\$ 4,277,563
Receivables, net	891,071	634,215	19,548	-	990	1,545,824	289,854
Inventories	221,402	-	-	-	-	221,402	34,709
Prepaid expenses	52,189	35,074	-	-	-	87,263	-
Total Current Assets	<u>\$ 8,541,199</u>	<u>\$ 5,801,790</u>	<u>\$ 254,965</u>	<u>\$ 15,847</u>	<u>\$ 148,693</u>	<u>\$ 14,762,494</u>	<u>\$ 4,602,126</u>
Noncurrent Assets							
Land	\$ 242,946	\$ 861,374	\$ 453,124	\$ 220,390	\$ 19,945	\$ 1,797,779	\$ 488,071
Systems	28,712,864	81,220,295	17,222,107	-	145,556	127,300,822	510,500
Building and equipment	3,941,896	9,129,689	4,943,298	876,315	241,282	19,132,480	2,210,394
Vehicles and equipment	723,766	2,043,596	1,880,203	16,835	-	4,664,400	5,529,898
Less: Accumulated depreciation	(17,503,391)	(58,432,487)	(10,251,487)	(228,948)	(224,731)	(86,641,044)	(5,698,633)
Total Noncurrent Assets	<u>\$ 16,118,081</u>	<u>\$ 34,822,467</u>	<u>\$ 14,247,245</u>	<u>\$ 884,592</u>	<u>\$ 182,052</u>	<u>\$ 66,254,437</u>	<u>\$ 3,040,230</u>
Total Assets	<u><u>\$ 24,659,280</u></u>	<u><u>\$ 40,624,257</u></u>	<u><u>\$ 14,502,210</u></u>	<u><u>\$ 900,439</u></u>	<u><u>\$ 330,745</u></u>	<u><u>\$ 81,016,931</u></u>	<u><u>\$ 7,642,356</u></u>
Liabilities							
Current Liabilities							
Accounts payable	\$ 388,162	\$ 353,429	\$ 10,870	\$ 22,399	\$ 251	\$ 775,111	\$ 99,093
Accrued expenses	51,225	27,762	5,456	-	1,596	86,039	495,773
Customer deposits	261,641	-	-	-	-	261,641	-
Compensated absences	110,675	36,340	8,720	-	2,187	157,922	104,923
Bonds, notes and loans payable	-	-	53,250	50,000	-	103,250	-
Total Current Liabilities	<u>\$ 811,703</u>	<u>\$ 417,531</u>	<u>\$ 78,296</u>	<u>\$ 72,399</u>	<u>\$ 4,034</u>	<u>\$ 1,383,963</u>	<u>\$ 699,789</u>
Noncurrent liabilities							
Compensated absences	\$ 256,003	\$ 72,657	\$ 28,847	\$ -	\$ 5,196	\$ 362,703	\$ 235,409
Bonds, notes and loans payable	-	-	-	200,000	-	200,000	-
Total Noncurrent Liabilities	<u>\$ 256,003</u>	<u>\$ 72,657</u>	<u>\$ 28,847</u>	<u>\$ 200,000</u>	<u>\$ 5,196</u>	<u>\$ 562,703</u>	<u>\$ 235,409</u>
Total Liabilities	<u><u>\$ 1,067,706</u></u>	<u><u>\$ 490,188</u></u>	<u><u>\$ 107,143</u></u>	<u><u>\$ 272,399</u></u>	<u><u>\$ 9,230</u></u>	<u><u>\$ 1,946,666</u></u>	<u><u>\$ 935,198</u></u>
Net Position							
Invested in capital assets, net of related debt	\$ 16,118,081	\$ 34,822,467	\$ 14,193,995	\$ 634,592	\$ 182,052	\$ 65,951,187	\$ 3,040,230
Unrestricted	7,473,493	5,311,602	201,072	(6,552)	139,463	13,119,078	3,666,928
Total Net Position	<u><u>\$ 23,591,574</u></u>	<u><u>\$ 40,134,069</u></u>	<u><u>\$ 14,395,067</u></u>	<u><u>\$ 628,040</u></u>	<u><u>\$ 321,515</u></u>	<u><u>\$ 79,070,265</u></u>	<u><u>\$ 6,707,158</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, 2013

	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	\$ 6,249,126	\$ 4,601,212	\$ 136,205	\$ 13,935	\$ 147,358	\$ 11,147,836	\$ 10,820,044
Miscellaneous	37,305	589	280,415	21,671	-	339,980	33,838
Total Operating Revenues	\$ 6,286,431	\$ 4,601,801	\$ 416,620	\$ 35,606	\$ 147,358	\$ 11,487,816	\$ 10,853,882
Operating Expenses							
Salaries and wages	\$ 1,720,183	\$ 798,272	\$ 204,898	\$ 1,782	\$ 26,562	\$ 2,751,697	\$ 1,895,855
Benefits	988,881	587,582	121,782	407	12,156	1,710,808	1,146,512
Purchased services	448,183	1,676,745	147,268	10,428	4,331	2,286,955	3,790,805
Supplies	1,221,667	95,667	124,065	3,694	5,441	1,450,534	1,121,507
Claims and judgments	-	-	-	-	-	-	5,730,792
Noncapitalized equipment	(2,171)	-	365	-	-	(1,806)	-
Other objects	236,828	255,417	14,157	608	-	507,010	47,129
Depreciation	708,773	1,473,752	634,083	34,657	20,737	2,872,002	155,406
Total Operating Expenses	\$ 5,322,344	\$ 4,887,435	\$ 1,246,618	\$ 51,576	\$ 69,227	\$ 11,577,200	\$ 13,888,006
Operating Income (Loss)	\$ 964,087	\$ (285,634)	\$ (829,998)	\$ (15,970)	\$ 78,131	\$ (89,384)	\$ (3,034,124)
Non-Operating Revenues (Expenses)							
Interest income	\$ 42,439	\$ 31,029	\$ 1,354	\$ 58	\$ 1,125	\$ 76,005	\$ 19,271
Grants and contributions	-	-	-	29,017	-	29,017	-
Sale of assets	-	-	-	(27,592)	-	(27,592)	-
Interest expense	-	(2,255)	(2,115)	-	-	(4,370)	-
Total Non-operating Revenues (Expenses)	\$ 42,439	\$ 28,774	\$ (761)	\$ 1,483	\$ 1,125	\$ 73,060	\$ 19,271
Income (Loss) Before Transfers and Contributions	\$ 1,006,526	\$ (256,860)	\$ (830,759)	\$ (14,487)	\$ 79,256	\$ (16,324)	\$ (3,014,853)
Transfers in	291,000	59,000	309,000	137,960	-	796,960	3,580,516
Transfers out	(58,292)	(53,812)	-	-	(100,000)	(212,104)	-
Change in Net Position	\$ 1,239,234	\$ (251,672)	\$ (521,759)	\$ 123,473	\$ (20,744)	\$ 568,532	\$ 565,663
Net Position at beginning of year	22,352,340	40,385,741	14,916,826	504,567	342,259	78,501,733	6,141,495
Net Position at year end	\$ 23,591,574	\$ 40,134,069	\$ 14,395,067	\$ 628,040	\$ 321,515	\$ 79,070,265	\$ 6,707,158

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, 2013

	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	\$ 6,356,392	\$ 4,689,735	\$ 139,942	\$ 13,935	\$ 150,389	\$ 11,350,393	\$ 4,635,026
Payments to suppliers	(1,943,638)	(1,762,943)	(283,906)	1,137	(10,191)	(3,999,541)	(6,132,037)
Payments to employees	(2,682,928)	(1,383,529)	(344,908)	(2,189)	(36,647)	(4,450,201)	(1,836,524)
Internal activity - payments to other funds	-	-	-	-	-	-	6,265,964
Claims paid	-	-	-	-	-	-	(5,731,061)
Other receipts (payments)	37,305	589	280,415	21,671	-	339,980	(13,291)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,767,131</u>	<u>\$ 1,543,852</u>	<u>\$ (208,457)</u>	<u>\$ 34,554</u>	<u>\$ 103,551</u>	<u>\$ 3,240,631</u>	<u>\$ (2,811,923)</u>
Cash Flows from NonCapital Financing Activities:							
Operating subsidies and transfers	\$ 232,708	\$ 5,188	\$ 309,000	\$ 137,960	\$ (100,000)	\$ 584,856	\$ 3,580,516
Cash Flows from Capital and Related Financing Activities:							
Proceeds from sale of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions	-	-	-	-	-	-	-
Purchases of capital assets	(969,738)	(1,357,767)	-	(135,926)	-	(2,463,431)	(28,543)
Disposal of capital assets	-	-	-	-	-	-	-
Principal paid on capital debt	-	(83,730)	(89,864)	(50,000)	-	(223,594)	-
Interest paid on capital debt	-	(2,255)	(2,115)	-	-	(4,370)	-
Other receipts (payments)	-	-	-	29,017	-	29,017	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (969,738)</u>	<u>\$ (1,443,752)</u>	<u>\$ (91,979)</u>	<u>\$ (156,909)</u>	<u>\$ -</u>	<u>\$ (2,662,378)</u>	<u>\$ (28,543)</u>
Cash Flows from Investing Activities:							
Interest received	\$ 42,439	\$ 31,029	\$ 1,354	\$ 58	\$ 1,125	\$ 76,005	\$ 19,271
Net Cash Provided (Used) by Investing Activities	<u>\$ 42,439</u>	<u>\$ 31,029</u>	<u>\$ 1,354</u>	<u>\$ 58</u>	<u>\$ 1,125</u>	<u>\$ 76,005</u>	<u>\$ 19,271</u>
Net Increase (Decrease) in Cash and Cash Investments	<u>\$ 1,072,540</u>	<u>\$ 136,317</u>	<u>\$ 9,918</u>	<u>\$ 15,663</u>	<u>\$ 4,676</u>	<u>\$ 1,239,114</u>	<u>\$ 759,321</u>
Cash and Cash Equivalents, May 1, 2012	<u>6,303,997</u>	<u>4,996,184</u>	<u>225,499</u>	<u>184</u>	<u>143,027</u>	<u>11,668,891</u>	<u>3,518,242</u>
Cash and Cash Equivalents, April 30, 2013	<u><u>\$ 7,376,537</u></u>	<u><u>\$ 5,132,501</u></u>	<u><u>\$ 235,417</u></u>	<u><u>\$ 15,847</u></u>	<u><u>\$ 147,703</u></u>	<u><u>\$ 12,908,005</u></u>	<u><u>\$ 4,277,563</u></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, 2013

	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	\$ 964,087	\$ (285,634)	\$ (829,998)	\$ (15,970)	\$ 78,131	\$ (89,384)	\$ (3,034,124)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Amortization and depreciation	708,773	1,473,752	634,083	34,657	20,737	2,872,002	155,406
(Gain)/Loss on sale of fixed assets	-	-	-	-	-	-	-
(Increase) Decrease in:							
Accounts receivable	167,905	88,523	3,737	-	3,031	263,196	80,946
Inventories	(43,188)	-	-	-	-	(43,188)	5,999
Prepaid items	(1,926)	(1,283)	-	-	-	(3,209)	-
Increase (Decrease) in:							
Accounts payable	5,983	266,169	1,949	15,867	(419)	289,549	(79,481)
Accrued expenses	7,905	4,632	2,160	-	264	14,961	17,832
Customer deposits	(60,639)	-	-	-	-	(60,639)	-
Compensated absences	18,231	(2,307)	(20,388)	-	1,807	(2,657)	41,499
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,767,131</u>	<u>\$ 1,543,852</u>	<u>\$ (208,457)</u>	<u>\$ 34,554</u>	<u>\$ 103,551</u>	<u>\$ 3,240,631</u>	<u>\$ (2,811,923)</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, 2013

	Pension Trust Funds	Private Purpose Trusts
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,487,421	\$ 213,250
Investments	52,191,356	-
Receivables, net	3,526,879	-
Total Assets	\$ 58,205,656	\$ 213,250
Liabilities		
Current Liabilities		
Accrued expenses	\$ 26,921	\$ -
Unearned property taxes	3,293,190	-
Total Liabilities	\$ 3,320,111	\$ -
Net Position		
Held in trust for pension benefits	\$ 54,885,545	\$ -
Restricted for future expenditures	-	213,250
Total Net Position	\$ 54,885,545	\$ 213,250

City of Quincy, Illinois
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended April 30, 2013

	Pension Trust Funds	Private Purpose Trusts
Additions		
Taxes:		
Property taxes	\$ 3,343,444	\$ -
Personal Property Replacement tax	704,159	-
Total taxes	<u>\$ 4,047,603</u>	<u>\$ -</u>
Contributions:		
Plan members	\$ 839,068	\$ -
Outside Agencies	-	174,356
Transfers from general fund	-	5,000
Total contributions	<u>\$ 839,068</u>	<u>\$ 179,356</u>
Investment earnings:		
Net increase (decrease) in fair value	\$ 2,345,210	\$ -
Realized gain (loss) on sale of investments	(164,875)	-
Interest	682,061	281
Dividends	604,568	-
Total investment earnings	<u>\$ 3,466,964</u>	<u>\$ 281</u>
Total Additions	<u>\$ 8,353,635</u>	<u>\$ 179,637</u>
Deductions		
Benefits	\$ 5,543,014	\$ -
Administrative expenses	416,249	-
Payments to others	-	9,326
Total Deductions	<u>\$ 5,959,263</u>	<u>\$ 9,326</u>
Change in net assets	\$ 2,394,372	\$ 170,311
Net position, May 1, 2012	52,491,173	42,939
Net position, April 30, 2013	<u><u>\$ 54,885,545</u></u>	<u><u>\$ 213,250</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, the 911 System and Woodland Cemetery are component units of the City of Quincy, Illinois. Financial information on the 911 System has been blended within the City's reporting entity. 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.

