

City of Quincy, Illinois

Comprehensive Annual Financial Report

Year Ended April 30, 2016

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City of Quincy, Illinois

A Home Rule City

Council/Mayor Form of Government

(As of April 30, 2016)

MAYOR

Kyle A. Moore

CITY COUNCIL

1 st Ward	Virgil E. Goehl Eric M. Entrup	5 th Ward	John M. (Mike) Rein Jennifer M. Lepper
2 nd Ward	Jeffrey W. Bergman David A. Bauer	6 th Ward	Daniel J. Brink Jeff Vancamp
3 rd Ward	Gregory P. (Paul) Havermale Jared A. Holbrook	7 th Ward	Jack E. Holtschlag Terri L. Heinecke
4 th Ward	Michael H. Farha Anthony E. Sassen		

CITY CLERK

Virginia Hayden

CITY TREASURER

Peggy R. Crim

DIRECTOR OF ADMINISTRATIVE SERVICES

Glenda Hackemack

DEPARTMENT DIRECTORS

Corporation Counsel	Lonnie Dunn
Comptroller	Sheri Ray
Engineering	Jeffrey Conte
Utilities	Jeffrey Conte
Police	Robert R. Copley
Planning and Development	Charles T. Bevelheimer
Central Services	Marty Stegeman
Fire	Joe Henning
Quincy Transit Lines	Marty Stegeman
Quincy Regional Airport	Marty Stegeman
Purchasing	James E. Murphy
911 System	Steven D. Rowlands
MIS	James E. Murphy
Human Resources	Glenda Hackemack

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Quincy, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2016, 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)

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the fiscal year ended April 30, 2016. These standards changed the accounting for the City's net pension liability and disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, combining statement of financial position – component units, schedule of funding progress, schedules of changes in the net pension liability and schedule of employer contributions on pages 3 through 12 and 60 through 75 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of the City of Quincy, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Quincy, Illinois' internal control over financial reporting and compliance.

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

October 21, 2016
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.

New for Readers of the FY 2016 Comprehensive Annual Financial Report

The City of Quincy is implementing GASB 68 for the FY 2016 annual audit. GASB 68 is a pronouncement by the Governmental Accounting Standards Board which sets standards for municipal audits such as the City of Quincy's. This pronouncement was issued June 2012 with a requirement to be implemented after June 15, 2014. The new accounting rule differs from the previous rule in that it requires cities such as Quincy to move from including only the annual contributions of their defined pension benefit plans to including the long-term cost of their pension benefits. Our FY 2018 and FY 2019 audit will contain another major change as we implement changes in the reporting of retiree healthcare as required with GASB 74 and GASB 75, respectively. The new rule provides greater transparency to the citizens as well as a more useful management tool for both the administration and the City Council when considering any future financial commitment made by the City. It is important to note that our potential liabilities for defined benefit plans have not increased, but rather are being made more readily available to our citizens.

Financial Highlights

- The assets and deferred outflows of resources of the City of Quincy exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending April 30, 2016, by \$64.9 million (net position).
- The City of Quincy's total net position decreased by \$1.5 million for the year ended April 30, 2016, after adjusting the prior year net position to include the net pension obligation information. The decrease in net position can be attributed to the governmental activities' increase of \$0.4 million and the decrease in business-type activities of \$1.9 million.
- As of April 30, 2016, the City of Quincy's governmental funds reported combined ending fund balances of \$21.9 million, a decrease of \$0.7 million in comparison with the prior fiscal year.
- The City's general fund balance increased from a balance of \$9.0 million last year to a balance of \$10.1 million at April 30, 2016. This increase of \$1.1 million is mainly due to an increase in total revenues compared to prior year.
- On a budgetary basis, the general fund balance increased by \$1.1 million. The budgetary fund balance is 21.2% of the charges to appropriations for the fiscal year ended April 30, 2016.

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 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 \$64.9 million as of April 30, 2016. Analyzing the net position and net income of governmental and business-type activities separately, the business type activities net position is \$79.4 million.

By far the largest portion of the City's net position (\$116.6 million) 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, 2016 and 2015
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 33.0	\$ 34.3	\$ 11.9	\$ 15.2	\$ 44.9	\$ 49.5
Capital assets - net of depreciation	48.9	48.1	69.6	67.7	118.5	115.8
Total Assets	\$ 81.9	\$ 82.4	\$ 81.5	\$ 82.9	\$ 163.4	\$ 165.3
Deferred Outflows of Resources	\$ 20.5	\$ 0.1	\$ 1.2	\$ 0.1	\$ 21.7	\$ 0.2
Current liabilities	\$ 5.6	\$ 1.7	\$ 1.0	\$ 0.9	\$ 6.6	\$ 2.6
Long-term liabilities and debt	109.7	94.1	2.2	0.8	111.9	94.9
Total Liabilities	\$ 115.3	\$ 95.8	\$ 3.2	\$ 1.7	\$ 118.5	\$ 97.5
Deferred Inflows of Resources	\$ 1.6	\$ 1.6	\$ 0.1	\$ -	\$ 1.7	\$ 1.6
Net position:						
Invested in capital assets, net of related debt	\$ 48.9	\$ 48.1	\$ 67.7	\$ 67.6	\$ 116.6	\$ 115.7
Restricted	13.2	15.9	-	-	13.2	15.9
Unrestricted	(76.6)	(78.9)	11.7	13.7	(64.9)	(65.2)
Total Net Position	\$ (14.5)	\$ (14.9)	\$ 79.4	\$ 81.3	\$ 64.9	\$ 66.4

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 (Budgetary Basis)

In fiscal year 2016, city-wide salaries & wages decreased by approximately 2%. The main reason for this decrease was the elimination of the waste water treatment employees when the City privatized operations at the plant. Employee benefit costs such as health insurance decreased also due to reduction in staff. The City also noticed a 3% increase in the workers compensation and general liability insurance areas. The IMRF pension contribution rate decreased from calendar year 2014 rate of 12.65% to the calendar year 2015 rate of 11.47%.

Police and Fire pension fund payments increased over the previous year by \$288,843. Police pension increased \$236,984 or 13%, while fire pension contributions increased \$51,859 or 2%.

City of Quincy, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2016
(Unaudited)

The EAV for the 2014 year (collected in FY2016) grew by 4.62%. The property tax rate decreased from 1.01651 to 0.9977, a decrease of 1.85%. Property tax revenues increased by \$88,000 during FY2016. The City relies heavily on sales tax dollars to meet obligations. Sales Tax alone (state and home rule) make up 54% of the City's operating revenues. Municipal sales tax revenues were up \$153,000 which represents a 1.6% increase from FY2015. Home rule purchase tax was also up \$93,000 or 1% from previous year. The City is obligated to rebate limited portions of the home rule sales tax collected for debt issuance and developer agreements. While the rebate agreements are limited to .75% and 1%, the total rebated amount for fiscal year 2016 decreased \$30,000, rebating \$565,000 in FY2016 compared to 595,000 in FY2015.

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. While we received twelve monthly disbursements during the fiscal year, the lag time has increased to two months. Income tax revenues for FY2016 were up \$393,000 compared to FY2015, which is a 10% increase.

A major storm on July 13, 2016, with straight line winds had a major impact on the City. The Mayor declared a state of emergency for the following three days. Many city streets were impassable due to fallen trees and power lines. Much of the City was without power for nearly a week. The net overall cost to the City was just over \$1 million dollars.

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

Table 2
Changes in Net Position
(in millions)

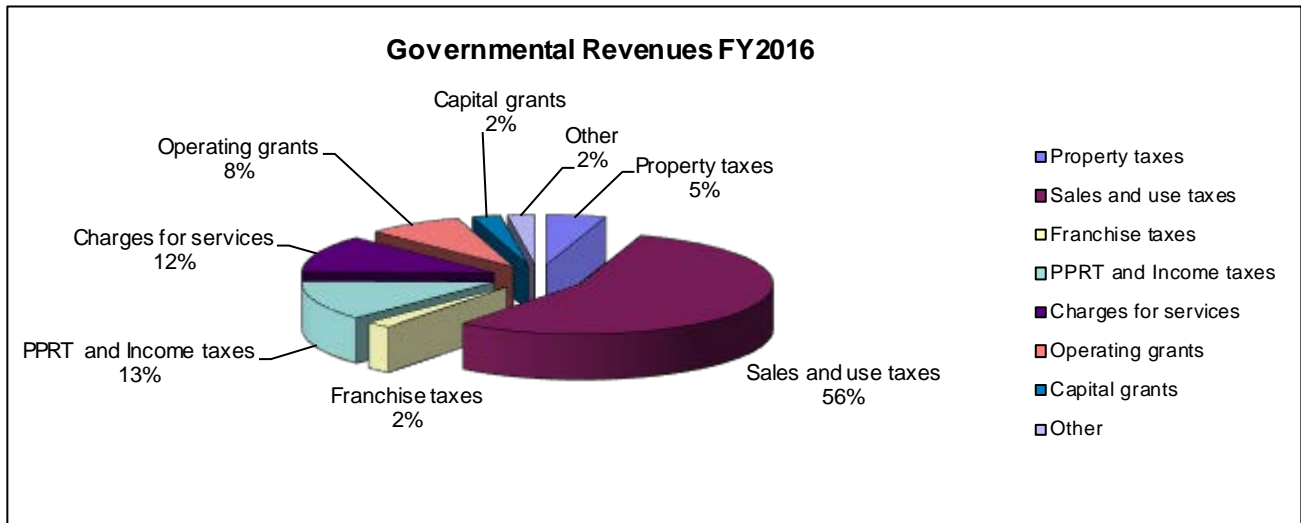
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 5.0	\$ 5.3	\$ 10.5	\$ 10.3	\$ 15.5	\$ 15.6
Operating grants and contributions	3.4	3.5	-	-	3.4	3.5
Capital grants and contributions	1.0	0.4	0.1	1.1	1.1	1.5
General Revenues:						
Property taxes	2.1	2.1	-	-	2.1	2.1
Other taxes	29.1	28.8	-	-	29.1	28.8
Other	1.0	0.4	0.4	2.4	1.4	2.8
Total revenues	\$ 41.6	\$ 40.5	\$ 11.0	\$ 13.8	\$ 52.6	\$ 54.3
Expenses:						
General government	\$ 5.6	\$ 5.3	\$ -	\$ -	\$ 5.6	\$ 5.3
Public safety	18.4	18.5	-	-	18.4	18.5
Public works and engineering	13.2	12.2	-	-	13.2	12.2
Water, Sewer, Airport, Barge Dock	-	-	13.4	12.2	13.4	12.2
Health, Culture, Community Dev	2.9	2.3	-	-	2.9	2.3
Interest on long-term debt	0.6	0.7	-	-	0.6	0.7
Total expenses	\$ 40.7	\$ 39.0	\$ 13.4	\$ 12.2	\$ 54.1	\$ 51.2
Increase (decrease) in net position before transfers and special items	\$ 0.9	\$ 1.5	\$ (2.4)	\$ 1.6	\$ (1.5)	\$ 3.1
Transfers	(0.5)	(0.2)	0.5	0.2	-	-
Increase (decrease) in net position	\$ 0.4	\$ 1.3	\$ (1.9)	\$ 1.8	\$ (1.5)	\$ 3.1
Net Position at beginning of year	(14.9)	(16.2)	81.3	79.5	66.4	63.3
Net Position at end of year	\$ (14.5)	\$ (14.9)	\$ 79.4	\$ 81.3	\$ 64.9	\$ 66.4

The City's combined change in net position in FY2016 was a decrease of \$1.5 million compared to the increase of \$3.1 million in FY2015. The City's total revenues decreased in 2016 by \$1.7 million to \$52.6 million. Of this amount, the Governmental revenues increased by \$1.1 million while Business-type revenues decreased by \$2.8 million.

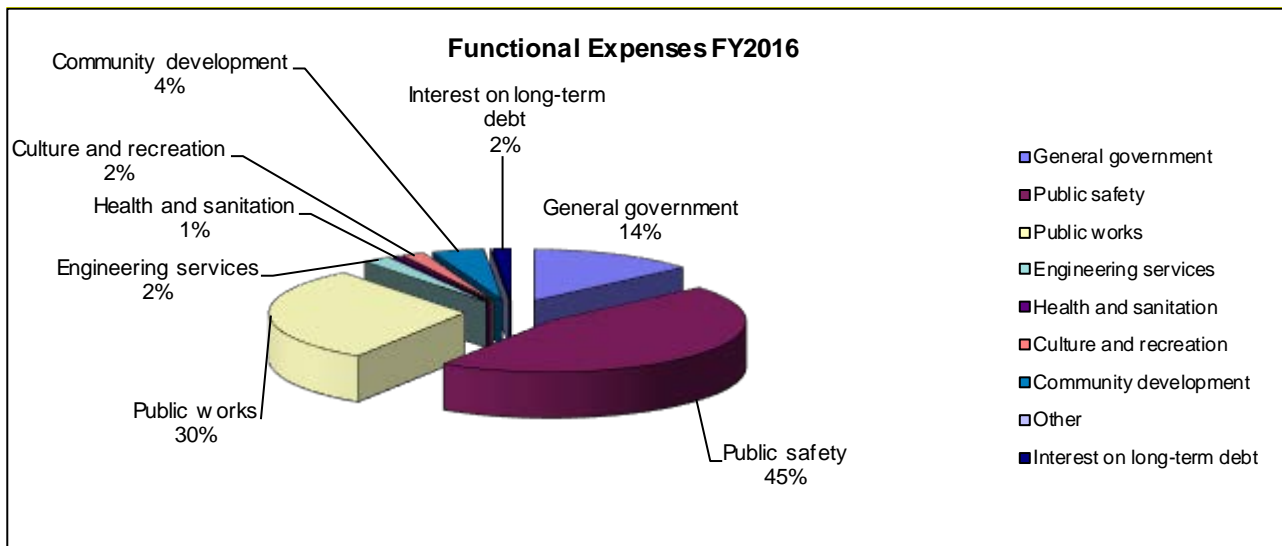
The cost of all City programs increased by \$2.9 million with the Business-type costs increasing by \$1.2 million and the Governmental costs increasing by \$1.7 million. In Governmental Activities' expenses, Public Safety expenses decreased by \$0.1 million while Public Works/Engineering increased by \$1.0 million and Health/Culture/Community Development increased by \$0.6 million. General Government increased by \$0.3 million for FY2016.

The Business-type net position decrease of \$1.9 million is due to the \$1.7 million decrease in the sewer department.

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

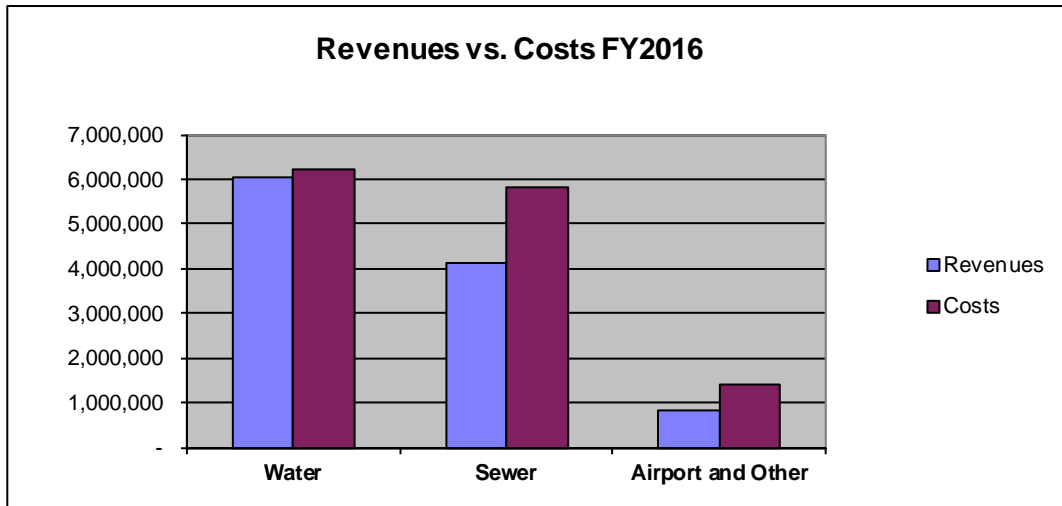


The following graph depicts the different expense categories and the percentage of resources provided for each category:



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 FY2016, revenues from governmental activities totaled \$41.6 million, an increase of \$1.1 million from FY2015. Most significant of the revenue changes was an increase of \$0.6 million in capital grants and contributions and an increase of \$0.5 million in other general revenues.

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 \$29.1 million, or 70.0%, of all Governmental Activities revenues for FY2016.

Business-type Activities saw a decrease of \$2.8 million in revenues from the previous fiscal year with charges for services increasing \$0.2 million, capital grants and contributions remaining the same, and other revenue decreasing \$2.0 million as the prior year included insurance reimbursements.

Expenses:

For FY2016, expenditures for governmental activities totaled \$40.7 million, an increase of \$1.7 million from the prior year. The main increase was in public works and engineering with an increase of \$0.1 million and an increase of \$0.6 million in health, culture and community development.

Expenses for Business-type activities increased by \$1.2 million.

For Governmental Activities the \$41.6 million in revenues was offset by \$40.7 million in expenses resulting in an increase in net position of \$0.9 million before transfers. For Business-type Activities, revenues of \$11.0 million were offset by \$13.4 million in expenses for a decrease in net position of \$2.4 million before transfers.

The City's Funds

For FY2016, the governmental funds of the City reported a combined fund balance of \$21.9 million. This is a decrease of 3.2%, or \$0.8 million from last year's combined fund balance of \$22.7 million. The ending balance includes an increase in fund balance of \$1.1 million in the City's General Fund. In addition, these other changes in fund balances should be noted:

- The Capital Projects Fund had an increase in fund balance of \$0.4 million. This fund is used to accumulate resources to fund various capital projects. Grants and contributions along with transfers from other funds increased this fund balance.
- The 2009 Hydro Bond Fund had a decrease in fund balance of \$1.3 million. This fund is used to accumulate resources to pay the 2009 Hydro Bond when it comes due. This bond was paid off during the fiscal year ended April 30, 2016.

