

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2012



ROCK ISLAND
ILLINOIS

Prepared by:
Finance Department
Cynthia Parchert, Finance Director

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CITY OF ROCK ISLAND, ILLINOIS

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**INFORMATION PROVIDED TO COMPLY WITH THE SINGLE AUDIT
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ROCK ISLAND
ILLINOIS



September 19, 2012

To the Mayor, City Council and Residents of the City of Rock Island.

We are pleased to present the 2011-2012 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and the residents of Rock Island on the status of the City's financial position and results of operations for the past fiscal year. This report is the tenth report prepared under the guidelines of the Governmental Accounting Standards Board (GASB) Statement #34. GASB Statement #34 requires government-wide financial statements in addition to fund financial statements, the reporting of infrastructure assets, certain note disclosures, and the presentation of management's discussion and analysis (MD&A) in addition to other required supplementary information.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Consistent with that requirement, we submit the CAFR for the City of Rock Island for the fiscal year ended March 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Rock Island's financial statements for the year ended March 31, 2012. The independent auditor's report is located at the front of the financial section of this report.

Profile Of The City

Rock Island, located in western Illinois along the Mississippi River, was incorporated in 1847. The 2010 census population was 39,018. Rock Island, Moline and East Moline in Rock Island County, Illinois and Davenport, in Scott County, Iowa make up the "Quad Cities" a metropolitan area with a population of 379,690. Chicago is 175 miles to the east and Des Moines is 160 miles to the west.

The City of Rock Island is organized under the Council-Manager form of government with legislative authority vested in a City Council made up of a Mayor and seven aldermen. Council members are elected from wards to staggered four-year terms. The City became a home rule unit with the adoption of the 1970 Illinois Constitution. As such, the City has no tax rate or debt limits, nor is a referendum required to authorize issuance of debt or to increase property taxes.

The city has unified its administrative functions through the appointment a City Manager (the position was created by the action of the City Council on July 1, 1952), who is responsible for the day to day operations of the City and its 460 full-time equivalent employees. The City's police department, with 83 sworn police officers, is housed at City Hall. The City has had an enhanced 911 system since 1990. The fire department currently has four stations housing the departments 58 full-time personnel. The City negotiates with the following bargaining units: Fraternal Order of Police (64 employees, contract expired March 20, 2011); Police Command (16 employees, contract expired March 20, 2011); Fire Fighters (56 employees, contract expires March 30, 2014); Library (17 full-time employees and 25 part-time employees, UAW

contract expired March 29, 2015); Public Works (68 employees, AFSME A contract expired March 29, 2015), and Office/Professional 74 employees, AFSME B contract expired March 29, 2015). The City considers its employee relations to be good.

The City of Rock Island maintains budgetary controls to ensure compliance with legal provisions of the annual budget. The City Manager may make adjustments within any departmental budget, provided that those revisions do not delete or basically change any activity or program approved by City Council in the budget ordinance. These adjustments shall not cause total expenditures within the budget to exceed revenues anticipated to finance them unless approved by City Council. Reported budget amounts represent the adopted budget as adjusted. Due to the City's power as a home rule unit and its ordinance establishing budget policies and procedures, actual budget expenditures and transfers out can exceed budgeted amounts without violating any state laws. Spending and administrative control of expenditures and transfers is monitored through detailed line item department budgets. The City of Rock Island also maintains an encumbrance accounting system. Encumbered amounts lapse at year-end but are generally re-appropriated as part of the following year's budget.

Factors Affecting Financial Condition

Economic Activity and Outlook

The City Council has identified community and economic development as a top priority and has supported a number of initiatives directed at creating and retaining jobs in the community, expanding the City's revenue base and promoting the City as a great place to work, live and play.

The downtown area known regionally as the "District" has become a destination for some 100,000 people who attend one of the many festivals, weekly events and shows in the District as well as events at the QCCA Expo Center and the Quad City Botanical Center. The success in attracting regional residents has fostered the establishment of over thirty restaurants, bars, art galleries and entertainment outlets generating significant private investment. Retail art establishments such as the Art Place, the Artery, the District Theater and the Quad City Arts offer unique venues for experiencing and purchasing art. Dphilms, a commercial video production business, maintains state of the art video production facilities along with Brass Sail Recordings who provide complementary audio recording support. Services for District patrons and residents have expanded too with nationally known eating establishments like Subway and Bennigan's complementing more unique local restaurants like LeFigaro, Huckleberry's, Atlante, Mama Compton's and Circa 21, one of the nation's longest operating dinner theaters. Aside from arts and entertainment, downtown Rock Island continues to benefit from the home office operations of five insurance companies: Modern Woodmen of America, Royal Neighbors of America, Illinois Casualty, Bituminous Insurance Companies and the Cleveland Agency. A major enhancement to the quality of downtown and community life was completed in the summer of 2010. The \$12 million Schwiebert Riverfront Park was opened as part of a joint 4th of July celebration in Rock Island and Davenport known as "Red, White and Boom". The park features a performance pavilion, river overlook, river walk promenade, large open green areas, a playground and pool water feature and an urban beach. The project fulfills a long term city goal of opening the Mississippi riverfront for public use and should help stimulate additional downtown investment.

Housing in the District has also been an area of major focus and investment. To provide both ownership and rental opportunities, the Rock Island Economic Growth Corporation (GROWTH) has been instrumental in creating over 150 units of housing in the downtown. Projects such as the \$1.6 million Clipper condos, the \$5 million Voss Lofts, the \$5 million Sala Flats and the newest project to be completed, the \$6 million McKesson redevelopment, have greatly increased downtown housing opportunities, expanded the downtown resident population and helped achieve the goal of creating a downtown neighborhood. GROWTH completed an \$8.5 million construction in the spring of 2012 to convert a former petroleum products distribution facility into 30 units of housing referred to as the Jackson Square development.

The new Jumer's Casino completed its third full year of operation in December 2011. The casino operation moved from its Mississippi River waterfront location in the District to a new 110 acre site in southwest Rock Island at the intersection of Interstate 280 and Illinois Route 92. At \$150 million, the project represents the largest single private development project in the City's history. The casino complex includes a 205 room hotel, 40,000 square feet of gaming area, four

restaurants, a 700 seat multi-purpose conference center and various support facilities. Over the past three years the casino was visited by over 2.4 million people and more than doubled its share of the local gaming market.

Financial planning

The 2011/2012 budget plan was triggered by the annual council goal setting session in October 2010. Below are the highest ranked items from this 2011/2012 policy agenda:

Top priorities

- Make decisions on the property tax rates, service levels and adopt a balanced budget.
- Develop action steps related to the Strategic Plan and review and approve the plan.
- Work with business owners and Augustana College to develop a plan to increase business activity in the neighborhood of 30th Street and 14th Avenue.
- Implement the recommendations of the Safer Community Task Force.
- Take actions to support future development in the area near the Jumer's Casino and Hotel and the southwest area.
- Consider changes in liquor licenses for license holders with the 3:00 a.m. extended hours option.

High priorities

- Obtain collective bargaining agreements for all units for agreements expiring 2010 and 2011.
- Review options and develop a plan to address the flooding and environmental risks associated with the decision by the Corps of Engineers to cease the clean-out of Mill Creek South Slough.
- Develop a position description and funding source for a new City position that would work to support the retention and growth of small businesses.
- Maintain staffing and funding and implement an incentive to encourage landlord training.
- Develop comprehensive plan to do street improvements in concert with available funding.
- Review market and determine potential for development of a market rate rental complex.

The 2011/2012 budget incorporated the capital improvement program, the community development block grant program and other city funds. It included resources to make substantial progress on the priorities established by the Mayor and City Council. It included the following important features:

Municipal Services will be retained at a high level of quality.

It included the first year funding of the Five Year Capital Improvement Plan. \$34,646,993 is budgeted this fiscal year for capital and infrastructure maintenance projects and a total of \$63,447,500 is planned for the remaining four years. The primary fiscal 2012 capital and maintenance projects are:

• Long-Term Control Plan – Wet Weather Treatment	\$15,460,000
• Transient boat dock	2,065,000
• New city garage	2,668,400
• Fleet equipment purchases	944,690
• Street repair projects	3,177,387
• Replace 14 th Street water tower	560,000
• Schwiebert Riverfront Park	250,000
• Old Chicago Park construction	600,000
• Douglas Park improvements	450,000
	\$26,175,477

The City's assessed value has continued to grow. The valuation before exemptions was expected to increase 0.72% from the prior year. Property values have continued to increase each year since 1989, with the exception of a slight downturn in 2005. This reflects the success the city has had in encouraging new development as well as the improving values of real estate in the community.

The City's tax rate remained at \$2.41 per \$100 of assessed value. This rate was 42% less than the 1991 property tax rate of \$4.13. The 2011/2012 property tax levy was 11,368,745. This was an increase \$189,731 from the 2010/2011 fiscal year property tax extensions and was only 26% more than the 2000 property tax levy.

The average annual tax levy increase has been approximately two and one-half percent for the past ten years. Since the cost of services has increased at a greater rate, the purchasing power of these funds collected over the past ten years has decreased. The city has been successful in decreasing the reliance on the property tax for financing municipal services by increasing revenue from a variety of other state and local sources.

The city's five-year projection for the General Fund indicates that the cost of providing services is increasing more rapidly than the revenues to support them. The city will need to continue to monitor spending closely at the same time we seek to aggressively expand the city's tax base through economic development efforts.

During recent years, Rock Island has seen flat sales tax revenue despite a ¼% increase in the local option sales tax. Stable property values are an indication of a relatively healthy local economy. The economic downturn has had a negative effect on city finances especially for the general fund. Decreases in statewide income tax and replacement tax revenues combined with flat or decreasing sales tax revenue have produced significant challenges. Another complicating factor is the poor fiscal condition of the State of Illinois. One result of this has been a delay in the distribution of state shared revenue to the city. Despite the problems with the State of Illinois, the city has been able to weather the economic downturn and prepare balanced budgets without noticeable changes in operations. This has been accomplished through combinations of budget reductions, tax and fee increases and reallocation of revenue.

Financial policies

The city's investment policy is updated as necessary to ensure compliance with state law and changes in allowed investments. It is the goal of city management is to have 100% of its idle funds invested at all times in interest bearing accounts. This goal ensures that city management is using the available funds to their maximum. Safety of principal is the foremost objective of the investment policy. Except for the pension funds, for which short-term market fluctuations are tolerable, each investment transaction shall seek to first ensure that capital losses are avoided. Investment opportunities are limited by the parameters found in Illinois Statutes 30ILCS235. Market speculation is not appropriate in the investment of funds. Investments are intended to mature when funds are needed. The prudent person standard is used in managing the city's overall portfolio.

City financial policies address cash flow borrowing, general fund cash balance, fund balances for the library fund, health insurance fund, self-insurance fund, enterprise funds and park fund. Financial policies also address the diversification, stabilization and collections of revenue, use of revenue from riverboat gambling, general fund five year projection, capital and debt management and contingency and reserves.

The city council approves the financial policies to ensure funds are spent and managed in the most cost effective manner based on the services provided while ensuring the financial records are maintained in accordance with GAAP, Government Auditing Standards and state and federal laws.

Major initiatives

Planning for new growth and redevelopment is critically important as the City looks to the future. Two major geographic areas of activity with plans in place and undergoing major transformation are located at the northeastern and

northwestern corners of the City; Columbia Park and the New Old Chicago Neighborhood. The Columbia Park project entails conversion of an old International Harvester Farmall Tractor manufacturing property (currently known as the Quad Cities Industrial Center) into a mixed use development. When completed, Columbia Park will blend a mix of commercial and recreational uses at an eighty acre waterfront location mid-point between downtown Rock Island and downtown Moline, adjacent to the Augustana College campus and the Quad City Botanical Center. The first phase of redevelopment has been completed with one million square feet of obsolete building structures demolished. In addition, Phase I and II environmental assessments have been completed and plans are proceeding for remediation work. In fall of 2011 Metro, the Illinois Quad Cities mass transit service provider began construction of a \$25 million operations/maintenance facility on a ten acre site adjacent to and east of the industrial center property. The New Old Chicago Neighborhood will benefit from over \$13 million in funding provided by the Department of Housing and Urban Development through the Neighborhood Stabilization Program (NSP). NSP funds will greatly help implementation of New Old Chicago Redevelopment Plan by supporting the construction on new owner-occupied housing in the neighborhood. This work will compliment two city projects; a planned \$3.5 million expansion of the Martin Luther King Jr. community center and a new neighborhood park.

From a growth standpoint, the City continues to move steadily forward, avoiding the major development peaks and valleys experienced in other areas of the country. Modest, steady and sustainable growth has allowed the City to maintain high service levels at very reasonable costs in spite of a major national recession.