1996 GO Bond Fund

This debt service fund is used to account for the payment of the principal and interest of the 1996 GO Bonds originally issued to fund the Oakley-Lindsay Center. During the fiscal year ended April 30, 2013, this bond was refinanced with general obligation refunding notes. The proceeds from these notes were received by the City before April 30, 2013, however the final payout to the bonds was not made until May 2013. Therefore, this fund shows accounts payable of \$825,000 which, therefore, required the fund to be shown as a major fund this year.

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, 2009 Hydro Project, 2009C G/O Library Project, 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.

1) Summary of Significant Accounting Policies (Continued)

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

2. Proprietary Funds (Concluded)

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.

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.

2) 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 2012 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. Deferred and 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, 2013.

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 \$11,090,916 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, 2013.

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 \$227,822 as of April 30, 2013.

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, 2013, the carrying amount of the City's deposits (excluding component units) was \$35,456,206 and the respective bank balances totaled \$35,848,969. Included in the bank balances are Certificates of Deposit totaling \$21,110,000. The insured and collateral status of the bank balances, by category risk, was as follows:

	Primary Government
FDIC Insured	\$ 16,412,794
Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name	15,915,495
Invested in Money Market Funds	2,487,421
Invested in Illinois Funds	1,033,259
	\$ 35,848,969

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	\$ 27,023,114	\$ 27,976,430
Mutual Funds	3,447,991	3,677,523
Common and Preferred Stocks	17,248,886	20,537,403
	\$ 47,719,991	\$ 52,191,356
Investment Maturities (in years):		
Maturing 2013-2035	\$ 27,023,114	\$ 27,976,430
	\$ 27,023,114	\$ 27,976,430
Equity Securities	20,696,877	24,214,926
	\$ 47,719,991	\$ 52,191,356

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	35,456,206
Investments	52,191,356
Total Cash and Investments	\$ 87,649,437

	Cash and Equivalents	Investments	Total
Government-wide Statement of Net Assets	\$ 32,757,410	\$ -	\$ 32,757,410
Statement of Fiduciary Net Assets	2,700,671	52,191,356	54,892,027
	\$ 35,458,081	\$ 52,191,356	\$ 87,649,437

4) Capital Assets

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

Governmental Activities	
General government	\$ 130,891
Public safety	437,360
Public works	3,453,618
Other governmental activities	521,542
Total Governmental activities	\$ 4,543,411
Business-Type Activities	
Water	\$ 708,773
Sewer	1,473,752
Airport	654,820
Other enterprise	34,657
Total Business-type activities	\$ 2,872,002

4) Capital Assets (Concluded)

The following is a summary of Capital Asset transactions for the year ended April 30, 2013:

Governmental Activities

	Balance, April 30, 2012	Additions	Retirements	Balance, April 30, 2013
Buildings	\$ 15,169,281	\$ 68,507	\$ -	\$ 15,237,788
Improvements	1,434,111	-	(17,218)	1,416,893
Infrastructure	118,998,391	2,180,956	-	121,179,347
Machinery and equipment	5,676,701	283,496	-	5,960,197
Vehicles	8,596,147	189,953	(21,996)	8,764,104
Furniture and intangibles	243,912	-	-	243,912
Total assets being depreciated	<u>\$ 150,118,543</u>	<u>\$ 2,722,912</u>	<u>\$ (39,214)</u>	<u>\$ 152,802,241</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (4,866,795)	\$ (378,254)	\$ -	\$ (5,245,049)
Improvements	(734,755)	(35,101)	9,470	(760,386)
Infrastructure	(85,073,187)	(3,327,349)	-	(88,400,536)
Machinery and equipment	(3,895,097)	(307,055)	-	(4,202,152)
Vehicles	(5,460,632)	(483,848)	21,996	(5,922,484)
Furniture and intangibles	(171,610)	(11,804)	-	(183,414)
Total accumulated depreciation	<u>\$ (100,202,076)</u>	<u>\$ (4,543,411)</u>	<u>\$ 31,466</u>	<u>\$ (104,714,021)</u>
Net total of capital assets being depreciated	<u>\$ 49,916,467</u>	<u>\$ (1,820,499)</u>	<u>\$ (7,748)</u>	<u>\$ 48,088,220</u>
Land	2,163,853	124,500	(1,000)	2,287,353
Construction in Progress	5,704,341	169,994	(5,704,341)	169,994
Governmental Activities Capital Assets	<u><u>\$ 57,784,661</u></u>	<u><u>\$ (1,526,005)</u></u>	<u><u>\$ (5,713,089)</u></u>	<u><u>\$ 50,545,567</u></u>

Business-Type Activities

	Balance, April 30, 2012	Additions	Retirements	Balance, April 30, 2013
Buildings	\$ 17,863,908	\$ 1,317,026	\$ (48,454)	\$ 19,132,480
Systems	126,335,460	965,362	-	127,300,822
Machinery and equipment	1,842,870	71,839	-	1,914,709
Vehicles	2,640,487	109,204	-	2,749,691
Total assets being depreciated	<u>\$ 148,682,725</u>	<u>\$ 2,463,431</u>	<u>\$ (48,454)</u>	<u>\$ 151,097,702</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (9,408,083)	\$ (409,898)	\$ 20,862	\$ (9,797,119)
Systems	(71,459,063)	(2,547,074)	-	(74,006,137)
Machinery and equipment	(965,988)	(73,108)	92,620	(946,476)
Vehicles	(1,956,770)	(84,202)	149,660	(1,891,312)
Total accumulated depreciation	<u>\$ (83,789,904)</u>	<u>\$ (3,114,282)</u>	<u>\$ 263,142</u>	<u>\$ (86,641,044)</u>
Net total of capital assets being depreciated	<u>\$ 64,892,821</u>	<u>\$ (650,851)</u>	<u>\$ 214,688</u>	<u>\$ 64,456,658</u>
Land	1,797,779	-	-	1,797,779
Construction in Progress	-	-	-	-
Business-Type Activities Capital Assets	<u><u>\$ 66,690,600</u></u>	<u><u>\$ (650,851)</u></u>	<u><u>\$ 214,688</u></u>	<u><u>\$ 66,254,437</u></u>

5) Non-current Liabilities

For the Year Ended April 30, 2013, the changes in non-current liabilities are as follows:

Governmental Activities

	Balance	(Retirements)	Balance
	April 30, 2012	Additions	April 30, 2013
General Obligation Bonds	\$ 18,187,529	\$ (333,000)	\$ 17,854,529
Accreted value on bond	38,998	240,951	279,949
Accrued interest on bonds	122,126	(3,277)	118,849
Notes Payable - Bank	1,741,764	(1,136,165)	605,599
Compensated absences	3,089,337	164,979	3,254,316
Pension obligation	438,441	9,378	447,819
OPEB obligation	149,738	141,260	290,998
Deferred property taxes	1,522,039	74,426	1,596,465
Landfill post-closure	2,705,000	(152,000)	2,553,000
	<u>\$ 27,994,972</u>	<u>\$ (993,448)</u>	<u>\$ 27,001,524</u>

Business-Type Activities

	Balance	(Retirements)	Balance
	April 30, 2012	Additions	April 30, 2013
Notes Payable - Bank	\$ 226,844	\$ (173,594)	\$ 53,250
Loan from Econ Development	300,000	(50,000)	250,000
Compensated absences	523,282	(2,656)	520,626
	<u>\$ 1,050,126</u>	<u>\$ (226,250)</u>	<u>\$ 823,876</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, 2013, 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.	\$ 565,000
\$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.	825,000
\$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.	907,000
\$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.	7,975,000
\$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.	5,250,000
Total	\$ 17,854,529
Less: Current portion of bonds payable	(1,512,796)
Net Long-Term Bonds Payable	<u>\$ 16,341,733</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. The proceeds of this bond were received prior to April 30, 2013, however, payment was not transferred to the bond agent until May 2013. As a result, \$825,000 is shown in accounts payable at April 30, 2013.

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, 2013, is \$279,949 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. On April 30, 2013, 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 \$833,175 has been included as a direct function expense. No interest was required to be capitalized during the year ended April 30, 2013.

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
2014	\$ 1,512,796	\$ 704,332	\$ 2,217,128
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
2019-2023	5,727,941	1,308,848	7,036,789
2024-2028	2,285,000	557,510	2,842,510
2029	420,000	25,620	445,620
	<u>\$ 17,854,529</u>	<u>\$ 5,161,463</u>	<u>\$ 23,015,992</u>

Notes Payable – Bank

The City entered into a loan agreement with the State of Illinois Environmental Agency on June 30, 1992, to provide financial assistance for Phase I of the South Quincy Sewer project. The agreement provides for a loan of \$1,200,000 with an interest rate of 3.58%, payable over a term of twenty years. As of April 30, 2013, the balance of this loan agreement is zero.

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, 2013, was \$63,930.

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, 2013, was \$329,169.

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, 2013, was \$212,500.

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, 2013, was \$250,000.

On November 18, 2012, 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, 2013, was \$53,250.

5) Non-current Liabilities (Continued)

Notes Payable – Bank (Concluded)

The annual requirements to amortize the outstanding loans as of April 30, 2013, are as follows:

Governmental Activities

Year Ending April 30	Principal	Interest	Total
2014	\$ 166,264	\$ 10,242	\$ 176,506
2015	170,807	4,874	175,681
2016	93,528	761	94,289
2017	12,500	-	12,500
2018	12,500	-	12,500
2019-2023	62,500	-	62,500
2024-2028	62,500	-	62,500
2029-2030	25,000	-	25,000
	<u>\$ 605,599</u>	<u>\$ 15,877</u>	<u>\$ 621,476</u>

Business-Type Activities

Year Ending April 30	Principal	Interest	Total
2014	\$ 103,250	\$ 369	\$ 103,619
2015	50,000	-	50,000
2016	150,000	-	150,000
2017	-	-	-
2018	-	-	-
2019-2023	-	-	-
2024-2028	-	-	-
2029-2030	-	-	-
	<u>\$ 303,250</u>	<u>\$ 369</u>	<u>\$ 303,619</u>
Total Notes Payable	<u>\$ 908,849</u>	<u>\$ 16,246</u>	<u>\$ 925,095</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, 2013.