General Fund Budgeting Highlights

For FY2016, actual expenditures on a budgetary basis were \$28.4 million compared to the budget amount of \$29.6 million. The \$1.2 million variance was due to spending less than budgeted in various areas, especially fire, public works, community development and operating transfers out. The largest variances were in the fire department of \$0.2 million and the public works 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 \$34.4 million as compared to the budget amount of \$32.0 million. This resulted in a variance of \$2.4 million. Much of this variance is due to the budgeting of intergovernmental revenues of \$23.9 million and receiving \$25.9 million due to an increase in sales tax received.

Capital Assets

At the end of FY2016, the City had \$118.5 million invested in its funds for capital assets. This amount represents an increase of \$2.7 million or 2.3%. The increase is due to current year additions exceeding depreciation.

Table 3
Capital Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Non-Depreciable Assets						
Land	\$ 2.8	\$ 2.8	\$ 1.8	\$ 1.8	\$ 4.6	\$ 4.6
Construction in Progress	2.6	0.3	1.9	0.1	4.5	0.4
Depreciable Assets						
Vehicles	9.8	9.8	2.9	2.8	12.7	12.6
Buildings and improvements	17.2	17.0	155.1	154.2	172.3	171.2
Equipment and furniture	7.2	6.9	4.6	1.9	11.8	8.8
Infrastructure	126.7	124.6	-	-	126.7	124.6
Accumulated depreciation	(117.4)	(113.3)	(96.7)	(93.1)	(214.1)	(206.4)
	<u>\$ 48.9</u>	<u>\$ 48.1</u>	<u>\$ 69.6</u>	<u>\$ 67.7</u>	<u>\$ 118.5</u>	<u>\$ 115.8</u>

Debt Outstanding

At year-end, the City had \$12,783,552 in long-term bond obligations comprised of the following issues:

Table 4
Outstanding Debt

	Issued	Outstanding
GORB 2015A	\$ 5,075,000	\$ 4,950,000
GORN 2013A	825,000	211,294
GORN 2015	973,518	800,028
GORN 2013B	907,000	537,230
GORB 2010	1,552,000	330,000
GOB 2009B	1,245,000	1,245,000
GOB 2009C	5,533,000	4,710,000
Total	\$ 16,110,518	\$ 12,783,552

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 was 5.4% over last year's rate of 4.4%. The city rate is lower than the same-month state unemployment rate of 6.2%.

Contacting the City's Financial Management

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

Basic Financial Statements

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

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

City of Quincy, Illinois
Government-Wide Statement of Net Position
April 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 23,690,959	\$ 9,829,434	\$ 33,520,393	\$ 945,140
Investments	-	-	-	2,847,701
Receivables, net	9,234,937	1,695,748	10,930,685	733,990
Inventories	45,569	259,358	304,927	-
Prepaid items	-	81,810	81,810	-
Capital assets, net	48,873,655	69,587,157	118,460,812	6,281,108
Total Assets	\$ 81,845,120	\$ 81,453,507	\$ 163,298,627	\$ 10,807,939
Deferred Outflows of Resources				
Pension obligations - IMRF	\$ 3,080,598	\$ 1,174,563	\$ 4,255,161	\$ 502,627
Pension obligations - pension trust funds	17,457,354	-	17,457,354	-
Total Deferred Outflows of Resources	\$ 20,537,952	\$ 1,174,563	\$ 21,712,515	\$ 502,627
Liabilities				
Accounts payable	\$ 797,701	\$ 517,032	\$ 1,314,733	\$ 23,591
Accrued expenses	1,339,085	63,566	1,402,651	118,749
Unearned revenue	7,205	224,469	231,674	41,601
Non-current liabilities:				
Accrued interest	108,068	-	108,068	-
Net pension liability - IMRF	4,989,575	1,875,451	6,865,026	803,859
Net pension liability - pension trust funds	88,751,103	-	88,751,103	-
OPEB obligation	834,076	-	834,076	-
Unamortized bond premium	58,669	-	58,669	-
Due within one year	3,442,735	154,782	3,597,517	-
Due in more than one year	14,958,632	295,021	15,253,653	-
Total Liabilities	\$ 115,286,849	\$ 3,130,321	\$ 118,417,170	\$ 987,800
Deferred Inflows of Resources				
Unearned property taxes	\$ 1,446,460	\$ -	\$ 1,446,460	\$ 732,090
Pension obligations - IMRF	143,650	53,995	197,645	23,143
Pension obligations - Pension Trust Funds	57,491	-	57,491	-
Total Deferred Inflows of Resources	\$ 1,647,601	\$ 53,995	\$ 1,701,596	\$ 755,233
Net Position				
Invested in capital assets, net of related debt	\$ 48,873,656	\$ 67,661,706	\$ 116,535,362	\$ 6,281,108
Restricted for:				
Debt service	374,075	-	374,075	-
Capital projects	3,709,248	-	3,709,248	-
Economic development loans	4,632,033	-	4,632,033	-
Motor fuel tax projects	2,418,613	-	2,418,613	-
Other purposes	2,047,050	-	2,047,050	432,565
Unrestricted	(76,606,053)	11,782,048	(64,824,005)	2,853,860
Total Net Position	\$ (14,551,378)	\$ 79,443,754	\$ 64,892,376	\$ 9,567,533

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, 2016

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 5,567,181	\$ 639,102	\$ -	\$ -	\$ (4,928,079)	\$ -	\$ (4,928,079)	\$ -
Public safety	18,363,980	893,468	633,976	72,240	(16,764,296)	-	(16,764,296)	-
Public works	12,220,983	3,186,302	2,730,187	766,404	(5,538,090)	-	(5,538,090)	-
Engineering services	965,701	-	-	-	(965,701)	-	(965,701)	-
Health and sanitation	231,973	100	-	-	(231,873)	-	(231,873)	-
Culture and recreation	753,606	-	-	-	(753,606)	-	(753,606)	-
Community development	1,738,903	267,000	-	148,345	(1,323,558)	-	(1,323,558)	-
Interest on long-term debt	615,831	-	-	-	(615,831)	-	(615,831)	-
Total Governmental Activities	\$ 40,458,158	\$ 4,985,972	\$ 3,364,163	\$ 986,989	\$ (31,121,034)	\$ -	\$ (31,121,034)	\$ -
Business-type Activities:								
Water	\$ 6,209,463	\$ 6,039,451	\$ -	\$ -	\$ -	\$ (170,012)	\$ (170,012)	\$ -
Sewer	5,813,002	4,128,953	-	-	-	(1,684,049)	(1,684,049)	-
Airport	1,294,536	126,578	-	84,722	-	(1,083,236)	(1,083,236)	-
Other	88,151	252,154	164	-	-	164,167	164,167	-
Total Business-type Activities	\$ 13,405,152	\$ 10,547,136	\$ 164	\$ 84,722	\$ -	\$ (2,773,130)	\$ (2,773,130)	\$ -
Total Primary Government	\$ 53,863,310	\$ 15,533,108	\$ 3,364,327	\$ 1,071,711	\$ (31,121,034)	\$ (2,773,130)	\$ (33,894,164)	\$ -
Component Units:								
Woodland Cemetery	\$ 257,250	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (250,250)
Quincy Public Library	2,696,079	329,438	865,386	-	-	-	-	(1,501,255)
Total Component Units	\$ 2,953,329	\$ 336,438	\$ 865,386	\$ -	\$ -	\$ -	\$ -	\$ (1,751,505)
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 465,597	\$ -	\$ 465,597	\$ 723,774
Property taxes, levied for debt service					1,624,159	-	1,624,159	-
Personal property replacement tax					889,440	-	889,440	368,172
Sales and public service taxes					23,036,949	-	23,036,949	-
Income taxes					4,330,358	-	4,330,358	-
Franchise taxes					885,790	-	885,790	-
Payment from City of Quincy					(180,000)	-	(180,000)	180,000
Investment earnings (loss)					151,961	42,643	194,604	56,407
Miscellaneous					805,974	328,366	1,134,340	23,047
Transfers					(519,581)	514,581	(5,000)	-
Total General Revenues and Transfers					\$ 31,490,647	\$ 885,590	\$ 32,376,237	\$ 1,351,400
Change in Net Position					\$ 369,613	\$ (1,887,540)	\$ (1,517,927)	\$ (400,105)
Net Position at beginning of year					55,789,156	81,656,915	137,446,071	10,107,957
Prior period adjustment					(70,710,147)	(325,621)	(71,035,768)	(140,319)
Net Position at end of year					\$ (14,551,378)	\$ 79,443,754	\$ 64,892,376	\$ 9,567,533

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

City of Quincy, Illinois
Balance Sheet
Governmental Funds
April 30, 2016

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 6,213,746	\$ 110,696	\$ 573,028	\$ 2,092,573	\$ 8,534,126	\$ 17,524,169
Receivables, net	333,546	-	5,451	-	173,376	512,373
Due from other funds	-	-	-	-	140,354	140,354
Due from other governments	4,471,398	-	274,303	-	182,029	4,927,730
Total Assets	\$ 11,018,690	\$ 110,696	\$ 852,782	\$ 2,092,573	\$ 9,029,885	\$ 23,104,626
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 174,522	\$ 77	\$ 797	\$ 9,643	\$ 35,967	\$ 221,006
Accrued expenses	720,367	-	36,214	-	37,321	793,902
Unearned revenue	-	-	-	-	7,205	7,205
Due to other funds	-	140,354	-	-	-	140,354
Total Liabilities	\$ 894,889	\$ 140,431	\$ 37,011	\$ 9,643	\$ 80,493	\$ 1,162,467
Fund Balances						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 442,001	\$ 442,001
Economic development loans	-	-	-	-	2,708,143	2,708,143
Capital projects	-	-	-	2,082,930	1,781,111	3,864,041
911 System	-	-	-	-	510,184	510,184
Motor fuel tax projects	-	-	-	-	2,418,613	2,418,613
Public safety projects	-	-	-	-	224,641	224,641
Other projects	50,144	-	-	-	291,517	341,661
Transit	-	-	815,771	-	-	815,771
Committed for:						
Pension funds	389,408	-	-	-	-	389,408
Assigned for:						
Green projects	-	-	-	-	142,437	142,437
Capital projects	-	-	-	-	430,745	430,745
Unassigned	9,684,249	(29,735)	-	-	-	9,654,514
Total Fund Balances	\$ 10,123,801	\$ (29,735)	\$ 815,771	\$ 2,082,930	\$ 8,949,392	\$ 21,942,159
Total Liabilities and Fund Balances	\$ 11,018,690	\$ 110,696	\$ 852,782	\$ 2,092,573	\$ 9,029,885	\$ 23,104,626

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, 2016

Total governmental fund balances	\$	21,942,159
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.		45,338,146
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		6,596,701
Capital assets		3,535,509
Deferred outflows		780,956
Current liabilities		(1,283,144)
Long-term liabilities		(1,387,143)
Deferred inflows		(35,895)
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.		3,410,492
Net pension liabilities and related deferred outflows and inflows are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet		(72,902,144)
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>(20,547,016)</u>
Net position of governmental activities	\$	<u><u>(14,551,379)</u></u>

City of Quincy, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2016

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 49,259	\$ -	\$ -	\$ -	\$ 2,040,497	\$ 2,089,756
Franchise taxes	501,265	-	-	-	384,525	885,790
Public service taxes	25,790,207	-	-	-	2,466,540	28,256,747
Grants and contributions	76,158	135,898	-	-	109,027	321,083
Charges for services	745,135	-	80,045	-	32,450	857,630
Fines and forfeitures	419,818	-	-	-	70,954	490,772
Intergovernmental	35,305	-	3,351,626	100,326	619,996	4,107,253
Investment earnings	21,298	21	3,261	7,571	95,686	127,837
Miscellaneous	645,245	-	-	-	561,197	1,206,442
Total Revenues	\$ 28,283,690	\$ 135,919	\$ 3,434,932	\$ 107,897	\$ 6,380,872	\$ 38,343,310
Expenditures						
General Government						
Aldermen	\$ 229,323	\$ -	\$ -	\$ -	\$ -	\$ 229,323
Mayor	220,563	-	-	-	-	220,563
City Treasurer	262,494	-	-	-	-	262,494
City Clerk	230,002	-	-	-	-	230,002
Director of Administration	106,613	-	-	-	-	106,613
Purchasing	28,344	-	-	-	-	28,344
Building maintenance	169,461	-	-	-	-	169,461
Comptroller	317,590	-	-	-	-	317,590
Legal department	225,430	-	-	-	-	225,430
Boards and commissions	32,577	-	-	-	-	32,577
Information technology	683,645	-	-	-	-	683,645
Public Safety						
Police Department	8,685,399	-	-	-	82,914	8,768,313
Fire Department	6,244,091	-	-	-	53,254	6,297,345
911 System	-	-	-	-	1,447,324	1,447,324
Public Works	1,099,113	-	2,876,393	177,029	25,456	4,177,991
Engineering Services	508,563	-	-	-	136,773	645,336
Health and Sanitation	308,247	-	-	-	-	308,247
Cemetery	180,000	-	-	-	-	180,000
Culture and Recreation	10,929	-	-	-	742,677	753,606
Community Development	615,212	114,817	-	-	113,500	843,529
Debt Service						
Principal retirement	7,741	-	-	93,315	3,009,804	3,110,860
Interest and charges	162	-	-	763	1,004,424	1,005,349
Capital outlay	222,960	-	666,078	1,065,856	2,931,095	4,885,989
Total Expenditures	\$ 20,388,459	\$ 114,817	\$ 3,542,471	\$ 1,336,963	\$ 9,547,221	\$ 34,929,931

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, 2016

	General Fund	State and Federal Grants Fund	Quincy Transit Lines	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,895,231	\$ 21,102	\$ (107,539)	\$ (1,229,066)	\$ (3,166,349)	\$ 3,413,379
Other Financing Sources (Uses)						
Cost share transfers, net	\$ 597,494	\$ (28,975)	\$ (144,619)	\$ -	\$ (20,236)	\$ 403,664
Sale of assets	17,931	-	-	-	-	17,931
Operating transfers in	679,887	-	274,000	2,201,817	1,606,539	4,762,243
Operating transfers out	(8,072,186)	(37,554)	-	(569,194)	(801,933)	(9,480,867)
Debt proceeds	-	-	-	-	5,075,000	5,075,000
Premium on bond issuance	-	-	-	-	60,151	60,151
Payments on current refunding	-	-	-	-	(4,965,000)	(4,965,000)
Total Other Financing Sources (Uses)	<u>\$ (6,776,874)</u>	<u>\$ (66,529)</u>	<u>\$ 129,381</u>	<u>\$ 1,632,623</u>	<u>\$ 954,521</u>	<u>\$ (4,126,878)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 1,118,357	\$ (45,427)	\$ 21,842	\$ 403,557	\$ (2,211,828)	\$ (713,499)
Fund Balances, May 1, 2015	<u>9,005,444</u>	<u>15,692</u>	<u>793,929</u>	<u>1,679,373</u>	<u>11,161,220</u>	<u>22,655,658</u>
Fund Balances, April 30, 2016	<u><u>\$ 10,123,801</u></u>	<u><u>\$ (29,735)</u></u>	<u><u>\$ 815,771</u></u>	<u><u>\$ 2,082,930</u></u>	<u><u>\$ 8,949,392</u></u>	<u><u>\$ 21,942,159</u></u>

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

City of Quincy, Illinois
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended April 30, 2016

Net change in fund balances - total governmental funds	\$	(713,499)
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.		915,899
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.		3,330,227
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.		184,415
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.		558,960
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>(3,906,389)</u>
Change in net position of governmental activities	\$	<u>369,613</u>

City of Quincy, Illinois
Statement of Net Position
Proprietary Funds
April 30, 2016