Awards And Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island for its comprehensive annual financial report for the fiscal year ended March 31, 2011. This was the thirty-first consecutive year that the City of Rock Island has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Rock Island also received the GFOA Award for Distinguished Budget Presentation for its annual budget for fiscal 2011/2012. This was the twenty-fifth consecutive year that the City of Rock Island received this award. In order to qualify for the Distinguished Budget Presentation Award, the City of Rock Island's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, particularly the Accounting Supervisor, Linda Johnson and the staff of our independent auditors, Eide Bailly, LLP. We would like to express our appreciation to all members of the department and audit staff who assisted and contributed to the preparation of this report. We would also like to commend the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Thomas E. Thomas
City Manager



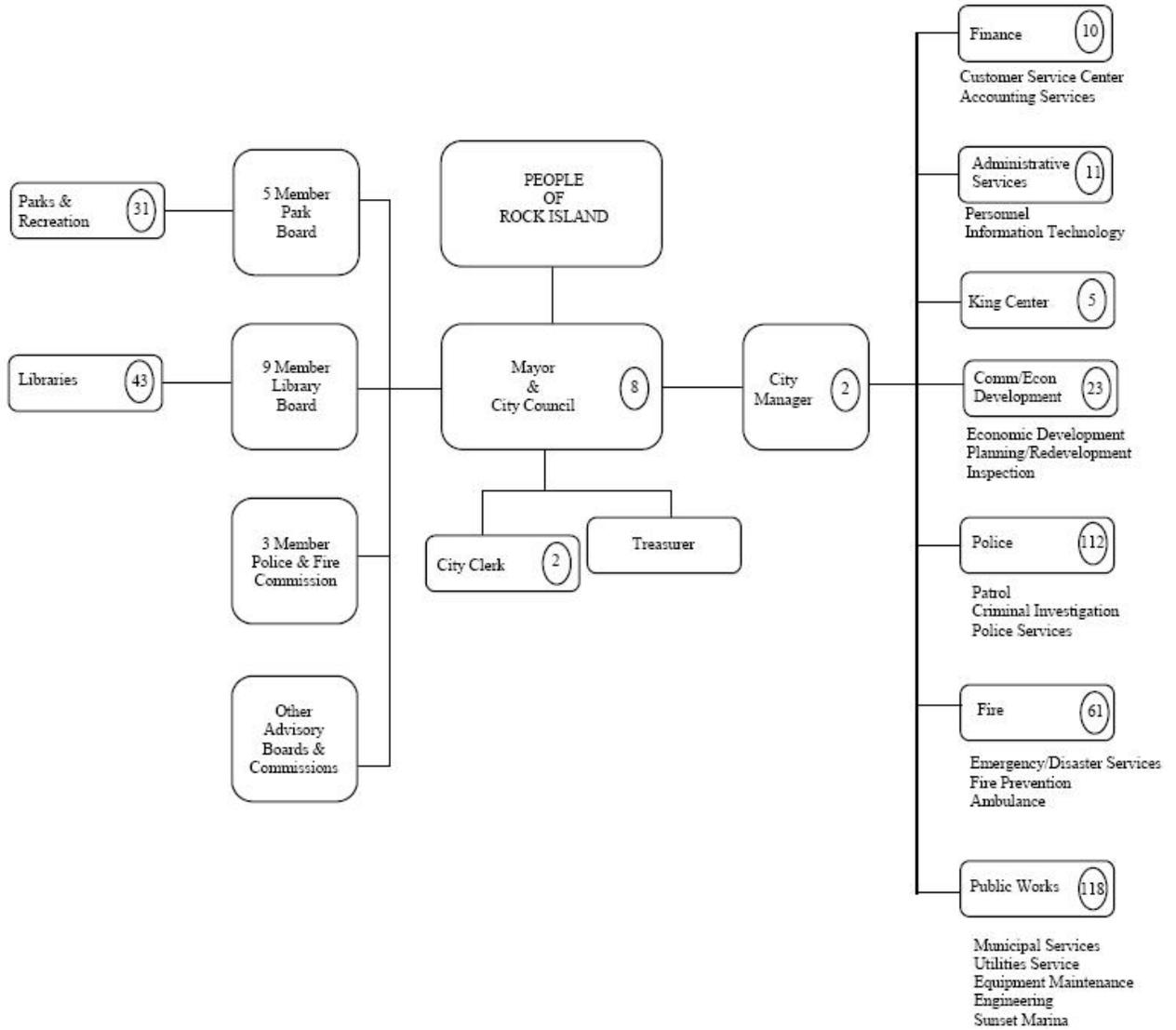
Cynthia L. Parchert
Finance Director

**CITY OF ROCK ISLAND, ILLINOIS
OFFICIALS**

A Home Rule City Council/Manager – Form of Government

	<u>Term Expiration Date of Elected Officials</u>
MAYOR: Dennis Pauley	May 1, 2013
CITY MANAGER: Thomas E. Thomas	Not Applicable
COUNCIL MEMBERS: Terry M.A. Brooks, I David A. Conroy Paul Foley Stephen L. Tollenaer Jason Jones Joy Murphy Charles Austin III	May 1, 2013 May 1, 2015 May 1, 2013 May 1, 2015 May 1, 2013 May 1, 2015 May 1, 2013

CITY ORGANIZATIONAL CHART



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island, Illinois, for its comprehensive annual financial report for the fiscal year ended March 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rock Island
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enew

Executive Director



ROCK ISLAND
ILLINOIS



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Rock Island, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit of the Martin Luther King Center, each major fund, and the aggregate remaining fund information of the City of Rock Island, Illinois, as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rock Island Public Library Foundation, a discretely presented component unit, which represents 73% of the assets, 5% of the revenues, and 73% of the net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Rock Island Public Library Foundation, are based on the report of the other auditors.

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 of material misstatement. The financial statements of the Rock Island Public Library Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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 Rock Island, Illinois, as of March 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, Schedules of Revenues, Expenses, and Changes in Fund Balance – Budget and Actual, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements, Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Eide Bailly LLP

Dubuque, Iowa
September 19, 2012

Management Discussion and Analysis

The City of Rock Island offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2012. The City encourages readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements that follow this discussion and analysis.

Financial Highlights

- The assets of the City of Rock Island exceeded liabilities as of March 31, 2012, by \$129,953,412. Of this amount \$38,814,937 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$10,216,775.
- At the close of the fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$26,564,632, an increase of \$1,035,011 in comparison with the prior year. Of this total amount, approximately 29 percent is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$10,375,695, or 32 percent of total General Fund expenditures of \$32,566,706.
- The City of Rock Island's total long-term liabilities, including compensated absences, increased by \$2,468,879 (6 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Rock Island's basic financial statements. The basic financial statements have three components: 1) government-wide statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Rock Island's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Rock Island's assets and liabilities, with the difference between assets and liabilities reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rock Island is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Rock Island that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Rock Island include general government, police and fire, electrical maintenance, parking, highway and street, refuse disposal and libraries. The business-type activities of the City of Rock Island include a water utility, wastewater utility, storm water utility, park and recreation facilities, Mississippi River marina and community and economic development loans.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rock Island, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rock Island can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on the *balance of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Rock Island maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Public Library Fund, Tax Increment Financing District Fund, Riverboat Gaming Fund and Capital Projects Fund all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Rock Island adopts an annual budget for all funds as required by state statute. Budgetary comparison statements have been provided for all funds to demonstrate compliance with the adopted budget.

Proprietary funds. The City of Rock Island maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Rock Island uses enterprise funds to account for water utility, wastewater utility, stormwater utility, park and recreation, Mississippi River marina and housing and economic development loan activities. *Internal service funds* are used to accumulate and allocate costs internally among the City of Rock Island's various functions. The City of Rock Island uses internal service funds to account for equipment maintenance, engineering, health insurance, liability insurance and hydroelectric plant funds. Because these services predominantly benefit governmental, rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The exception is the hydroelectric plant fund which is included within *business-type activities* because it primarily benefits enterprise funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks, Wastewater Treatment and Park and Recreation all of which are considered to be major funds of the City of Rock Island. Data for the internal service funds is provided in the form of *combining statements*.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Rock Island's own programs. The most significant fiduciary funds maintained by the City of Rock Island are the Police Pension and the Firefighters' Pension funds. These funds record the assets held for retirement benefits of the City's police officers and firefighters. The accounting used for fiduciary funds is much like that used for governmental funds.

Notes to basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rock Island, assets exceeded liabilities by \$129,953,412 at the close of the fiscal year ended March 31, 2012.

City of Rock Island's Net Assets
March 31, 2012 and 2011

	Government Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	51,176,210	49,775,702	19,564,700	20,272,944	70,740,910	70,048,646
Capital assets	63,422,605	56,628,374	55,381,766	50,220,290	118,804,371	106,848,664
Total assets	114,598,815	106,404,076	74,946,466	70,493,234	189,545,281	176,897,310
Current and other liabilities	10,511,910	11,639,195	5,390,687	4,301,085	15,902,597	15,940,280
Long-term liabilities	18,543,374	18,527,373	25,145,898	22,693,020	43,689,272	41,220,393
Total liabilities	29,055,284	30,166,568	30,536,585	26,994,105	59,591,869	57,160,673
Net assets:						
Invested in capital assets	51,178,766	43,490,571	33,220,808	34,209,461	84,399,574	77,700,032
Restricted	6,738,901	7,719,598	-	-	6,738,901	7,719,598
Unrestricted	27,625,864	25,027,339	11,189,073	9,289,668	38,814,937	34,317,007
Total net assets	85,543,531	76,237,508	44,409,881	43,499,129	129,953,412	119,736,637

By far the largest portion of the City of Rock Island's net assets is its investment in capital assets. This represents 65% of Net Assets and consists of land, buildings, machinery, equipment and infrastructure less any related outstanding debt used to acquire these assets. The City of Rock Island uses these capital assets to provide services to the residents; consequently, these assets are *not* available for future spending. Although the City of Rock Island's capital assets are 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. The \$38,814,937 balance of *unrestricted net assets*, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Rock Island is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Total net assets increased by \$10,216,775. Governmental activities increased \$9,306,023 and business-type activities increased by \$910,752. Net assets of governmental activities increased because expenditures of general fund operations, library operations, gaming transfers to other funds and TIF projects were less than budgeted. Net assets of business type funds increased because of a loan forgiveness program for wastewater.

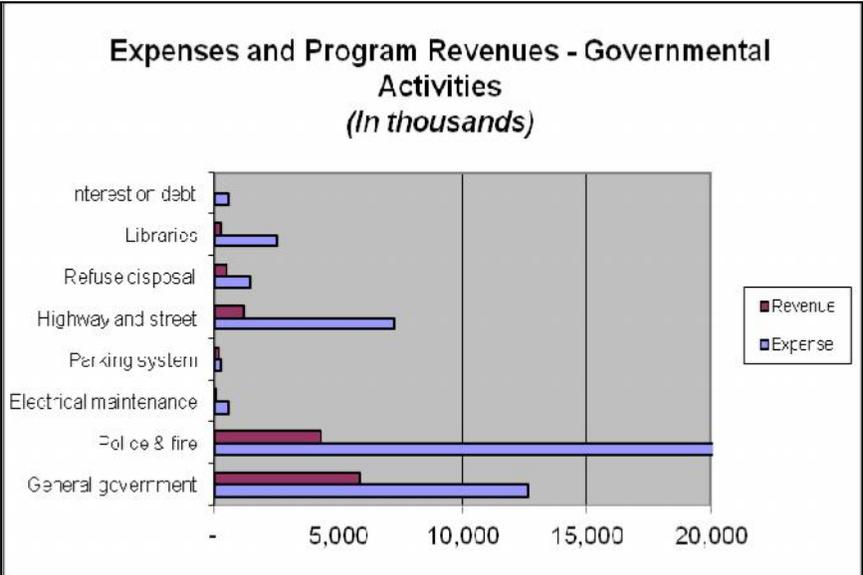
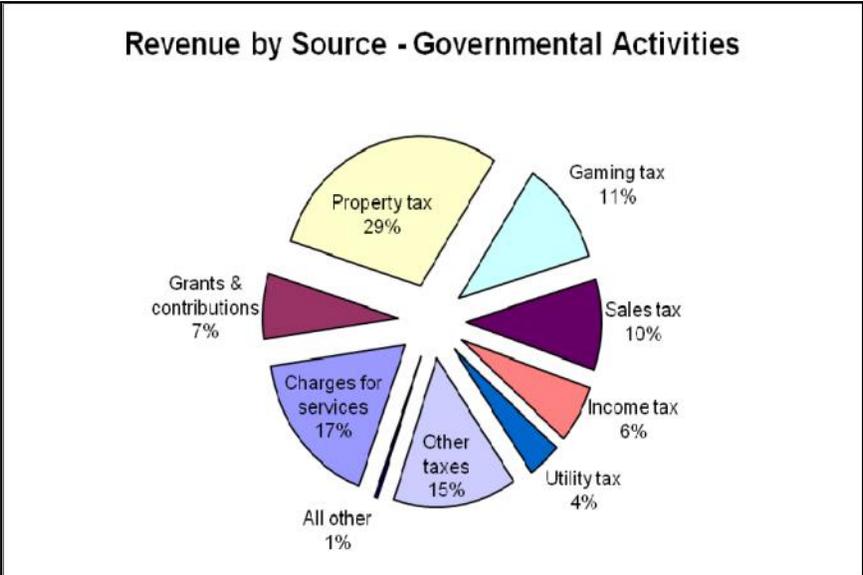
Governmental Activities. The net assets attributed to governmental activities increased 12 percent or \$9,306,023. Key elements of this increase are the following:

- General fund revenue exceeded budgeted revenue by \$821,783. Replacement and income taxes exceeded budgeted revenue by \$129,075 and \$301,876 respectively. Ambulance services were \$164,541 higher than projected.
- Actual expenditures were less than budgeted expenditures. General fund expenditures were \$1,972,693 less than budget with the greatest differences in finance and accounting (\$236,577), police (\$320,633) and highway and streets (\$830,419) departments. Library fund expenditures were \$115,934 less than budget and TIF fund expenditures were \$352,893 less than budget.
- Revenue from Federal grants was \$2,066,711 less than budget. Housing and Community Development Fund actual revenue was \$633,491 less than budget and Neighborhood Stabilization Fund actual revenue was \$430,139 less than budget. In addition, Housing and Community Development Fund actual expenditures were \$514,467 less than budget.
- Capital Projects fund intergovernmental revenue was \$796,090 less than budget and capital outlay expenditures were \$3,496,619 less than budget.
- Gaming Fund revenue from gaming taxes increased \$271,282 from the previous fiscal year. This strong growth is expected to continue into fiscal year 2013.