A summary of the liability for compensated absences by function at April 30, 2013, follows:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Comp Time</u>	<u>Total</u>	<u>Current Portion</u>
Governmental activities:					
General government	\$ 105,791	\$ 66,057	\$ -	\$ 171,848	\$ 69,760
Public safety	1,385,505	598,127	457,329	2,440,961	1,186,225
Public works	330,680	144,847	48,346	523,873	199,575
Engineering services	47,196	33,264	-	80,460	39,102
Community development	26,355	10,819	-	37,174	11,798
	<u>\$ 1,895,527</u>	<u>\$ 853,114</u>	<u>\$ 505,675</u>	<u>\$ 3,254,316</u>	<u>\$ 1,506,460</u>
Business-type activities:					
Water	\$ 259,827	\$ 106,852	\$ -	\$ 366,679	\$ 110,675
Sewer	73,597	35,400	-	108,997	36,340
Airport	29,262	8,305	-	37,567	8,720
Other	5,196	2,187	-	7,383	2,187
	<u>\$ 367,882</u>	<u>\$ 152,744</u>	<u>\$ -</u>	<u>\$ 520,626</u>	<u>\$ 157,922</u>
Total Compensated Absences	<u>\$ 2,263,409</u>	<u>\$ 1,005,858</u>	<u>\$ 505,675</u>	<u>\$ 3,774,942</u>	<u>\$ 1,664,382</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, 2013, is \$279,949.

Accrued interest on bonds is comprised of the following:

	<u>Next Interest Payment Due</u>	<u>Accrued Interest April 30, 2013</u>
GOCP 1996	\$ 23,719	\$ 7,906
GOB 2009B	22,108	14,738
GOB 2009C	144,306	96,205
	<u>\$ 190,133</u>	<u>\$ 118,849</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. \$2,553,000 has been accrued as a landfill post-closure liability at April 30, 2013, 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.

Deferred 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, 2013, the City had accumulated a liability of \$447,819.

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, 2013, the City had accumulated a liability of \$290,998.

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, 2012 for the 2011 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 \$1,596,465 in the Governmental activities and \$3,293,190 in the Pension Trust funds, levied for 2012, 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, 2013, were 100% of the 2011 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 contribution rate for calendar 2012 was 12.77 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, 2013, the City's actual contributions for pension cost for the regular plan was \$1,377,239. Its required contribution for the fiscal year ended April 30, 2013 was \$1,386,617.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2013	\$ 1,386,617	99%	\$ 447,819
4/30/2012	1,217,565	92%	438,441
4/30/2011	1,192,845	80%	342,418

The required contribution for FY2013 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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 the assets. The employer regular plan's unfunded actuarial accrued liability at December 31, 2010 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, 2012, the most recent actuarial valuation date, the regular plan was 78.57 percent funded. The actuarial accrued liability for benefits was \$38,591,095 and the actuarial value of assets was \$30,320,667, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,270,428. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$10,577,469 and the ratio of the UAAL to the covered payroll was 78 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, 2012.

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, 2013 were as follows:

Police Pension:

Annual required contribution	\$ 1,692,088
Interest on net pension obligation(asset)	(56,475)
Adjustment to annual required contribution	31,394
Annual pension cost	<u>\$ 1,667,007</u>
Contributions made	<u>(1,673,930)</u>
Decrease in net pension obligation	\$ (6,923)
Net pension obligation (asset), beginning of year	(753,006)
Net pension obligation (asset), end of year	<u><u>\$ (759,929)</u></u>

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds (Continued)

The annual required contribution for the year ended April 30, 2013, was determined as part of the April 30, 2012 actuarial valuation using the Projected Unit Credit method. The actuarial assumptions at April 30, 2012, included (a) 7.5% investment rate of return, (b) projected salary increases of 6.0% 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, 2012, valuation was 29 years.

As of April 30, 2012, the most recent actuarial valuation date, the Police Pension Plan was 59.0 percent funded. The actuarial accrued liability for benefits was \$51,797,508 and the actuarial value of assets was \$30,546,174, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,251,334. The covered payroll (annual payroll of active employees covered by the plan) was \$4,577,057 and the ratio of the UAAL to covered payroll was 464.3 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 Pension Cost	Total Employer Contribution	% of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2013	\$ 1,667,007	\$ 1,673,930	100.4%	\$ (759,929)
2012	1,628,652	1,883,702	115.7%	(753,006)
2011	1,693,857	1,721,099	101.6%	(497,956)

At April 30, 2012, the Police Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	67
Terminated plan members entitled to but not yet receiving benefits	1
Active vested plan members	74
Total members	142

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, 2013 were as follows:

Annual required contribution	\$ 2,256,158
Interest on net pension obligation(asset)	(93,290)
Adjustment to annual required contribution	51,858
Annual pension cost	<u>\$ 2,214,726</u>
Contributions made	(2,375,224)
Decrease in net pension obligation	<u>\$ (160,498)</u>
Net pension obligation (asset), beginning of year	<u>(1,243,867)</u>
Net pension obligation (asset), end of year	<u><u>\$ (1,404,365)</u></u>

The annual required contribution for the year ended April 30, 2013, was determined as part of the April 30, 2012 actuarial valuation using the Projected Unit Credit method. The actuarial assumptions at April 30, 2012, included (a) 7.5% investment rate of return, (b) projected salary increases of 6.0% 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, 2012, valuation was 29 years.

As of April 30, 2012, the most recent actuarial valuation date, the Firefighters' Pension Plan was 42.2 percent funded. The actuarial accrued liability for benefits was \$56,674,993 and the actuarial value of assets was \$23,941,801, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,733,192. The covered payroll (annual payroll of active employees covered by the plan) was \$3,800,199 and the ratio of the UAAL to covered payroll was 861.4 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)
2013	\$ 2,214,726	\$ 2,375,224	107.2%	\$ (1,404,365)
2012	2,155,996	2,470,264	114.6%	(1,243,867)
2011	2,302,958	2,347,384	101.9%	(929,599)

At April 30, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	64
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	<u>85</u>
Total members	<u><u>149</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, 2013 were as follows:

Annual required contribution	\$ 347,192
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>\$ 347,192</u>
Contributions made	<u>(205,932)</u>
Increase in net OPEB obligation	<u>\$ 141,260</u>
Net OPEB obligation, beginning of year	<u>149,738</u>
Net OPEB obligation, end of year	<u><u>\$ 290,998</u></u>

The annual required contribution for the year ended April 30, 2013, was determined as part of the April 30, 2012 actuarial valuation using the Entry Age Normal Cost method. The actuarial assumptions at April 30, 2012, included (a) 4.0% investment rate of return, (b) projected salary increases of 4.0% per year, (c) health care inflation rate of 8.0% initial and 6.0% 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, 2012, valuation was 30 years.

As of April 30, 2012, 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 \$6,052,208. The covered payroll (annual payroll of active employees covered by the plan) was \$19,419,222 and the ratio of the UAAL to covered payroll was 31.2 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 OPEB Cost	Total Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 347,192	\$ 205,932	59.3%	\$ 290,998
2012	355,670	205,932	57.9%	149,738
2011	-	-	0.0%	-

8) Health Insurance Plan for Retired Employees (Concluded)

At April 30, 2012, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	29
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	248
Active nonvested plan members	129
Total members	406

9) Individual Fund Disclosures

For the year ended April 30, 2013, 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, 2013, was \$1,248,981. Limits of liability are as follows:

Type of Coverage	Risk Level		Loss Fund	Excess Insurance Coverage
	City	Loss Fund		Limits
Property Insurance	\$ 1,000	\$ 150,000		\$ 52,500,000
Third Party Liability	\$ 1,000	\$ 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, 2013, were as follows:

	Transfers In	Transfers Out
Governmental activities:		
General Fund	\$ 352,112	\$ 6,307,164
State and Federal Grants Fund	-	315,001
Quincy Transit Lines	268,452	-
Capital Projects Fund	2,076,706	760,130
Other governmental funds	1,328,273	813,620
	\$ 4,025,543	\$ 8,195,915
Water Department	\$ 291,000	\$ 58,292
Sewer Department	59,000	53,812
Quincy Regional Airport	309,000	-
Regional Training Facility	137,960	-
Other enterprise funds	-	100,000
	\$ 796,960	\$ 212,104
Central Garage	\$ 344,386	\$ -
Central Services	2,746,000	-
Vehicle Replacement	490,130	-
	\$ 3,580,516	\$ -
Private Purpose Trust Funds:		
Sister City Commission	\$ 5,000	\$ -
	\$ 5,000	\$ -
	\$ 8,408,019	\$ 8,408,019

Interfund receivables and payables at April 30, 2013, were as follows:

	Due from Neighborhood Stabilization	Total
HUD Grant Fund	\$ 125,982	\$ 125,982
Total	\$ 125,982	\$ 125,982

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 decrease in the interfund balances for the year ended April 30, 2013, was \$19,448.

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, 2013 for these funds is as follows:

	Water Department	Sanitation Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds	Total
Operating revenues	\$ 6,286,431	\$ 4,601,801	\$ 416,620	\$ 35,606	\$ 147,358	\$11,487,816
Operating expenses (excluding depreciation)	4,613,571	3,413,683	612,535	16,919	48,490	8,705,198
Depreciation	708,773	1,473,752	634,083	34,657	20,737	2,872,002
Operating income	\$ 964,087	\$ (285,634)	\$ (829,998)	\$ (15,970)	\$ 78,131	\$ (89,384)
Non-operating revenues/ (expenses)	42,439	28,774	(761)	1,483	1,125	73,060
Capital contributions	-	-	-	-	-	-
Operating transfers	232,708	5,188	309,000	137,960	(100,000)	584,856
Net income (loss)	<u>\$ 1,239,234</u>	<u>\$ (251,672)</u>	<u>\$ (521,759)</u>	<u>\$ 123,473</u>	<u>\$ (20,744)</u>	<u>\$ 568,532</u>
Capital asset additions	\$ (969,737)	\$ (1,357,768)	\$ -	\$ (135,926)	\$ -	\$ (2,463,431)
Net working capital	\$ 7,729,496	\$ 5,384,259	\$ 176,669	\$ (56,552)	\$ 144,659	\$13,378,531
Total assets	\$24,659,280	\$40,624,257	\$14,502,210	\$ 900,439	\$ 330,745	\$81,016,931
Notes payable from operating revenues	\$ -	\$ -	\$ 53,250	\$ 250,000	\$ -	\$ 303,250
Total equity	\$23,591,574	\$40,134,069	\$14,395,067	\$ 628,040	\$ 321,515	\$79,070,265

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 \$714,391 into the plans for the year ended April 30, 2013.

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, 2013, follows:

	Loans Outstanding
Revolving Loan Fund	\$ 1,742,178
CDBG Revolving Loan Fund	1,091,909
Business and Housing Loans	802,916
Energy Grant Loans	19,817
Total	\$ 3,656,820

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, 2013, 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, 2013, 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, 2013, 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, 2013.

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 calls for monthly payments of \$1,585 each for the initial term of the lease with adjustments to be made with each subsequent renewal. The future minimum rentals are as follows:

Year Ending April 30	Total
2014	\$ 9,510
	\$ 9,510

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, 2013, 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
2014	\$ 448,772
2015	381,735
	<u>\$ 830,507</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 was 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. This impairment is separately shown on the Statement of Activities as it is a special or extraordinary item.

20) Subsequent Events

Subsequent events have been evaluated through November 22, 2013, which is the date the financial statements were available to be issued.

21) Recently Issued Pronouncements

For the year ended April 30, 2013, the City implemented the following relevant standards:

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This Statement amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government* and other pronouncements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

As of April 30, 2013, 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. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, will be effective for the City beginning with its year ending April 30, 2014. 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.