	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	\$ 4,862,202	\$ 4,051,786	\$ 562,469	\$ 14	\$ 352,963	\$ 9,829,434	\$ 6,166,790
Receivables, net	1,023,076	592,532	38,885	-	41,255	1,695,748	384,342
Inventories	259,358	-	-	-	-	259,358	45,569
Prepaid expenses	32,724	49,086	-	-	-	81,810	-
Total Current Assets	<u>\$ 6,177,360</u>	<u>\$ 4,693,404</u>	<u>\$ 601,354</u>	<u>\$ 14</u>	<u>\$ 394,218</u>	<u>\$ 11,866,350</u>	<u>\$ 6,596,701</u>
Noncurrent Assets							
Land	\$ 242,946	\$ 861,374	\$ 453,124	\$ 220,390	\$ 19,945	\$ 1,797,779	\$ 488,071
Systems	31,856,868	82,633,778	18,049,018	-	145,556	132,685,220	685,167
Building and equipment	3,968,958	14,204,932	5,052,778	911,964	241,282	24,379,914	2,210,394
Vehicles and equipment	3,367,107	2,062,460	1,972,522	16,835	-	7,418,924	6,263,933
Less: Accumulated depreciation	(19,786,491)	(64,081,161)	(12,205,021)	(335,066)	(286,941)	(96,694,680)	(6,112,056)
Total Noncurrent Assets	<u>\$ 19,649,388</u>	<u>\$ 35,681,383</u>	<u>\$ 13,322,421</u>	<u>\$ 814,123</u>	<u>\$ 119,842</u>	<u>\$ 69,587,157</u>	<u>\$ 3,535,509</u>
Total Assets	<u>\$ 25,826,748</u>	<u>\$ 40,374,787</u>	<u>\$ 13,923,775</u>	<u>\$ 814,137</u>	<u>\$ 514,060</u>	<u>\$ 81,453,507</u>	<u>\$ 10,132,210</u>
Deferred Outflows of Resources - Pension	<u>\$ 779,894</u>	<u>\$ 292,257</u>	<u>\$ 102,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,563</u>	<u>\$ 780,956</u>
Liabilities							
Current Liabilities							
Accounts payable	\$ 412,742	\$ 92,530	\$ 11,538	\$ 154	\$ 68	\$ 517,032	\$ 576,695
Accrued expenses	45,482	14,114	3,970	-	-	63,566	545,183
Customer deposits	224,469	-	-	-	-	224,469	-
Compensated absences	79,338	19,545	5,899	-	-	104,782	161,266
Bonds, notes and loans payable	-	-	-	50,000	-	50,000	-
Total Current Liabilities	<u>\$ 762,031</u>	<u>\$ 126,189</u>	<u>\$ 21,407</u>	<u>\$ 50,154</u>	<u>\$ 68</u>	<u>\$ 959,849</u>	<u>\$ 1,283,144</u>
Noncurrent Liabilities							
Compensated absences	\$ 199,963	\$ 32,898	\$ 12,160	\$ -	\$ -	\$ 245,021	\$ 140,359
Bonds, notes and loans payable	-	-	-	50,000	-	50,000	-
Net pension liability	1,232,915	477,769	164,767	-	-	1,875,451	1,246,784
Total Noncurrent Liabilities	<u>\$ 1,432,878</u>	<u>\$ 510,667</u>	<u>\$ 176,927</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 2,170,472</u>	<u>\$ 1,387,143</u>
Total Liabilities	<u>\$ 2,194,909</u>	<u>\$ 636,856</u>	<u>\$ 198,334</u>	<u>\$ 100,154</u>	<u>\$ 68</u>	<u>\$ 3,130,321</u>	<u>\$ 2,670,287</u>
Deferred Inflows of Resources - Pension	<u>\$ 35,496</u>	<u>\$ 13,755</u>	<u>\$ 4,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,995</u>	<u>\$ 35,895</u>
Net Position							
Invested in capital assets, net of related debt	\$ 18,416,473	\$ 35,203,614	\$ 13,157,654	\$ 764,123	\$ 119,842	\$ 67,661,706	\$ 2,288,725
Unrestricted	5,959,764	4,812,819	665,455	(50,140)	394,150	11,782,048	5,918,259
Total Net Position	<u>\$ 24,376,237</u>	<u>\$ 40,016,433</u>	<u>\$ 13,823,109</u>	<u>\$ 713,983</u>	<u>\$ 513,992</u>	<u>\$ 79,443,754</u>	<u>\$ 8,206,984</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, 2016

	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	\$ 6,039,451	\$ 4,128,953	\$ 126,578	\$ 6,065	\$ 246,089	\$ 10,547,136	\$ 11,562,878
Miscellaneous	34,409	-	293,807	150	-	328,366	327,919
Total Operating Revenues	\$ 6,073,860	\$ 4,128,953	\$ 420,385	\$ 6,215	\$ 246,089	\$ 10,875,502	\$ 11,890,797
Operating Expenses							
Salaries and wages	\$ 1,690,463	\$ 426,180	\$ 201,106	\$ 2,528	\$ -	\$ 2,320,277	\$ 1,861,156
Benefits	1,310,183	573,140	143,156	551	-	2,027,030	1,366,919
Purchased services	686,238	1,977,046	147,986	19,119	2,114	2,832,503	5,269,808
Supplies	1,273,241	561,719	121,914	3,677	2,552	1,963,103	875,076
Claims and judgments	-	-	-	-	-	-	5,816,033
Noncapitalized equipment	8,198	248	7,140	-	-	15,586	-
Other objects	388,288	261,626	16,693	1,079	-	667,686	44,528
Depreciation	852,852	2,013,043	656,541	35,794	20,737	3,578,967	321,484
Total Operating Expenses	\$ 6,209,463	\$ 5,813,002	\$ 1,294,536	\$ 62,748	\$ 25,403	\$ 13,405,152	\$ 15,555,004
Operating Income (Loss)	\$ (135,603)	\$ (1,684,049)	\$ (874,151)	\$ (56,533)	\$ 220,686	\$ (2,529,650)	\$ (3,664,207)
Non-Operating Revenues (Expenses)							
Interest income	\$ 24,995	\$ 14,319	\$ 1,938	\$ 3	\$ 1,388	\$ 42,643	\$ 24,124
Grants and contributions	-	-	84,722	164	-	84,886	-
Total Non-operating Revenues (Expenses)	\$ 24,995	\$ 14,319	\$ 86,660	\$ 167	\$ 1,388	\$ 127,529	\$ 24,124
Income (Loss) Before Transfers and Contributions	\$ (110,608)	\$ (1,669,730)	\$ (787,491)	\$ (56,366)	\$ 222,074	\$ (2,402,121)	\$ (3,640,083)
Transfers in	54,361	25,014	592,355	75,475	-	747,205	4,464,350
Transfers out	(53,812)	(53,812)	-	-	(125,000)	(232,624)	(265,307)
Change in Net Position	\$ (110,059)	\$ (1,698,528)	\$ (195,136)	\$ 19,109	\$ 97,074	\$ (1,887,540)	\$ 558,960
Net Position at beginning of year	24,704,642	41,792,900	14,047,581	694,874	416,918	81,656,915	7,864,205
Prior Period Adjustment	(218,346)	(77,939)	(29,336)	-	-	(325,621)	(216,181)
Net Position at year end	\$ 24,376,237	\$ 40,016,433	\$ 13,823,109	\$ 713,983	\$ 513,992	\$ 79,443,754	\$ 8,206,984

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, 2016

	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	\$ 5,878,967	\$ 5,216,367	\$ 109,974	\$ 6,065	\$ 204,834	\$ 11,416,207	\$ 5,089,602
Payments to suppliers	(2,236,364)	(2,802,218)	(288,377)	(29,353)	(4,670)	(5,360,982)	(7,589,506)
Payments to employees	(2,742,297)	(950,443)	(321,113)	(3,079)	-	(4,016,932)	(1,292,814)
Internal activity - payments to other funds	-	-	-	-	-	-	6,413,387
Claims paid	-	-	-	-	-	-	(5,410,964)
Other receipts (payments)	34,409	-	293,807	150	-	328,366	283,391
Net Cash Provided (Used) by Operating Activities	<u>\$ 934,715</u>	<u>\$ 1,463,706</u>	<u>\$ (205,709)</u>	<u>\$ (26,217)</u>	<u>\$ 200,164</u>	<u>\$ 2,366,659</u>	<u>\$ (2,506,904)</u>
Cash Flows from NonCapital Financing Activities:							
Operating subsidies and transfers	\$ 549	\$ (28,798)	\$ 592,355	\$ 75,475	\$ (125,000)	\$ 514,581	\$ 4,199,043
Cash Flows from Capital and Related Financing Activities:							
Proceeds from sale of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital contributions	-	-	-	-	-	-	-
Purchases of capital assets	(4,430,172)	(639,633)	(360,254)	-	-	(5,430,059)	(174,668)
Disposal of capital assets	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	(50,000)	-	(50,000)	-
Interest paid on capital debt	-	-	-	-	-	-	-
Other receipts (payments)	-	-	84,722	164	-	84,886	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (4,430,172)</u>	<u>\$ (639,633)</u>	<u>\$ (275,532)</u>	<u>\$ (49,836)</u>	<u>\$ -</u>	<u>\$ (5,395,173)</u>	<u>\$ (174,668)</u>
Cash Flows from Investing Activities:							
Interest received	\$ 24,995	\$ 14,319	\$ 1,938	\$ 3	\$ 1,388	\$ 42,643	\$ 24,124
Net Cash Provided (Used) by Investing Activities	<u>\$ 24,995</u>	<u>\$ 14,319</u>	<u>\$ 1,938</u>	<u>\$ 3</u>	<u>\$ 1,388</u>	<u>\$ 42,643</u>	<u>\$ 24,124</u>
Net Increase (Decrease) in Cash and Cash Investments	<u>\$ (3,469,913)</u>	<u>\$ 809,594</u>	<u>\$ 113,052</u>	<u>\$ (575)</u>	<u>\$ 76,552</u>	<u>\$ (2,471,290)</u>	<u>\$ 1,541,595</u>
Cash and Cash Equivalents, May 1, 2015	<u>8,332,115</u>	<u>3,242,192</u>	<u>449,417</u>	<u>589</u>	<u>276,411</u>	<u>12,300,724</u>	<u>4,625,195</u>
Cash and Cash Equivalents, April 30, 2016	<u><u>\$ 4,862,202</u></u>	<u><u>\$ 4,051,786</u></u>	<u><u>\$ 562,469</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 352,963</u></u>	<u><u>\$ 9,829,434</u></u>	<u><u>\$ 6,166,790</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, 2016

	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	\$ (135,603)	\$ (1,684,049)	\$ (874,151)	\$ (56,533)	\$ 220,686	\$ (2,529,650)	\$ (3,664,207)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Amortization and depreciation	852,852	2,013,043	656,541	35,794	20,737	3,578,967	321,484
(Increase) Decrease in:							
Accounts receivable	(96,604)	1,087,414	(16,604)	-	(41,255)	932,951	(59,889)
Inventories	(21,241)	-	-	-	-	(21,241)	(12,719)
Prepaid items	(15,883)	(23,824)	-	-	-	(39,707)	-
Deferred outflows	(779,894)	(292,257)	(102,412)	-	-	(1,174,563)	(780,956)
Increase (Decrease) in:							
Accounts payable	156,725	22,245	5,356	(5,478)	(4)	178,844	340,085
Accrued expenses	6,065	1,999	(230)	-	-	7,834	235,226
Customer deposits	(63,880)	-	-	-	-	(63,880)	-
Compensated absences	(17,887)	(74,450)	(14,384)	-	-	(106,721)	47,574
Net pension liability	1,014,569	399,830	135,431	-	-	1,549,830	1,030,603
Deferred inflows	35,496	13,755	4,744	-	-	53,995	35,895
Net Cash Provided (Used) by Operating Activities	\$ 934,715	\$ 1,463,706	\$ (205,709)	\$ (26,217)	\$ 200,164	\$ 2,366,659	\$ (2,506,904)

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

City of Quincy, Illinois
Statement of Fiduciary Net Position - Fiduciary Funds
April 30, 2016

	Pension Trust Funds	Private Purpose Trusts
Assets		
Current Assets		
Cash and cash equivalents	\$ 614,671	\$ 90,771
Investments	57,746,224	-
Receivables, net	3,991,846	-
Total Assets	\$ 62,352,741	\$ 90,771
Liabilities		
Current Liabilities		
Accounts payable	\$ -	\$ 929
Accrued expenses	69,516	-
Total Liabilities	\$ 69,516	\$ 929
Deferred Inflows of Resources		
Unearned property taxes	\$ 3,873,024	-
Net Position		
Held in trust for pension benefits	\$ 58,410,201	\$ -
Restricted for future expenditures	-	89,842
Total Net Position	\$ 58,410,201	\$ 89,842

City of Quincy, Illinois
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended April 30, 2016

	Pension Trust Funds	Private Purpose Trusts
Additions		
Taxes:		
Property taxes	\$ 3,534,794	\$ -
Personal Property Replacement tax	763,262	-
Total taxes	<u>\$ 4,298,056</u>	<u>\$ -</u>
Contributions:		
Plan members	\$ 913,685	\$ -
Outside agencies	-	8,268
Transfers from City	397,504	5,000
Total contributions	<u>\$ 1,311,189</u>	<u>\$ 13,268</u>
Investment earnings:		
Net increase (decrease) in fair value	\$ (1,363,541)	\$ -
Realized gain (loss) on sale of investments	(999,651)	-
Interest	462,008	63
Dividends	767,422	-
Total investment earnings	<u>\$ (1,133,762)</u>	<u>\$ 63</u>
Total Additions	<u>\$ 4,475,483</u>	<u>\$ 13,331</u>
Deductions		
Benefits	\$ 6,453,069	\$ -
Administrative expenses	262,216	-
Payments to others	-	95,476
Total Deductions	<u>\$ 6,715,285</u>	<u>\$ 95,476</u>
Change in net position	\$ (2,239,802)	\$ (82,145)
Net position, May 1, 2015	<u>60,650,003</u>	<u>171,987</u>
Net position, April 30, 2016	<u><u>\$ 58,410,201</u></u>	<u><u>\$ 89,842</u></u>

Notes to the
Financial Statements

1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

1) Summary of Significant Accounting Policies (Continued)

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

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The operating grants column includes operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants and contributions.

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

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

1. Governmental Funds

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

General Fund

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

State and Federal Grants Fund

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

Quincy Transit Lines Fund

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

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

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

1. **Governmental Funds (Concluded)**

Capital Projects Fund

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

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

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

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

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

2. **Proprietary Funds**

Enterprise Funds

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

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

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

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

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

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

1) Summary of Significant Accounting Policies (Continued)

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

2. Proprietary Funds (Concluded)

Internal Service Funds

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

3. Fiduciary Funds

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

Pension Trust Funds

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

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

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

Private Purpose Trust Funds

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

1) Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

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

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represents an estimate of the 2014 levy. Property taxes are levied each year on all taxable real property in the City. The City passes a property tax levy ordinance, usually in the fourth calendar quarter of each year, for the fiscal year beginning on May 1 of such calendar year. The tax becomes a lien as of the following January 1, on the assessed value listed as of the day prior (December 31) for all real property located in the City. In the year following the levy, the County bills the property taxes in two installments, generally in May and August. The taxes become delinquent approximately 40 days after the dates billed. The County collects the taxes and remits them to the City. The City receives these remittances approximately one month after the collections' dates.

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

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

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

1) Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

E. Investments

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

F. Statement of Cash Flows

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

G. Accounts Receivable

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

H. Inventories

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

I. Capital Assets

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

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

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

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

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

1) Summary of Significant Accounting Policies (Continued)

J. Unearned Revenue

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

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

K. Interfund Transactions

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

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

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

L. Compensated Absences

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

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

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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 applies 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, 2016.

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 \$11,325,055 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 committed fund balances of \$389,408 as of April 30, 2016.

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 \$573,182 as of April 30, 2016.

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. On the government-wide and proprietary fund financial statements, unamortized bond premiums are shown on the statement of financial position and amortized over the life of the bonds.

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.

1) Summary of Significant Accounting Policies (Concluded)

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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

S. Pension Reporting

Financial reporting information pertaining to the City's participation in the Illinois Municipal Retirement Fund (IMRF), Firefighters' Pension Fund, and Police Pension Fund are prepared in accordance with GASB Statement No. 67, Financial Reporting for Pension Plans, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27, as well as GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by IMRF, Firefighters' Pension and Police Pension Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2016, the carrying amount of the City's deposits (excluding component units) was \$34,223,910 and the respective bank balances totaled \$35,005,120. Included in the bank balances are Certificates of Deposit totaling \$22,937,511. The insured and collateral status of the bank balances, by category risk, was as follows:

	Primary Government
FDIC Insured	\$ 14,454,449
Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name	19,349,137
Invested in Money Market Funds	379,427
Invested in Illinois Funds	807,090
Uncollateralized	15,017
	\$ 35,005,120

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 The Investor Group, 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	\$ 7,236,110	\$ 7,309,246
Corporate bonds	13,080,889	13,523,275
Mutual Funds	15,341,868	14,482,054
Common and Preferred Stocks	21,468,969	22,431,649
	\$ 57,127,836	\$ 57,746,224
Investment Maturities (in years):		
Maturing 2016-2045	\$ 20,316,999	\$ 20,832,521
	\$ 20,316,999	\$ 20,832,521
Equity Securities	36,810,837	36,913,703
	\$ 57,127,836	\$ 57,746,224

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

Cash on hand	\$ 1,925
Deposits with financial institutions	34,223,910
Investments	57,746,224
Total Cash and Investments	\$ 91,972,059

	Cash and Equivalents	Investments	Total
Government-wide Statement of Net Assets	\$ 33,520,393	\$ -	\$ 33,520,393
Statement of Fiduciary Net Assets	705,442	57,746,224	58,451,666
	\$ 34,225,835	\$ 57,746,224	\$ 91,972,059

4) Capital Assets

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

Governmental Activities	
General government	\$ 111,393
Public safety	388,288
Public works	3,215,385
Other governmental activities	571,237
Total Governmental activities	\$ 4,286,303
Business-Type Activities	
Water	\$ 852,852
Sewer	2,013,043
Airport	656,541
Other enterprise	56,531
Total Business-type activities	\$ 3,578,967

4) Capital Assets (Concluded)

The following is a summary of Capital Asset transactions for the year ended April 30, 2016:

Governmental Activities

	Balance, April 30, 2015	Additions	Retirements	Balance, April 30, 2016
Buildings	\$ 15,385,978	\$ 7,250	\$ -	\$ 15,393,228
Improvements	1,614,918	152,081	-	1,766,999
Infrastructure	124,538,962	2,123,038	-	126,662,000
Machinery and equipment	6,495,766	208,180	(7,525)	6,696,421
Vehicles	9,820,212	133,719	(138,521)	9,815,410
Furniture and intangibles	407,590	127,635	-	535,225
Total assets being depreciated	<u>\$ 158,263,426</u>	<u>\$ 2,751,903</u>	<u>\$ (146,046)</u>	<u>\$ 160,869,283</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (5,993,385)	\$ (363,354)	\$ -	\$ (6,356,739)
Improvements	(836,612)	(48,855)	-	(885,467)
Infrastructure	(94,906,145)	(2,947,843)	-	(97,853,988)
Machinery and equipment	(4,690,063)	(211,459)	7,399	(4,894,123)
Vehicles	(6,605,627)	(667,689)	138,521	(7,134,795)
Furniture and intangibles	(219,375)	(47,103)	-	(266,478)
Total accumulated depreciation	<u>\$ (113,251,207)</u>	<u>\$ (4,286,303)</u>	<u>\$ 145,920</u>	<u>\$ (117,391,590)</u>
Net total of capital assets being depreciated	\$ 45,012,219	\$ (1,534,400)	\$ (126)	\$ 43,477,693
Land	2,765,072	500	(4,000)	2,761,572
Construction in Progress	326,136	2,434,357	(126,103)	2,634,390
Governmental Activities Capital Assets	<u><u>\$ 48,103,427</u></u>	<u><u>\$ 900,457</u></u>	<u><u>\$ (130,229)</u></u>	<u><u>\$ 48,873,655</u></u>