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The following is a more detailed review of the years' operation:

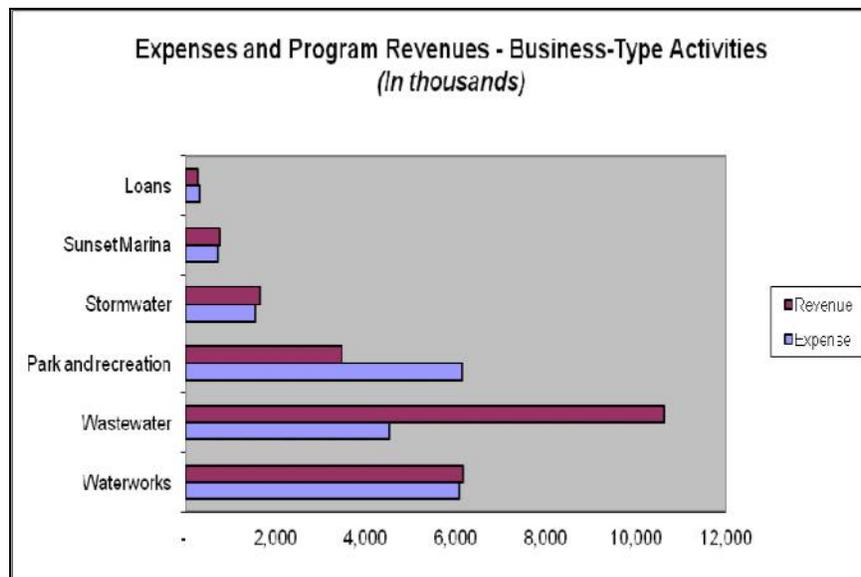
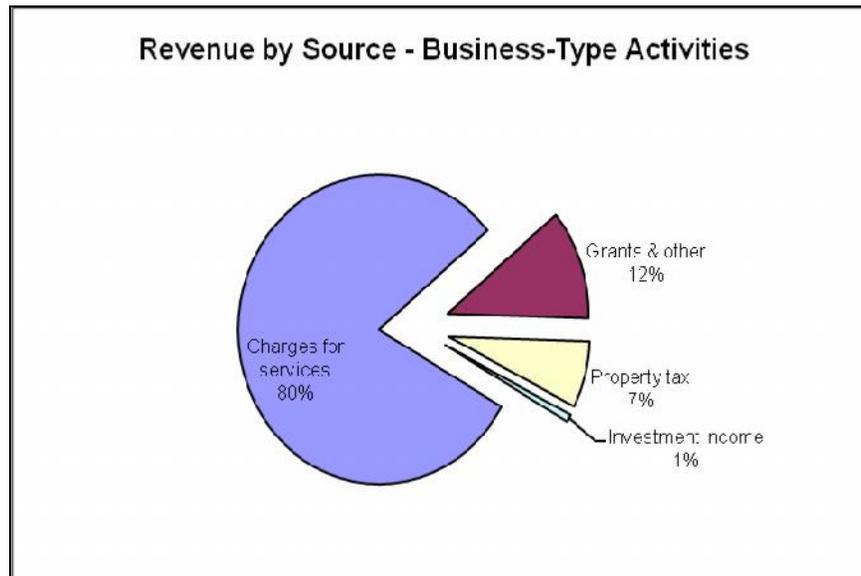
City of Rock Island's Changes in Net Assets						
For the years ending March 31, 2012 and 2011						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	8,741,778	8,112,806	20,071,489	18,979,689	28,813,267	27,092,495
Operating grants and contributions	3,506,526	5,248,241	257,384	155,715	3,763,910	5,403,956
Capital grants and contributions	91,770	1,237,814	2,628,879	-	2,720,649	1,237,814
General revenues						
Property tax	14,931,405	14,886,144	1,751,391	1,700,328	16,682,796	16,586,472
Gaming tax	5,712,621	5,441,339	-	-	5,712,621	5,441,339
Sales tax	4,978,042	4,689,611	-	-	4,978,042	4,689,611
Income tax	3,184,753	3,094,030	-	-	3,184,753	3,094,030
Utility tax	2,010,828	2,090,368	-	-	2,010,828	2,090,368
Other taxes	7,504,239	7,503,529	-	-	7,504,239	7,503,529
Investment income	121,859	266,892	201,135	97,349	322,994	364,241
Other	86,444	213,972	-	-	86,444	213,972
Total revenues	50,870,265	52,784,746	24,910,278	20,933,081	75,780,543	73,717,827
Expenses						
General government	12,657,949	16,417,739	-	-	12,657,949	16,417,739
Police and fire	20,830,554	19,976,357	-	-	20,830,554	19,976,357
Electrical maintenance	602,202	597,462	-	-	602,202	597,462
Municipal vehicle parking system	281,012	328,550	-	-	281,012	328,550
Highway and street	7,267,676	7,879,571	-	-	7,267,676	7,879,571
Refuse disposal	1,457,974	1,602,467	-	-	1,457,974	1,602,467
Libraries	2,559,060	1,966,454	-	-	2,559,060	1,966,454
Interest on long-term debt	596,127	615,878	-	-	596,127	615,878
Waterworks	-	-	6,074,685	5,159,034	6,074,685	5,159,034
Wastewater	-	-	4,530,716	4,305,904	4,530,716	4,305,904
Park and recreation	-	-	6,133,119	5,169,656	6,133,119	5,169,656
Stormwater	-	-	1,546,392	1,530,430	1,546,392	1,530,430
Sunset Marina	-	-	716,337	658,526	716,337	658,526
Housing and community development loans	-	-	309,965	296,616	309,965	296,616
Total expenses	46,252,554	49,384,478	19,311,214	17,120,166	65,563,768	66,504,644
Increase(decrease) in net assets before transfers and special item	4,617,711	3,400,268	5,599,064	3,812,915	10,216,775	7,213,183
Transfers	4,688,312	(264,318)	(4,688,312)	264,318	-	-
Special item, loss on transfer of capital assets	-	-	-	-	-	-
Increase(decrease) in net assets	9,306,023	3,135,950	910,752	4,077,233	10,216,775	7,213,183
Net assets, beginning of year	76,237,508	73,101,558	43,499,129	39,421,896	119,736,637	112,523,454
Net assets, end of year	85,543,531	76,237,508	44,409,881	43,499,129	129,953,412	119,736,637



Business-type activities. Business-type activities increased the City of Rock Island's net assets by \$910,752. Following are the key elements:

- Increase in net assets in the Waterworks fund of \$130,636. Actual charges for services increased by \$328,303. Unrestricted net assets are reported as \$257,514.
- Increase in net assets in the Wastewater Utility of \$1,223,233. This was due to a rate increases and slower than anticipated spending on improvement projects. Unrestricted net assets are reported as \$5,196,276. Significant future capital improvements are associated with the consent decree issued by the United States Environmental Protection Agency (Note 14). The Long-term Control Plan (LTCP) was submitted in June 2006 and required and was subsequently approved by the US Environmental Protection Agency. The estimated cost of the construction program is \$71.8 million excluding land acquisition costs.
- Increase in the net assets of the Storm Water Fund of \$99,930. Storm water rates were increased 3%.

Increase in the net assets of the Sunset Marina Fund of \$61,334. Unrestricted net assets are reported as negative \$59,283.



Financial Analysis of the City of Rock Island's Funds

As noted previously, the City of Rock Island uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Rock Island's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City of Rock Island's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$26,564,632, an increase of \$1,035,010 from the prior year. Approximately, 29 percent or \$7,574,107 is designated as unassigned funds; \$12,205,499 or 46 percent is classified as either assigned or committed which

includes \$6,928,564 from the Riverboat Gaming Fund and \$3,196,431 from the Capital Projects Fund. The remainder of fund balance is classified as restricted which includes major funds such as TIF (\$3,743,977) and Public Library (\$1,010,498). Nonspendable is comprised of \$1,336 for prepaids.

The General Fund is the chief operating fund of the City of Rock Island. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10,375,695 and total fund balance was \$10,913,151. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32 percent of total General Fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of the City of Rock Island's General Fund increased \$1,100,730 during the fiscal year. Key factors in this increase are explained in the General Fund Budgetary Highlights below but are comprised of increased revenue from certain taxes and decreased expenses in the Police and Highway and Streets expenditures.

The Riverboat Gaming Fund has a total fund balance of \$6,928,564 all of which is available for economic development, capital improvement projects and contract maintenance in accordance with the City of Rock Island's policy on the use of riverboat gaming revenues. Any changes in fund balance are the result of uncompleted projects which are re-budgeted in subsequent year, or project costs differing from the budgeted amounts. Any remaining funds from completed projects are available for other qualified expenses.

The Public Library Fund has a total fund balance of \$1,010,498. The fund reported a net change in fund balance of \$95,118.

The Tax Increment Financing District Fund continues to show growth in property tax revenue. The decrease in fund balance of \$914,343 is attributed primarily to the transfers for TIF related projects.

Proprietary funds. The City of Rock Island's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the funds at the end of the year amounted to \$257,514 for the Waterworks, \$5,196,276 for the Wastewater Treatment, \$2,537,900 for Park and Recreation and \$3,350,355 for all other funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Rock Island's business-type activities.

General Fund Budgetary Highlights

Overall General Fund revenue was \$821,783 more than the revised budget and expenditures were \$1,972,693 less than the revised budget. Specific highlights of General Fund revenue and expenditures are as follows:

- Replacement tax revenues were \$129,075 more than the revised budget.
- Income tax revenues were \$301,876 more than the revised budget.
- Ambulance charges for services were \$164,541 more than the final budget.
- Police department expenditures were \$320,633 less than budgeted expenditures.
- Highway and streets expenditures were \$830,419 less than budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets. The City of Rock Island's investment in capital assets for its governmental and business-type activities as of March 31, 2012, amounts to \$118,804,371 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, marina facilities,

streets and bridges. The total increase in the City of Rock Island's investment in capital assets for the current fiscal year was 11 percent or \$11,955,707.

Major capital asset events during the current fiscal year included the following:

- LTCP – Wet Weather Treatment (\$7,967,307)
- City Garage Construction (\$2,739,808)
- 14th Street Water Tower Replacement (\$867,224)
- 25th Avenue Resurfacing, 17-24 Streets (\$712,518)
- Turkey Hollow Bridge Replacement (\$671,480)

City of Rock Island's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	7,837,789	7,789,689	1,586,476	1,586,476	9,424,265	9,376,165
Construction-in-progress	2,502,030	3,361,271	13,648,351	6,716,778	16,150,381	10,078,049
Buildings	18,305,926	10,188,984	12,860,690	13,134,063	31,166,616	23,323,047
Machinery and equipment	5,745,446	6,454,792	583,677	699,137	6,329,123	7,153,929
Infrastructure	29,031,414	28,833,638	26,702,572	28,083,836	55,733,986	56,917,474
Total net capital assets	63,422,605	56,628,374	55,381,766	50,220,290	118,804,371	106,848,664

Additional information on the City of Rock Island's capital assets can be found in note 6.

Long-term debt. At the end of the current fiscal year, the City of Rock Island had total bonded debt outstanding of \$36,623,336 backed by the full faith and credit of the City. The remainder of the City of Rock Island's debt represents bonds secured solely by specified revenue sources (i.e., special assessment bonds). All debt is backed by the full faith and credit of the City of Rock Island.

City of Rock Island's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Compensated Absences	3,399,027	3,602,799	938,342	979,323	4,337,369	4,582,122
General obligation bonds	14,727,021	15,872,900	21,896,315	23,727,100	36,623,336	39,600,000
Unamortized discounts	(101,375)	(97,019)	(279,747)	(269,900)	(381,122)	(366,919)
Unamortized premiums	54,947	44,051	157,224	96,318	212,171	140,369
Other postemployment benefits	2,890,327	2,134,593	652,120	481,611	3,542,447	2,616,204
Net pension obligation	997,420	694,913	-	-	997,420	694,913
Total	21,967,367	22,252,237	23,364,254	25,014,452	45,331,621	47,266,689

With the adoption of the 1970 Illinois Constitution, any municipality with a population of 25,000 or more automatically became a Home Rule city. Prior to 1970, municipalities had only those powers specifically granted by the legislature. Under Home Rule, local governments are given all powers not specifically denied by the Illinois legislature. Home Rule cities have unlimited power to incur debt payable from property taxes and other revenue, such as sales tax

allotments. Therefore, schedules concerning tax levy ceilings and computations of legal debt margins are not included in this report.

The City of Rock Island maintains an Aa2 rating from Moody's Investors Service.

Additional information on the City of Rock Island's long-term debt can be found in note 7.

Economic Factors and Next Year's Budgets and Rates

- The March 2012 unemployment rate for the City of Rock Island was 8.7 percent. This is a 0% change from a year ago. The Illinois and U.S. unemployment rates decreased to 9.0 percent (a 22% decrease from last year) and 9.2 percent (a 10% decrease from a year ago), respectively.
- The equalized assessed value increased at an average rate of 2.9 percent annually for the past 10 years. However, this rate of increase has slowed to 1.7 percent over the past 5 years and 0.5 percent last year. The City of Rock Island remains aggressive in encouraging new business development and encouraging new housing construction. Also, the extreme devaluation in housing values experienced in other areas of the country has not occurred in Rock Island.
- The potential reduction in state shared revenue from the income and replacement taxes due to the State of Illinois poor financial condition may present significant budgetary challenges for management, if the State legislature elects to reduce the distribution of these funds to solve the State's budget issues.

All of these factors were considered in preparing the City of Rock Island's balanced budget for the 2013 fiscal year. Management anticipates that actual revenue and expenditures will closely approximate budgeted revenue and expenditures for fiscal 2013.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City of Rock Island's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the Finance Director, 1528 Third Avenue, Rock Island, Illinois, 61201. The report is also available via the city web site at www.rigov.org.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET ASSETS
MARCH 31, 2012

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 24,711,416	\$ 12,143,017	\$ 36,854,433	\$ 487,845	\$ 1,836,143
Receivables, net					
Taxes	16,025,012	1,743,650	17,768,662	-	-
Accounts, net of allowance for uncollectibles of \$2,295,357	1,150,899	1,571,552	2,722,451	-	-
Estimated unbilled usage	65,179	1,940,112	2,005,291	-	-
Accrued interest	47,902	38,640	86,542	1,263	10
Current portion of notes receivable	3,694	299,101	302,795	-	-
Special assessments	256,635	-	256,635	-	-
Other	48,978	-	48,978	-	-
Assets held for resale	2,530,167	31,582	2,561,749	-	-
Due from other governmental agencies	5,587,792	10	5,587,802	188,987	-
Inventories	405,461	32,108	437,569	-	-
Prepaid items	1,336	-	1,336	-	1,049
Total Current Assets	<u>50,834,471</u>	<u>17,799,772</u>	<u>68,634,243</u>	<u>678,095</u>	<u>1,837,202</u>
NONCURRENT ASSETS					
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$2,620,436	<u>341,739</u>	<u>1,764,928</u>	<u>2,106,667</u>	<u>-</u>	<u>-</u>
Capital Assets					
Land	7,837,789	1,586,476	9,424,265	-	-
Buildings and improvements	26,774,306	18,482,113	45,256,419	-	-
Equipment	14,217,484	2,874,932	17,092,416	-	3,984
Infrastructure	59,939,090	77,578,941	137,518,031	-	-
Construction in progress	2,502,030	13,648,351	16,150,381	-	-
Accumulated depreciation	<u>(47,848,094)</u>	<u>(58,789,047)</u>	<u>(106,637,141)</u>	<u>-</u>	<u>(3,718)</u>
Net capital assets	<u>63,422,605</u>	<u>55,381,766</u>	<u>118,804,371</u>	<u>-</u>	<u>266</u>
Total Noncurrent Assets	<u>63,764,344</u>	<u>57,146,694</u>	<u>120,911,038</u>	<u>-</u>	<u>266</u>
Total Assets	<u>\$ 114,598,815</u>	<u>\$ 74,946,466</u>	<u>\$ 189,545,281</u>	<u>\$ 678,095</u>	<u>\$ 1,837,468</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET ASSETS
MARCH 31, 2012

Exhibit 1
(continued)