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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, May 1, 2012	\$ 3,227,756	\$ 3,227,756	\$ 3,227,756	\$ -
Resources (inflows):				
Property taxes	50,000	50,000	49,852	(148)
Franchise taxes	400,000	400,000	389,209	(10,791)
Charges for services	976,725	976,725	958,762	(17,963)
Fines and forfeitures	473,050	473,050	438,714	(34,336)
Intergovernmental	22,928,344	23,137,110	24,037,601	900,491
Grants and contributions	114,900	114,900	130,264	15,364
Investment earnings	24,160	24,160	20,908	(3,252)
Miscellaneous	98,408	98,408	94,715	(3,693)
Sale of assets	45,000	45,000	19,463	(25,537)
Cost share transfers, net	541,000	541,000	557,638	16,638
Operating transfers in	351,611	351,611	352,112	501
Amounts available for Appropriation	<u>\$ 29,230,954</u>	<u>\$ 29,439,720</u>	<u>\$ 30,276,994</u>	<u>\$ 837,274</u>
Charges to appropriations (outflows)				
General Government				
Aldermen	\$ 220,189	\$ 234,336	\$ 228,782	\$ 5,554
Mayor	324,548	324,548	299,978	24,570
City Treasurer	265,948	265,948	245,297	20,651
City Clerk	178,255	178,255	163,577	14,678
Director of Administration	130,041	130,441	129,594	847
Purchasing	68,051	68,051	66,336	1,715
Building Maintenance	388,811	388,411	280,272	108,139
Comptroller	375,691	375,691	350,116	25,575
Legal Department	290,638	290,638	286,897	3,741
Boards and Commissions	75,770	75,770	63,493	12,277
Information Technology	644,682	644,682	639,582	5,100
Public Safety				
Police Department	8,773,909	8,777,199	8,421,843	355,356
Fire Department	6,274,672	6,265,081	6,089,982	175,099
Public Works	1,373,347	1,429,797	1,328,797	101,000
Engineering Services	756,281	765,316	739,101	26,215
Health and sanitation	127,636	135,701	132,686	3,015
Community development	853,100	849,100	655,548	193,552
Culture and recreation	60,719	65,119	45,765	19,354
Cemetery	156,100	160,100	160,100	-
Nondepartmental				
Operating transfers out	6,288,333	6,566,920	6,307,164	259,756
Total Charges to Appropriations	<u>\$ 27,626,721</u>	<u>\$ 27,991,104</u>	<u>\$ 26,634,910</u>	<u>\$ 1,356,194</u>
Budgetary Balance, April 30, 2013	<u>\$ 1,604,233</u>	<u>\$ 1,448,616</u>	<u>\$ 3,642,084</u>	<u>\$ 2,193,468</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - State and Federal Grants Fund
 For the Year Ended April 30, 2013

	<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, 2012	\$ 397,615	\$ 397,615	\$ 397,615	\$ -
Resources (inflows):				
Grants and contributions	4,001,755	4,153,635	1,356,694	(2,796,941)
Investment earnings	1,000	1,000	397	(603)
Amounts available for Appropriation	<u>\$ 4,400,370</u>	<u>\$ 4,552,250</u>	<u>\$ 1,754,706</u>	<u>\$ (2,797,544)</u>
Charges to appropriations (outflows)				
Community development Nondepartmental	\$ 3,962,093	\$ 3,962,093	\$ 1,285,396	\$ 2,676,697
Operating transfers out	-	291,000	291,000	-
Total Charges to Appropriations	<u>\$ 3,962,093</u>	<u>\$ 4,253,093</u>	<u>\$ 1,576,396</u>	<u>\$ 2,676,697</u>
Budgetary Balance, April 30, 2013	<u>\$ 438,277</u>	<u>\$ 299,157</u>	<u>\$ 178,310</u>	<u>\$ (120,847)</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Quincy Transit Lines Fund
 For the Year Ended April 30, 2013

	<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, 2012	\$ 238,511	\$ 238,511	\$ 238,511	\$ -
Resources (inflows):				
Charges for services	106,500	106,500	90,374	(16,126)
Grants and contributions	3,107,206	3,107,206	2,920,356	(186,850)
Investment earnings	2,000	2,000	611	(1,389)
Cost share transfers, net	(165,000)	(165,000)	(164,315)	685
Operating transfers in	268,452	268,452	268,452	-
Amounts available for Appropriation	<u>\$ 3,557,669</u>	<u>\$ 3,557,669</u>	<u>\$ 3,353,989</u>	<u>\$ (203,680)</u>
Charges to appropriations (outflows)				
Public Works	\$ 3,284,158	\$ 3,288,158	\$ 2,995,918	\$ 292,240
Capital outlay	80,000	76,000	40,156	35,844
Total Charges to Appropriations	<u>\$ 3,364,158</u>	<u>\$ 3,364,158</u>	<u>\$ 3,036,074</u>	<u>\$ 328,084</u>
Budgetary Balance, April 30, 2013	<u>\$ 193,511</u>	<u>\$ 193,511</u>	<u>\$ 317,915</u>	<u>\$ 124,404</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Capital Projects Fund
 For the Year Ended April 30, 2013

	<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, 2012	\$ 1,037,447	\$ 1,037,447	\$ 1,037,447	\$ -
Resources (inflows):				
Grants and contributions	-	105,751	128,357	22,606
Miscellaneous	-	-	62,085	62,085
Investment earnings	5,000	5,000	6,516	1,516
Operating transfers in	2,129,896	2,129,896	2,076,706	(53,190)
Amounts available for Appropriation	<u>\$ 3,172,343</u>	<u>\$ 3,278,094</u>	<u>\$ 3,311,111</u>	<u>\$ 33,017</u>
Charges to appropriations (outflows)				
General government	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Public Safety	176,812	176,812	176,714	98
Public Works	1,911,231	1,948,948	1,046,772	902,176
Community development	71,250	131,250	99,642	31,608
Health and sanitation	45,270	45,270	-	45,270
Loan/Lease payments	175,682	175,682	175,681	1
Nondepartmental				
Operating transfers out	740,130	740,130	740,130	-
Total Charges to Appropriations	<u>\$ 3,180,375</u>	<u>\$ 3,278,092</u>	<u>\$ 2,238,939</u>	<u>\$ 1,039,153</u>
Budgetary Balance, April 30, 2013	<u>\$ (8,032)</u>	<u>\$ 2</u>	<u>\$ 1,072,172</u>	<u>\$ 1,072,170</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - 1996 G/O (H/M Tax) Bond Fund
 For the Year Ended April 30, 2013

	<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, 2012	\$ 136,936	\$ 136,936	\$ 136,936	\$ -
Resources (inflows):				
Bond proceeds	-	-	825,000	825,000
Investment earnings	1,000	1,000	942	(58)
Operating transfers in	<u>227,084</u>	<u>227,084</u>	<u>227,083</u>	<u>(1)</u>
Amounts available for Appropriation	<u>\$ 365,020</u>	<u>\$ 365,020</u>	<u>\$ 1,189,961</u>	<u>\$ 824,941</u>
Charges to appropriations (outflows)				
General Government				
Purchased services	\$ 1,000	\$ 4,825	\$ 4,825	\$ -
Bond payments	<u>227,469</u>	<u>227,469</u>	<u>227,469</u>	<u>-</u>
Total Charges to Appropriations	<u>\$ 228,469</u>	<u>\$ 232,294</u>	<u>\$ 232,294</u>	<u>\$ -</u>
Budgetary Balance, April 30, 2013	<u>\$ 136,551</u>	<u>\$ 132,726</u>	<u>\$ 957,667</u>	<u>\$ 824,941</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule
 Budget - to - GAAP Reconciliation
 For the Year Ended April 30, 2013

	<u>General Fund</u>	<u>State and Federal Grants Fund</u>	<u>Quincy Transit Lines</u>	<u>Capital Projects Fund</u>	<u>1996 GO Bond</u>
Sources/Inflows of Resources					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 30,276,994	\$ 1,754,706	\$ 3,353,989	\$ 3,311,111	\$ 1,189,961
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.	(3,227,756)	(397,615)	(238,511)	(1,037,447)	(136,936)
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.	80,156	288,836	-	38,502	(227,082)
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(929,213)	-	(104,137)	(2,076,706)	(825,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 26,200,181</u></u>	<u><u>\$ 1,645,927</u></u>	<u><u>\$ 3,011,341</u></u>	<u><u>\$ 235,460</u></u>	<u><u>\$ 943</u></u>
Uses/Outflows of Resources					
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule.	\$ 26,634,910	\$ 1,576,396	\$ 3,036,074	\$ 2,238,939	\$ 232,294
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.	54,214	318,674	9,915	(56,887)	-
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	(6,307,164)	(291,000)	-	(740,130)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 20,381,960</u></u>	<u><u>\$ 1,604,070</u></u>	<u><u>\$ 3,045,989</u></u>	<u><u>\$ 1,441,922</u></u>	<u><u>\$ 232,294</u></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, 2013

Quincy Firefighters' Pension Fund

Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a	
Valuation	Value	Accrued	Ratio	Payroll	Percentage	
Date	of Assets (a)	Liability (b)	(a/b)	(c)	of Covered	
					Payroll	
					((b-a)/c)	
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

Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a	
Valuation	Value	Accrued	Ratio	Payroll	Percentage	
Date	of Assets (a)	Liability (b)	(a/b)	(c)	of Covered	
					Payroll	
					((b-a)/c)	
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, 2013

Illinois Municipal Retirement Fund

Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a	
Valuation	Value	Accrued	Ratio	Payroll	Percentage	
Date	of Assets (a)	Liability (b)	(a/b)	(c)	of Covered Payroll ((b-a)/c)	
12/31/2012	\$ 30,320,667	\$ 38,591,095	\$ 8,270,428	78.6%	\$ 10,577,469	78.19%
12/31/2011	28,560,122	37,428,045	8,867,923	76.3%	10,486,364	84.57%
12/31/2010	27,551,010	35,975,434	8,424,424	76.6%	10,714,480	78.63%
12/31/2009	28,979,388	34,127,320	5,147,932	84.9%	11,777,156	43.71%
12/31/2008	30,565,202	37,102,930	6,537,728	82.4%	11,282,614	57.95%
12/31/2007	35,034,273	34,522,869	(511,404)	101.5%	10,784,024	0.00%
12/31/2006	31,564,241	31,805,329	241,088	99.2%	10,309,923	2.34%
12/31/2005	28,027,491	28,680,812	653,321	97.7%	9,842,194	6.64%
12/31/2004	25,202,766	26,813,708	1,610,942	94.0%	9,580,161	16.82%
12/31/2003	23,980,791	25,391,392	1,410,601	94.4%	9,232,424	15.28%
12/31/2002	27,549,867	26,406,458	(1,143,409)	104.3%	9,604,440	0.00%
12/31/2001	30,185,188	25,861,627	(4,323,561)	116.7%	9,653,051	0.00%
12/31/2000	27,542,816	23,273,212	(4,269,604)	118.3%	9,430,132	0.00%
12/31/1999	23,310,235	20,566,204	(2,744,031)	113.3%	9,009,232	0.00%
12/31/1998	18,713,172	19,129,307	416,135	97.8%	8,738,152	4.76%
12/31/1997	18,623,219	18,324,943	(298,276)	101.6%	8,061,487	0.00%
12/31/1996	16,000,648	16,557,495	556,847	96.6%	7,878,379	7.07%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$31,605,581. On a market basis, the funded ratio would be 81.90%.