Business-Type Activities

	Balance, April 30, 2015	Additions	Retirements	Balance, April 30, 2016
Buildings	\$ 24,322,399	\$ 57,516	\$ -	\$ 24,379,915
Systems	129,890,162	847,507	-	130,737,669
Machinery and equipment	1,945,919	2,622,690	-	4,568,609
Vehicles	2,795,873	54,442	-	2,850,315
Total assets being depreciated	<u>\$ 158,954,353</u>	<u>\$ 3,582,155</u>	<u>\$ -</u>	<u>\$ 162,536,508</u>
Less: Accumulated Depreciation for:				
Buildings	\$ (10,762,205)	\$ (647,419)	\$ -	\$ (11,409,624)
Systems	(79,151,635)	(2,730,161)	-	(81,881,796)
Machinery and equipment	(1,132,875)	(99,121)	-	(1,231,996)
Vehicles	(2,068,998)	(102,266)	-	(2,171,264)
Total accumulated depreciation	<u>\$ (93,115,713)</u>	<u>\$ (3,578,967)</u>	<u>\$ -</u>	<u>\$ (96,694,680)</u>
Net total of capital assets being depreciated	\$ 65,838,640	\$ 3,188	\$ -	\$ 65,841,828
Land	1,797,779	-	-	1,797,779
Construction in Progress	99,646	1,947,551	(99,647)	1,947,550
Business-Type Activities Capital Assets	<u><u>\$ 67,736,065</u></u>	<u><u>\$ 1,950,739</u></u>	<u><u>\$ (99,647)</u></u>	<u><u>\$ 69,587,157</u></u>

5) Non-current Liabilities

For the Year Ended April 30, 2016, the changes in non-current liabilities are as follows:

Governmental Activities

	Balance April 30, 2015	(Retirements) Additions	Balance April 30, 2016
General Obligation Bonds	\$ 15,683,358	\$ (2,899,806)	\$ 12,783,552
Accreted value on bond	389,366	(389,366)	-
Accrued interest on bonds	106,738	1,330	108,068
Notes Payable - Bank	279,983	(101,055)	178,928
Compensated absences	3,250,728	(136,840)	3,113,888
Net pension liability	550,420	93,190,258	93,740,678
Unamortized bond premium	-	58,669	58,669
OPEB obligation	600,448	233,628	834,076
Landfill post-closure	2,401,000	(76,000)	2,325,000
	<u>\$ 23,262,041</u>	<u>\$ 89,880,818</u>	<u>\$ 113,142,859</u>

Business-Type Activities

	Balance April 30, 2015	(Retirements) Additions	Balance April 30, 2016
Loan from Econ Development	\$ 150,000	\$ (50,000)	\$ 100,000
Compensated absences	456,524	(106,722)	349,802
Net pension liability	-	1,875,451	1,875,451
	<u>\$ 606,524</u>	<u>\$ 1,718,729</u>	<u>\$ 2,325,253</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, 2016, 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.	\$ 330,000
\$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.	211,294
\$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.	537,230
\$5,075,000 General Obligation Refunding Bonds, Series 2015A, dated July 16, 2015, due in annual installments ranging from \$125,000 to \$1,330,000 through 2020, with interest at 2.0%, payable April 15 and October 15.	4,950,000
\$973,518 General Obligation (Limited Tax) Notes, Series 2015, dated December 31, 2015, due in monthly installments of \$12,459.41 each through December 31, 2021, with interest at 2.07%, payable monthly.	800,028
\$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.	4,710,000
Total	\$ 12,783,552
Less: Current portion of bonds payable	(1,761,243)
Net Long-Term Bonds Payable	<u>\$ 11,022,309</u>

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

5) Non-current Liabilities (Continued)

General Obligation Bonds (Continued)

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

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

On December 31, 2014, the City issued General Obligation (Limited Tax) Notes in the amount of \$973,518 to purchase trucks to be used by Central Services for garbage and recycling collection.

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 were 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 balance of this bond and the accumulated accretion was paid during the fiscal year ended April 30, 2016.

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.

On July 30, 2015, the City issued General Obligation Refunding Bonds, Series 2015A, in the amount of \$5,075,000 with an interest rate of 2%. Interest is payable semi-annually on April 15 and October 15 of each year, commencing October 15, 2015. Principal is payable on October 15 of each year through 2019. The bond proceeds will be used to currently refund the balance of the City's outstanding General Obligation Refunding Bonds, Series 2005A, and pay for costs of issuance associated with the Bonds. Principal and interest on the Bonds are payable from ad valorem taxes levied against all the taxable property in the City without limitation as to rate or amount.

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the unfunded debt from these earlier issues will not be actually retired until the call dates come due or until maturity if they are not callable issues. As of April 30, 2016, 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 \$931,596 has been included as a direct function expense. No interest was required to be capitalized during the year ended April 30, 2016.

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
2017	\$ 1,761,243	\$ 437,051	\$ 2,198,294
2018	2,014,270	395,781	2,410,051
2019	2,264,949	342,201	2,607,150
2020	2,158,359	285,890	2,444,249
2021	675,825	244,381	920,206
2022-2026	2,468,906	817,092	3,285,998
2027-2030	1,440,000	170,390	1,610,390
	<u>\$ 12,783,552</u>	<u>\$ 2,692,786</u>	<u>\$ 15,476,338</u>

Notes Payable – Bank

On November 30, 2009, the City entered into a loan agreement with Bank of Springfield in the amount of \$336,428.26 to refinance loans with First Bankers Trust Company (for a pump truck for the Fire Department) and Associated Bank (for an Airport Hangar building). This agreement calls for 66 monthly payments of \$5,527 each at a fixed interest rate of 2.94%. The balance outstanding at April 30, 2016, was \$0.

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, 2016, was \$0.

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, 2016, was \$175,000.

The City acquired a piece of land from Quincy University in May 2005 for use as the Firefighters Regional Training Center. The City also received a lease agreement for the use of land at the site from the University for \$1 per year for 20 years. The land was valued at \$250,000 and the lease was valued at \$250,000. The City has an economic development loan due from the University for \$500,000 that was converted to the Firefighters Regional Training Center. The \$500,000 is to be repaid in 7 annual payments of \$50,000 at 0% interest with a balloon payment of \$150,000. The balance outstanding at April 30, 2016, was \$100,000.

On October 3, 2013, the City entered into a loan agreement with First Bankers Trust in the amount of \$22,995 for the purchase of computer network equipment. This agreement calls for 36 monthly payments of \$658.51 at a fixed interest rate of 1.96%. The balance outstanding at April 30, 2016, was \$3,928.

5) Non-current Liabilities (Continued)

Notes Payable – Bank (Concluded)

The annual requirements to amortize the outstanding loans as of April 30, 2016, are as follows:

Governmental Activities

Year Ending April 30	Principal	Interest	Total
2017	\$ 16,428	\$ 23	\$ 16,451
2018	12,500	-	12,500
2019	12,500	-	12,500
2020	12,500	-	12,500
2021	12,500	-	12,500
2022-2026	62,500	-	62,500
2027-2030	50,000	-	50,000
	<u>\$ 178,928</u>	<u>\$ 23</u>	<u>\$ 178,951</u>

Business-Type Activities

Year Ending April 30	Principal	Interest	Total
2017	\$ 100,000	\$ -	\$ 100,000
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Total Notes Payable	<u>\$ 278,928</u>	<u>\$ 23</u>	<u>\$ 278,951</u>

Other Non-current Liabilities

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, 2016.

A summary of the liability for compensated absences by function at April 30, 2016, follows:

	Sick Leave	Vacation	Comp Time	Total	Current Portion
Governmental activities:					
General government	\$ 89,647	\$ 59,918	\$ -	\$ 149,565	\$ 63,008
Public safety	1,302,034	585,550	515,270	2,402,854	1,239,888
Public works	229,547	204,841	30,912	465,300	244,117
Engineering services	31,488	24,705	-	56,193	26,351
Community development	24,969	15,007	-	39,976	15,700
	<u>\$ 1,677,685</u>	<u>\$ 890,021</u>	<u>\$ 546,182</u>	<u>\$ 3,113,888</u>	<u>\$ 1,589,064</u>
Business-type activities:					
Water	\$ 202,809	\$ 76,491	\$ -	\$ 279,300	\$ 79,338
Sewer	33,152	19,291	-	52,443	19,545
Airport	12,371	5,688	-	18,059	5,899
	<u>\$ 248,332</u>	<u>\$ 101,470</u>	<u>\$ -</u>	<u>\$ 349,802</u>	<u>\$ 104,782</u>
Total Compensated Absences	<u>\$ 1,926,017</u>	<u>\$ 991,491</u>	<u>\$ 546,182</u>	<u>\$ 3,463,690</u>	<u>\$ 1,693,846</u>

5) Non-current Liabilities (Concluded)

Other Non-current Liabilities (Concluded)

Accrued interest on bonds is comprised of the following:

	Next Interest Payment Due	Accrued Interest April 30, 2016
GOB 2009B	\$ 22,108	\$ 14,738
GOB 2015A	49,500	4,125
GOB 2009C	133,806	89,205
	\$ 205,414	\$ 108,068

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. \$2,325,000 has been accrued as a landfill post-closure liability at April 30, 2016, 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.

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, 2016, the City had accumulated a liability of \$834,076.

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, 2015 for the 2014 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 \$1,446,460 in the Governmental activities and \$3,873,024 in the Pension Trust funds, levied for 2015, 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, 2016, were 100% of the 2014 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 City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund which was created in 1939 by the Illinois General Assembly and began operating in 1941. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

Benefits are established by statute and may only be changed by the Illinois General Assembly. The benefit provision in effect on the member's date of participation determine a member's minimum benefit while the benefit provisions in effect on the member's date of termination determine a member's maximum benefit.

IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

At April 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	288
Inactive employees entitled to but not yet receiving benefits	106
Active employees	<u>224</u>
Total	<u><u>618</u></u>

7) Pension Plans (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Contributions

As set by statute, the 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 City's annual required contribution rate for calendar year 2015 was 11.47 percent. For the fiscal year ended April 30, 2016, the City contributed \$1,036,956 to the plan. 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. Costs of administering the plan are financed by investment income. Contributions are based on employee payrolls and are due each month to IMRF.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Actuarial assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Salary Increase	3.75% to 14.50% including inflation
Investment rate of return	7.48%

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

Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period 2011-2013.

7) Pension Plans (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	38.00%	7.60%
International Equities	17.00%	7.80%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	6.15%
Alternatives	9.00%	5.25-8.50%
Cash Equivalents	1.00%	2.25%

Single Discount Rate

The single discount rate used to measure the total pension liability is 7.48%. The projections of cash flows used to determine the discount rate assumed that plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Changes in the Net Position Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 4/30/2015	\$ 71,562,280	\$ 70,003,466	\$ 1,558,814
Changes for the year:			
Service cost	\$ 1,019,908	\$ -	
Interest	5,266,707	-	
Difference between expected and actual experience	(270,778)	-	
Contributions-employer	-	1,068,611	
Contributions-employee	-	429,456	
Net investment income	-	344,516	
Benefits payments, including refunds	(3,698,939)	(3,698,939)	
Assumption changes	162,631	-	
Other changes	-	(970,328)	
Net changes	\$ 2,479,529	\$ (2,826,683)	\$ 5,306,212
Balances at 4/30/2016	\$ 74,041,809	\$ 67,176,783	\$ 6,865,026

7) Pension Plans (Continued)

Illinois Municipal Retirement Fund (IMRF) (Concluded)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.48%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

	1% Decrease 6.48%	Current Single Discount Rate Assumption 7.48%	1% Increase 8.48%
Total Pension Liability	\$ 82,845,858	\$ 74,041,809	\$ 66,794,957
Plan Fiduciary Net Position	67,176,783	67,176,783	67,176,783
Net Pension Liability/(Asset)	<u>\$ 15,669,075</u>	<u>\$ 6,865,026</u>	<u>\$ (381,826)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense of \$2,639,761. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 197,645
Changes in assumptions	118,706	-
Net difference between projected and actual earnings on pension plan investments	3,829,461	-
Contributions subsequent to measurement date *	306,994	-
Total	<u>\$ 4,255,161</u>	<u>\$ 197,645</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized a reduction in the Net Pension Liability for the year ending April 30, 2017.

The amount reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30	Net Deferred Outflows of Resources
2016	\$ 1,235,148
2017	928,155
2018	936,846
2019	957,366
2020	-
Thereafter	-
Total	<u>\$ 4,057,516</u>

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds

Plan Description

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, 2016.

Benefits Provided

Police:

Employees attaining the age of fifty or more with twenty or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to thirty years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary. For Employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of ten years of service: Early Retirement age is attainment of age 50, completion of 10 years of service.

Firefighters:

Employees attaining the age of fifty or more with twenty or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased 1/12 of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit from 15% of final salary for ten years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary. For Employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary, the Normal Retirement age is attainment of age 55 and completion of ten years of service: Early Retirement age is attainment of age 50, completion of 10 years of service.

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds (Continued)

Employees Covered by Benefit Terms:

At April 30, 2016, the following employees were covered by the benefit terms:

Firefighters' Pension Plan

Inactive employees or beneficiaries currently receiving benefi	81
Inactive employees entitled to but not yet receiving benefits	2
Active employees	58
Total	141

Police Pension Plan

Inactive employees or beneficiaries currently receiving benefi	73
Inactive employees entitled to but not yet receiving benefits	4
Active employees	70
Total	147

Contributions

Covered employees are currently required to contribute 9.91 percent of their regular salary to the Police Pension Plan and 9.455 percent to the Firefighters' 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.

Net Pension Liability

The City's net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2016.

Actuarial Assumptions

The total pension liability in the April 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Firefighters' Pension Plan

Inflation	2.50%
Salary Increase	5.00%
Investment rate of return	6.75%, net of expenses

Police Pension Plan

Inflation	2.50%
Salary Increase	5.00%
Investment rate of return	6.75%, net of expenses

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 6.75%. The projections of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Position Liability

Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 4/30/2015	\$ 64,267,138	\$ 27,416,873	\$ 36,850,265
Changes for the year:			
Service Cost	\$ 1,188,521	\$ -	
Interest	4,379,573	-	
Difference between expected and actual experience	(57,491)	-	
Changes of assumptions	6,196,934	-	
Contributions-employer	-	2,569,640	
Contributions-employee	-	379,247	
Net investment income	-	139,880	
Benefits payments, including refunds	(3,403,608)	(3,403,608)	
Administrative expense	-	(25,479)	
Other changes	-	-	
Net changes	<u>\$ 8,303,929</u>	<u>\$ (340,320)</u>	<u>\$ 8,644,249</u>
Balances at 4/30/2016	<u>\$ 72,571,067</u>	<u>\$ 27,076,553</u>	<u>\$ 45,494,514</u>

Police Pension Fund

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 4/30/2015	\$ 66,082,992	\$ 33,233,130	\$ 32,849,862
Changes for the year:			
Service Cost	\$ 1,180,130	\$ -	
Interest	4,519,078	-	
Difference between expected and actual experience	257,044	-	
Changes of assumptions	5,600,452	-	
Contributions-employer	-	2,126,886	
Contributions-employee	-	534,438	
Net investment income	-	(1,479,317)	
Benefits payments, including refunds	(3,049,461)	(3,049,461)	
Administrative expense	-	(32,030)	
Other changes	-	-	
Net changes	<u>\$ 8,507,243</u>	<u>\$ (1,899,484)</u>	<u>\$ 10,406,727</u>
Balances at 4/30/2016	<u>\$ 74,590,235</u>	<u>\$ 31,333,646</u>	<u>\$ 43,256,589</u>

7) Pension Plans (Continued)

Police and Firefighter's Pension Funds (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

Firefighters' Pension Plan

	1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 54,884,944	\$ 45,494,514	\$ 37,721,219
Plan Fiduciary Net Position	27,076,553	27,076,553	27,076,553
Net Pension Liability/(Asset)	<u>\$ 27,808,391</u>	<u>\$ 18,417,961</u>	<u>\$ 10,644,666</u>

Police Pension Fund

	1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 53,925,806	\$ 43,256,589	\$ 34,574,005
Plan Fiduciary Net Position	31,333,646	31,333,646	31,333,646
Net Pension Liability/(Asset)	<u>\$ 22,592,160</u>	<u>\$ 11,922,943</u>	<u>\$ 3,240,359</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense of \$810,254 for the Firefighters Plan and \$840,859 for Police. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

Firefighters' Pension Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,491
Changes in assumptions	6,196,934	-
Net difference between projected and actual earnings on pension plan investments	1,694,552	-
Total	<u>\$ 7,891,486</u>	<u>\$ 57,491</u>

Police Pension Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,044	\$ -
Changes in assumptions	5,600,452	-
Net difference between projected and actual earnings on pension plan investments	3,708,372	-
Total	<u>\$ 9,565,868</u>	<u>\$ -</u>

7) Pension Plans (Concluded)

Police and Firefighter's Pension Funds (Concluded)

The amount reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Firefighters' Pension Plan		
Year Ending	Net Deferred Outflows of	Net Deferred Inflows of
<u>April 30</u>	<u>Resources</u>	<u>Resources</u>
2017	\$ 1,465,625	\$ 10,453
2018	1,465,625	10,453
2019	1,465,625	10,453
2020	1,465,625	10,453
2021	1,465,627	10,453
Thereafter	563,359	5,226
Total	<u><u>\$ 7,891,486</u></u>	<u><u>\$ 57,491</u></u>

Police Pension Fund		
Year Ending	Net Deferred Outflows of	Net Deferred Inflows of
<u>April 30</u>	<u>Resources</u>	<u>Resources</u>
2017	\$ 1,642,827	-
2018	1,642,827	-
2019	1,642,827	-
2020	1,642,827	-
2021	1,642,829	-
Thereafter	1,351,731	-
Total	<u><u>\$ 9,565,868</u></u>	<u><u>\$ -</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, 2016 were as follows:

Annual required contribution	\$ 515,986
Interest on net OPEB obligation	24,018
Adjustment to annual required contribution	(20,015)
Annual pension cost	<u>\$ 519,989</u>
Contributions made	(286,361)
Increase in net OPEB obligation	<u>\$ 233,628</u>
Net OPEB obligation, beginning of year	600,448
Net OPEB obligation, end of year	<u><u>\$ 834,076</u></u>

8) Health Insurance Plan for Retired Employees (Concluded)

The annual required contribution for the year ended April 30, 2016, was determined as part of the April 30, 2015 actuarial valuation using the Entry Age Normal Cost method. The actuarial assumptions at April 30, 2015, included (a) 4.0% investment rate of return, (b) projected salary increases of 4.0% per year, (c) health care inflation rate of 0.0% initial and 5.5% ultimate, and (d) 20% 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, 2015, valuation was 30 years.