	Primary Government			Component Units	
	Governmental	Business-type	Total	Martin	Rock Island
	Activities	Activities		Luther King Center	Public Library Foundation
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,445,305	\$ 1,775,546	\$ 3,220,851	\$ 2,025	\$ -
Retainage payable	29,603	409,958	439,561	-	-
Deposits payable	54,758	2,550	57,308	-	-
Claims payable	249,992	-	249,992	-	-
Accrued wages and benefits	954,392	204,811	1,159,203	11,283	-
Compensated absences	1,753,571	458,230	2,211,801	-	-
Accrued pension contribution	4,150,198	-	4,150,198	-	-
Accrued interest payable	193,825	259,409	453,234	105	-
Unearned revenue	15,844	419,676	435,520	-	-
Notes payable	-	13,261	13,261	-	-
General obligation bonds	1,664,422	1,847,246	3,511,668	-	-
Total Current Liabilities	<u>10,511,910</u>	<u>5,390,687</u>	<u>15,902,597</u>	<u>13,413</u>	<u>-</u>
NONCURRENT LIABILITIES					
Notes payable	-	4,087,120	4,087,120	-	-
General obligation bonds	13,016,171	19,926,546	32,942,717	-	-
Net pension obligation	997,420	-	997,420	-	-
Other postemployment benefits	2,890,327	652,120	3,542,447	-	-
Compensated absences	1,639,456	480,112	2,119,568	-	-
Total Noncurrent Liabilities	<u>18,543,374</u>	<u>25,145,898</u>	<u>43,689,272</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>29,055,284</u>	<u>30,536,585</u>	<u>59,591,869</u>	<u>13,413</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt	51,178,766	33,220,808	84,399,574	-	266
Restricted for					
Library, nonexpendable	-	-	-	-	1,783,403
Tax increment financing	3,699,188	-	3,699,188	-	-
Motor fuel taxes	191,364	-	191,364	-	-
Debt service	1,029,992	-	1,029,992	-	-
Other	1,818,357	-	1,818,357	-	-
Unrestricted	27,625,864	11,189,073	38,814,937	664,682	53,799
Total Net Assets	<u>\$ 85,543,531</u>	<u>\$ 44,409,881</u>	<u>\$ 129,953,412</u>	<u>\$ 664,682</u>	<u>\$ 1,837,468</u>

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 12,657,949	\$ 3,678,321	\$ 2,096,150	\$ 91,770
Police and fire	20,830,554	3,994,407	302,105	-
Electrical maintenance	602,202	30,788	-	-
Municipal vehicle parking system	281,012	173,721	-	-
Highways and streets	7,267,676	144,680	1,056,163	-
Refuse disposal	1,457,974	492,807	-	-
Libraries	2,559,060	227,054	52,108	-
Interest on long-term debt	596,127	-	-	-
Total governmental activities	<u>46,252,554</u>	<u>8,741,778</u>	<u>3,506,526</u>	<u>91,770</u>
Business-type activities				
Waterworks	6,074,685	6,152,049	-	-
Wastewater treatment	4,530,716	7,995,233	-	2,628,879
Park and recreation	6,133,119	3,445,286	34,144	-
Stormwater	1,546,392	1,645,864	-	-
Sunset Marina	716,337	769,993	-	-
Housing and community development loan	309,965	63,064	223,240	-
Total business-type activities	<u>19,311,214</u>	<u>20,071,489</u>	<u>257,384</u>	<u>2,628,879</u>
Total primary government	<u>\$ 65,563,768</u>	<u>\$ 28,813,267</u>	<u>\$ 3,763,910</u>	<u>\$ 2,720,649</u>
Component units				
Martin Luther King Center	\$ 577,156	\$ 2,395	\$ 686,612	\$ -
Rock Island Public Library Foundation	97,714	-	36,640	-
Total component units	<u>\$ 674,870</u>	<u>\$ 2,395</u>	<u>\$ 723,252</u>	<u>\$ -</u>
General Revenues				
Property taxes				
Gaming taxes				
Sales taxes				
Income taxes				
Utility taxes				
Replacement taxes				
Telecom infrastructure taxes				
Motor fuel taxes				
Use taxes				
Other taxes				
Investment income				
Gain on sale of assets				
Other				
Transfers from (to) other funds				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
\$ (6,791,708)	\$ -	\$ (6,791,708)	\$ -	\$ -
(16,534,042)	-	(16,534,042)	-	-
(571,414)	-	(571,414)	-	-
(107,291)	-	(107,291)	-	-
(6,066,833)	-	(6,066,833)	-	-
(965,167)	-	(965,167)	-	-
(2,279,898)	-	(2,279,898)	-	-
(596,127)	-	(596,127)	-	-
<u>(33,912,480)</u>	<u>-</u>	<u>(33,912,480)</u>	<u>-</u>	<u>-</u>
-	77,364	77,364	-	-
-	6,093,396	6,093,396	-	-
-	(2,653,689)	(2,653,689)	-	-
-	99,472	99,472	-	-
-	53,656	53,656	-	-
-	(23,661)	(23,661)	-	-
-	<u>3,646,538</u>	<u>3,646,538</u>	<u>-</u>	<u>-</u>
<u>\$ (33,912,480)</u>	<u>\$ 3,646,538</u>	<u>\$ (30,265,942)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 111,851	\$ -
-	-	-	-	(61,074)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,851</u>	<u>\$ (61,074)</u>
\$ 14,931,405	\$ 1,751,391	\$ 16,682,796	\$ -	\$ -
5,712,621	-	5,712,621	-	-
4,978,042	-	4,978,042	-	-
3,184,753	-	3,184,753	-	-
2,010,828	-	2,010,828	-	-
2,466,745	-	2,466,745	-	-
1,336,236	-	1,336,236	-	-
1,138,203	-	1,138,203	-	-
569,471	-	569,471	-	-
1,993,584	-	1,993,584	-	-
121,859	201,135	322,994	2,466	(3,892)
670	-	670	-	-
85,774	-	85,774	-	-
4,688,312	(4,688,312)	-	-	-
<u>43,218,503</u>	<u>(2,735,786)</u>	<u>40,482,717</u>	<u>2,466</u>	<u>(3,892)</u>
9,306,023	910,752	10,216,775	114,317	(64,966)
<u>76,237,508</u>	<u>43,499,129</u>	<u>119,736,637</u>	<u>550,365</u>	<u>1,902,434</u>
<u>\$ 85,543,531</u>	<u>\$ 44,409,881</u>	<u>\$ 129,953,412</u>	<u>\$ 664,682</u>	<u>\$ 1,837,468</u>

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012

	Special Revenue Funds		
	General Fund	Public Library Fund	TIF Fund
ASSETS			
Cash and investments	\$ 8,322,177	\$ 1,110,958	\$ 2,274,799
Receivables, net			
Taxes	8,675,104	1,959,593	5,153,535
Accounts, net of allowance for uncollectibles of \$1,896,987	1,123,299	-	-
Estimated unbilled usage	65,179	-	-
Accrued interest	16,220	1,384	2,855
Notes, net of allowance for uncollectibles of \$1,258,082	-	-	345,433
Special assessments	-	-	-
Assets held for resale	-	-	1,234,286
Due from other funds	-	-	-
Due from other governmental agencies	2,693,578	-	-
Prepays	1,336	-	-
Total Assets	<u>\$ 20,896,893</u>	<u>\$ 3,071,935</u>	<u>\$ 9,010,908</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 498,092	\$ 51,191	\$ 123,392
Retainage payable	-	-	-
Interest payable	-	-	688
Deposits payable	-	-	-
Accrued wages and benefits	753,987	50,653	34,105
Due to other funds	-	-	-
Deferred revenue			
Property tax	7,465,207	1,959,593	5,153,535
Other	1,266,456	-	-
Total Liabilities	<u>9,983,742</u>	<u>2,061,437</u>	<u>5,311,720</u>
FUND BALANCES			
Nonspendable	1,336	-	-
Restricted	157,611	1,010,498	3,743,977
Committed	-	-	-
Assigned	378,509	-	-
Unassigned	10,375,695	-	(44,789)
Total Fund Balances	<u>10,913,151</u>	<u>1,010,498</u>	<u>3,699,188</u>
Total Liabilities and Fund Balances	<u>\$ 20,896,893</u>	<u>\$ 3,071,935</u>	<u>\$ 9,010,908</u>

See notes to the financial statements.

Riverboat Gaming Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,442,979	\$ 3,241,659	\$ 2,290,386	\$ 20,682,958
-	-	236,780	16,025,012
-	27,500	100	1,150,899
-	-	-	65,179
-	5,590	17,377	43,426
-	-	-	345,433
-	-	256,635	256,635
-	-	1,295,881	2,530,167
2,750,510	-	-	2,750,510
739,608	-	2,149,896	5,583,082
-	-	-	1,336
\$ 6,933,097	\$ 3,274,749	\$ 6,247,055	\$ 49,434,637
\$ -	\$ 48,715	\$ 244,687	\$ 966,077
-	29,603	-	29,603
4,533	-	1,674	6,895
-	-	54,758	54,758
-	-	54,121	892,866
-	-	2,750,510	2,750,510
-	-	236,780	14,815,115
-	-	2,087,725	3,354,181
4,533	78,318	5,430,255	22,870,005
-	-	-	1,336
-	-	1,871,604	6,783,690
6,928,564	3,196,431	1,637,247	11,762,242
-	-	64,748	443,257
-	-	(2,756,799)	7,574,107
6,928,564	3,196,431	816,800	26,564,632
\$ 6,933,097	\$ 3,274,749	\$ 6,247,055	\$ 49,434,637

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2012

Exhibit 3-1

Total governmental fund balances \$ 26,564,632

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Land	\$	7,820,289	
Construction in progress		2,452,953	
Equipment		3,463,986	
Buildings and other improvements		86,565,035	
Accumulated depreciation		<u>(41,117,677)</u>	
			59,184,586

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

18,153,452

Internal service funds are used by the City's management to charge the costs of equipment maintenance, engineering, self-insurance, and employee health benefit programs to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

7,685,240

Internal service funds allocated to business-type activities

-

Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:

General obligation bonds		(14,727,021)	
Bond discounts		101,375	
Bond premiums		(54,947)	
Accrued interest on the bonds		(186,580)	
Compensated absences		(3,139,261)	
Accrued pension contribution		(4,150,198)	
Net pension obligation		(997,420)	
Other postemployment benefits		<u>(2,890,327)</u>	
			<u>(26,044,379)</u>

Net assets of governmental activities

\$ 85,543,531

See notes to the financial statements.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH, 31 2012

	General Fund	Special Revenue Funds	
		Public Library Fund	TIF Fund
REVENUES			
Property taxes	\$ 7,495,603	\$ 1,968,626	\$ 5,111,960
Other taxes	16,644,788	-	-
Fines and fees	451,522	52,240	-
Intergovernmental	193,898	43,810	-
Charges for services	6,448,795	226,424	-
Interest	39,664	3,432	9,471
Licenses and permits	901,395	-	-
Contributions	197,153	94,860	-
Other	56,107	1,531	2,350
Total revenues	32,428,925	2,390,923	5,123,781
EXPENDITURES			
Current			
General government	5,609,678	13,180	3,866,696
Police and fire	20,704,873	-	-
Electrical maintenance	580,692	-	-
Municipal vehicle parking system	185,157	-	-
Highway and street	3,916,488	-	-
Refuse disposal	1,553,325	-	-
Libraries	-	2,336,234	-
Capital outlay	16,493	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	32,566,706	2,349,414	3,866,696
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(137,781)	41,509	1,257,085
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Issuance of refunding debt	-	-	-
Payment of refunding debt	-	-	-
Premium on bonds sold	-	-	-
Discount on bonds sold	-	-	-
Transfers from other funds	2,353,356	53,609	-
Transfers to other funds	(1,114,845)	-	(2,171,428)
Total Other Financing Sources (Uses)	1,238,511	53,609	(2,171,428)
NET CHANGE IN FUND BALANCES	1,100,730	95,118	(914,343)
FUND BALANCES, BEGINNING	9,812,421	915,380	4,613,531
FUND BALANCES, ENDING	\$ 10,913,151	\$ 1,010,498	\$ 3,699,188

See notes to financial statements.

Riverboat Gaming Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 238,320	\$ 14,814,509
5,712,621	-	1,233,707	23,591,116
-	-	1,050	504,812
-	1,023,150	1,903,066	3,163,924
-	11,120	284,950	6,971,289
4,276	19,044	110,965	186,852
-	-	-	901,395
-	313,801	155,049	760,863
-	-	5,860	65,848
<u>5,716,897</u>	<u>1,367,115</u>	<u>3,932,967</u>	<u>50,960,608</u>
-	-	3,382,095	12,871,649
-	-	-	20,704,873
-	-	-	580,692
-	-	-	185,157
9,490	-	33,942	3,959,920
-	-	-	1,553,325
-	-	-	2,336,234
-	4,395,408	1,089,474	5,501,375
-	-	1,728,250	1,728,250
-	-	584,816	584,816
<u>9,490</u>	<u>4,395,408</u>	<u>6,818,577</u>	<u>50,006,291</u>
<u>5,707,407</u>	<u>(3,028,293)</u>	<u>(2,885,610)</u>	<u>954,317</u>
-	585,000	-	585,000
-	-	77,371	77,371
-	-	(77,371)	(77,371)
-	25,659	15,228	40,887
-	(4,885)	(11,607)	(16,492)
-	3,819,310	3,149,745	9,376,020
(5,385,083)	-	(1,233,365)	(9,904,721)
<u>(5,385,083)</u>	<u>4,425,084</u>	<u>1,920,001</u>	<u>80,694</u>
322,324	1,396,791	(965,609)	1,035,011
<u>6,606,240</u>	<u>1,799,640</u>	<u>1,782,409</u>	<u>25,529,621</u>
<u>\$ 6,928,564</u>	<u>\$ 3,196,431</u>	<u>\$ 816,800</u>	<u>\$ 26,564,632</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit 4-1

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012**

Net change in fund balances - total governmental funds \$ 1,035,011

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital expenditures and contributions	\$	4,169,458	
Transfers of capital assets from enterprise funds		5,069,045	
Loss on disposal		(71,140)	
Depreciation expense		<u>(1,795,436)</u>	
			7,371,927

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by the following amount this year: (421,622)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. The City had bond proceeds during the year, payments exceeded proceeds by: 1,143,250

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of changes in:

Accrued interest		(7,363)	
Bond discounts		5,355	
Bond premiums		8,267	
Compensated absences		(182,625)	
Accrued pension contribution		(8,431)	
Net pension obligation		302,507	
Other postemployment benefits		<u>755,735</u>	
Total additional expenses			(873,445)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities and are from equipment maintenance, engineering, self-insurance, and employee health benefits in governmental funds. 1,086,926