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

Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a	
Valuation	Value	Accrued	Ratio	Payroll	Percentage	
Date	of Assets (a)	Liability (b)	(a/b)	(c)	of Covered Payroll ((b-a)/c)	
4/30/2012	\$ -	\$ 6,052,208	\$ 6,052,208	0.0%	\$ 19,419,222	31.17%
4/30/2011	-	-	-	0.0%	-	0.00%
4/30/2010	-	-	-	0.0%	-	0.00%

City of Quincy, Illinois
Combining Statement of Net Position - Component Units
April 30, 2013

	Quincy Public Library	Woodland Cemetery	Total Component Units
Assets			
Cash and cash investments	\$ 861,998	\$ 55,470	\$ 917,468
Investments	1,228,689	1,470,260	2,698,949
Receivables , net	748,317	-	748,317
Capital assets, net	6,378,956	390,987	6,769,943
Total Assets	\$ 9,217,960	\$ 1,916,717	\$ 11,134,677
Liabilities			
Accounts payable	\$ 18,142	\$ 811	\$ 18,953
Accrued expenses	106,739	6,229	112,968
Unearned revenue	770,212	-	770,212
Total Liabilities	\$ 895,093	\$ 7,040	\$ 902,133
Net Position			
Invested in capital assets, net of related debt	\$ 6,378,956	\$ 390,987	\$ 6,769,943
Restricted for:			
Other purposes	106,509	305,551	412,060
Unrestricted	1,837,402	1,213,139	3,050,541
Total Net Position	\$ 8,322,867	\$ 1,909,677	\$ 10,232,544

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, 2013

	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	\$ 714,067	\$ 2,994,141	\$ 68,708	\$ 219,068	\$ 9,706	\$ 85,355	\$ 1,359,519	\$ 1,088,922
Receivables, net	37,350	33,562	-	-	-	18,750	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	54,362	69,878	-	-	-	-	-	-
Total Assets	\$ 805,779	\$ 3,097,581	\$ 68,708	\$ 219,068	\$ 9,706	\$ 104,105	\$ 1,359,519	\$ 1,088,922
Liabilities and Fund Balances								
Accounts payable	\$ 11,066	\$ 7,478	\$ -	\$ 3,542	\$ -	\$ 14,557	\$ -	\$ -
Accrued expenses	25,606	-	-	-	-	-	-	-
Total Liabilities	\$ 36,672	\$ 7,478	\$ -	\$ 3,542	\$ -	\$ 14,557	\$ -	\$ -
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	-	-	-	-	-	-	1,359,519	1,088,922
Capital projects	-	-	-	-	-	-	-	-
911 System	769,107	-	-	-	-	-	-	-
Motor fuel tax projects	-	3,090,103	-	-	-	-	-	-
Public safety projects	-	-	-	215,526	9,706	-	-	-
Other projects	-	-	68,708	-	-	-	-	-
Assigned for:								
Green projects	-	-	-	-	-	89,548	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 769,107	\$ 3,090,103	\$ 68,708	\$ 215,526	\$ 9,706	\$ 89,548	\$ 1,359,519	\$ 1,088,922
Total Liabilities and Fund Balances	\$ 805,779	\$ 3,097,581	\$ 68,708	\$ 219,068	\$ 9,706	\$ 104,105	\$ 1,359,519	\$ 1,088,922

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, 2013

	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	\$ 305,903	\$ 63,558	\$ 41,894	\$ 90,445	\$ 7,041,286	\$ 490,845	\$ 582,823	\$ 24,889
Receivables, net	-	-	-	77,267	166,929	1,100	3,175	-
Due from other funds	-	125,982	-	-	125,982	-	-	-
Due from other governments	-	-	-	-	124,240	-	-	-
Total Assets	\$ 305,903	\$ 189,540	\$ 41,894	\$ 167,712	\$ 7,458,437	\$ 491,945	\$ 585,998	\$ 24,889
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 36,643	\$ -	\$ 3,632	\$ -
Accrued expenses	-	-	-	-	25,606	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 62,249	\$ -	\$ 3,632	\$ -
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	305,903	189,540	41,894	-	2,985,778	-	-	-
Capital projects	-	-	-	-	-	491,945	582,366	24,889
911 System	-	-	-	-	769,107	-	-	-
Motor fuel tax projects	-	-	-	-	3,090,103	-	-	-
Public safety projects	-	-	-	-	225,232	-	-	-
Other projects	-	-	-	167,712	236,420	-	-	-
Assigned for:								
Green projects	-	-	-	-	89,548	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 305,903	\$ 189,540	\$ 41,894	\$ 167,712	\$ 7,396,188	\$ 491,945	\$ 582,366	\$ 24,889
Total Liabilities and Fund Balances	\$ 305,903	\$ 189,540	\$ 41,894	\$ 167,712	\$ 7,458,437	\$ 491,945	\$ 585,998	\$ 24,889

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, 2013

	Capital Project Funds						
	2009 Hydro Project	2009 OLC Capital Projects	2009C G/O Library Project	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Total Capital Projects Funds
Assets							
Cash and cash equivalents	\$ -	\$ 381,505	\$ -	\$ 294,335	\$ 110,198	\$ 138,274	\$ 2,022,869
Receivables, net	-	-	-	-	-	-	4,275
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 381,505	\$ -	\$ 294,335	\$ 110,198	\$ 138,274	\$ 2,027,144
Liabilities and Fund Balances							
Accounts payable	\$ -	\$ 772	\$ -	\$ 59,000	\$ -	\$ -	\$ 63,404
Accrued expenses	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ 772	\$ -	\$ 59,000	\$ -	\$ -	\$ 63,404
Fund Balances							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	-	-	-	-	-	-	-
Capital projects	-	380,733	-	235,335	110,198	-	1,825,466
911 System	-	-	-	-	-	-	-
Motor fuel tax projects	-	-	-	-	-	-	-
Public safety projects	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-
Assigned for:							
Green projects	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	138,274	138,274
Total Fund Balances	\$ -	\$ 380,733	\$ -	\$ 235,335	\$ 110,198	\$ 138,274	\$ 1,963,740
Total Liabilities and Fund Balances	\$ -	\$ 381,505	\$ -	\$ 294,335	\$ 110,198	\$ 138,274	\$ 2,027,144

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, 2013

	Debt Service Funds					Total	Total
	2010 GO Bond	2005 GO Bond	2009 OLC G/O Bond	2009 Library Bond	2009 Hydro Bond	Total Debt Service Funds	Non-Major Governmental Funds
Assets							
Cash and cash equivalents	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 9,507,887
Receivables, net	-	-	-	-	-	-	171,204
Due from other funds	-	-	-	-	-	-	125,982
Due from other governments	-	-	-	-	-	-	124,240
Total Assets	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 9,929,313
Liabilities and Fund Balances							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,047
Accrued expenses	-	-	-	-	-	-	25,606
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,653
Fund Balances							
Restricted for:							
Debt service	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 443,732
Economic development loans	-	-	-	-	-	-	2,985,778
Capital projects	-	-	-	-	-	-	1,825,466
911 System	-	-	-	-	-	-	769,107
Motor fuel tax projects	-	-	-	-	-	-	3,090,103
Public safety projects	-	-	-	-	-	-	225,232
Other projects	-	-	-	-	-	-	236,420
Assigned for:							
Green projects	-	-	-	-	-	-	89,548
Capital projects funds	-	-	-	-	-	-	138,274
Total Fund Balances	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 9,803,660
Total Liabilities and Fund Balances	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 9,929,313

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, 2013

	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	\$ -	\$ -	\$ 3,316	\$ -	\$ -	\$ -	\$ -	\$ -
Public service taxes	401,328	1,142,873	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	297,502	-	-
Grants and contributions	-	-	-	43,622	2,560	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	72,692	-	-	-	-
Intergovernmental	496,910	23,500	-	-	-	-	-	-
Investment earnings	3,920	17,709	423	1,531	65	572	27,469	29,028
Miscellaneous	-	-	-	-	-	-	223,490	118,985
Total Revenues	\$ 902,158	\$ 1,184,082	\$ 3,739	\$ 117,845	\$ 2,625	\$ 298,074	\$ 250,959	\$ 148,013
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ 80,653	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	2,505	-	-	-
911 system	1,449,771	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Engineering services	-	490,557	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	87,017	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	-	269,466	-	35,885	-	54,400	-	-
Total Expenditures	\$ 1,449,771	\$ 760,023	\$ -	\$ 116,538	\$ 2,505	\$ 54,400	\$ 87,017	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (547,613)	\$ 424,059	\$ 3,739	\$ 1,307	\$ 120	\$ 243,674	\$ 163,942	\$ 148,013
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	747,000	-	-	-	-	-	-	-
Operating transfers out	-	-	-	(2,601)	-	(202,824)	(170,000)	-
Total Other Financing Sources (Uses)	\$ 747,000	\$ -	\$ -	\$ (2,601)	\$ -	\$ (202,824)	\$ (170,000)	\$ -
Net Change in Fund Balances	\$ 199,387	\$ 424,059	\$ 3,739	\$ (1,294)	\$ 120	\$ 40,850	\$ (6,058)	\$ 148,013
Fund Balances, May 1, 2012	569,720	2,666,044	64,969	216,820	9,586	48,698	1,365,577	940,909
Fund Balances, April 30, 2013	\$ 769,107	\$ 3,090,103	\$ 68,708	\$ 215,526	\$ 9,706	\$ 89,548	\$ 1,359,519	\$ 1,088,922

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, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,316	\$ -	\$ 362,365	\$ 14,676
Public service taxes	-	-	-	821,794	2,365,995	-	-	-
Franchise taxes	-	-	-	-	297,502	-	-	-
Grants and contributions	-	-	-	-	46,182	-	-	-
Charges for services	-	-	-	-	-	31,663	-	-
Fines and forfeitures	-	-	-	-	72,692	-	-	-
Intergovernmental	-	-	-	-	520,410	-	-	-
Investment earnings	26,016	324	1,106	392	108,555	3,282	4,230	130
Miscellaneous	115,655	10,045	28,168	-	496,343	-	-	-
Total Revenues	\$ 141,671	\$ 10,369	\$ 29,274	\$ 822,186	\$ 3,910,995	\$ 34,945	\$ 366,595	\$ 14,806
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	\$ 80,653	\$ -	\$ -	\$ -
Fire department	-	-	-	-	2,505	-	-	-
911 system	-	-	-	-	1,449,771	-	-	-
Public works	-	-	-	-	-	8,617	21,180	-
Engineering services	-	-	-	-	490,557	-	-	-
Culture and recreation	-	-	-	503,133	503,133	-	-	-
Community development	76,080	-	-	-	163,097	-	-	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	359,751	63,503	555,669	-
Total Expenditures	\$ 76,080	\$ -	\$ -	\$ 503,133	\$ 3,049,467	\$ 72,120	\$ 576,849	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 65,591	\$ 10,369	\$ 29,274	\$ 319,053	\$ 861,528	\$ (37,175)	\$ (210,254)	\$ 14,806
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ (16,387)	\$ (16,387)	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-	747,000	-	-	-
Operating transfers out	(27,000)	-	-	(299,806)	(702,231)	-	-	-
Total Other Financing Sources (Uses)	\$ (27,000)	\$ -	\$ -	\$ (316,193)	\$ 28,382	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 38,591	\$ 10,369	\$ 29,274	\$ 2,860	\$ 889,910	\$ (37,175)	\$ (210,254)	\$ 14,806
Fund Balances, May 1, 2012	267,312	179,171	12,620	164,852	6,506,278	529,120	792,620	10,083
Fund Balances, April 30, 2013	\$ 305,903	\$ 189,540	\$ 41,894	\$ 167,712	\$ 7,396,188	\$ 491,945	\$ 582,366	\$ 24,889

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, 2013

	Capital Projects Funds						Total
	2009 Hydro Project	2009 OLC Capital Projects	2009C G/O Library Project	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Capital Projects Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,041
Public service taxes	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,784	34,447
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	94,198	94,198
Investment earnings	558	4,945	-	1,843	639	737	16,364
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	\$ 558	\$ 4,945	\$ -	\$ 1,843	\$ 639	\$ 97,719	\$ 522,050
Expenditures							
Public Safety							
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	-	-	-
911 system	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	29,797
Engineering services	-	-	-	-	-	-	-
Culture and recreation	496	124,691	327,747	-	-	-	452,934
Community development	-	-	-	-	-	-	-
Debt Service							
Principal retirement	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	619,172
Total Expenditures	\$ 496	\$ 124,691	\$ 327,747	\$ -	\$ -	\$ -	\$ 1,101,903
Excess (Deficiency) of Revenues Over Expenditures	\$ 62	\$ (119,746)	\$ (327,747)	\$ 1,843	\$ 639	\$ 97,719	\$ (579,853)
Other Financing Sources (Uses)							
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-	27,123	-	27,123
Operating transfers out	(52,389)	-	-	(59,000)	-	-	(111,389)
Total Other Financing Sources (Uses)	\$ (52,389)	\$ -	\$ -	\$ (59,000)	\$ 27,123	\$ -	\$ (84,266)
Net Change in Fund Balances	\$ (52,327)	\$ (119,746)	\$ (327,747)	\$ (57,157)	\$ 27,762	\$ 97,719	\$ (664,119)
Fund Balances, May 1, 2012	52,327	500,479	327,747	292,492	82,436	40,555	2,627,859
Fund Balances, April 30, 2013	\$ -	\$ 380,733	\$ -	\$ 235,335	\$ 110,198	\$ 138,274	\$ 1,963,740