Fiscal Year Ended	Annual OPEB Cost	Trend Information		
		Total Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 519,989	\$ 286,361	55.1%	\$ 834,076
2015	448,120	281,870	62.9%	600,448
2014	349,132	205,932	59.0%	434,198

As of April 30, 2015, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$9,713,802 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,713,802.

The schedule of funding progress 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. The schedule of funding progress is included in the required supplementary information.

At April 30, 2016, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	234
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	49
Active nonvested plan members	288
Total members	<u><u>571</u></u>

9) Individual Fund Disclosures

For the year ended April 30, 2016, 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, 2016, was \$2,369,900. Limits of liability are as follows:

Type of Coverage	Maintenance Deductible	Self Insured Retention	Excess Insurance Coverage Limits
Property Insurance	\$ 1,000	\$ 150,000	\$400,000,000
Third Party Liability	\$ 1,000	\$ 200,000	\$ 15,000,000
Worker's Compensation	N/A	\$ 600,000	Statutory limits
Crime Coverage	\$ 1,000	\$ 50,000	\$ 500,000

11) Internal Balances

Interfund transfers during the year ended April 30, 2016, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General Fund	\$ 679,887	\$ 8,072,186
State and Federal Grants Fund	-	37,554
Quincy Transit Lines	274,000	-
Capital Projects Fund	2,201,817	569,194
Other governmental funds	1,606,539	801,933
	<u>\$ 4,762,243</u>	<u>\$ 9,480,867</u>
Water Department	\$ 54,361	\$ 53,812
Sewer Department	25,014	53,812
Quincy Regional Airport	592,355	-
Regional Training Facility	75,475	-
Other enterprise funds	-	125,000
	<u>\$ 747,205</u>	<u>\$ 232,624</u>
Central Garage	\$ 300,200	\$ 115,787
Central Services	4,164,150	149,520
	<u>\$ 4,464,350</u>	<u>\$ 265,307</u>
Private Purpose Trust Funds:		
Sister City Commission	\$ 5,000	\$ -
	<u>\$ 5,000</u>	<u>\$ -</u>
	<u>\$ 9,978,798</u>	<u>\$ 9,978,798</u>

Interfund receivables and payables at April 30, 2016, were as follows:

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

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. There was no change in the interfund balances for the year ended April 30, 2016.

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) Deferred Compensation

Internal Revenue Code Section 457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans are administered by AIG Valic and Nationwide Retirement Solutions, Inc. The plans, available to all full-time City employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. City employees deferred \$630,616 into the plans for the year ended April 30, 2016.

14) 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, 2016 for these funds is as follows:

	Water Department	Sanitation Department	Quincy Regional Airport	Regional Training Facility	Other Enterprise Funds	Total
Operating revenues	\$ 6,073,860	\$ 4,128,953	\$ 420,385	\$ 6,215	\$ 246,089	\$10,875,502
Operating expenses (excluding depreciation)	5,356,611	3,799,959	637,995	26,954	4,666	9,826,185
Depreciation	852,852	2,013,043	656,541	35,794	20,737	3,578,967
Operating income	<u>\$ (135,603)</u>	<u>\$ (1,684,049)</u>	<u>\$ (874,151)</u>	<u>\$ (56,533)</u>	<u>\$ 220,686</u>	<u>\$ (2,529,650)</u>
Non-operating revenues/ (expenses)	24,995	14,319	86,660	167	1,388	127,529
Capital contributions	-	-	-	-	-	-
Operating transfers	549	(28,798)	592,355	75,475	(125,000)	514,581
Net income (loss)	<u>\$ (110,059)</u>	<u>\$ (1,698,528)</u>	<u>\$ (195,136)</u>	<u>\$ 19,109</u>	<u>\$ 97,074</u>	<u>\$ (1,887,540)</u>
Capital asset additions	\$ (4,430,172)	\$ (639,634)	\$ (360,254)	\$ -	\$ -	\$ (5,430,060)
Net working capital	\$ 5,415,329	\$ 4,567,215	\$ 579,947	\$ (50,140)	\$ 394,150	\$10,906,501
Total assets	\$25,826,748	\$40,374,787	\$13,923,775	\$ 814,137	\$ 514,060	\$81,453,507
Notes payable from operating revenues	\$ 1,232,915	\$ 477,769	\$ 164,767	\$ 50,000	\$ -	\$ 1,925,451
Total equity	\$24,376,237	\$40,016,433	\$13,823,109	\$ 713,983	\$ 513,992	\$79,443,754

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, 2016, follows:

	Loans Outstanding
Revolving Loan Fund	\$ 550,922
CDBG Revolving Loan Fund	704,849
Business and Housing Loans	668,119
Total	\$ 1,923,890

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, 2016, 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, 2016, the City received rental income for the property in the amount of \$48,016. This financial institution has moved to another location so this lease has not been renewed for future years.

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, 2016, the City received rental income in the amount of \$34,012.

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 \$14,857 in rental income from this property for the year ended April 30, 2016.

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, 2014 with the option to renew for three successive renewals of five years each. The lease was renewed through October 31, 2018. The lease calls for monthly payments of \$585 each, adjusted for inflation, bringing the payment to \$626 for this renewal period. The future minimum rentals are as follows:

Year Ending April 30	Total
2017	\$ 7,513
2018	7,513
2019	3,757
	\$ 18,783

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 April 20, 2015, the City entered into a Wastewater Operation and Maintenance Agreement with Severn Trent Environmental Services, Inc. for the management and operation of the City's wastewater facilities. This agreement has a period of five years commencing April 27, 2015, and continuing until April 27, 2020. Under this agreement, Severn Trent Environmental Services will manage the wastewater facilities by treating the wastewater influent delivered to the Facilities; providing routine maintenance of the Facilities; repairing and replacing the Facilities' equipment; providing regular testing for operational and process control and compliance with the various parameters; preparing and promptly delivering all applicable and required filings to regulatory agencies; and monitoring the seven pump stations high level alarms and providing routine preventative maintenance and repairing and replacing to same; monitoring dry weather flow interceptors at the six Municipal CSOs and reporting to the City and the IEPA in accordance with the permit. 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. Severn will invoice the City monthly for all costs according to the fee schedule and any reimbursable costs that are the City's responsibility plus an administrative fee of fifteen percent. The base fee for the initial five-year period is \$61,170 per month. The following table depicts the future minimum fees under this agreement:

Year Ending April 30	Total
2017	\$ 734,050
2018	734,050
2019	734,050
2020	734,050
	<u>\$ 2,936,200</u>

As in prior years, the City also has entered into various construction contracts that are in progress or have not yet begun at April 30, 2016. These projects include the Bayview Bridge Lighting project of \$531,620 that was ninety five percent complete at April 30, 2016.

20) Subsequent Events

Subsequent events have been evaluated through October 21, 2016, which is the date the financial statements were available to be issued.

21) Prior Period Adjustment

During the year ended April 30, 2016, the City adopted Government Accounting Standards Board (GASB) Statement No. 68 and GASB Statement No. 71, to recognize the effect of recording the net pension liability resulting in its participation in the pension plans. As such, the City has reported a prior period adjustment for the net pension liability in the amounts of \$70,710,147 in the governmental activities and \$325,621 in the business-type activities. This total prior period adjustment of \$71,035,768 is shown in the Government-wide Statement of Activities and the Statement of Revenues, Expenses, and Changes in Net Fund Position - Proprietary Funds.

22) Recently Issued Pronouncements

As of April 30, 2016, 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. 72, *Fair Value Measurement and Application*, will address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended April 30, 2017.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, will be effective for the year ended April 30, 2018. The objective of these Statements are to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Statement No. 77, *Tax Abatement Disclosures*, will be effective for the year ended April 30, 2017. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Management has not yet completed its evaluation of the impact, if any, of all 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 Schedule of Funding Progress for the City's Other Postemployment Benefits presents information used to consistently measure the City's funded status over a three-year period.

Schedules of Changes in the Net Pension Liability and Related Ratios and the Schedules of Employer Contributions and notes for each of the City's defined benefit pension plans present information used to illustrate the requirement to show information for a ten-year period. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

City of Quincy, Illinois
 Budgetary Comparison Schedule - General Fund
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, May 1, 2015	\$ 4,953,317	\$ 4,953,317	\$ 4,953,317	\$ -
Resources (inflows):				
Property taxes	50,000	50,000	49,259	(741)
Franchise taxes	419,000	419,000	487,890	68,890
Charges for services	856,714	860,134	636,217	(223,917)
Fines and forfeitures	520,100	520,100	419,818	(100,282)
Intergovernmental	23,746,243	23,866,248	25,854,963	1,988,715
Grants and contributions	82,200	82,200	105,777	23,577
Investment earnings	16,790	16,790	21,156	4,366
Miscellaneous	91,945	91,945	645,246	553,301
Sale of assets	5,000	5,000	17,930	12,930
Cost share transfers, net	534,175	534,175	568,519	34,344
Operating transfers in	642,333	642,333	679,887	37,554
Amounts available for Appropriation	<u>\$ 31,917,817</u>	<u>\$ 32,041,242</u>	<u>\$ 34,439,979</u>	<u>\$ 2,398,737</u>
Charges to appropriations (outflows)				
General Government				
Aldermen	\$ 256,203	\$ 256,203	\$ 236,365	\$ 19,838
Mayor	243,807	243,804	219,974	23,830
City Treasurer	275,193	275,193	263,280	11,913
City Clerk	233,201	233,201	228,680	4,521
Director of Administration	108,103	108,103	106,307	1,796
Purchasing	26,530	28,789	28,035	754
Building Maintenance	260,853	260,853	181,371	79,482
Comptroller	328,093	328,093	318,334	9,759
Legal Department	243,798	243,798	224,987	18,811
Boards and Commissions	72,509	72,509	33,025	39,484
Information Technology	715,031	715,031	695,826	19,205
Public Safety				
Police Department	8,712,809	8,836,234	8,803,534	32,700
Fire Department	6,422,195	6,422,195	6,251,735	170,460
Public Works	1,321,372	1,387,822	1,235,711	152,111
Engineering Services	562,816	530,345	506,726	23,619
Health and sanitation	254,955	255,155	183,121	72,034
Community development	827,300	827,300	615,255	212,045
Culture and recreation	26,693	26,693	10,929	15,764
Cemetery	180,000	180,000	180,000	-
Nondepartmental				
Operating transfers out	7,095,993	8,380,242	8,072,186	308,056
Total Charges to Appropriations	<u>\$ 28,167,454</u>	<u>\$ 29,611,563</u>	<u>\$ 28,395,381</u>	<u>\$ 1,216,182</u>
Budgetary Balance, April 30, 2016	<u>\$ 3,750,363</u>	<u>\$ 2,429,679</u>	<u>\$ 6,044,598</u>	<u>\$ 3,614,919</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - State and Federal Grants Fund
 For the Year Ended April 30, 2016

	<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, 2015	\$ 75,245	\$ 75,245	\$ 75,245	\$ -
Resources (inflows):				
Grants and contributions	621,000	621,000	160,898	(460,102)
Investment earnings	-	-	21	21
Amounts available for Appropriation	<u>\$ 696,245</u>	<u>\$ 696,245</u>	<u>\$ 236,164</u>	<u>\$ (460,081)</u>
Charges to appropriations (outflows)				
Community development Nondepartmental	\$ 621,000	\$ 583,446	\$ 169,311	\$ 414,135
Operating transfers out	-	37,554	37,554	-
Total Charges to Appropriations	<u>\$ 621,000</u>	<u>\$ 621,000</u>	<u>\$ 206,865</u>	<u>\$ 414,135</u>
Budgetary Balance, April 30, 2016	<u>\$ 75,245</u>	<u>\$ 75,245</u>	<u>\$ 29,299</u>	<u>\$ (45,946)</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Quincy Transit Lines Fund
 For the Year Ended April 30, 2016

	<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, 2015	\$ 448,027	\$ 448,027	\$ 448,027	\$ -
Resources (inflows):				
Charges for services	78,200	78,200	80,045	1,845
Grants and contributions	2,910,753	2,910,753	2,783,893	(126,860)
Investment earnings	1,200	1,200	3,261	2,061
Cost share transfers, net	(150,876)	(150,876)	(144,619)	6,257
Operating transfers in	274,000	274,000	274,000	-
Amounts available for Appropriation	<u>\$ 3,561,304</u>	<u>\$ 3,561,304</u>	<u>\$ 3,444,607</u>	<u>\$ (116,697)</u>
Charges to appropriations (outflows)				
Public Works	\$ 3,056,077	\$ 3,056,077	\$ 2,865,545	\$ 190,532
Capital outlay	57,200	57,200	695	56,505
Total Charges to Appropriations	<u>\$ 3,113,277</u>	<u>\$ 3,113,277</u>	<u>\$ 2,866,240</u>	<u>\$ 247,037</u>
Budgetary Balance, April 30, 2016	<u>\$ 448,027</u>	<u>\$ 448,027</u>	<u>\$ 578,367</u>	<u>\$ 130,340</u>

City of Quincy, Illinois
 Budgetary Comparison Schedule - Capital Projects Fund
 For the Year Ended April 30, 2016

	<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, 2015	\$ 1,785,017	\$ 1,785,017	\$ 1,785,017	\$ -
Resources (inflows):				
Grants and contributions	-	-	-	-
Miscellaneous	-	-	-	-
Investment earnings	5,000	5,000	7,571	2,571
Operating transfers in	2,205,240	2,205,240	2,201,817	(3,423)
Amounts available for Appropriation	<u>\$ 3,995,257</u>	<u>\$ 3,995,257</u>	<u>\$ 3,994,405</u>	<u>\$ (852)</u>
Charges to appropriations (outflows)				
General government	\$ 80,000	\$ 75,304	\$ 67,513	\$ 7,791
Public Safety	194,000	194,000	142,625	51,375
Public Works	2,898,046	2,836,645	1,016,599	1,820,046
Community development	-	-	-	-
Health and sanitation	200,000	200,000	15,709	184,291
Loan/Lease payments	82,442	94,204	94,204	-
Nondepartmental				
Operating transfers out	458,188	569,662	569,194	468
Total Charges to Appropriations	<u>\$ 3,912,676</u>	<u>\$ 3,969,815</u>	<u>\$ 1,905,844</u>	<u>\$ 2,063,971</u>
Budgetary Balance, April 30, 2016	<u>\$ 82,581</u>	<u>\$ 25,442</u>	<u>\$ 2,088,561</u>	<u>\$ 2,063,119</u>

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

City of Quincy, Illinois
 Budgetary Comparison Schedule
 Budget - to - GAAP Reconciliation
 For the Year Ended April 30, 2016

	<u>General Fund</u>	<u>State and Federal Grants Fund</u>	<u>Quincy Transit Lines</u>	<u>Capital Projects Fund</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 34,439,979	\$ 236,164	\$ 3,444,607	\$ 3,994,405
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.	(4,953,317)	(75,245)	(448,027)	(1,785,017)
Revenues in the statement of revenues, expenditures, and changes in fund balances are reported on the modified accrual basis of accounting. In the budgetary comparison schedule, revenues are reported when received.	63,364	(25,000)	567,733	100,326
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(1,266,336)	-	(129,381)	(2,201,817)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 28,283,690</u>	<u>\$ 135,919</u>	<u>\$ 3,434,932</u>	<u>\$ 107,897</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule.	\$ 28,395,381	\$ 206,865	\$ 2,866,240	\$ 1,905,844
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.	65,264	(54,494)	676,231	313
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	(8,072,186)	(37,554)	-	(569,194)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 20,388,459</u>	<u>\$ 114,817</u>	<u>\$ 3,542,471</u>	<u>\$ 1,336,963</u>

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

City of Quincy, Illinois
Combining Statement of Net Position - Component Units
April 30, 2016

	Quincy Public Library	Woodland Cemetery	Total Component Units
Assets			
Cash and cash investments	\$ 891,245	\$ 53,895	\$ 945,140
Investments	1,366,580	1,481,121	2,847,701
Receivables, net	733,990	-	733,990
Capital assets, net	5,828,238	452,870	6,281,108
Total Assets	\$ 8,820,053	\$ 1,987,886	\$ 10,807,939
Deferred Outflows of Resources			
Pension obligation	\$ 502,627	\$ -	\$ 502,627
Liabilities			
Accounts payable	\$ 14,487	\$ 9,104	\$ 23,591
Accrued expenses	116,725	2,024	118,749
Net pension liability	803,859	-	803,859
Unearned revenue	41,601	-	41,601
Total Liabilities	\$ 976,672	\$ 11,128	\$ 987,800
Deferred Inflows of Resources			
Unearned property taxes	\$ 732,090	\$ -	\$ 732,090
Pension obligation	23,143	-	23,143
Total Deferred Inflows of Resources	\$ 755,233	\$ -	\$ 755,233
Net Position			
Invested in capital assets, net of related debt	\$ 5,828,238	\$ 452,870	\$ 6,281,108
Restricted for:			
Other purposes	105,924	326,641	432,565
Unrestricted	1,656,613	1,197,247	2,853,860
Total Net Position	\$ 7,590,775	\$ 1,976,758	\$ 9,567,533