Change in internal service fund allocation to business-type activities (36,024)

Change in net assets of governmental activities on the statement of activities \$ 9,306,023

See notes to financial statements.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
PROPRIETARY FUNDS
MARCH 31, 2012

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 2,075,391	\$ 7,157,221
Receivables, net		
Taxes	-	-
Accounts, net of allowance for uncollectibles of \$398,310	591,222	635,850
Estimated unbilled usage	700,235	1,023,012
Accrued interest	2,761	22,839
Current portion of notes receivable	-	-
Other	-	-
Due from other funds	89,172	67,270
Due from other governmental agencies	-	-
Inventories	-	-
Assets held for resale	-	-
	<u>3,458,781</u>	<u>8,906,192</u>
Total Current Assets		
NONCURRENT ASSETS		
Advance to water fund	-	736,000
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$1,362,354	<u>-</u>	<u>-</u>
Capital assets		
Land	39,426	94,450
Buildings and improvements	36,161	-
Equipment	168,422	223,290
Infrastructure	30,913,795	34,902,893
Construction in progress	1,090,049	12,558,302
Accumulated depreciation	<u>(20,149,450)</u>	<u>(23,615,620)</u>
Net Capital assets	<u>12,098,403</u>	<u>24,163,315</u>
Total Noncurrent Assets	<u>12,098,403</u>	<u>24,899,315</u>
Total Assets	<u>\$ 15,557,184</u>	<u>\$ 33,805,507</u>

type Activities - Enterprise Funds

<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,865,802	\$ 1,044,603	\$ 12,143,017	\$ 4,028,458
1,743,650	-	1,743,650	-
109,395	235,085	1,571,552	-
-	216,865	1,940,112	-
2,950	10,090	38,640	4,477
-	299,101	299,101	-
-	-	-	48,978
-	-	156,442	86,576
-	10	10	4,710
32,108	-	32,108	405,461
-	23,800	23,800	7,782
<u>3,753,905</u>	<u>1,829,554</u>	<u>17,948,432</u>	<u>4,586,442</u>
-	-	736,000	-
-	1,764,928	1,764,928	-
1,452,600	-	1,586,476	17,500
15,957,268	837,142	16,830,571	1,799,903
1,559,041	700,794	2,651,547	10,976,883
5,658,250	5,622,032	77,096,970	481,971
-	-	13,648,351	49,077
<u>(10,795,210)</u>	<u>(4,018,722)</u>	<u>(58,579,002)</u>	<u>(6,940,462)</u>
<u>13,831,949</u>	<u>3,141,246</u>	<u>53,234,913</u>	<u>6,384,872</u>
<u>13,831,949</u>	<u>4,906,174</u>	<u>55,735,841</u>	<u>6,384,872</u>
<u>\$ 17,585,854</u>	<u>\$ 6,735,728</u>	<u>\$ 73,684,273</u>	<u>\$ 10,971,314</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
PROPRIETARY FUNDS
MARCH 31, 2012

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 534,497	\$ 1,133,191
Retainage payable	43,801	366,157
Deposits payable	-	-
Claims payable	-	-
Accrued wages and benefits	60,547	38,086
Compensated absences	117,531	98,481
Accrued interest payable	54,723	144,532
Due to other funds	-	-
Unearned revenue	-	-
Notes payable	-	13,261
General obligation bonds	648,058	724,965
Total Current Liabilities	<u>1,459,157</u>	<u>2,518,673</u>
LONG-TERM LIABILITIES		
Notes payable	-	4,087,120
General obligation bonds	4,471,135	10,372,648
Advance from other funds	736,000	-
Other postemployment benefits	263,460	95,700
Compensated absences	123,143	103,183
Total Long-term Liabilities	<u>5,593,738</u>	<u>14,658,651</u>
Total Liabilities	<u>7,052,895</u>	<u>17,177,324</u>
NET ASSETS		
Invested in capital assets, net of related debt	8,246,775	11,431,907
Unrestricted	257,514	5,196,276
Total Net Assets	<u>8,504,289</u>	<u>16,628,183</u>
Total Liabilities and Net Assets	<u>\$ 15,557,184</u>	<u>\$ 33,805,507</u>

<u>type Activities - Enterprise Funds</u>			
<u>Park and Recreation</u> <u>Fund</u>	<u>Other Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal Service</u> <u>Funds</u>
\$ 93,003	\$ 14,017	\$ 1,774,708	\$ 480,066
-	-	409,958	-
2,550	-	2,550	-
-	-	-	249,992
85,177	20,711	204,521	59,232
209,556	30,752	456,320	127,096
32,340	7,605	239,200	20,559
-	-	-	243,018
338,100	81,576	419,676	-
-	-	13,261	-
<u>245,000</u>	<u>117,556</u>	<u>1,735,579</u>	<u>111,667</u>
<u>1,005,726</u>	<u>272,217</u>	<u>5,255,773</u>	<u>1,291,630</u>
-	-	4,087,120	-
2,576,471	645,015	18,065,269	1,861,277
-	-	736,000	-
235,716	57,244	652,120	-
<u>219,564</u>	<u>32,220</u>	<u>478,110</u>	<u>133,167</u>
<u>3,031,751</u>	<u>734,479</u>	<u>24,018,619</u>	<u>1,994,444</u>
<u>4,037,477</u>	<u>1,006,696</u>	<u>29,274,392</u>	<u>3,286,074</u>
11,010,477	2,378,677	33,067,836	4,390,992
<u>2,537,900</u>	<u>3,350,355</u>	<u>11,342,045</u>	<u>3,294,248</u>
<u>13,548,377</u>	<u>5,729,032</u>	<u>44,409,881</u>	<u>7,685,240</u>
<u>\$ 17,585,854</u>	<u>\$ 6,735,728</u>	<u>\$ 73,684,273</u>	<u>\$ 10,971,314</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit 5-1

RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS

MARCH 31, 2012

Total enterprise funds net assets	\$ 44,409,881
	<hr/>
Net assets of business-type activities	<u>\$ 44,409,881</u>

See notes to financial statements.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES FUND IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

	Waterworks Fund	Business - Wastewater Treatment Fund
OPERATING REVENUES		
Charges for services	\$ 6,137,616	\$ 7,993,394
Sales of merchandise	-	-
Interest	-	-
Other	49,269	83,969
Total Operating Revenues	<u>6,186,885</u>	<u>8,077,363</u>
OPERATING EXPENSES		
Personnel	1,963,677	1,224,263
Cost of sales	-	-
Supplies	671,534	146,318
Services	1,761,546	2,058,827
Programs	-	-
Provision for uncollectible accounts	4,861	4,524
Depreciation	634,964	564,723
Other	7,296	70,290
Total Operating Expenses	<u>5,043,878</u>	<u>4,068,945</u>
OPERATING INCOME (LOSS)	<u>1,143,007</u>	<u>4,008,418</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	-
Intergovernmental	-	2,628,879
Contributions	-	-
Loss - Sale of asset	(854,186)	-
Interest income	22,379	47,648
Interest expense	(180,564)	(497,795)
Net Nonoperating Revenues (Expenses)	<u>(1,012,371)</u>	<u>2,178,732</u>
INCOME BEFORE TRANSFERS	130,636	6,187,150
TRANSFERS FROM OTHER FUNDS	-	105,128
TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>(5,069,045)</u>
CHANGE IN NET ASSETS	130,636	1,223,233
NET ASSETS, BEGINNING	<u>8,373,653</u>	<u>15,404,950</u>
NET ASSETS, ENDING	<u>\$ 8,504,289</u>	<u>\$ 16,628,183</u>

See notes to financial statements.

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 2,513,863	\$ 2,402,094	\$ 19,046,967	\$ 11,029,749
884,557	3,889	888,446	6,201
-	62,964	62,964	-
46,866	9,974	190,078	268,045
<u>3,445,286</u>	<u>2,478,921</u>	<u>20,188,455</u>	<u>11,303,995</u>
2,889,684	677,711	6,755,335	2,026,229
254,005	178,830	432,835	205
677,643	44,795	1,540,290	1,270,770
1,458,271	1,125,454	6,404,098	6,350,042
3,169	30,654	33,823	-
118	60,804	70,307	-
684,763	194,056	2,078,506	616,573
62,962	233,516	374,064	27,499
<u>6,030,615</u>	<u>2,545,820</u>	<u>17,689,258</u>	<u>10,291,318</u>
<u>(2,585,329)</u>	<u>(66,899)</u>	<u>2,499,197</u>	<u>1,012,677</u>
1,751,391	-	1,751,391	-
12,000	223,244	2,864,123	-
22,144	-	22,144	-
(1,202)	-	(855,388)	(10,278)
2,305	11,474	83,806	11,092
<u>(101,302)</u>	<u>(26,878)</u>	<u>(806,539)</u>	<u>(70,227)</u>
<u>1,685,336</u>	<u>207,840</u>	<u>3,059,537</u>	<u>(69,413)</u>
(899,993)	140,941	5,558,734	943,264
259,779	45,726	410,633	150,000
<u>(29,900)</u>	<u>-</u>	<u>(5,098,945)</u>	<u>(2,032)</u>
(670,114)	186,667	870,422	1,091,232
<u>14,218,491</u>	<u>5,542,365</u>	<u>43,539,459</u>	<u>6,594,008</u>
<u>\$ 13,548,377</u>	<u>\$ 5,729,032</u>	<u>\$ 44,409,881</u>	<u>\$ 7,685,240</u>

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF THE CHANGE IN NET ASSETS OF ENTERPRISE FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 'MARCH 31, 2012

Exhibit 6-1

Net change in net assets of enterprise funds	\$ 870,422
Amounts reported for proprietary activities in the statement of activities are different because:	
Adjustment to reflect the consolidation of the Hydro-Electric Plant Internal Service Fund activities which are related solely to business-type activities	4,306
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities.	<u>36,024</u>
Change in net assets of business-type activities	<u>\$ 910,752</u>

See notes to the financial statements.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED MARCH 31, 2012

	Waterworks Fund	Business - Wastewater Treatment Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,096,555	\$ 7,997,408
Interest received on notes receivable	-	-
Notes receivable issued for cash	-	-
Cash payments to suppliers for goods and services	(1,970,821)	(1,412,911)
Cash payments to employees for services	(1,888,463)	(1,220,954)
Other operating revenue	49,269	83,969
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,286,540	5,447,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	105,128
Transfers to other funds	-	(5,069,045)
Interfund loan or loan repayments received (paid)	(89,172)	(67,269)
Property tax receipts	-	-
Contributions	-	-
Intergovernmental	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(89,172)	(5,031,186)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of property and equipment	-	-
Acquisition and construction of property and equipment	(1,567,562)	(6,377,696)
Proceeds from issuance of general obligation bonds	-	-
Proceeds from notes payable	-	4,106,654
Proceeds from issuance of refunding bonds	-	983,239
Payment of general obligation bonds	(619,226)	(662,473)
Payment of refunding bonds	-	(1,020,000)
Payment of notes payables	-	(6,273)
Interest paid	(192,506)	(514,420)
Intergovernmental loan proceeds	-	2,628,879
Intergovernmental grant proceeds	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,379,294)	(862,090)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and investments	19,653	24,809
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(162,273)	(420,955)
CASH AND CASH EQUIVALENTS, BEGINNING	2,237,664	7,578,177
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,075,391	\$ 7,157,222

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 3,327,285	\$ 2,341,729	\$ 19,762,977	\$ 11,003,887
-	58,245	58,245	-
-	(248,170)	(248,170)	-
(2,630,215)	(1,452,669)	(7,466,616)	(7,857,889)
(2,778,560)	(685,991)	(6,573,968)	(2,054,047)
<u>46,866</u>	<u>9,974</u>	<u>190,078</u>	<u>268,045</u>
<u>(2,034,624)</u>	<u>23,118</u>	<u>5,722,546</u>	<u>1,359,996</u>
259,779	45,726	410,633	150,000
(29,900)	-	(5,098,945)	(2,032)
-	-	(156,441)	156,570
1,751,172	-	1,751,172	-
22,144	-	22,144	-
<u>12,000</u>	<u>223,240</u>	<u>235,240</u>	<u>-</u>
<u>2,015,195</u>	<u>268,966</u>	<u>(2,836,197)</u>	<u>304,538</u>
-	-	-	-
(208,977)	-	(8,154,235)	-
-	-	-	-
-	-	4,106,654	-
-	419,390	1,402,629	-
(231,476)	(109,875)	(1,623,050)	(104,306)
-	(435,000)	(1,455,000)	-
-	-	(6,273)	-
(103,871)	(28,155)	(838,952)	(70,742)
-	-	2,628,879	-
-	50	50	-
<u>(544,324)</u>	<u>(153,590)</u>	<u>(3,939,298)</u>	<u>(175,048)</u>
<u>11,170</u>	<u>8,154</u>	<u>63,786</u>	<u>14,374</u>
(552,583)	146,648	(989,163)	1,503,860
<u>2,418,385</u>	<u>897,955</u>	<u>13,132,181</u>	<u>2,524,598</u>
<u>\$ 1,865,802</u>	<u>\$ 1,044,603</u>	<u>\$ 12,143,018</u>	<u>\$ 4,028,458</u>

CITY OF ROCK ISLAND, ILLINOIS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,143,007	\$ 4,008,418
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	634,964	564,723
Changes in assets and liabilities		
(Increase) decrease in receivables	(36,200)	8,538
(Increase) decrease in inventories	-	-
Decrease in assets held for resale	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	469,555	862,524
Increase (decrease) in accrued liabilities	75,214	3,309
Decrease in unearned revenue	-	-
Total Adjustments	<u>1,143,533</u>	<u>1,439,094</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,286,540</u>	<u>\$ 5,447,512</u>

type Activities - Enterprise Funds

<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (2,585,329)	\$ (66,899)	\$ 2,499,197	\$ 1,012,677
684,763	194,056	2,078,506	616,573
(61,439)	(20,599)	(109,700)	(25,862)
(1,496)	-	(1,496)	3,190
-	-	-	(6,201)
(172,669)	(62,826)	1,096,584	(212,563)
111,124	(8,280)	181,367	(27,818)
(9,578)	(12,334)	(21,912)	-
<u>550,705</u>	<u>90,017</u>	<u>3,223,349</u>	<u>347,319</u>
\$ (2,034,624)	\$ 23,118	\$ 5,722,546	\$ 1,359,996

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2012

Exhibit 8

	<u>Pension Trust Funds</u>	<u>Agency Fund Section 125 Cafeteria Plan Fund</u>
ASSETS		
Cash and equivalents	\$ 861,738	\$ 2,306
Equity securities	28,851,721	-
Taxable bonds	20,629,775	-
Receivables		
Accrued interest	185,666	13
Employer contributions	4,150,198	-
Total Assets	<u>\$ 54,679,098</u>	<u>\$ 2,319</u>
LIABILITIES		
Outstanding checks in excess of bank balance	\$ 1,747,755	\$ -
Accounts payable	51,031	2,319
Total Liabilities	<u>1,798,786</u>	<u>2,319</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 52,880,312</u>	<u>\$ -</u>

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

Exhibit 9

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Plan members	\$ 960,402
Employer	<u>4,206,716</u>
Total Contributions	<u>5,167,118</u>
Net investment income	
Net increase in fair value of investments	1,205,029
Interest	<u>1,250,010</u>
Net Investment Income	<u>2,455,039</u>
Total Additions	<u>7,622,157</u>
DEDUCTIONS	
Benefits	7,066,230
Administrative expenses	<u>117,265</u>
Total Deductions	<u>7,183,495</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	438,662
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>52,441,650</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 52,880,312</u>



ROCK ISLAND
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CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Rock Island, Illinois, provides public safety (police and fire), streets, cultural-recreation, public improvements, and planning and zoning services. The City also operates municipal water, wastewater, recreation, stormwater, marina, and parking systems/facilities. The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as applicable to governmental units.