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, 2013

	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		
Revenues							
Property taxes	\$ 27,555	\$ 1,181,058	\$ -	\$ 313,761	\$ -	\$ 1,522,374	\$ 1,902,731
Public service taxes	-	-	-	-	-	-	2,365,995
Franchise taxes	-	-	-	-	-	-	297,502
Grants and contributions	-	-	-	-	-	-	46,182
Charges for services	-	-	-	-	-	-	34,447
Fines and forfeitures	-	-	-	-	-	-	72,692
Intergovernmental	-	-	-	-	-	-	614,608
Investment earnings	893	2,263	85	2,276	418	5,935	130,854
Miscellaneous	-	-	-	132,036	-	132,036	628,379
Total Revenues	\$ 28,448	\$ 1,183,321	\$ 85	\$ 448,073	\$ 418	\$ 1,660,345	\$ 6,093,390
Expenditures							
Public Safety							
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,653
Fire department	-	-	-	-	-	-	2,505
911 system	-	-	-	-	-	-	1,449,771
Public works	-	-	-	-	-	-	29,797
Engineering services	-	-	-	-	-	-	490,557
Culture and recreation	-	-	-	-	-	-	956,067
Community development	-	-	-	-	-	-	163,097
Debt Service							
Principal retirement	10,000	905,000	-	150,000	-	1,065,000	1,065,000
Interest and charges	17,782	372,012	44,715	294,012	500	729,021	729,021
Capital Outlay	-	-	-	-	-	-	978,923
Total Expenditures	\$ 27,782	\$ 1,277,012	\$ 44,715	\$ 444,012	\$ 500	\$ 1,794,021	\$ 5,945,391
Excess (Deficiency) of Revenues Over Expenditures	\$ 666	\$ (93,691)	\$ (44,630)	\$ 4,061	\$ (82)	\$ (133,676)	\$ 147,999
Other Financing Sources (Uses)							
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,387)
Operating transfers in	-	107,624	45,600	-	173,843	327,067	1,101,190
Operating transfers out	-	-	-	-	-	-	(813,620)
Total Other Financing Sources (Uses)	\$ -	\$ 107,624	\$ 45,600	\$ -	\$ 173,843	\$ 327,067	\$ 271,183
Net Change in Fund Balances	\$ 666	\$ 13,933	\$ 970	\$ 4,061	\$ 173,761	\$ 193,391	\$ 419,182
Fund Balances, May 1, 2012	69,739	15,331	18,479	141,703	5,089	250,341	9,384,478
Fund Balances, April 30, 2013	\$ 70,405	\$ 29,264	\$ 19,449	\$ 145,764	\$ 178,850	\$ 443,732	\$ 9,803,660

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, 2013

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 147,703	\$ 147,703
Receivables, net	990	990
Total Current Assets	\$ 148,693	\$ 148,693
Noncurrent Assets		
Capital assets:		
Land	\$ 19,945	\$ 19,945
Systems	145,556	145,556
Buildings and improvements	241,282	241,282
Less: Accumulated depreciation	(224,731)	(224,731)
Total Noncurrent Assets	\$ 182,052	\$ 182,052
Total Assets	\$ 330,745	\$ 330,745
Liabilities		
Current Liabilities		
Accounts payable	\$ 251	\$ 251
Accrued expenses	1,596	1,596
Accrued compensated absences	2,187	2,187
Bonds, notes and loans payable	-	-
Total Current Liabilities	\$ 4,034	\$ 4,034
Noncurrent Liabilities		
Accrued compensated absences	\$ 5,196	\$ 5,196
Total Noncurrent Liabilities	\$ 5,196	\$ 5,196
Total Liabilities	\$ 9,230	\$ 9,230
Net Position		
Invested in capital assets, net of debt	\$ 182,052	\$ 182,052
Unrestricted	139,463	139,463
Total Net Position	\$ 321,515	\$ 321,515

City of Quincy, Illinois
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended April 30, 2013

	<u>Enterprise Funds</u> <u>Quincy Municipal Dock</u>	<u>Total Non-Major Proprietary Funds</u>
Operating Revenues		
Charges for services	\$ 147,358	\$ 147,358
Total Revenues	<u>\$ 147,358</u>	<u>\$ 147,358</u>
Operating Expenses		
Salaries and wages	\$ 26,562	\$ 26,562
Benefits	12,156	12,156
Purchased services	4,331	4,331
Supplies	5,441	5,441
Depreciation expense	20,737	20,737
Total Operating Expenses	<u>\$ 69,227</u>	<u>\$ 69,227</u>
Operating Income	<u>\$ 78,131</u>	<u>\$ 78,131</u>
Nonoperating Revenues (Expenses)		
Interest revenue	\$ 1,125	\$ 1,125
Operating transfers in	-	-
Operating transfers out	(100,000)	(100,000)
Total Nonoperating Revenues (Expenses)	<u>\$ (98,875)</u>	<u>\$ (98,875)</u>
Change in Net Position	<u>\$ (20,744)</u>	<u>\$ (20,744)</u>
Net Position, May 1, 2012	342,259	342,259
Net Position, April 30, 2013	<u><u>\$ 321,515</u></u>	<u><u>\$ 321,515</u></u>

City of Quincy, Illinois
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended April 30, 2013

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 150,389	\$ 150,389
Payments to suppliers	(10,191)	(10,191)
Payments to employees	(36,647)	(36,647)
Net Cash Provided by Operations	\$ 103,551	\$ 103,551
Cash Flows from Noncapital Financing Activities		
Operating subsidies and transfers	\$ (100,000)	\$ (100,000)
Cash Flows from Investing Activities		
Interest received	\$ 1,125	\$ 1,125
Net Cash Provided by Investing Activities	\$ 1,125	\$ 1,125
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 4,676	\$ 4,676
Cash and Cash Equivalents, May 1, 2012	143,027	143,027
Cash and Cash Equivalents, April 30, 2013	\$ 147,703	\$ 147,703
Operating Income	\$ 78,131	\$ 78,131
Adjustments to reconcile Operating Income:		
Amortization and depreciation	20,737	20,737
(Increase) Decrease in:		
Accounts receivable	3,031	3,031
Increase (Decrease) in:		
Accounts payable	(419)	(419)
Accrued expenses	264	264
Accrued compensated absences	1,807	1,807
Cash flows from operating activities	\$ 103,551	\$ 103,551

City of Quincy, Illinois
Combining Statement of Net Position - Governmental-Type Activities
Internal Service Funds
April 30, 2013

	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	\$ 1,255,493	\$ 2,218	\$ 138,922	\$ 2,250,000	\$ 630,930	\$ 4,277,563
Receivables, net	1,132	212,420	-	270	76,032	289,854
Inventories	34,709	-	-	-	-	34,709
Total Current Assets	\$ 1,291,334	\$ 214,638	\$ 138,922	\$ 2,250,270	\$ 706,962	\$ 4,602,126
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	4,618,833	903,596	-	7,469	-	5,529,898
Less: Accumulated depreciation	(4,132,804)	(1,558,360)	-	(7,469)	-	(5,698,633)
Total Noncurrent Assets	\$ 486,029	\$ 2,554,201	\$ -	\$ -	\$ -	\$ 3,040,230
Total Assets	\$ 1,777,363	\$ 2,768,839	\$ 138,922	\$ 2,250,270	\$ 706,962	\$ 7,642,356
Liabilities						
Current Liabilities						
Accounts payable	\$ 24,520	\$ 69,485	\$ -	\$ 5,088	\$ -	\$ 99,093
Accrued expenses	13,056	36,126	-	7,030	439,561	495,773
Compensated absences	21,379	74,489	-	9,055	-	104,923
Total Current Liabilities	\$ 58,955	\$ 180,100	\$ -	\$ 21,173	\$ 439,561	\$ 699,789
Noncurrent Liabilities						
Compensated absences	\$ 57,469	\$ 161,174	\$ -	\$ 16,766	\$ -	\$ 235,409
Total Noncurrent Liabilities	\$ 57,469	\$ 161,174	\$ -	\$ 16,766	\$ -	\$ 235,409
Total Liabilities	\$ 116,424	\$ 341,274	\$ -	\$ 37,939	\$ 439,561	\$ 935,198
Net Position						
Invested in capital assets, net of debt	\$ 486,029	\$ 2,554,201	\$ -	\$ -	\$ -	\$ 3,040,230
Restricted for debt service	-	-	-	-	-	-
Unrestricted	1,174,910	(126,636)	138,922	2,212,331	267,401	3,666,928
Total Net Position	\$ 1,660,939	\$ 2,427,565	\$ 138,922	\$ 2,212,331	\$ 267,401	\$ 6,707,158

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, 2013

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Operating Revenues						
Charges for services	\$ 1,611,710	\$ 737,520	\$ 16,700	\$ 2,724,967	\$ 5,729,147	\$ 10,820,044
Miscellaneous	20,629	12,452	-	757	-	33,838
Total Revenues	\$ 1,632,339	\$ 749,972	\$ 16,700	\$ 2,725,724	\$ 5,729,147	\$ 10,853,882
Operating Expenses						
Salaries and wages	\$ 402,485	\$ 1,320,346	\$ -	\$ 173,024	\$ -	\$ 1,895,855
Benefits	248,526	803,052	-	94,934	-	1,146,512
Purchased services	264,298	1,282,730	-	2,243,777	-	3,790,805
Supplies	991,142	114,089	-	16,276	-	1,121,507
Claims	-	-	3,154	41,360	5,686,278	5,730,792
Other	-	345	-	46,784	-	47,129
Depreciation expense	87,443	67,963	-	-	-	155,406
Total Operating Expenses	\$ 1,993,894	\$ 3,588,525	\$ 3,154	\$ 2,616,155	\$ 5,686,278	\$ 13,888,006
Operating Income	\$ (361,555)	\$ (2,838,553)	\$ 13,546	\$ 109,569	\$ 42,869	\$ (3,034,124)
Nonoperating Revenues (Expenses)						
Interest and investment revenue	\$ 5,681	\$ 264	\$ 824	\$ 8,125	\$ 4,377	\$ 19,271
Operating transfers in	834,516	2,746,000	-	-	-	3,580,516
Operating transfers out	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ 840,197	\$ 2,746,264	\$ 824	\$ 8,125	\$ 4,377	\$ 3,599,787
Change in Net Position	\$ 478,642	\$ (92,289)	\$ 14,370	\$ 117,694	\$ 47,246	\$ 565,663
Net Position, May 1, 2012	1,182,297	2,519,854	124,552	2,094,637	220,155	6,141,495
Net Position, April 30, 2013	\$ 1,660,939	\$ 2,427,565	\$ 138,922	\$ 2,212,331	\$ 267,401	\$ 6,707,158

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, 2013

	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	\$ 1,611,933	\$ 750,584	\$ -	\$ -	\$ 2,272,509	\$ 4,635,026
Payments to suppliers	(1,549,165)	(2,225,334)	-	(2,357,538)	-	(6,132,037)
Payments to employees	(392,903)	(1,283,499)	-	(167,015)	6,893	(1,836,524)
Internal activity-payments from other funds	-	-	16,700	2,792,972	3,456,292	6,265,964
Claims paid	-	-	(3,154)	(41,360)	(5,686,547)	(5,731,061)
Other receipts (payments)	20,629	12,107	-	(46,027)	-	(13,291)
Net Cash Provided by Operations	<u>\$ (309,506)</u>	<u>\$ (2,746,142)</u>	<u>\$ 13,546</u>	<u>\$ 181,032</u>	<u>\$ 49,147</u>	<u>\$ (2,811,923)</u>
Cash Flows from Noncapital Financing Activities						
Operating subsidies and transfers	<u>\$ 834,516</u>	<u>\$ 2,746,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,580,516</u>
Cash Flows from Capital and Related Financing Activities						
Purchases of capital assets	\$ (28,543)	\$ -	\$ -	\$ -	\$ -	\$ (28,543)
Disposal of capital assets	-	-	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (28,543)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,543)</u>
Cash Flows from Investing Activities						
Interest received	<u>\$ 5,681</u>	<u>\$ 264</u>	<u>\$ 824</u>	<u>\$ 8,125</u>	<u>\$ 4,377</u>	<u>\$ 19,271</u>
Net Cash Provided by Investing Activities	<u>\$ 5,681</u>	<u>\$ 264</u>	<u>\$ 824</u>	<u>\$ 8,125</u>	<u>\$ 4,377</u>	<u>\$ 19,271</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 502,148	\$ 122	\$ 14,370	\$ 189,157	\$ 53,524	\$ 759,321
Cash and Cash Equivalents, May 1, 2012	<u>753,345</u>	<u>2,096</u>	<u>124,552</u>	<u>2,060,843</u>	<u>577,406</u>	<u>3,518,242</u>
Cash and Cash Equivalents, April 30, 2013	<u><u>\$ 1,255,493</u></u>	<u><u>\$ 2,218</u></u>	<u><u>\$ 138,922</u></u>	<u><u>\$ 2,250,000</u></u>	<u><u>\$ 630,930</u></u>	<u><u>\$ 4,277,563</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, 2013