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

City of Quincy, Illinois
 Schedule of Funding Progress - Other Postemployment Benefits
 For the Year Ended April 30, 2016

Health Insurance Plan for Retired Employees - Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2016	\$ -	\$ 9,713,802	\$ 9,713,802	0.00%	Not Available	
4/30/2015	-	8,384,766	8,384,766	0.00%	19,843,209	42.26%
4/30/2014	-	8,384,766	8,384,766	0.00%	19,843,209	42.26%

City of Quincy, Illinois
Schedule of Changes in the Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
April 30, 2016

Total Pension Liability

Service Cost	\$ 1,019,908
Interest on total pension liability	5,266,707
Changes of benefit terms	-
Difference between expected and actual experience	(270,778)
Changes of assumptions	162,631
Benefit payments, including refunds	<u>(3,698,939)</u>
Net change in total pension liability	\$ 2,479,529
Total pension liability-beginning	71,562,280
Total pension liability-ending (a)	<u><u>\$ 74,041,809</u></u>

Plan Fiduciary Net Position

Contributions-employer	\$ 1,068,611
Contributions-employee	429,456
Net investment income	344,516
Benefit payments, including refunds	(3,698,939)
Pension plan administrative expense	-
Other (Net Transfer)	<u>(970,328)</u>
Net change in plan fiduciary net position	\$ (2,826,683)
Plan fiduciary net position-beginning	70,003,466
Plan fiduciary net position-ending (b)	<u><u>\$ 67,176,783</u></u>
Net pension liability/(asset)-ending (a) - (b)	\$ 6,865,026
Plan fiduciary net position as a percentage of the total pension liability	90.73%
Covered-employee payroll	\$ 9,261,305
Net pension liability as a percentage of covered employee payroll	74.13%

City of Quincy, Illinois
Schedule of Changes in the Net Pension Liability and Related Ratios
Firefighters' Pension Fund
April 30, 2016

Total Pension Liability

Service Cost	\$	1,188,521
Interest on total pension liability		4,379,573
Changes of benefit terms		-
Difference between expected and actual experience		(57,491)
Changes of assumptions		6,196,934
Benefit payments, including refunds		<u>(3,403,608)</u>
Net change in total pension liability	\$	8,303,929
Total pension liability-beginning		<u>64,267,138</u>
Total pension liability-ending (a)	\$	<u><u>72,571,067</u></u>

Plan Fiduciary Net Position

Contributions-employer	\$	2,569,640
Contributions-employee		379,247
Net investment income		139,881
Benefit payments, including refunds		(3,403,608)
Pension plan administrative expense		<u>(25,479)</u>
Net change in plan fiduciary net position	\$	(340,319)
Plan fiduciary net position-beginning		<u>27,416,873</u>
Plan fiduciary net position-ending (b)	\$	<u><u>27,076,554</u></u>
Net pension liability/(asset)-ending (a) - (b)	\$	45,494,513
Plan fiduciary net position as a percentage of the total pension liability		37.31%
Covered-employee payroll	\$	3,964,235
Net pension liability as a percentage of covered employee payroll		1147.62%

City of Quincy, Illinois
Schedule of Changes in the Net Pension Liability and Related Ratios
Police Pension Fund
April 30, 2016

Total Pension Liability

Service Cost	\$	1,180,130
Interest on Total Pension Liability		4,519,078
Changes of benefit terms		-
Difference between expected and actual experience		257,044
Changes of assumptions		5,600,452
Benefit payments, including refunds		<u>(3,049,461)</u>
Net change in total pension liability	\$	8,507,243
Total pension liability-beginning		<u>66,082,992</u>
Total pension liability-ending (a)	\$	<u><u>74,590,235</u></u>

Plan Fiduciary Net Position

Contributions-employer	\$	2,126,886
Contributions-employee		534,438
Net investment income		(1,479,316)
Benefit payments, including refunds		(3,049,461)
Pension plan administrative expense		<u>(32,030)</u>
Net change in plan fiduciary net position	\$	(1,899,483)
Plan fiduciary net position-beginning		<u>33,233,130</u>
Plan fiduciary net position-ending (b)	\$	<u><u>31,333,647</u></u>
Net pension liability/(asset)-ending (a) - (b)	\$	43,256,588
Plan fiduciary net position as a percentage of the total pension liability		42.01%
Covered-employee payroll	\$	4,719,221
Net pension liability as a percentage of covered employee payroll		916.60%

City of Quincy, Illinois
 Schedule of Employer Contributions
 Illinois Municipal Retirement Fund
 April 30, 2016

	2015
Actuarially determined contribution	\$ 1,062,272
Contributions in relation to the actuarially determined contribution	1,068,611
Contribution deficiency (excess)	\$ (6,339)
 Covered employee payroll	\$ 9,261,305
Contributions as a percentage of covered employee payroll	11.54%

City of Quincy, Illinois
Notes to Schedule of Employer Contributions
Illinois Municipal Retirement Fund
April 30, 2016

Valuation Date December 31, 2015

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other Information	There were no benefit changes during the year.

City of Quincy, Illinois
Schedule of Employer Contributions
Firefighters' Pension Fund
April 30, 2016

	2016
Actuarially determined contribution	\$ 2,630,385
Contributions in relation to the actuarially determined contribution	<u>2,569,640</u>
Contribution deficiency (excess)	<u>\$ 60,745</u>
Covered employee payroll	\$ 3,964,235
Contributions as a percentage of covered employee payroll	64.82%

City of Quincy, Illinois
Notes to Schedule of Employer Contributions
Firefighters' Pension Fund
April 30, 2016

Valuation Date April 30, 2016

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll

Remaining Amortization Period 25 years

Asset Valuation Method Market Value

Price Inflation 2.50%

Salary Increases 5.00%

Investment Rate of Return 6.75%

Retirement Age 50-70

Mortality Mortality rates were based on the RP-2014 BCHA Mortality Table projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Other Information None

City of Quincy, Illinois
Schedule of Employer Contributions
Police Pension Fund
April 30, 2016

	2016
Actuarially determined contribution	\$ 2,293,934
Contributions in relation to the actuarially determined contribution	<u>2,126,886</u>
Contribution deficiency (excess)	<u>\$ 167,048</u>
Covered employee payroll	\$ 4,719,221
Contributions as a percentage of covered employee payroll	45.07%

Valuation Date April 30, 2016

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll

Remaining Amortization Period 25 years

Asset Valuation Method Market Value

Price Inflation 2.50%

Salary Increases 5.00%

Investment Rate of Return 6.75%

Retirement Age 50-70

Mortality Mortality rates were based on the RP-2014 BCHA Mortality Table projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Other Information None

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, 2016

	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	\$ 426,905	\$ 2,297,611	\$ 80,197	\$ 217,551	\$ 17,971	\$ 116,604	\$ 853,110	\$ 963,005
Receivables, net	40,072	33,563	-	-	-	25,833	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	89,556	92,473	-	-	-	-	-	-
Total Assets	\$ 556,533	\$ 2,423,647	\$ 80,197	\$ 217,551	\$ 17,971	\$ 142,437	\$ 853,110	\$ 963,005
Liabilities and Fund Balances								
Accounts payable	\$ 9,028	\$ 5,034	\$ -	\$ 3,676	\$ -	\$ -	\$ -	\$ -
Accrued expenses	37,321	-	-	-	-	-	-	-
Unearned revenue	-	-	-	7,205	-	-	-	-
Total Liabilities	\$ 46,349	\$ 5,034	\$ -	\$ 10,881	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	-	-	-	-	-	-	853,110	963,005
Capital projects	-	-	-	-	-	-	-	-
911 System	510,184	-	-	-	-	-	-	-
Motor fuel tax projects	-	2,418,613	-	-	-	-	-	-
Public safety projects	-	-	-	206,670	17,971	-	-	-
Other projects	-	-	80,197	-	-	-	-	-
Assigned for:								
Green projects	-	-	-	-	-	142,437	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 510,184	\$ 2,418,613	\$ 80,197	\$ 206,670	\$ 17,971	\$ 142,437	\$ 853,110	\$ 963,005
Total Liabilities and Fund Balances	\$ 556,533	\$ 2,423,647	\$ 80,197	\$ 217,551	\$ 17,971	\$ 142,437	\$ 853,110	\$ 963,005

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, 2016

	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	\$ 636,546	\$ 52,349	\$ 62,779	\$ 138,512	\$ 5,863,140	\$ 396,417	\$ 764,316	\$ 44,513
Receivables, net	-	-	-	72,808	172,276	1,100	-	-
Due from other funds	-	140,354	-	-	140,354	-	-	-
Due from other governments	-	-	-	-	182,029	-	-	-
Total Assets	\$ 636,546	\$ 192,703	\$ 62,779	\$ 211,320	\$ 6,357,799	\$ 397,517	\$ 764,316	\$ 44,513
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 17,738	\$ -	\$ 18,229	\$ -
Accrued expenses	-	-	-	-	37,321	-	-	-
Unearned revenue	-	-	-	-	7,205	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 62,264	\$ -	\$ 18,229	\$ -
Fund Balances								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development loans	636,546	192,703	62,779	-	2,708,143	-	-	-
Capital projects	-	-	-	-	-	397,517	746,087	44,513
911 System	-	-	-	-	510,184	-	-	-
Motor fuel tax projects	-	-	-	-	2,418,613	-	-	-
Public safety projects	-	-	-	-	224,641	-	-	-
Other projects	-	-	-	211,320	291,517	-	-	-
Assigned for:								
Green projects	-	-	-	-	142,437	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 636,546	\$ 192,703	\$ 62,779	\$ 211,320	\$ 6,295,535	\$ 397,517	\$ 746,087	\$ 44,513
Total Liabilities and Fund Balances	\$ 636,546	\$ 192,703	\$ 62,779	\$ 211,320	\$ 6,357,799	\$ 397,517	\$ 764,316	\$ 44,513

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, 2016

	Capital Project Funds				Debt Service Funds		
	2009 OLC Capital Projects	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Total Capital Projects Funds	2013A Bond	2013B HVAC Bond
Assets							
Cash and cash equivalents	\$ 154,793	\$ 238,242	\$ 199,959	\$ 430,745	\$ 2,228,985	\$ 147,593	\$ 2
Receivables, net	-	-	-	-	1,100	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total Assets	\$ 154,793	\$ 238,242	\$ 199,959	\$ 430,745	\$ 2,230,085	\$ 147,593	\$ 2
Liabilities and Fund Balances							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,229	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 18,229	\$ -	\$ -
Fund Balances							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,593	\$ 2
Economic development loans	-	-	-	-	-	-	-
Capital projects	154,793	238,242	199,959	-	1,781,111	-	-
911 System	-	-	-	-	-	-	-
Motor fuel tax projects	-	-	-	-	-	-	-
Public safety projects	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-
Assigned for:							
Green projects	-	-	-	-	-	-	-
Capital projects funds	-	-	-	430,745	430,745	-	-
Total Fund Balances	\$ 154,793	\$ 238,242	\$ 199,959	\$ 430,745	\$ 2,211,856	\$ 147,593	\$ 2
Total Liabilities and Fund Balances	\$ 154,793	\$ 238,242	\$ 199,959	\$ 430,745	\$ 2,230,085	\$ 147,593	\$ 2

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, 2016

	Debt Service Funds						Total	
	2010 GO Bond	2005 GO Bond	2009 OLC G/O Bond	2009 Library Bond	2009 Hydro Bond	2015 GO Note	Total Debt Service Funds	Non-Major Governmental Funds
Assets								
Cash and cash equivalents	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 8,534,126
Receivables, net	-	-	-	-	-	-	-	173,376
Due from other funds	-	-	-	-	-	-	-	140,354
Due from other governments	-	-	-	-	-	-	-	182,029
Total Assets	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 9,029,885
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,967
Accrued expenses	-	-	-	-	-	-	-	37,321
Unearned revenue	-	-	-	-	-	-	-	7,205
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,493
Fund Balances								
Restricted for:								
Debt service	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 442,001
Economic development loans	-	-	-	-	-	-	-	2,708,143
Capital projects	-	-	-	-	-	-	-	1,781,111
911 System	-	-	-	-	-	-	-	510,184
Motor fuel tax projects	-	-	-	-	-	-	-	2,418,613
Public safety projects	-	-	-	-	-	-	-	224,641
Other projects	-	-	-	-	-	-	-	291,517
Assigned for:								
Green projects	-	-	-	-	-	-	-	142,437
Capital projects funds	-	-	-	-	-	-	-	430,745
Total Fund Balances	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 8,949,392
Total Liabilities and Fund Balances	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 9,029,885

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, 2016

	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	\$ -	\$ -	\$ 3,625	\$ -	\$ -	\$ -	\$ -	\$ -
Public service taxes	414,644	1,039,347	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	384,525	-	-
Grants and contributions	-	-	-	24,340	72,240	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	70,954	-	-	-	-
Intergovernmental	526,552	-	-	-	-	-	-	-
Investment earnings	3,600	12,690	316	887	60	610	11,672	26,157
Miscellaneous	20,683	-	-	1,542	4,518	-	124,794	96,834
Total Revenues	\$ 965,479	\$ 1,052,037	\$ 3,941	\$ 97,723	\$ 76,818	\$ 385,135	\$ 136,466	\$ 122,991
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ 82,914	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	53,254	-	-	-
911 system	1,447,324	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Engineering services	-	136,773	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	75,000	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	860,319	2,051,790	-	-	18,986	-	-	-
Total Expenditures	\$ 2,307,643	\$ 2,188,563	\$ -	\$ 82,914	\$ 72,240	\$ -	\$ 75,000	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,342,164)	\$ (1,136,526)	\$ 3,941	\$ 14,809	\$ 4,578	\$ 385,135	\$ 61,466	\$ 122,991
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	794,750	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(388,333)	(62,500)	(62,500)
Debt proceeds	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-
Payments on current refunding	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 794,750	\$ -	\$ -	\$ -	\$ -	\$ (388,333)	\$ (62,500)	\$ (62,500)
Net Change in Fund Balances	\$ (547,414)	\$ (1,136,526)	\$ 3,941	\$ 14,809	\$ 4,578	\$ (3,198)	\$ (1,034)	\$ 60,491
Fund Balances, May 1, 2015	1,057,598	3,555,139	76,256	191,861	13,393	145,635	854,144	902,514
Fund Balances, April 30, 2016	\$ 510,184	\$ 2,418,613	\$ 80,197	\$ 206,670	\$ 17,971	\$ 142,437	\$ 853,110	\$ 963,005

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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,625	\$ -	\$ 393,798	\$ 18,915
Public service taxes	-	-	-	1,012,549	2,466,540	-	-	-
Franchise taxes	-	-	-	-	384,525	-	-	-
Grants and contributions	-	-	-	-	96,580	-	12,447	-
Charges for services	-	-	-	-	-	29,580	-	-
Fines and forfeitures	-	-	-	-	70,954	-	-	-
Intergovernmental	-	-	-	-	526,552	-	-	-
Investment earnings	23,636	203	310	435	80,576	1,526	2,801	167
Miscellaneous	193,490	2,560	1,030	303	445,754	-	-	-
Total Revenues	\$ 217,126	\$ 2,763	\$ 1,340	\$ 1,013,287	\$ 4,075,106	\$ 31,106	\$ 409,046	\$ 19,082
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	\$ 82,914	\$ -	\$ -	\$ -
Fire department	-	-	-	-	53,254	-	-	-
911 system	-	-	-	-	1,447,324	-	-	-
Public works	-	-	-	-	-	2,644	22,812	-
Engineering services	-	-	-	-	136,773	-	-	-
Culture and recreation	-	-	-	729,955	729,955	-	-	-
Community development	38,500	-	-	-	113,500	-	-	-
Debt Service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	2,931,095	-	-	-
Total Expenditures	\$ 38,500	\$ -	\$ -	\$ 729,955	\$ 5,494,815	\$ 2,644	\$ 22,812	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 178,626	\$ 2,763	\$ 1,340	\$ 283,332	\$ (1,419,709)	\$ 28,462	\$ 386,234	\$ 19,082
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ (20,236)	\$ (20,236)	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-	794,750	-	-	-
Operating transfers out	(27,000)	-	-	(261,600)	(801,933)	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-
Payments on current refunding	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ (27,000)	\$ -	\$ -	\$ (281,836)	\$ (27,419)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 151,626	\$ 2,763	\$ 1,340	\$ 1,496	\$ (1,447,128)	\$ 28,462	\$ 386,234	\$ 19,082
Fund Balances, May 1, 2015	484,920	189,940	61,439	209,824	7,742,663	369,055	359,853	25,431
Fund Balances, April 30, 2016	\$ 636,546	\$ 192,703	\$ 62,779	\$ 211,320	\$ 6,295,535	\$ 397,517	\$ 746,087	\$ 44,513