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Rock Island, Illinois, is a municipal corporation governed by a City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and it has the right to buy, sell, lease, or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

Discretely Presented Component Units

The City is considered to be financially accountable for the Martin Luther King Center (Center). The Center has a March 31 year-end and accounts for revenues and expenditures of various programs including the Department of Alcohol and Substance Abuse Program. The Center meets the component unit criteria because a voting majority of the Center's governing board is appointed by the City, and the Center is fiscally dependent on the City as the City has the authority to determine the Center's budget and approve and modify the budget. The Center is considered a discretely presented component unit as the two Boards are not substantially the same and the services provided by the Center are not entirely for the benefit of the City. Complete financial statements for the component unit may be obtained at the City of Rock Island, 1528 Third Avenue, Rock Island, Illinois 61201.

The Rock Island Public Library Foundation (Foundation) is a legally separate, tax-exempt component unit of the City. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the City in support of its Library. The board of the Foundation is self-perpetuating. Although the City does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the City's Library by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the City's Library, the Foundation is considered a component unit of the City and is discretely presented in the City's financial statements. The Foundation has a December 31 year-end. During the year ended December 31, 2011, the Foundation distributed \$76,446 to the City. The Foundation is presented as an enterprise fund type. Complete financial statements for the Foundation can be obtained from the Foundation Office at 401 19th Street, Rock Island, Illinois 61201.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for service. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 or matured.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Property taxes are recognized as revenue in the year for which they have been levied, provided they are due by March 31 and collected within 60 days after year-end. Sales taxes are considered measurable and available at the time the underlying transaction occurs provided they are collected within 60 days after year-end. Income and other taxes are considered measurable and available when they have been collected by the state or other levying authority. Special assessments receivable are recognized at the time of their levy. The related revenue is recognized at the time the assessment is due or collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recognized as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recognized as earned.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Public Library Fund* accounts for services related to the operation of the City Library.

The *Tax Increment Financing District Fund* accounts for monies from the state of Illinois to be applied to specific areas for rehabilitation of property.

The *Riverboat Gaming Fund* accounts for revenue and expenditures from riverboat gaming.

The *Capital Projects Fund* is used to account for the accumulation of resources for, and the payment of, acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The *Waterworks Fund* accounts for the revenue and expenses of the department responsible for providing a safe potable water supply and an adequate water supply for fire protection, domestic usage, and industrial usage.

The *Wastewater Treatment Fund* accounts for the revenue and expenses of the department responsible for maintaining a dependable system for collecting and treating the wastewater of the City.

The *Park and Recreation Fund* accounts for revenue and expenses associated with operating the recreation programs, park programs, fitness center, and golf courses of the City.

Additionally, the City reports the following fund types:

Internal service funds are used to account for goods and services provided by one department to other departments of the City on a cost-reimbursement basis. These goods and services include equipment maintenance, engineering, self-insurance, employee health benefits, and hydro-electricity.

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has two pension trust funds. Following are the City's fiduciary fund types:

Pension trust funds are those covering pension and retirement trust funds whose principal and income may be expended.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Agency funds function primarily as a clearing mechanism for Section 125 cafeteria plan which are collected by the City, held as such for a brief period, and then disbursed to the authorized recipient.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The Rock Island Public Library Foundation is a private nonprofit organization that reports under provisions of FASB Accounting Standards Codification Topic ASC 958-205. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the City's financial reporting entity for these differences.

Investments – Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The City invests in four external investment pools not SEC registered, the Illinois Institutional Investors Trust, the Illinois Funds Money Market Fund and the Illinois Municipal Investment Fund 1-3 Year Fund, and the Illinois Municipal Investment Fund – Convenience Fund. The Illinois Funds Money Market Fund is operated by the State Treasurer's Office. A board of directors provides administrative oversight for the Illinois Institutional Investors Trust and both of the Illinois Municipal Investment Funds. SEC registered investment advisors manage the portfolios of the Illinois institutional Investors Trust and the Illinois Municipal Investment Fund 1-3 Year Fund. The fair value of the positions of the external investment pools are the same as the value of the pool shares.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Property Taxes – Property taxes receivable represent the 2011 levy which is due and collectible in the 2012-2013 fiscal year. Property taxes are levied in December and attached as an enforceable lien on the property as of the preceding January 1 and are collectible in June, August, September, and November of the fiscal year following the December tax levy. Because these property taxes are not available until the following fiscal year and are not available for current year operations, they are reported as deferred revenue in the governmental fund statements. An allowance is provided for estimated uncollectible property taxes.

Due To/From Other Funds – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories – Inventories are stated at cost (first-in, first-out) which approximates market. The consumption method of accounting is applied to the governmental fund type inventories.

Prepaid Expenses – Certain payments to vendors which will benefit future accounting periods are recorded as prepaid expenses in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	10 to 40
Improvements other than buildings	5 to 40
Machinery and equipment	3 to 20
Waterworks system	5 to 40
Wastewater treatment system	10 to 40
Stormwater system	10 to 40
Bridges and approaches	10 to 67
Marina facilities	10 to 20
Infrastructure	50 to 100
(1969 to present = 50 years)	
(before 1969 = 100 years)	

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Compensated Absences – City employees earn vacation and sick leave in varying amounts based upon length of employment with the City. Vacation days accrue up to one and one half of the employees’ yearly vacation rate, and total vested vacation will be paid upon termination of employment. Sick leave accumulates without limit for employees hired prior to February 1992. Employees hired after February 1992 accumulate sick leave up to a maximum of 1,040 hours. Employees terminating employment in good standing after twenty consecutive years of employment will be paid 50% of their total accumulated, or if hired after February 1992, the 1,040 hour maximum accrual of sick leave. The accumulated hours as of March 31, 1978, are paid at the employee’s hourly rate of pay as of March 31, 1978. The employee’s average hourly salary as of March 31 of each year following March 31, 1978, shall be the rate of pay at which sick leave hours accumulated after March 31, 1978, shall be paid.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statement. Governmental funds record the earned vacation and vested sick leave hours as an expenditure of the current year to the extent it is paid during the year.

Long-Term Obligations – 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 assets. Bond premiums and discounts, bond issuance costs, and deferred amount on refundings are deferred and amortized over the life of the bonds using a method which approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refundings.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Self-Insurance – The City is self-insured for workers’ compensation, general liability, property, and health benefits. The City’s premiums and claims are accounted for in the internal service funds. Premiums are charged by the internal service funds to operating funds based upon historical workers’ compensation, general liability, property, and health claims experience. Policy limits for health benefits were eliminated due to federal health reform legislation. The City has stop-loss insurance coverage as follows:

	<u>Losses in Excess of</u>		Policy Limit Per Incident
	<u>Per Incident</u>	<u>Per Year</u>	
General liability	\$ 100,000	No Coverage	\$ 5,000,000
Property	200,000	No Coverage	95,555,391
Health benefits	135,000	\$ 3,862,257	Eliminated
Workers’ compensation - police and fire	500,000	Statute	
Workers’ compensation – all other	450,000	Statute	10,000,000

The liabilities recognized for the estimated workers’ compensation, general liability, property, and health benefit claims represent an estimate of the eventual losses on those claims which arose prior to year-end, including claims incurred but not yet reported, and are classified with accounts payable in the internal service and enterprise funds.

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Tax Receipts and Pension Trust Fund Contribution – Property taxes levied for the pension trust funds are reflected as revenue in the General Fund and subsequently transferred (quasi-external) as retirement contributions to the pension trust funds. Since the 2012 tax levy receivable does not meet the revenue recognition criteria for governmental fund types, it is deferred in the General Fund. However, the contributions are recognized in the pension trust fund as receivables as the amounts are due pursuant to formal commitments of the City as well as statutory requirements and the levy attached as an enforceable lien before year-end. Therefore, this liability of the General Fund is only recognized in the government-wide financial statements as accrued pension.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council, which is the highest level of decision-making authority, through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the City’s intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City’s procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Cash Equivalents – For the purpose of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTE 2 – DEFICIT BALANCES

The following individual funds have a fund balance/net asset deficit as of March 31, 2012:

Governmental		
Lead Grant Fund	\$	15,639
Neighborhood Stabilization Fund		1,350,242
Martin Luther King Facility Improvement Fund		971,981
Internal Service		
Engineering	\$	263,789

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NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City’s funds. A reconciliation of cash, cash equivalents and investments (including fiduciary fund assets) as shown in the financial statements is as follows:

	Primary Government	Discretely Presented Component Units	
		Martin Luther King Center	Rock Island Public Library Foundation
Cash and other deposits including certificates of deposit	\$ 35,101,028	\$ 487,745	\$ 60,591
Investments, primarily pension funds	50,343,234	-	1,775,552
Petty cash	5,650	100	-
	<u>\$ 85,449,912</u>	<u>\$ 487,845</u>	<u>\$ 1,836,143</u>

	Primary Government	Discretely Presented Component Units	
		Martin Luther King Center	Rock Island Public Library Foundation
Government-wide financial statement of net assets, cash and other deposits and investments	\$ 36,854,433	\$ 487,845	\$ 1,836,143
Statement of fiduciary net assets:			
Outstanding checks in excess of bank balance	(1,747,755)	-	-
Cash and investments, pension trust funds	50,343,234	-	-
	<u>\$ 85,449,912</u>	<u>\$ 487,845</u>	<u>\$ 1,836,143</u>

Authorized investments: The City is authorized to invest in (a) United States governmental and agency obligations, (b) repurchase agreements, (c) short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000, (d) Illinois Funds Money Market Fund, (e) Illinois Metropolitan Investment Fund , and (f) Illinois Institutional Investors Trust . In addition, the City’s police and fire pension funds are allowed by state statute to invest in other investment types including insurance annuity contracts and equities.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, maturities of investments of all funds shall not exceed five years and the majority of the funds would normally be invested with a life less than three years. The City’s investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that may be reasonably anticipated in any City fund.

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Information about the sensitivity of the fair market values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

City of Rock Island Investments (excluding police and fire)	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Funds (IMET) 20294-101	4,407,432	1,248,033	3,159,399		
Illinois Metropolitan Investment Funds (IMET) 20294-202	1,505,444	-	1,505,444		
Illinois Metropolitan Investment Funds (IMET) 20294-203	153,205	-	153,205		
Illinois Funds Money Market	5,604,799	5,604,799			
Illinois Institutional Investment Trust Consolidated	4,822,868	4,822,868			
American Bank & Trust Money Market Funds	3,946,205	3,946,205			
American Bank & Trust Certificates of Deposit	8,460,285	5,710,285	2,750,000		
	28,900,238	21,332,190	7,568,048	-	-

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Rock Island may invest in any type of security allowed by law as set out in The Public Funds Investment Act of the State of Illinois. In addition, the investment policy states that the City of Rock Island may invest in short-term obligations of corporations (commercial paper) organized in the United States with assets exceeding \$500,000,000 if 1) such obligations are rated at the time of purchase at the highest classification established by at least two standard rating services and which mature no later than 180 days from the date of purchase, 2) no more than 10 percent of City funds are invested in such obligations at any time, and 3) such purchases do not exceed 10 percent of the City’s outstanding obligations.

As of March 31, 2012, the City’s investments were rated as follows:

City of Rock Island Cash Pool	Moody’s Investor’s Service	Standard & Poor’s
IMET 1-3 Year fund	Not rated	AAAf
IMET Convenience Fund	Not rated	Not rated
Illinois Institutional Investors Trust	Not rated	AAAf
Illinois Funds Money Market	Not rated	AAAm

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Concentration of credit risk: The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. In order to reduce the risk of default, the investment portfolio of the City shall not exceed the following diversification limits: No financial institution shall hold more than 20 percent of the City of Rock Island's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping unless specifically authorized by Council. Commercial paper shall not exceed 10 percent of the City's investment portfolio. Illinois Public Treasurer's Investment Pool shall not exceed 25 percent of the investment portfolio. Maturities of investments of the various funds of the City shall be determined to enable the City to have available sufficient cash for all operating purposes. Investments may be purchased with maturities to match future project or liability requirements. However, any investments purchased with a maturity longer than two years must be supported by written documentation explaining the reason for the purchase and must be specifically pre-authorized by the Finance Director. Notwithstanding, no investment in any fund shall have a maturity longer than five years and must be supported by written documentation explaining the reason for the purchase and must be specifically pre-authorized by the Finance Director. The City's investments in the external pools are not subject to concentration of credit risk. The U.S. Government Obligations are explicitly guaranteed by the U.S. Government.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

It is the policy of the City of Rock Island to require that funds on deposit with banks and savings and loans in excess of FDIC or SAIF insurance limits be secured by some form of collateral. The City will accept any of the following assets as collateral: U.S. Government Securities, Obligations of Federal Agencies, Obligations of Federal Instrumentalities, Obligations of the State of Illinois, and Obligations of the City of Rock Island.

The amount of collateral provided will not be less than 110 percent of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed quarterly and additional collateral will be requested when the ratio declines below the level required. Pledged collateral will be held by the City of Rock Island or in safekeeping and evidenced by a safekeeping agreement. If collateral is held in safekeeping, it may be held by a third party or by an escrow agent of the pledging institution. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the City of Rock Island. Substitution or exchange of securities held in safekeeping cannot be done without prior approval of the City.