	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	\$ (361,555)	\$ (2,838,553)	\$ 13,546	\$ 109,569	\$ 42,869	\$ (3,034,124)
Adjustments to reconcile Operating Income:						
Amortization and depreciation	87,443	67,963	-	-	-	155,406
(Gain) Loss on disposal of capital assets	-	-	-	-	-	-
(Increase) Decrease in:						
Accounts receivable	223	13,064	-	68,005	(346)	80,946
Inventories	5,999	-	-	-	-	5,999
Increase (Decrease) in:						
Accounts payable	(51,198)	(25,463)	-	(2,551)	(269)	(79,481)
Accrued expenses	2,127	6,162	-	2,650	6,893	17,832
Accrued compensated absences	7,455	30,685	-	3,359	-	41,499
Cash flows from operating activities	<u>\$ (309,506)</u>	<u>\$ (2,746,142)</u>	<u>\$ 13,546</u>	<u>\$ 181,032</u>	<u>\$ 49,147</u>	<u>\$ (2,811,923)</u>

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Pension Funds
April 30, 2013

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,330,124	\$ 1,157,297	\$ 2,487,421
Investments	28,998,145	23,193,211	52,191,356
Receivables, net	1,565,210	1,961,669	3,526,879
Total Assets	\$ 31,893,479	\$ 26,312,177	\$ 58,205,656
Liabilities			
Current Liabilities			
Accrued expenses	\$ 1,308	\$ 25,613	\$ 26,921
Unearned revenue	1,397,133	1,896,057	3,293,190
Total Liabilities	\$ 1,398,441	\$ 1,921,670	\$ 3,320,111
Net Position			
Held in trust for pension benefits	\$ 30,495,038	\$ 24,390,507	\$ 54,885,545
Total Net Position	\$ 30,495,038	\$ 24,390,507	\$ 54,885,545

City of Quincy, Illinois
Combining Statement of Changes in Fiduciary Net Position - Pension Funds
For the Year Ended April 30, 2013

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Additions			
Taxes:			
Property taxes	\$ 1,384,693	\$ 1,958,751	\$ 3,343,444
Personal Property Replacement tax	288,595	415,564	704,159
Total taxes	<u>\$ 1,673,288</u>	<u>\$ 2,374,315</u>	<u>\$ 4,047,603</u>
Contributions:			
Plan members	\$ 466,696	\$ 372,372	\$ 839,068
	<u>\$ 466,696</u>	<u>\$ 372,372</u>	<u>\$ 839,068</u>
Investment earnings:			
Net increase (decrease) in fair value	\$ 1,150,529	\$ 1,194,681	\$ 2,345,210
Realized gain (loss) on sale of investments	(53,343)	(111,532)	(164,875)
Interest	367,050	315,011	682,061
Dividends	310,919	293,649	604,568
Total investment earnings	<u>\$ 1,775,155</u>	<u>\$ 1,691,809</u>	<u>\$ 3,466,964</u>
Total Additions	<u>\$ 3,915,139</u>	<u>\$ 4,438,496</u>	<u>\$ 8,353,635</u>
Deductions			
Benefits	\$ 2,403,245	\$ 3,139,769	\$ 5,543,014
Administrative expenses	257,800	158,449	416,249
Total Deductions	<u>\$ 2,661,045</u>	<u>\$ 3,298,218</u>	<u>\$ 5,959,263</u>
Change in net position	\$ 1,254,094	\$ 1,140,278	\$ 2,394,372
Net position, May 1, 2012	29,240,944	23,250,229	52,491,173
Net position, April 30, 2013	<u><u>\$ 30,495,038</u></u>	<u><u>\$ 24,390,507</u></u>	<u><u>\$ 54,885,545</u></u>

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds
April 30, 2013

	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	\$ 2,921	\$ 14,222	\$ 1,938	\$ 2,506	\$ 635	\$ 22,028	\$ 169,000	\$ 213,250
Total Assets	\$ 2,921	\$ 14,222	\$ 1,938	\$ 2,506	\$ 635	\$ 22,028	\$ 169,000	\$ 213,250
Liabilities								
Current Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position								
Restricted for future expenditures	\$ 2,921	\$ 14,222	\$ 1,938	\$ 2,506	\$ 635	\$ 22,028	\$ 169,000	\$ 213,250
Total Net Position	\$ 2,921	\$ 14,222	\$ 1,938	\$ 2,506	\$ 635	\$ 22,028	\$ 169,000	\$ 213,250

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, 2013

	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	\$ -	\$ 3,296	\$ 400	\$ 1,660	\$ -	\$ -	\$ 169,000	\$ 174,356
Transfers from general fund	-	5,000	-	-	-	-	-	5,000
	<u>\$ -</u>	<u>\$ 8,296</u>	<u>\$ 400</u>	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,000</u>	<u>\$ 179,356</u>
Investment earnings:								
Interest	\$ 18	\$ 92	\$ 12	\$ 8	\$ 13	\$ 138	\$ -	\$ 281
Total investment earnings	<u>\$ 18</u>	<u>\$ 92</u>	<u>\$ 12</u>	<u>\$ 8</u>	<u>\$ 13</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ 281</u>
Total Additions	<u>\$ 18</u>	<u>\$ 8,388</u>	<u>\$ 412</u>	<u>\$ 1,668</u>	<u>\$ 13</u>	<u>\$ 138</u>	<u>\$ 169,000</u>	<u>\$ 179,637</u>
Deductions								
Payments to others	\$ 32	\$ 6,897	\$ 524	\$ 273	\$ 1,600	\$ -	\$ -	\$ 9,326
Total Deductions	<u>\$ 32</u>	<u>\$ 6,897</u>	<u>\$ 524</u>	<u>\$ 273</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,326</u>
Change in net position	\$ (14)	\$ 1,491	\$ (112)	\$ 1,395	\$ (1,587)	\$ 138	\$ 169,000	\$ 170,311
Net position, May 1, 2012	<u>2,935</u>	<u>12,731</u>	<u>2,050</u>	<u>1,111</u>	<u>2,222</u>	<u>21,890</u>	<u>-</u>	<u>42,939</u>
Net position, April 30, 2013	<u><u>\$ 2,921</u></u>	<u><u>\$ 14,222</u></u>	<u><u>\$ 1,938</u></u>	<u><u>\$ 2,506</u></u>	<u><u>\$ 635</u></u>	<u><u>\$ 22,028</u></u>	<u><u>\$ 169,000</u></u>	<u><u>\$ 213,250</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, 2013

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
2014	\$ 70,000	\$ 16,422	\$ 201,265	\$ 11,895	\$ 955,000	\$ 325,225
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	-	-	-	-	-	-
	<u>\$ 565,000</u>	<u>\$ 66,167</u>	<u>\$ 825,000</u>	<u>\$ 27,641</u>	<u>\$ 7,975,000</u>	<u>\$ 1,240,850</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
2014	\$ -	\$ -	\$ -	\$ 44,215	\$ 165,000	\$ 288,613
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>\$ 338,509</u>	<u>\$ 5,250,000</u>	<u>\$ 3,029,482</u>

City of Quincy, Illinois
Schedule of Long-term Debt Service Requirements (Concluded)
April 30, 2013

Year Ending April 30	General Obligation Bonds Series 2009B		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest
	2014	\$ 121,531	\$ 17,962	\$ 1,512,796
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>\$ 907,000</u>	<u>\$ 69,448</u>	<u>\$ 17,854,529</u>	<u>\$ 5,161,463</u>

City of Quincy, Illinois
Principal Taxpayers in the City
April 30, 2013

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	2012 EAV (Approximate)	% of City's EAV
QP&S Properties	\$ 8,260,800	1.46%
Quincy-Cullinan LLC	6,155,800	1.09%
Charles & Kathie Marx	3,192,150	0.56%
Blessing Hospital	3,189,460	0.56%
Menard, Inc.	3,078,980	0.54%
Wal-Mart Real Estate Business Trust	2,917,960	0.52%
Orix Sansone Quincy Venture	2,772,680	0.49%
Mercantile Bank	2,678,750	0.47%
Walmart	2,518,430	0.45%
Wis-Pak of Quincy, Inc.	2,146,460	0.38%
Hy-Vee, Inc.	2,106,310	0.37%
Total of Top 10 EAV's	<u>\$ 39,017,780</u>	<u>6.90%</u>
Total for City of Quincy	<u>\$ 565,801,405</u>	

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Revenue Base, Revenue Rates and Property Tax Levies
April 30, 2013

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Residential	\$ 277,910,843	\$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
Farm	256,130	311,590	327,680	369,140	359,350	389,110	403,190	365,380	373,840	378,270
Commercial	103,265,826	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
Industrial	7,024,320	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
Railroads	538,427	529,754	498,841	520,149	580,234	655,126	770,619	834,400	974,773	1,034,259
Total (Incl. TIF)	<u>\$ 388,995,546</u>	<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>

Source: Adams County, Illinois, Clerk's Office

**Revenue Rates:
Tax Rate Trends**

Purpose	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Corporate	0.21087	0.17941	0.20037	0.16764	0.11357	0.02103	-	-	-	-
Fire Pension	0.24610	0.23654	0.19531	0.22175	0.24485	0.29390	0.35043	0.36990	0.34708	0.33511
Police Pension	0.17865	0.18609	0.16380	0.16906	0.20623	0.23015	0.26011	0.28697	0.24536	0.24693
Library	0.25910	0.25874	0.27886	0.27104	0.25422	0.26646	0.19829	0.12718	0.14063	0.12939
GOCP Bonds	0.22158	0.23599	0.23476	0.20263	0.18650	0.17649	0.23949	0.22808	0.26963	0.28216
Total	<u>1.11630</u>	<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>

Source: Adams County, Illinois, Clerk's Office

**Property Tax Levy:
Tax Extensions**

Levy Year	Assessed Valuation	Tax Extension (Excl. TIF)
2003	388,995,546	4,321,795
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

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Debt Capacity and Debt Ratios
April 30, 2013

Debt Capacity:
Direct General Obligation Debt

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Obligation	\$ 18,157,138	\$ 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
Notes Payable-Bank	418,697	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
Total	\$ 18,575,835	\$ 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

Source: Comprehensive Annual Financial Report

Debt Ratios:
Direct Debt

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Est. Full Value of Taxable Property	\$ 1,099,345,815	\$ 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
Equalized Assessed Valuation (incl. TIF)	\$ 366,448,605	\$ 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
Population, Census	40,366	40,366	40,366	40,366	40,366	40,366	40,366	40,366	40,633	40,633	40,633

Source: Adams County, Illinois, Clerk's Office

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Per Capita	\$ 460.19	\$ 493.95	\$ 462.93	\$ 442.56	\$ 430.87	\$ 420.42	\$ 381.32	\$ 699.26	\$ 659.41	\$ 490.47	\$ 454.31
Percent of Estimated Full Value	1.69%	1.71%	1.58%	1.40%	1.28%	1.16%	0.99%	1.73%	1.60%	1.18%	1.09%
Percent of Equalized Assessed Value	5.07%	5.13%	4.74%	4.19%	3.83%	3.49%	2.97%	5.19%	4.79%	3.53%	3.26%

The City has no debt limit.