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, 2016

	Capital Projects Funds				Debt Service Funds		
	2009 OLC Capital Projects	Sewer Equipment	QMEA Cap Reserve	Fire Equip Improvement	Total Capital Projects Funds	2013A Bond	2013B HVAC Bond
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 412,713	\$ -	\$ -
Public service taxes	-	-	-	-	-	-	-
Franchise taxes	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	12,447	-	-
Charges for services	-	-	-	2,870	32,450	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	-	93,444	93,444	-	-
Investment earnings	782	947	795	1,691	8,709	946	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	\$ 782	\$ 947	\$ 795	\$ 98,005	\$ 559,763	\$ 946	\$ -
Expenditures							
Public Safety							
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire department	-	-	-	-	-	-	-
911 system	-	-	-	-	-	-	-
Public works	-	-	-	-	25,456	-	-
Engineering services	-	-	-	-	-	-	-
Culture and recreation	12,722	-	-	-	12,722	-	-
Community development	-	-	-	-	-	-	-
Debt Service							
Principal retirement	-	-	-	-	-	207,886	124,119
Interest and charges	-	-	-	-	-	5,274	15,373
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	\$ 12,722	\$ -	\$ -	\$ -	\$ 38,178	\$ 213,160	\$ 139,492
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,940)	\$ 947	\$ 795	\$ 98,005	\$ 521,585	\$ (212,214)	\$ (139,492)
Other Financing Sources (Uses)							
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-	-	216,000	139,493
Operating transfers out	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-
Payments on current refunding	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,000	\$ 139,493
Net Change in Fund Balances	\$ (11,940)	\$ 947	\$ 795	\$ 98,005	\$ 521,585	\$ 3,786	\$ 1
Fund Balances, May 1, 2015	166,733	237,295	199,164	332,740	1,690,271	143,807	1
Fund Balances, April 30, 2016	\$ 154,793	\$ 238,242	\$ 199,959	\$ 430,745	\$ 2,211,856	\$ 147,593	\$ 2

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, 2016

	2010 GO Bond	2005 GO Bond	2009 OLC G/O Bond	2009 Library Bond	2009 Hydro Bond	2015 GO Note	Total Debt Service Funds	Total Non-Major Governmental Funds
Revenues								
Property taxes	\$ 97,612	\$ 1,171,019	\$ -	\$ 355,528	\$ -	\$ -	\$ 1,624,159	\$ 2,040,497
Public service taxes	-	-	-	-	-	-	-	2,466,540
Franchise taxes	-	-	-	-	-	-	-	384,525
Grants and contributions	-	-	-	-	-	-	-	109,027
Charges for services	-	-	-	-	-	-	-	32,450
Fines and forfeitures	-	-	-	-	-	-	-	70,954
Intergovernmental	-	-	-	-	-	-	-	619,996
Investment earnings	398	1,036	58	971	2,992	-	6,401	95,686
Miscellaneous	-	-	-	115,443	-	-	115,443	561,197
Total Revenues	\$ 98,010	\$ 1,172,055	\$ 58	\$ 471,942	\$ 2,992	\$ -	\$ 1,746,003	\$ 6,380,872
Expenditures								
Public Safety								
Police department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,914
Fire department	-	-	-	-	-	-	-	53,254
911 system	-	-	-	-	-	-	-	1,447,324
Public works	-	-	-	-	-	-	-	25,456
Engineering services	-	-	-	-	-	-	-	136,773
Culture and recreation	-	-	-	-	-	-	-	742,677
Community development	-	-	-	-	-	-	-	113,500
Debt Service								
Principal retirement	85,000	1,180,000	-	195,000	1,087,529	130,270	3,009,804	3,009,804
Interest and charges	13,175	267,049	44,715	276,597	362,991	19,250	1,004,424	1,004,424
Capital Outlay	-	-	-	-	-	-	-	2,931,095
Total Expenditures	\$ 98,175	\$ 1,447,049	\$ 44,715	\$ 471,597	\$ 1,450,520	\$ 149,520	\$ 4,014,228	\$ 9,547,221
Excess (Deficiency) of Revenues Over Expenditures	\$ (165)	\$ (274,994)	\$ (44,657)	\$ 345	\$ (1,447,528)	\$ (149,520)	\$ (2,268,225)	\$ (3,166,349)
Other Financing Sources (Uses)								
Cost share transfers, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,236)
Operating transfers in	-	107,624	45,600	-	153,552	149,520	811,789	1,606,539
Operating transfers out	-	-	-	-	-	-	-	(801,933)
Debt proceeds	-	5,075,000	-	-	-	-	5,075,000	5,075,000
Premium on bond issuance	-	60,151	-	-	-	-	60,151	60,151
Payments on current refunding	-	(4,965,000)	-	-	-	-	(4,965,000)	(4,965,000)
Total Other Financing Sources (Uses)	\$ -	\$ 277,775	\$ 45,600	\$ -	\$ 153,552	\$ 149,520	\$ 981,940	\$ 954,521
Net Change in Fund Balances	\$ (165)	\$ 2,781	\$ 943	\$ 345	\$ (1,293,976)	\$ -	\$ (1,286,285)	\$ (2,211,828)
Fund Balances, May 1, 2015	72,430	55,416	21,336	141,320	1,293,976	-	1,728,286	11,161,220
Fund Balances, April 30, 2016	\$ 72,265	\$ 58,197	\$ 22,279	\$ 141,665	\$ -	\$ -	\$ 442,001	\$ 8,949,392

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, 2016

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 352,963	\$ 352,963
Receivables, net	41,255	41,255
Total Current Assets	\$ 394,218	\$ 394,218
Noncurrent Assets		
Capital assets:		
Land	\$ 19,945	\$ 19,945
Systems	145,556	145,556
Buildings and improvements	241,282	241,282
Less: Accumulated depreciation	(286,941)	(286,941)
Total Noncurrent Assets	\$ 119,842	\$ 119,842
Total Assets	\$ 514,060	\$ 514,060
Liabilities		
Current Liabilities		
Accounts payable	\$ 68	\$ 68
Total Liabilities	\$ 68	\$ 68
Net Position		
Invested in capital assets, net of debt	\$ 119,842	\$ 119,842
Unrestricted	394,150	394,150
Total Net Position	\$ 513,992	\$ 513,992

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

City of Quincy, Illinois
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended April 30, 2016

	<u>Enterprise Funds</u> <u>Quincy Municipal Dock</u>	<u>Total Non-Major Proprietary Funds</u>
Operating Revenues		
Charges for services	\$ 246,089	\$ 246,089
Total Revenues	<u>\$ 246,089</u>	<u>\$ 246,089</u>
Operating Expenses		
Purchased services	\$ 2,114	\$ 2,114
Supplies	2,552	2,552
Depreciation expense	20,737	20,737
Total Operating Expenses	<u>\$ 25,403</u>	<u>\$ 25,403</u>
Operating Income	<u>\$ 220,686</u>	<u>\$ 220,686</u>
Nonoperating Revenues (Expenses)		
Interest revenue	\$ 1,388	\$ 1,388
Operating transfers in	-	-
Operating transfers out	(125,000)	(125,000)
Total Nonoperating Revenues (Expenses)	<u>\$ (123,612)</u>	<u>\$ (123,612)</u>
Change in Net Position	<u>\$ 97,074</u>	<u>\$ 97,074</u>
Net Position, May 1, 2015	416,918	416,918
Net Position, April 30, 2016	<u><u>\$ 513,992</u></u>	<u><u>\$ 513,992</u></u>

City of Quincy, Illinois
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended April 30, 2016

	Enterprise Funds	Total
	Quincy Municipal Dock	Non-Major Proprietary Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 204,834	\$ 204,834
Payments to suppliers	(4,670)	(4,670)
Payments to employees	-	-
Net Cash Provided by Operations	\$ 200,164	\$ 200,164
Cash Flows from Noncapital Financing Activities		
Operating subsidies and transfers	\$ (125,000)	\$ (125,000)
Cash Flows from Investing Activities		
Interest received	\$ 1,388	\$ 1,388
Net Cash Provided by Investing Activities	\$ 1,388	\$ 1,388
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 76,552	\$ 76,552
Cash and Cash Equivalents, May 1, 2015	276,411	276,411
Cash and Cash Equivalents, April 30, 2016	\$ 352,963	\$ 352,963
Operating Income	\$ 220,686	\$ 220,686
Adjustments to reconcile Operating Income:		
Amortization and depreciation	20,737	20,737
(Increase) Decrease in:		
Accounts receivable	(41,255)	(41,255)
Increase (Decrease) in:		
Accounts payable	(4)	(4)
Accrued expenses	-	-
Accrued compensated absences	-	-
Cash flows from operating activities	\$ 200,164	\$ 200,164

City of Quincy, Illinois
Combining Statement of Net Position - Governmental-Type Activities
Internal Service Funds
April 30, 2016

	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	\$ 1,543,262	\$ 5	\$ 95,223	\$ 2,672,812	\$ 1,855,488	\$ 6,166,790
Receivables, net	770	305,909	-	5	77,658	384,342
Inventories	45,569	-	-	-	-	45,569
Total Current Assets	\$ 1,589,601	\$ 305,914	\$ 95,223	\$ 2,672,817	\$ 1,933,146	\$ 6,596,701
Noncurrent Assets						
Capital assets:						
Land	\$ -	\$ 488,071	\$ -	\$ -	\$ -	\$ 488,071
Systems	-	685,167	-	-	-	685,167
Buildings and improvements	-	2,210,394	-	-	-	2,210,394
Vehicles and equipment	4,372,174	1,884,290	-	7,469	-	6,263,933
Less: Accumulated depreciation	(4,061,299)	(2,043,288)	-	(7,469)	-	(6,112,056)
Total Noncurrent Assets	\$ 310,875	\$ 3,224,634	\$ -	\$ -	\$ -	\$ 3,535,509
Total Assets	\$ 1,900,476	\$ 3,530,548	\$ 95,223	\$ 2,672,817	\$ 1,933,146	\$ 10,132,210
Deferred Outflows of Resources - Pension	\$ 180,645	\$ 544,068	\$ -	\$ 56,243	\$ -	\$ 780,956
Liabilities						
Current Liabilities						
Accounts payable	\$ 63,357	\$ 64,447	\$ -	\$ 5,862	\$ 443,029	\$ 576,695
Accrued expenses	7,961	27,696	-	3,559	505,967	545,183
Compensated absences	101,361	55,459	-	4,446	-	161,266
Total Current Liabilities	\$ 172,679	\$ 147,602	\$ -	\$ 13,867	\$ 948,996	\$ 1,283,144
Noncurrent Liabilities						
Compensated absences	\$ 23,944	\$ 107,997	\$ -	\$ 8,418	\$ -	\$ 140,359
Net pension liability	290,748	864,471	-	91,565	-	1,246,784
Total Noncurrent Liabilities	\$ 314,692	\$ 972,468	\$ -	\$ 99,983	\$ -	\$ 1,387,143
Total Liabilities	\$ 487,371	\$ 1,120,070	\$ -	\$ 113,850	\$ 948,996	\$ 2,670,287
Deferred Inflows of Resources - Pension	\$ 8,371	\$ 24,888	\$ -	\$ 2,636	\$ -	\$ 35,895
Net Position						
Invested in capital assets, net of debt	\$ 310,875	\$ 3,224,634	\$ -	\$ -	\$ -	\$ 3,535,509
Restricted for debt service	-	-	-	-	-	-
Unrestricted	1,274,504	(294,976)	95,223	2,612,574	984,150	4,671,475
Total Net Position	\$ 1,585,379	\$ 2,929,658	\$ 95,223	\$ 2,612,574	\$ 984,150	\$ 8,206,984

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, 2016

	Internal Service Funds					Total Internal Service Funds
	Central Garage	Central Services	Unemployment Fund	Self Insurance Fund	Health Insurance Fund	
Operating Revenues						
Charges for services	\$ 1,378,592	\$ 1,123,121	\$ 40,602	\$ 2,916,335	\$ 6,104,228	\$ 11,562,878
Miscellaneous	33,186	14,857	-	1,987	277,889	327,919
Total Revenues	\$ 1,411,778	\$ 1,137,978	\$ 40,602	\$ 2,918,322	\$ 6,382,117	\$ 11,890,797
Operating Expenses						
Salaries and wages	\$ 463,811	\$ 1,279,688	\$ -	\$ 117,657	\$ -	\$ 1,861,156
Benefits	292,821	1,004,860	-	69,238	-	1,366,919
Purchased services	210,107	2,629,055	-	2,430,646	-	5,269,808
Supplies	676,024	186,098	-	12,954	-	875,076
Claims	-	-	46,225	20,707	5,749,101	5,816,033
Other	-	630	-	43,898	-	44,528
Depreciation expense	65,073	256,411	-	-	-	321,484
Total Operating Expenses	\$ 1,707,836	\$ 5,356,742	\$ 46,225	\$ 2,695,100	\$ 5,749,101	\$ 15,555,004
Operating Income	\$ (296,058)	\$ (4,218,764)	\$ (5,623)	\$ 223,222	\$ 633,016	\$ (3,664,207)
Nonoperating Revenues (Expenses)						
Interest and investment revenue	\$ 6,141	\$ 41	\$ 404	\$ 9,661	\$ 7,877	\$ 24,124
Operating transfers in	300,200	4,164,150	-	-	-	4,464,350
Operating transfers out	(115,787)	(149,520)	-	-	-	(265,307)
Total Nonoperating Revenues (Expenses)	\$ 190,554	\$ 4,014,671	\$ 404	\$ 9,661	\$ 7,877	\$ 4,223,167
Change in Net Position	\$ (105,504)	\$ (204,093)	\$ (5,219)	\$ 232,883	\$ 640,893	\$ 558,960
Net Position, May 1, 2015	1,742,792	3,284,193	100,442	2,393,521	343,257	7,864,205
Prior Period Adjustment	(51,909)	(150,442)	-	(13,830)	-	(216,181)
Net Position, April 30, 2016	\$ 1,585,379	\$ 2,929,658	\$ 95,223	\$ 2,612,574	\$ 984,150	\$ 8,206,984

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, 2016

	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	\$ 1,378,580	\$ 1,074,426	\$ -	\$ -	\$ 2,636,596	\$ 5,089,602
Payments to suppliers	(1,239,103)	(3,821,425)	-	(2,528,978)	-	(7,589,506)
Payments to employees	(315,764)	(1,107,274)	-	(97,375)	227,599	(1,292,814)
Internal activity-payments from other funds	-	-	40,602	2,916,493	3,456,292	6,413,387
Claims paid	-	-	(46,225)	(20,707)	(5,344,032)	(5,410,964)
Other receipts (payments)	33,186	14,227	-	(41,911)	277,889	283,391
Net Cash Provided by Operations	<u>\$ (143,101)</u>	<u>\$ (3,840,046)</u>	<u>\$ (5,623)</u>	<u>\$ 227,522</u>	<u>\$ 1,254,344</u>	<u>\$ (2,506,904)</u>
Cash Flows from Noncapital Financing Activities						
Operating subsidies and transfers	\$ 184,413	\$ 4,014,630	\$ -	\$ -	\$ -	\$ 4,199,043
Cash Flows from Capital and Related Financing Activities						
Purchases of capital assets	\$ -	\$ (174,668)	\$ -	\$ -	\$ -	\$ (174,668)
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ (174,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (174,668)</u>
Cash Flows from Investing Activities						
Interest received	\$ 6,141	\$ 41	\$ 404	\$ 9,661	\$ 7,877	\$ 24,124
Net Cash Provided by Investing Activities	<u>\$ 6,141</u>	<u>\$ 41</u>	<u>\$ 404</u>	<u>\$ 9,661</u>	<u>\$ 7,877</u>	<u>\$ 24,124</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 47,453	\$ (43)	\$ (5,219)	\$ 237,183	\$ 1,262,221	\$ 1,541,595
Cash and Cash Equivalents, May 1, 2015	1,495,809	48	100,442	2,435,629	593,267	4,625,195
Cash and Cash Equivalents, April 30, 2016	<u><u>\$ 1,543,262</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 95,223</u></u>	<u><u>\$ 2,672,812</u></u>	<u><u>\$ 1,855,488</u></u>	<u><u>\$ 6,166,790</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, 2016

	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	\$ (296,058)	\$ (4,218,764)	\$ (5,623)	\$ 223,222	\$ 633,016	\$ (3,664,207)
Adjustments to reconcile Operating Income:						
Amortization and depreciation	65,073	256,411	-	-	-	321,484
(Gain) Loss on disposal of capital assets	-	-	-	-	-	-
(Increase) Decrease in:						
Accounts receivable	(12)	(48,695)	-	158	(11,340)	(59,889)
Inventories	(12,719)	-	-	-	-	(12,719)
Deferred outflows	(180,645)	(544,068)	-	(56,243)	-	(780,956)
Increase (Decrease) in:						
Accounts payable	(47,432)	(1,412)	-	(16,140)	405,069	340,085
Accrued expenses	1,197	8,955	-	(2,525)	227,599	235,226
Accrued compensated absences	80,285	(31,390)	-	(1,321)	-	47,574
Net pension liability	238,839	714,029	-	77,735	-	1,030,603
Deferred inflows	8,371	24,888	-	2,636	-	35,895
Cash flows from operating activities	<u>\$ (143,101)</u>	<u>\$ (3,840,046)</u>	<u>\$ (5,623)</u>	<u>\$ 227,522</u>	<u>\$ 1,254,344</u>	<u>\$ (2,506,904)</u>

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

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Pension Funds
April 30, 2016

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Assets			
Current Assets			
Cash and cash equivalents	\$ 391,434	\$ 223,237	\$ 614,671
Investments	30,925,642	26,820,582	57,746,224
Receivables, net	1,888,175	2,103,671	3,991,846
Total Assets	\$ 33,205,251	\$ 29,147,490	\$ 62,352,741
Liabilities			
Current Liabilities			
Accrued expenses	\$ 42,108	\$ 27,408	\$ 69,516
Total Liabilities	\$ 42,108	\$ 27,408	\$ 69,516
Deferred Inflows of Resources			
Unearned property taxes	\$ 1,829,496	\$ 2,043,528	\$ 3,873,024
Net Position			
Held in trust for pension benefits	\$ 31,333,647	\$ 27,076,554	\$ 58,410,201
Total Net Position	\$ 31,333,647	\$ 27,076,554	\$ 58,410,201

City of Quincy, Illinois
Combining Statement of Changes in Fiduciary Net Position - Pension Funds
For the Year Ended April 30, 2016