As of March 31, 2012, the City's deposits with financial institutions were fully covered by federal depository insurance or secured by some form of collateral authorized by the City's investment policy. The City's investments were not exposed to custodial credit risk.

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Firefighters' Pension Fund

The Firefighters' Pension investment policy requires the investments to be in full compliance with statutes of the state of Illinois and applicable rules and regulations governing the investment of firefighters' pension funds. The trustees realize the importance of a well-defined and managed investment process. The primary investment objectives are:

- Reduce risk of loss of principal
- Achieve asset allocation goal
- Achieve highest possible return
- Maintain a low cost structure
- Achieve the actuarial assumption
- Meet or exceed the median of a universe of comparable managers
- Exceed the return of the appropriate index
- Lower fiduciary liability

Certain short-term investments may be made in order to provide the liquidity to the fund for the purpose of asset allocation, payment of benefits and expenses, and other items deemed necessary by the Firefighters' Pension Board.

The Firefighters' Pension Board established the following portfolio asset allocation guidelines to minimize risk and obtain investment objectives of the fund.

- Cash – 1 percent
- Fixed income – 49 percent
- Equities – 50 percent
 - ✓ Real estate stocks – 5 percent
 - ✓ Emerging markets stocks – 5 percent
 - ✓ International stocks – 10 percent
 - ✓ Small/Mid cap stocks – 13 percent
 - ✓ Large cap growth stocks – 3 percent
 - ✓ Large cap blend stocks – 3 percent
 - ✓ Large cap value stocks – 11 percent

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The fund investment time horizon is three to five years. Risk of fixed income investments shall be equal to the Lehman Brothers Intermediate Bond Index. Risk associated with the total portfolio shall not exceed a weighted beta of 1.00.

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The Firefighters' Pension Fund had the following investments as of March 31, 2012:

Firefighter's Pension Fund	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Funds Money Market Fund	\$ 416,180	\$ 416,180	\$ -	\$ -	\$ -
Taxable Bonds	13,156,075	252,240	9,497,770	2,507,862	898,204
Stocks	8,421,552	-	-	-	-
	<u>\$ 21,993,807</u>	<u>\$ 668,420</u>	<u>\$ 9,497,770</u>	<u>\$ 2,507,862</u>	<u>\$ 898,204</u>

Credit risk and concentration of credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The fund policy limits investments to those authorized by state statutes and applicable rules and regulations governing investment of firefighters' pension funds. The fund policy further follows the same guidelines as discussed under the City's policy. The fund avoids a concentration of credit risk by diversifying its investments by security type as defined by the fund asset allocation policy.

As of March 31, 2012, the Firefighters' Pension investments were rated as follows:

<u>Firefighters' Fund</u>	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
Illinois Funds Money Market	AAA	AA+
Taxable Bonds:		
U.S. Treasury Notes	AAA	Not Rated
Fed Home Ln Mtg Corp Med Term Note	AAA	AA+
Fed Natl Mtg Assn Med Term Note	AAA	AA+
Fed Natl Mtg Assn	Not Rated	Not Rated
Fed Natl Mtg Assn Partn Cert	Not Rated	Not Rated
Govt Natl Mtg Assn II Pass	Not Rated	Not Rated
Govt Natl Mtg Assn Pass Thru Cert	Not Rated	Not Rated
Bank of America Corp	AAA	AA+
Citibank N.A.	AAA	AA+
Deere Capital Corp	AAA	AA+
General Electric Capital Corp	AAA	AA+
Goldman Sachs Group	AAA	AA+
JPMorgan Chase & Co	AAA	AA+
Rock Island, Illinois Ser C	AA2	Not Rated

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Stocks:

Vanguard REIT Index	Not Rated	Not Rated
DFA US Small Cap Value	Not Rated	Not Rated
Fidelity Value	Not Rated	Not Rated
Vanguard Primecap Adm	Not Rated	Not Rated
Vanguard 500 Index Adm	Not Rated	Not Rated
Dodge & Cox Stock Fund	Not Rated	Not Rated
Vanguard WindsorII Adm	Not Rated	Not Rated
Janus Perkins Small Value	Not Rated	Not Rated

The City had no investments held for the Firefighters’ Pension Fund in any one issuer that exceeded more than 5 percent of the City’s total investment portfolio. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, and other pooled investments are excluded from this risk.

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the fund policy that all investments will be in the name of the City of Rock Island Firefighters’ Pension Fund. Investment of the Firefighters’ Pension Fund will be held in a designated custodial account. Safekeeping account receipts, including statements from custodial accounts, will be held by the City’s finance department.

The deposits and investments held for the Firefighters’ Pension Fund were not exposed to custodial credit risk as of March 31, 2012.

Police Pension Plan

The Police Pension investment policy requires the investments to be in full compliance with statutes of the state of Illinois and applicable rules and regulations governing the investment of police pension funds. The trustees realize the importance of a well-defined and managed investment process. The primary investment objectives are:

- Reduce risk of loss of principal
- Exceed the return of the appropriate index
- Lower fiduciary liability
- Achieve highest possible return
- Maintain a low cost structure
- Achieve asset allocation goal
- Achieve the actuarial assumption
- Meet or exceed the median of a universe of comparable managers

Certain short-term investments may be made in order to provide the liquidity to the fund for the purpose of asset allocation, payment of benefits and expenses, and other items deemed necessary by the Police Pension Board.

The Police Pension Board established the following portfolio asset allocation guidelines to minimize risk and obtain investment objectives of the fund:

CITY OF ROCK ISLAND, ILLINOIS
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- Cash – 1 percent
- Fixed income – 49 percent
- Equities – 50 percent
 - ✓ Real estate stocks – 2 percent
 - ✓ Emerging markets – 3 percent
 - ✓ International stocks – 6 percent
 - ✓ Small/mid cap stocks – 14 percent
 - ✓ Index stocks – 5 percent
 - ✓ Large cap blend stocks – 20 percent

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The fund investment time horizon is three to five years. Risk of fixed income investments shall be approximately equal to the appropriate indexes for the portfolio. Risk associated with the total portfolio shall not exceed a weighted beta of 1.03.

The Police Pension Fund had the following investments as of March 31, 2012:

<u>Police Pension Fund</u>	<u>Fair Value</u>	<u>Investment in Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Illinois Funds Money Market Fund	\$ 445,557	\$ 445,557	\$ -	\$ -	\$ -
Taxable Bonds	15,695,645	322,871	11,522,761	2,858,249	991,764
Stocks	12,208,223	-	-	-	-
	<u>\$ 28,349,425</u>	<u>\$ 768,428</u>	<u>\$ 11,522,761</u>	<u>\$ 2,858,249</u>	<u>\$ 991,764</u>

Credit risk and concentration of credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The fund policy limits investments to those authorized by state statutes and applicable rules and regulations governing investment of police pension funds. It is the policy of the board to minimize credit risk through diversification by maturity, type (within Illinois pension code guidelines) and institution. The fund policy further follows the same guidelines as discussed under the City's policy. The fund avoids a concentration of credit risk by diversifying its investments by security type as defined by the fund asset allocation policy.

As of March 31, 2012, the Police Pension investments were rated as follows:

<u>Police Pension Fund</u>	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
Illinois Funds Money Market	AAA	AA+

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Taxable Bonds:

U.S. Treasury Notes	AAA	Not Rated
Fed Home Ln Mtg Corp Med Term Note	AAA	AA+
Fed Natl Mtg Assn Med Term Note	AAA	AA+
Fed Farm Credit Bank	AAA	AA+
Fed Natl Mtg Assn	Not Rated	Not Rated
Fed Natl Mtg Assn Partn Cert	Not Rated	Not Rated
Govt Natl Mtg Assn Pass Thru Cert	Not Rated	Not Rated
Bank of America Corp	AAA	AA+
Citibank N.A.	AAA	AA+
Deere Capital Corp	AAA	AA+
General Electric Capital Corp	AAA	AA+
Goldman Sachs Group	AAA	AA+
JPMorgan Chase & Co	AAA	AA+
Rock Island, Illinois Ser C	AA2	Not Rated

Stocks:

DFA Real Estate Securities	Not Rated	Not Rated
Vanguard Small Cap Index Adm	Not Rated	Not Rated
Harbor International	Not Rated	Not Rated
Vanguard International Growth Adm	Not Rated	Not Rated
Vanguard 500 Index Adm	Not Rated	Not Rated
Dodge & Cox Stock Fund	Not Rated	Not Rated
Vanguard Value Index Adm	Not Rated	Not Rated

The City had no investments held for the Police Pension Fund in any one issuer that exceeded more than 5 percent of the City's total investment portfolio. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, and other pooled investments are excluded from this risk.

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the fund policy that all investments will be in the name of the City of Rock Island Police Pension Fund. Investment of the Police Pension Fund will be held in a designated custodial account. Safekeeping account receipts, including statements from custodial accounts, will be held by the City's finance department.

The deposits and investments held for the Police Pension Fund were not exposed to custodial credit risk as of March 31, 2012

The City's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

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Rock Island Public Library Foundation

Management of the Rock Island Public Library Foundation believes the credit risk associated with these stocks, funds, and bonds is minimal.

The Foundation maintains its cash at several financial institutions. It maintains its operating cash balances at one bank and the balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The remaining cash is maintained in money market accounts at various financial institutions and these balances are uninsured. The financial institutions each have a strong credit rating and management believes that credit risk related to cash is minimal.

The Rock Island Public Library Foundation’s investments at fair value as of December 31, 2011, are as follows:

	<u>Fair Value</u>
Current assets:	
Equity mutual funds	\$ 313,678
Fixed income mutual funds	<u>176,448</u>
Total investments in current assets	<u>490,126</u>
Endowment assets:	
Equity mutual funds	877,956
Fixed income mutual funds	<u>407,470</u>
Total investments in endowment assets	<u>1,285,426</u>
 Total investments	 <u>\$ 1,775,552</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at March 31, 2012 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
Gaming	\$ 2,750,510	
General	-	
Nonmajor Governmental Funds		2,750,510
Major Enterprise		
Water	89,172	
Wastewater	67,270	
Internal Service Funds	<u>86,576</u>	<u>243,018</u>
	<u>\$ 2,993,528</u>	<u>\$ 2,993,528</u>

All of the above balances represent short-term loans to cover deficit cash balances at March 31, 2012. All the balances are expected to be repaid within one year.

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	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Enterprise Funds:		
Wastewater	\$ 736,000	
Water		\$ 736,000
	<u>\$ 736,000</u>	<u>\$ 736,000</u>

The above advance represents a long-term loan to cover the deficit cash balance at March 31, 2012.

Interfund transfers for the year ended March 31, 2012, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental funds:		
General Fund	\$ 2,353,356	\$ 1,114,845
Public Library Fund	53,609	
TIF Fund		2,171,428
Riverboat Gaming Fund		5,385,083
Capital Projects Fund	3,819,310	
Nonmajor Governmental Funds	3,149,745	1,233,365
Major Enterprise Funds		
Wastewater Treatment Fund	105,128	5,069,045
Park and Recreation Fund	259,779	29,900
Nonmajor Enterprise Funds	45,726	
Internal Service Funds	150,000	2,032
Governmental Activities	5,069,045	
	<u>\$ 15,005,698</u>	<u>\$ 15,005,698</u>

In the fund financial statements, total transfers out of \$15,005,698 are greater than total transfers in of \$9,936,653 because of treatment of transfers of capital assets to the governmental activities capital assets. The capital asset (new public works garage) related to wastewater treatment with a book value of \$5,069,045 was transferred to governmental activities capital assets.

Transfers are used to move revenues and bond proceeds from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them, or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTE 5 – NOTES RECEIVABLE – GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS

As of March 31, 2012, the Governmental Funds and Enterprise Funds had the following notes receivable:

Governmental Funds:

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	\$ 1,603,515
Less allowance for uncollectible amounts	<u>(1,258,082)</u>
Total governmental funds	<u>345,433</u>

Enterprise Funds:

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	2,405,418
Notes issued to residents with maturities ranging from 1 to 10 years; interest on notes ranging from 3% to 5%, collateralized by first or second mortgages on the borrowers' residences.	377,898
Notes issued to residents with no principal repayment due until the property is sold; 0% interest; collateralized by first or second mortgages on the borrowers' residences.	<u>643,066</u>
	3,426,382
Less allowance for uncollectible amounts	<u>(1,362,354)</u>
Total enterprise funds	<u>2,064,028</u>
Total notes receivable	<u>\$ 2,409,461</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,789,689	\$ 48,099	\$ -	\$ 7,837,789
Construction in progress	<u>3,361,271</u>	<u>2,392,688</u>	<u>3,251,929</u>	<u>2,502,030</u>
Total capital assets not being depreciated	<u>11,150,960</u>	<u>2,440,787</u>	<u>3,251,929</u>	<u>10,339,819</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 18,233,501	\$ 8,630,805	\$ 90,000	\$ 26,774,306
Machinery and equipment	14,696,118	10,782	489,416	14,217,484
Infrastructure	<u>58,572,015</u>	<u>1,398,344</u>	<u>31,269</u>	<u>59,939,090</u>
Total capital assets being depreciated	<u>91,501,634</u>	<u>10,039,931</u>	<u>610,685</u>	<u>100,930,880</u>
Less accumulated depreciation for				
Buildings and improvements	8,044,517	455,374	31,511	8,468,380
Machinery and equipment	8,241,324	709,852	479,138	8,472,038
Infrastructure	<u>29,738,379</u>	<u>1,187,915</u>	<u>18,618</u>	<u>30,907,676</u>
Total accumulated depreciation	<u>46,024,220</u>	<u>2,353,141</u>	<u>529,267</u>	<u>47,848,094</u>
Total capital assets being depreciated, net	<u>45,477,414</u>	<u>7,686,790</u>	<u>81,418</u>	<u>53,082,786</u>
Governmental activities capital assets, net	<u>\$ 56,628,374</u>	<u>\$ 10,127,577</u>	<u>\$ 3,333,347</u>	<u>\$ 63,422,605</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,586,476	\$ -	\$ -	\$ 1,586,476
Construction in progress	<u>6,716,778</u>	<u>9,562,397</u>	<u>2,630,824</u>	<u>13,648,351</u>
Total capital assets not being depreciated	<u>8,303,254</u>	<u>9,562,397</u>	<u>2,630,824</u>	<u>15,234,827</u>
Capital assets being depreciated				
Buildings and improvements	18,273,138	208,975	-	18,482,113
Machinery and equipment	3,014,316	-	139,384	2,874,932
Infrastructure	<u>77,937,950</u>	<u>1,013,655</u>	<u>1,372,664</u>	<u>77,578,941</u>
Total capital assets being depreciated	<u>99,225,404</u>	<u>1,222,630</u>	<u>1,512,048</u>	<u>98,935,986</u>
Less accumulated depreciation for				
Buildings and improvements	5,139,075	482,348	-	5,621,423
Machinery and equipment	2,315,179	114,259	138,183	2,291,255
Infrastructure	<u>49,854,114</u>	<u>1,540,765</u>	<u>518,510</u>	<u>50,876,369</u>
Total accumulated depreciation	<u>57,308,368</u>	<u>2,137,372</u>	<u>656,693</u>	<u>58,789,047</u>
Total capital assets being depreciated, net	<u>41,917,036</u>	<u>-914,742</u>	<u>855,355</u>	<u>40,146,939</u>
Business-type activities capital assets, net	<u>\$ 50,220,290</u>	<u>\$ 8,647,655</u>	<u>\$ 3,486,179</u>	<u>\$ 55,381,766</u>