City of Quincy, Illinois
Number of Employees and Level of Service
April 30, 2013

Number of Employees

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Full-time	370	370	370	369	368	338	340	333	332
Part-time	57	48	48	61	53	64	61	49	45
Total	427	418	418	430	421	402	401	382	377

Level of Service

Employee Count by Function

Full-time Employees Only

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police sworn	75	74	73	77	76	75	76	75	74
Fire sworn	65	66	66	66	69	64	64	64	63
911 (all)	21	21	22	20	20	21	19	20	20
Transit (Union only)	25	24	24	23	23	20	23	20	20
822 Union only (Water, Sewer, Airport, Central Services)	100	101	101	97	99	84	84	82	82
Administration (no legal)	84	84	84	86	81	74	74	72	73
Total	370	370	370	369	368	338	340	333	332

City of Quincy, Illinois
Employment Rates for Quincy and Adams County
April 30, 2013

Demographics

Employment Rates for City of Quincy

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Labor Force	20,602	20,687	21,566	22,607	22,852	22,538	22,182	22,338	22,064	21,654
Employed	19,309	19,601	20,601	21,495	21,963	21,350	20,424	20,543	20,491	20,214
Unemployed	1,293	1,086	965	1,112	889	1,188	1,758	1,795	1,573	1,440
Rate	6.3%	5.2%	4.5%	4.9%	3.9%	5.3%	7.9%	8.0%	7.1%	6.7%

Source: Illinois Department of Employment Security

Employment Rates for Adams County

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Labor Force	35,514	35,801	37,338	39,222	39,511	38,873	38,092	38,371	37,424	36,751
Employed	33,625	34,172	35,916	37,854	38,108	36,907	35,304	35,525	34,939	34,469
Unemployed	1,889	1,629	1,422	1,368	1,403	1,966	2,788	2,846	2,485	2,282
Rate	5.3%	4.6%	3.8%	3.5%	3.6%	5.1%	7.3%	7.4%	6.6%	6.2%

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, 2013, 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 November 22, 2013.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (Finding 2013-01).

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)**

City of Quincy, Illinois' Response to Findings

City of Quincy, Illinois' response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

November 22, 2013
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, 2013. 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, 2013.

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.

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

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

November 22, 2013
Quincy, Illinois

City of Quincy, Illinois
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended April 30, 2013

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	\$ 139,679
Illinois Housing Development Authority Community Development Block Grants	14.228	PID#750016	M \$ 1,302,721
Illinois Housing Development Authority Home Investment Partnerships Program	14.239 14.239	HS-50207 HS-50535	\$ 22,030 79,251 <u>\$ 101,281</u>
Total U.S. Department of Housing & Urban Development			\$ 1,543,681
U.S. Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 16.738	2012-DJ-BX-0103 2010-DJ-BX-1471	\$ 15,100 17,311
Illinois Criminal Justice Information Authority Edward Byrne Memorial Justice Assistance Grant Program	16.738	408817	20,000 <u>\$ 52,411</u>
Bulletproof Vest Partnership Grant Program	16.607		<u>\$ 2,413</u>
Total U.S. Department of Justice			\$ 54,824
U.S. Department of Transportation			
Illinois Department of Transportation Airport Improvement Program	20.106	UIN-4165-0000	\$ 87,118
Highway Planning and Construction	20.205	2011-SR-3738	<u>\$ 55,155</u>
Formula Grants for Other Than Urbanized Areas	20.509 20.509	IL-18-X029 IL-86-X001	\$ 600,253 33,750 <u>\$ 634,003</u>
State and Community Highway Safety	20.600 20.600	OP-13-049 OP2-4780-039	\$ 6,751 27,731 <u>\$ 34,482</u>
Total Illinois Department of Transportation			\$ 810,758
Total U.S. Department of Transportation			\$ 810,758
U.S. Environmental Protection Agency			
Congressionally Mandated Projects	66.202	XP00E00750-0	<u>\$ 91</u>
Total U.S. Environmental Protection Agency			\$ 91
U.S. Department of Energy			
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-EE0002446	M \$ 101,757
Total U.S. Department of Energy			\$ 101,757

City of Quincy, Illinois
 Schedule of Expenditures of Federal Awards (Concluded)
 For the Fiscal Year Ended April 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Number	Expenditures
U.S. Department of Homeland Security			
Illinois Department of Transportation			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR284	\$ 32,251
	97.090	HSTS0213HSLR722	<u>36,015</u>
			<u>\$ 68,266</u>
Illinois Emergency Management Agency			
Homeland Security Grant Program	97.067	Fire Dept	<u>\$ 3,795</u>
Illinois Law Enforcement Alarm System			
Homeland Security Grant Program	97.067	MFF	\$ 19,381
	97.067	WMD	<u>21,897</u>
			<u>\$ 41,278</u>
			<u>\$ 45,073</u>
Total U.S. Department of Homeland Security			<u>\$ 113,339</u>
Total Federal Expenditures			<u><u>\$ 2,639,450</u></u>

M - Denotes Major Program

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, 2013, the City did not received any non-monetary assistance.

4. Insurance

As of and for the year ended April 30, 2013, the City had no federal insurance in effect.

5. Federal Loans or Loan Guarantees

As of and for the year ended April 30, 2013, 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. One significant deficiency 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. No significant deficiencies were 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 unqualified opinion on all major federal programs.
- F. No audit findings relative to the major federal award programs for the City of Quincy, Illinois were noted.
- G. The programs tested as major programs included the following programs:
 - Community Development Block Grants (CFDA #14.228)
 - ARRA-Energy Efficiency and Conservation Block Grant (CFDA #81.128)
- 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

2013-01 –Grant Income and Expenses

Condition: Proceeds received from the NSP grant program were not recorded properly, as well as, the related expenses incurred. The City indirectly received approximately \$950,000 from this grant and is owed approximately \$500,000 more. Expenses of the same amounts were also expended or due to contractors. These were not shown in the grant fund.

Cause of Condition: This grant is administered by the Illinois Housing Development Authority (IHDA) and the City does not directly receive any funds nor does it directly make any expenditures. Contractors used for this program submit their billing to the City and the City forwards it to IHDA to request the funds from the NSP grant. Once funds are received, IHDA then pays the contractors. Funds do not actually flow through the City's cash account. However, the NSP grant is a grant to the City of Quincy and, consequently, the City is responsible for reporting this grant income and related expenses even if the two are equal.

Criteria: Internal controls should be in place that require all transactions to be posted in a timely manner to ensure financial reports are not misleading.

Effect: Overall revenue was understated by the amount of the grant proceeds and expenses were understated by the amount of grant expenditures. Assets were understated by the amount of the receivable from the grant and liabilities were also understated by the amount due to the contractors. However, the net effect on the change in fund balance and net position is zero. Also, we did not find any noncompliance in regards to our single audit testing as the accounting was being performed by an outside party, just not being reported on the City's overall financial statements.

The City had included NSP grant income and expenses in its budget, however, this income and expense was not recorded causing the variance in the fund to be incorrectly reported during the year.

2. Findings – Financial Statement Audit (Concluded)

2013-01 –Grant Income and Expenses (Concluded)

Recommendation The City should ensure that all grant income is being recorded in its financial data so the reports given to the City Council are accurate for planning and monitoring purposes. When the City indirectly receives grant funds, be sure to record the grant activity at least monthly to provide accurate reporting and allow the Council to also monitor the progress on these grants.

Response:

The City of Quincy was awarded the Neighborhood Stabilization Program Grant in 2010. This was a specifically designed federally-funded HUD (Housing and Urban Development) grant available to various grantees under the "Housing and Economic Recovery Act 2008 - for a 'neighborhood stabilization improvement program with the goal to stimulate the economy. (i.e. stabilize areas hardest hit by foreclosures, abandonment, diversify/integrate communities, combine private/public resources, affordable rental/ownership housing.)

Originally, the Department of Human Services (DHS) was to be the managing agent for the state of Illinois, but as the housing experience was limited, it was later conveyed to the Illinois Housing Development Authority (IHDA). This occurred later in the program and IHDA was not necessarily prepared for this program as it was unlike any other grant funded program. This created considerable confusion for all concerned as changes/amendments were made throughout the program.

Cities, such as Quincy and other communities, would be the grantees/recipients of the HUD Funds for their respective communities, however the Illinois Housing Development Authority (IHDA) would be the state managing agency working directly with HUD. This is the only way the city could receive funds.

Due to the size and complexity of the program, a consultant (MECCA) was hired to manage the grant on behalf of Quincy. This was approved by Council. The City of Quincy's Planning and Development staff are the "feet on the ground" to facilitate documents, etc. MECCA started with the construction phase, (contractor selection, spec preparation, bid process, etc.) and manages all pay requests/disbursements on behalf of City. By mandate, the program is designed to use a qualified escrow agent, Greater Illinois Title Company, for payment processing and disbursement of funds to general and/or subs as needed.

The City of Quincy's Planning & Development staff maintains a ledger of all costs submitted for payments for project costs that are to be "advanced" by city funds to various vendors. Once a project is completed, the City will be reimbursed for these advanced costs. Once a reimbursement is received, this is shown on the ledger. This ledger was provided to the auditors as part of their review. In addition, the escrow agent and consultant maintain records of all pay requests and disbursements for the projects, which should have been available to auditors for review. These funds do not go through the city accounts but are mandated to use escrow agents, such as the Illinois Title company.

The funds awarded through this grant have been fully committed. However, there are still outstanding pay requests that are awaiting processing which include reimbursement to the City of Quincy.

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

There were no findings or questioned costs associated with major federal award programs required to be reported under OMB Circular A-133 for the year ended April 30, 2013.

There were no prior findings or questioned costs to report.

City of Quincy, Illinois
Section 5311 Grant Reimbursement
June 30, 2013
Contract Number 3956

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses per Single Audit	\$ 453,192	\$ 2,746,219	\$ 3,199,411	
Less: Ineligible Expenses	\$ -	\$ -	\$ -	
Net Eligible Expenses	453,192	2,746,219	3,199,411	
Less: Total Operating Revenues (Per Section 5311 Report)		\$ 90,863	\$ 90,863	
Section 5311 Operating Deficit		\$ 2,655,356		
Section 5311 Deficit			\$ 3,108,548	
Section 5311 Reimbursement %	80%	50%		
A) Eligible Reimbursement per %	\$ 362,554	\$ 1,327,678		\$ 1,690,232
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			\$ 2,508,296	

Grantee Match Sources	Amounts
Downstate Operating Grant	\$ 2,079,617
Local Contracts	428,679
In-kind Services, Subsidies, Donations	-
	\$ 2,508,296

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-13-11-IL
For the Year Ended June 30, 2013

Operating Revenues and Income

401	Passenger fares	\$ 90,298
402	Special transit fares	-
403	School bus service	-
404	Freight tariffs	-
405	Total charter service	-
406	Auxiliary revenue	-
407	Non-transportation revenue	565
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	\$ 691,116

Operating Expenses

501	Labor	\$ 1,268,284
502	Fringe benefits	962,361
503	Professional services	251,422
504	Materials & supplies consumed	431,566
505	Utilities	25,137
506	Casualty & liability	88,449
507	Taxes	-
508	Net purchased transportation	-
509	Miscellaneous transportation	4,732
511	Interest expense	-
512	Lease, rentals, and purchase-lease payments	5,561
	Indirect Expenses	161,899
	Total Operating Expenses	\$ 3,199,411
	Less Ineligible Expenses:	
	APTA and IPTA dues	\$ -
	Other	-
	Total Eligible Operating Expenses	\$ 3,199,411

City of Quincy, Illinois
Schedule of Revenue and Expense (Concluded)
under Downstate Operating Assistance Grant OP-13-11-IL
For the Year Ended June 30, 2013

Total Eligible Operating Expenses	<u>\$ 3,199,411</u>
Total Operating Revenue and Income	<u>691,116</u>
Deficit	<u>\$ 2,508,295</u>
65% of Eligible Expense	<u>2,079,617</u>
Eligible Downstate Operating Assistance (Deficit or 65% of eligible expense, whichever is less)	<u>\$ 2,079,617</u>
FY 13 Downstate Operating Assistance Received	<u>2,079,617</u>
FY 13 Downstate Operating Assistance (Over)/Under Paid	<u>\$ -</u>