	Police Retirement Plan	Firefighter Retirement Plan	Total Retirement Plans
Additions			
Taxes:			
Property taxes	\$ 1,614,869	\$ 1,919,925	\$ 3,534,794
Personal Property Replacement tax	312,823	450,439	763,262
Total taxes	<u>\$ 1,927,692</u>	<u>\$ 2,370,364</u>	<u>\$ 4,298,056</u>
Contributions:			
Plan members	\$ 534,438	\$ 379,247	\$ 913,685
Other	198,752	198,752	397,504
	<u>\$ 733,190</u>	<u>\$ 577,999</u>	<u>\$ 1,311,189</u>
Investment earnings:			
Net increase (decrease) in fair value	\$ (1,189,219)	\$ (174,322)	\$ (1,363,541)
Realized gain (loss) on sale of investments	(750,638)	(249,013)	(999,651)
Interest	200,842	261,166	462,008
Dividends	323,484	443,938	767,422
Total investment earnings	<u>\$ (1,415,531)</u>	<u>\$ 281,769</u>	<u>\$ (1,133,762)</u>
Total Additions	<u>\$ 1,245,351</u>	<u>\$ 3,230,132</u>	<u>\$ 4,475,483</u>
Deductions			
Benefits	\$ 3,049,461	\$ 3,403,608	\$ 6,453,069
Administrative expenses	95,373	166,843	262,216
Total Deductions	<u>\$ 3,144,834</u>	<u>\$ 3,570,451</u>	<u>\$ 6,715,285</u>
Change in net position	\$ (1,899,483)	\$ (340,319)	\$ (2,239,802)
Net position, May 1, 2015	33,233,130	27,416,873	60,650,003
Net position, April 30, 2016	<u><u>\$ 31,333,647</u></u>	<u><u>\$ 27,076,554</u></u>	<u><u>\$ 58,410,201</u></u>

City of Quincy, Illinois
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds
April 30, 2016

	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	\$ -	\$ 6,966	\$ -	\$ 580	\$ 643	\$ 7,672	\$ 74,910	\$ 90,771
Total Assets	\$ -	\$ 6,966	\$ -	\$ 580	\$ 643	\$ 7,672	\$ 74,910	\$ 90,771
Liabilities								
Current Liabilities								
Accounts payable	\$ -	\$ 856	\$ -	\$ 73	\$ -	\$ -	\$ -	\$ 929
Total Liabilities	\$ -	\$ 856	\$ -	\$ 73	\$ -	\$ -	\$ -	\$ 929
Net Position								
Restricted for future expenditures	\$ -	\$ 6,110	\$ -	\$ 507	\$ 643	\$ 7,672	\$ 74,910	\$ 89,842
Total Net Position	\$ -	\$ 6,110	\$ -	\$ 507	\$ 643	\$ 7,672	\$ 74,910	\$ 89,842

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, 2016

	<u>Learn Not to Burn Fund</u>	<u>Sister City Commission</u>	<u>Stay Alive House</u>	<u>Lincoln Bicentennial Commission</u>	<u>Human Rights Commission</u>	<u>City Tree Board</u>	<u>Bridge Lighting Fund</u>	<u>Total Private Purpose</u>
Additions								
Contributions:								
Outside agencies	\$ -	\$ 3,693	\$ -	\$ 1,375	\$ -	\$ -	\$ 3,200	\$ 8,268
Transfers from general fund	-	5,000	-	-	-	-	-	5,000
	<u>\$ -</u>	<u>\$ 8,693</u>	<u>\$ -</u>	<u>\$ 1,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$ 13,268</u>
Investment earnings:								
Interest	\$ 6	\$ 15	\$ 6	\$ 3	\$ 3	\$ 30	\$ -	\$ 63
Total investment earnings	<u>\$ 6</u>	<u>\$ 15</u>	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 63</u>
Total Additions	<u>\$ 6</u>	<u>\$ 8,708</u>	<u>\$ 6</u>	<u>\$ 1,378</u>	<u>\$ 3</u>	<u>\$ 30</u>	<u>\$ 3,200</u>	<u>\$ 13,331</u>
Deductions								
Payments to others	\$ 2,387	\$ 7,801	\$ 2,130	\$ 1,538	\$ -	\$ -	\$ 81,620	\$ 95,476
Total Deductions	<u>\$ 2,387</u>	<u>\$ 7,801</u>	<u>\$ 2,130</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,620</u>	<u>\$ 95,476</u>
Change in net position	\$ (2,381)	\$ 907	\$ (2,124)	\$ (160)	\$ 3	\$ 30	\$ (78,420)	\$ (82,145)
Net position, May 1, 2015	<u>2,381</u>	<u>5,203</u>	<u>2,124</u>	<u>667</u>	<u>640</u>	<u>7,642</u>	<u>153,330</u>	<u>171,987</u>
Net position, April 30, 2016	<u>\$ -</u>	<u>\$ 6,110</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ 643</u>	<u>\$ 7,672</u>	<u>\$ 74,910</u>	<u>\$ 89,842</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, 2016

Year Ending April 30	General Obligation Refunding Bonds Series 2010		General Obligation (Limited Tax) Notes Series 2013A		General Obligation Refunding Bonds Series 2015A	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 80,000	\$ 10,200	\$ 211,294	\$ 1,866	\$ 990,000	\$ 89,100
2018	90,000	7,380	-	-	1,215,000	67,050
2019	110,000	3,780	-	-	1,415,000	40,750
2020	50,000	900	-	-	1,330,000	13,300
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
	<u>\$ 330,000</u>	<u>\$ 22,260</u>	<u>\$ 211,294</u>	<u>\$ 1,866</u>	<u>\$ 4,950,000</u>	<u>\$ 210,200</u>

Year Ending April 30	General Obligation (Limited Tax) Notes Series 2013B		General Obligation Bonds Series 2009B		General Obligation Bonds Series 2009C	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 129,461	\$ 10,032	\$ -	\$ 44,215	\$ 215,000	\$ 267,613
2018	132,218	7,275	200,000	44,215	240,000	257,400
2019	135,033	4,459	205,000	38,215	260,000	245,400
2020	140,518	1,585	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>\$ 537,230</u>	<u>\$ 23,351</u>	<u>\$ 1,245,000</u>	<u>\$ 205,864</u>	<u>\$ 4,710,000</u>	<u>\$ 2,182,033</u>

City of Quincy, Illinois
Schedule of Long-term Debt Service Requirements (Concluded)
April 30, 2016

Year Ending April 30	General Obligation (Limited Tax) Notes Series 2015		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2017	\$ 135,488	\$ 14,025	\$ 1,761,243	\$ 437,051
2018	137,052	12,461	2,014,270	395,781
2019	139,916	9,597	2,264,949	342,201
2020	142,841	6,672	2,158,359	285,890
2021	145,825	3,688	675,825	244,381
2022	98,906	769	658,906	216,272
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>\$ 800,028</u>	<u>\$ 47,212</u>	<u>\$ 12,783,552</u>	<u>\$ 2,692,786</u>

City of Quincy, Illinois
Principal Taxpayers in the City
April 30, 2016

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	2015 EAV (Approximate)	% of City's EAV
QP&S Properties	\$ 8,335,080	1.37%
Quincy-Cullinan LLC	7,053,320	1.16%
Blessing Hospital	6,815,280	1.12%
Charles & Kathie Marx	3,278,190	0.54%
Blessing Corporate Services	3,133,660	0.52%
Menard, Inc.	3,110,700	0.51%
Wal-Mart Real Estate Business Trust	2,948,010	0.49%
Orix Sansone Quincy Venture	2,831,550	0.47%
Walmart	2,544,360	0.42%
Mercantile Bank	2,278,580	0.38%
Wis-Pak of Quincy, Inc.	2,168,570	0.36%
Total of Top 10 EAV's	<u>\$ 44,497,300</u>	<u>7.33%</u>
Total for City of Quincy	<u>\$ 606,838,323</u>	

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Revenue Base, Revenue Rates and Property Tax Levies
April 30, 2016

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential	\$ 316,156,656	\$ 341,632,107	\$ 362,541,713	\$ 375,674,413	\$ 386,241,601	\$ 397,693,834	\$ 401,318,370	\$ 402,529,470	\$ 411,709,982	\$ 423,430,897
Farm	369,140	359,350	389,110	403,190	365,380	373,840	378,270	382,850	390,920	473,770
Commercial	128,649,380	134,175,431	144,683,476	152,263,556	157,040,192	152,961,509	150,707,812	154,028,492	171,079,789	169,633,134
Industrial	8,564,330	8,929,660	9,480,010	14,537,570	14,506,004	12,487,934	12,362,694	11,932,094	12,020,704	12,169,094
Railroads	520,159	580,234	655,126	770,619	834,400	974,773	1,034,259	1,114,449	1,128,324	1,131,428
Total (Incl. TIF)	<u>\$ 454,259,665</u>	<u>\$ 485,676,782</u>	<u>\$ 517,749,435</u>	<u>\$ 543,649,348</u>	<u>\$ 558,987,577</u>	<u>\$ 564,491,890</u>	<u>\$ 565,801,405</u>	<u>\$ 569,987,355</u>	<u>\$ 596,329,719</u>	<u>\$ 606,838,323</u>

Source: Adams County, Illinois, Clerk's Office

**Revenue Rates:
Tax Rate Trends**

Purpose	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Corporate	0.16764	0.11357	0.02103	-	-	-	-	-	-	-
Fire Pension	0.22175	0.24485	0.29390	0.35043	0.36990	0.34708	0.33511	0.34214	0.32564	0.33675
Police Pension	0.16906	0.20623	0.23015	0.26011	0.28697	0.24536	0.24693	0.26093	0.27390	0.30148
Library	0.27104	0.25422	0.26646	0.19829	0.12718	0.14063	0.12939	0.12844	0.12276	0.12064
GOCP Bonds	0.20263	0.18650	0.17649	0.23949	0.22808	0.26963	0.28216	0.28500	0.27540	0.23836
Total	<u>1.03212</u>	<u>1.00537</u>	<u>0.98803</u>	<u>1.04832</u>	<u>1.01213</u>	<u>1.00270</u>	<u>0.99359</u>	<u>1.01651</u>	<u>0.99770</u>	<u>0.99723</u>

Source: Adams County, Illinois, Clerk's Office

**Property Tax Levy:
Tax Extensions**

Levy Year	Assessed Valuation	Tax Extension (Excl. TIF)
2006	454,259,665	4,688,505
2007	485,676,782	4,882,849
2008	517,749,435	5,115,520
2009	543,649,348	5,699,185
2010	558,987,577	5,657,681
2011	564,491,890	5,660,160
2012	565,801,405	5,621,746
2013	569,987,355	5,793,978
2014	596,329,719	5,949,582
2015	606,838,323	6,051,574

Source: Adams County, Illinois, Clerk's Office

City of Quincy, Illinois
Debt Capacity and Debt Ratios
April 30, 2016

Debt Capacity:
Direct General Obligation Debt

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Obligation	\$ 16,253,899	\$ 16,387,734	\$ 15,215,767	\$ 13,995,493	\$ 26,019,131	\$ 24,821,818	\$ 18,187,529	\$ 17,854,529	\$ 16,341,733	\$ 15,683,358	\$ 12,783,552
Notes Payable - Bank	1,610,392	1,004,775	1,754,984	1,396,740	2,207,185	1,971,876	1,741,764	605,599	439,122	279,983	178,928
Total	\$ 17,864,291	\$ 17,392,509	\$ 16,970,751	\$ 15,392,233	\$ 28,226,316	\$ 26,793,694	\$ 19,929,293	\$ 18,460,128	\$ 16,780,855	\$ 15,963,341	\$ 12,962,480

Source: Comprehensive Annual Financial Report

Debt Ratios:
Direct Debt

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Est. Full Value of Taxable Property	\$ 1,278,506,907	\$ 1,362,778,995	\$ 1,457,030,346	\$ 1,553,248,305	\$ 1,630,948,044	\$ 1,676,962,731	\$ 1,693,475,670	\$ 1,697,404,215	\$ 1,709,962,065	\$ 1,788,989,157	\$ 1,820,514,969
Equalized Assessed Valuation (incl. TIF)	\$ 426,168,969	\$ 454,259,665	\$ 485,676,782	\$ 517,749,435	\$ 543,649,348	\$ 558,987,577	\$ 564,491,890	\$ 565,801,405	\$ 569,987,355	\$ 596,329,719	\$ 606,838,323
Population, Census	40,366	40,366	40,366	40,366	40,366	40,633	40,633	40,633	40,633	40,633	40,633

Source: Adams County, Illinois, Clerk's Office

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
Per Capita	\$ 442.56	\$ 430.87	\$ 420.42	\$ 381.32	\$ 699.26	\$ 659.41	\$ 490.47	\$ 454.31	\$ 412.99	\$ 392.87	\$ 319.01
Percent of Estimated Full Value	1.40%	1.28%	1.16%	0.99%	1.73%	1.60%	1.18%	1.09%	0.98%	0.89%	0.71%
Percent of Equalized Assessed Value	4.19%	3.83%	3.49%	2.97%	5.19%	4.79%	3.53%	3.26%	2.94%	2.68%	2.14%

The City has no debt limit.

City of Quincy, Illinois
 Number of Employees and Level of Service
 April 30, 2016

Number of Employees

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Full-time	369	368	338	340	333	332	327	315	297
Part-time	61	53	64	61	49	45	42	40	19
Total	430	421	402	401	382	377	369	355	316

Level of Service

Employee Count by Function

Full-time Employees Only

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police sworn	77	76	75	76	75	74	75	71	70
Fire sworn	66	69	64	64	64	63	63	60	58
911 (all)	20	20	21	19	20	20	22	20	19
Transit (Union only)	23	23	20	23	20	20	21	20	15
822 Union only (Water, Sewer, Airport, Central Services)	97	99	84	84	82	82	79	77	76
Administration (no legal)	86	81	74	74	72	73	67	67	59
Total	369	368	338	340	333	332	327	315	297

City of Quincy, Illinois
Employment Rates for Quincy and Adams County
April 30, 2016

Demographics

Employment Rates for City of Quincy

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Labor Force	22,607	22,852	22,538	22,182	22,338	22,064	21,654	21,403	19,446	19,406
Employed	21,495	21,963	21,350	20,424	20,543	20,491	20,214	19,902	18,332	18,366
Unemployed	1,112	889	1,188	1,758	1,795	1,573	1,440	1,501	1,114	1,040
Rate	4.9%	3.9%	5.3%	7.9%	8.0%	7.1%	6.7%	7.0%	5.7%	5.4%

Source: Illinois Department of Employment Security

Employment Rates for Adams County

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Labor Force	39,222	39,511	38,873	38,092	38,371	37,424	36,751	36,179	32,629	32,588
Employed	37,854	38,108	36,907	35,304	35,525	34,939	34,469	33,841	30,872	30,947
Unemployed	1,368	1,403	1,966	2,788	2,846	2,485	2,282	2,338	1,757	1,641
Rate	3.5%	3.6%	5.1%	7.3%	7.4%	6.6%	6.2%	6.5%	5.4%	5.0%

Source: Illinois Department of Employment Security

Compliance Section

The accompanying information is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.



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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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, 2016, and the related notes to the financial statements, which collectively comprise City of Quincy, Illinois' basic financial statements and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Quincy, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Quincy, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Quincy, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Quincy, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* (Concluded)**

Purpose of this Report

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

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

October 21, 2016
Quincy, Illinois

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by the Uniform Guidance**

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by the Uniform Guidance (Concluded)**

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

October 21, 2016
Quincy, Illinois

City of Quincy, Illinois
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended April 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Number	Expenditures
U.S. Department of Housing & Urban Development			
Illinois Housing Development Authority Home Investment Partnerships Program	14.239	HO-50843	\$ 111,627
			<u>\$ 111,627</u>
Total U.S. Department of Housing & Urban Development			<u>\$ 111,627</u>
U.S. Department of Justice			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0072	\$ 8,075
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0623	7,204
			<u>7,204</u>
Total U.S. Department of Justice			<u>\$ 15,279</u>
U.S. Department of Transportation			
Illinois Department of Transportation			
Airport Improvement Program	20.106	UIN-3841-0000	\$ 142,443
Airport Improvement Program	20.106	UIN-4418-000	37,239
Formula Grants for Rural Areas	20.509	IL-18-X032	M 600,253
State and Community Highway Safety	20.600	OP15-0029	26,239
Federal Transit Capital Investment Grant	20.500	IL-04-0085	666,078
			<u>666,078</u>
Total U.S. Department of Transportation			<u>\$ 1,472,252</u>
U.S. Department of Homeland Security			
Illinois Department of Transportation			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0213HSLR722	\$ 35,370
Illinois Law Enforcement Alarm System			
Homeland Security Grant Program	97.067	MFF	\$ 2,452
	97.067	WMD	24,275
			<u>24,275</u>
			<u>\$ 26,727</u>
Total U.S. Department of Homeland Security			<u>\$ 62,097</u>
Total Federal Expenditures			<u><u>\$ 1,661,255</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 the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2016, the City did not receive any non-monetary assistance.

4. Insurance

As of and for the year ended April 30, 2016, the City had no federal insurance in effect.

5. Federal Loans or Loan Guarantees

As of and for the year ended April 30, 2016, the City had no federal loans or loan guarantees.

6. Indirect Cost Rate

For the year ended April 30, 2016, the City did not elect to use the 10% de minimus indirect cost rate. The City used an indirect cost rate of 3.93% for administrative cost allowances for its Transit grant program.

1. Summary of Auditor's Results

- A. The auditor's report on the financial statements of the City of Quincy, Illinois was unmodified.
- B. No significant deficiencies or material weaknesses in internal control over financial reporting were 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 or material weaknesses 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 unmodified 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:
 - Formula Grants for Other Than Urbanized Areas (CFDA #20.509)
- H. The threshold for distinguishing Types A and B programs was \$750,000.
- I. The City of Quincy, Illinois qualified as a low-risk auditee.

2. Findings – Financial Statement Audit

No significant deficiencies were noted or reported during the course of the audit of the financial statements for the year ended April 30, 2016.

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 the Uniform Guidance for the year ended April 30, 2016.

There were no prior findings or questioned costs to report.