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

Governmental activities	
General government	\$ 139,377
Police and fire	65,455
Highways and streets, including depreciation of general infrastructure assets	1,164,780
Municipal vehicle parking system	94,614
Libraries	110,949
Park and recreation	220,259
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>557,707</u>
Total depreciation expense – governmental activities	<u>\$ 2,353,141</u>
Business-type activities	
Waterworks	\$ 634,964
Wastewater treatment	564,723
Park and recreation	684,763
Stormwater	133,998
Sunset Marina	60,058
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>58,866</u>
Total depreciation expense – business-type activities	<u>\$ 2,137,372</u>

NOTE 7 – LONG-TERM DEBT

General obligation bonds outstanding as of March 31, 2012, consist of the following individual issues:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General obligation bonds			
\$2,205,000, 2002 Refunding Bonds (\$1,210,000), special assessments (\$995,000) due in annual installments of \$100,000 to \$375,000 through December 15, 2012; interest at 2.50% to 3.70%	100,000	100,000	-
\$4,955,000, 2004 water refunding (\$2,572,298), Century Woods refunding (\$464,943), parking lot refunding (\$292,759), special assessments (\$1,625,000) due in annual installments of \$100,000 to \$400,000 through December 15, 2018; interest at 1.85% to 3.90%	\$ 1,475,000	\$ 560,000	\$ 915,000

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	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$2,655,000, 2005 refunding, Rock Island Fitness and Activity Center (\$129,886), wastewater (\$2,299,631), special assessments (\$225,483) due in annual installments of \$150,000 to \$325,000 through December 1, 2019; interest at 3.50% to 3.75%	1,530,000	-	1,530,000
\$4,885,000, 2007 special assessments (\$1,330,000), wastewater treatment (\$3,555,000) due in annual installments of \$175,000 to \$250,000 through December 1, 2026; interest at 3.62% to 4.10%	3,625,000	725,000	2,900,000
\$3,480,000, 2008A G.O. bonds for the Martin Luther King Center expansion (\$1,015,000), software (\$440,000), special assessment street improvements (\$350,000) and hydro-electric plant improvements (\$1,675,000), due in annual installments of \$100,000 to \$295,000 to December 1, 2028; interest at 3.50% to 4.00%	2,685,000	1,190,000	1,495,000
\$2,640,000, 2008B G.O. bonds, for construction of the First Avenue sewer and Armory Park, due in annual installments of \$160,000 to \$250,000 to December 1, 2021; interest at 3.25% to 3.75%	2,135,000	1,259,650	875,350
\$700,000, 2008C clean renewable energy G.O. bonds for hydro-electric plant improvements, due in annual installments of \$46,677 through December 15, 2022; interest at 3.25% to 3.75%	513,336	-	513,336
\$3,060,000, 2008D general obligation for construction of Armory Park, due in annual installments of \$180,000 to \$310,000 through December 1, 2021; interest at 3.25% to 4.35%	2,510,000	2,510,000	-
\$5,440,000, 2009A general obligation for construction of Armory Park, due in annual installments of \$265,000 to \$565,000 through December 1, 2021; interest at 3.00% to 4.00%	4,790,000	4,790,000	-
\$3,380,000, 2009B general obligation for RIFAC expansion, local street improvements, and purchase of land, due in annual installments of \$185,000 to \$295,000 through December 1, 2024; interest at 2.63% to 4.13%	\$ 2,910,000	\$ 615,000	\$ 2,295,000

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	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$1,440,000, 2009C general obligation for Columbia Park redevelopment, due in annual installments of \$0 to \$180,000 through December 1, 2028; interest at 5.10% to 6.00%	1,440,000	1,440,000	-
\$7,270,000, 2010A Build America Bonds for water system improvements and construction of a new street garage as part of the long-term control plan. Due in annual installments of \$295,000 to \$475,000 to December 1, 2030.	6,995,000	0	6,995,000
\$3,620,000, 2010B general obligation refunding bonds and \$960,000 general obligation bonds for refunding of the 2001 general obligation bonds and new special assessment street improvement projects. Due in annual installments of \$100,000 to \$730,000 to December 1, 2020.	3,850,000	875,000	2,975,000
\$2,065,000, 2003 refunding bonds (\$1,480,000) for Wastewater Treatment, Sunset Marina, special assessments; and special assessment (\$585,000) for streets; installations of \$260,000 to \$70,000 to December 15, 2021.	<u>2,065,000</u>	<u>662,371</u>	<u>1,402,629</u>
Total general obligation bonds	<u>\$ 36,623,336</u>	<u>\$ 14,727,021</u>	<u>\$ 21,896,315</u>

Due to the home rule form of government, the City is not restricted by state law with respect to a legal debt limit.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending March 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,664,422	\$ 561,211	\$ 1,847,246	\$ 780,777
2014	1,623,299	500,485	1,878,368	724,191
2015	1,457,100	442,842	1,749,567	680,589
2016	1,288,000	395,569	1,823,667	634,409
2017	1,335,950	350,499	1,920,717	579,193
2018-2022	6,278,250	1,050,321	6,350,086	2,090,435
2023-2027	730,000	231,840	4,301,667	1,080,947
2028-2031	<u>350,000</u>	<u>31,800</u>	<u>2,025,000</u>	<u>265,563</u>
	<u>\$ 14,727,021</u>	<u>\$ 3,564,568</u>	<u>\$ 21,896,315</u>	<u>\$ 6,836,104</u>

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On August 8, 2011, the City of Rock Island, Illinois, issued \$2,065,000 of General Obligation Bonds, Series 2011A with an average interest rate of 3.0625%. Of the proceeds of these bonds, \$1,480,000 was used, together with \$51,181 of funds on hand, to call and redeem on September 26, 2011 the \$1,755,000 General Obligation Bonds, Series 2003 due December 15, 2011 - 2018 (initially issued at an average interest rate of 3.9842%.) As a result, the 2003 Series bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The current refunding did not result in a difference between the reacquisition price and the net carrying amount of the old debt. The City completed the current refunding to reduce its total debt service payments over the next 10 years by \$97,651.67 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$92,487.14.

Long-term liability activity for the year ended March 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable					
General obligation bonds	\$ 15,872,900	\$ 662,371	\$ 1,808,250	\$ 14,727,021	\$ 1,664,422
Unamortized discounts	(97,019)	(16,492)	(12,136)	(101,375)	-
Unamortized premiums	44,051	40,887	29,991	54,947	-
Total bonds payable	<u>15,819,932</u>	<u>686,766</u>	<u>1,826,105</u>	<u>14,680,593</u>	<u>1,664,422</u>
Other postemployment benefits	2,134,593	755,734	-	2,890,327	-
Compensated absences	3,602,799	1,456,846	1,666,618	3,393,027	1,753,571
Net pension obligation	<u>694,913</u>	<u>671,165</u>	<u>368,658</u>	<u>997,420</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$22,252,237</u>	<u>\$ 3,570,511</u>	<u>\$ 3,861,381</u>	<u>\$21,961,367</u>	<u>\$ 3,417,993</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Bonds payable					
General obligation bonds	\$ 23,727,100	\$ 1,402,629	\$ 3,233,414	\$ 21,896,315	\$ 1,847,246
Unamortized discounts	(269,900)	(31,088)	(21,241)	(279,747)	-
Unamortized premiums	96,318	75,247	14,341	157,224	-
Total bonds payable	<u>23,553,518</u>	<u>1,446,788</u>	<u>3,226,514</u>	<u>21,773,792</u>	<u>1,847,246</u>
Notes Payable	-	4,106,654	6,273	4,100,381	13,261
Other postemployment benefits	481,611	170,509	-	652,120	-
Compensated absences	<u>979,323</u>	<u>415,339</u>	<u>456,320</u>	<u>938,342</u>	<u>458,230</u>
Business-type activities long-term liabilities	<u>\$25,014,452</u>	<u>\$ 6,139,290</u>	<u>\$ 3,689,107</u>	<u>\$27,464,635</u>	<u>\$ 2,318,737</u>

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On July 25, 2011, the City approved a loan agreement in the amount of \$20,000,000 with the Illinois Environmental Protection Agency (IEPA), and a construction contract with Civil Constructors in the amount of \$45,770,000 for the Mill Street Wastewater Treatment Plant Expansion project. The loan interest rate is 1.25% and the term of the loan is twenty years. Loan principal of \$2,500,000 is forgiven by the IEPA. The City is required to make semi-annual payments of the principal and interest beginning February 1, 2013 through August 1, 2032.

On October 24, 2011, the City approved an additional loan agreement in the amount of \$515,000 with the IEPA for modification of the store/treat basins. The loan interest rate is 1.25% and the term of the loan is 20 years. Loan principal of \$128,879 is forgiven by the IEPA. The City is required to make semi-annual payments of the principal and interest beginning December 6, 2011 through December 6, 2030.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$260,263 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

The General Fund will liquidate the net pension and other postemployment benefit obligations in future years.

NOTE 8 – RISK MANAGEMENT

The City has established two internal service funds for self-insurance to meet potential losses from general liability, workers’ compensation, property and casualty claims, and medical and other risks. The City carries stop-loss insurance as well.

There has been no significant changes in insurance coverage purchased compared to the prior year. For those exposures covered by insurance policies, settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims payable are as follows:

	<u>Self-Insurance Fund</u>		<u>Employee Health Benefit Fund</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 332,500	\$ 670,500	\$ 149,318	\$ 200,780
Incurred claims (including IBNR)	111,000	30,000	2,917,331	3,541,639
Claim payments	<u>(332,500)</u>	<u>(368,000)</u>	<u>(2,927,657)</u>	<u>(3,593,101)</u>
Unpaid claims, end of year	<u>\$ 111,000</u>	<u>\$ 332,500</u>	<u>\$ 138,992</u>	<u>\$ 149,318</u>

CITY OF ROCK ISLAND, ILLINOIS
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Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the financial statements as revenues and expenditures/expenses.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the year ended March 31, 2009.

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. The plan does not issue a stand-alone financial report. There are 342 active and 195 retired members in the Plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Walgreens. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year ended March 31, 2012, the amount actually contributed to the Plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 1,603,272
Interest on net OPEB obligation	93,853
Adjustment to annual required contribution	<u>(62,568)</u>
Annual OPEB cost	1,634,557
Contributions made	<u>708,312</u>
Increase in net OPEB obligation	926,245
Net OPEB obligation, beginning of year	<u>2,616,203</u>
Net OPEB obligation, end of year	<u>\$ 3,542,448</u>

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For calculation of the net OPEB obligation, the actuary has set the transition day as April 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended March 31, 2012.

For the year ended March 31, 2012, the City contributed \$708,312 to the medical plan. Plan members eligible for benefits contributed \$761,654 or 52.6% of the premium costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of March 31, 2012, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March 31, 2012	\$ 1,634,557	43.3%	\$ 3,542,448
March 31, 2011	\$ 1,447,464	48.9%	\$ 2,616,203
March 31, 2010	1,431,837	34.5%	1,877,051

Funded Status and Funding Progress – As of March 31, 2011, the most recent actuarial valuation date for the period April 1, 2009 through March 31, 2011, the actuarial accrued liability was \$23,199,368, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,199,368. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$18,206,619 and the ratio of the UAAL to covered payroll was 127%. As of March 31, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the Plan as understood by the employer and the Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the March 31, 2011, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate medical trend rate. The investment return includes a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of pay on an open basis over 30 years.

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NOTE 10 – DEFINED BENEFIT PENSION PLANS

Plan Descriptions and Provisions

Illinois Municipal Retirement – The City’s defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer contribution rate for calendar year 2011 used by the employer was 9.38 percent of annual covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

For March 31, 2012, the City’s actual contributions for pension cost were \$1,259,794. The required contribution was \$1,600,933. The required contribution was determined as part of the December 31, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan’s unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

<u>Actuarial Valuation Date</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2011	\$ 1,600,933	79%	\$671,165
12/31/2010	1,465,155	77%	330,026
12/31/2009	950,165	100%	0

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 78.59 percent funded. The actuarial accrued liability for benefits was \$45,053,545 and the actuarial value of assets was \$35,407,534, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,646,011. The covered payroll (annual payroll of active employees covered by the plan) was \$13,430,647 and the ratio of the UAAL to the covered payroll was 72 percent.

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

Police Pension – Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a Pension Trust Fund. Plan members’ contributions are recognized in the period in which the contributions are due. Employer contributions 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 the plan. The City’s payroll for employees covered by the Police Pension Plan for the year ended March 31, 2012, was \$5,201,289 out of a total payroll of \$23,919,330. As of March 31, 2012, the Police Pension Plan’s membership consisted of:

Retirees and beneficiaries receiving benefits	91
Terminated plan members entitled to but not yet receiving benefits	1
Active vested plan members	49
Active nonvested plan members	<u>34</u>
 Total	 <u><u>175</u></u>

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of credited 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, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 30 years to a maximum of 75% of such monthly salary. Employees are entitled to a minimum benefit of \$1,000 per month. 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. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased 3% annually. Effective July 1, 1993, the 3% increase is compounded annually.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service. The employee’s accrued benefit is based on the employee’s final 8-year average salary not to exceed \$106,800 (as indexed).

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the City’s contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

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Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to the Police Pension Plan for the current year were as follows:

Annual required contributions	\$ 2,151,993
Interest on net pension obligation	19,068
Adjustments to annual required contribution	<u>(11,955)</u>
Annual pension cost	2,159,106
Annual contributions made	<u>2,200,492</u>
Increase in net pension obligation	(41,386)
Net pension obligation, beginning of year	<u>254,244</u>
Net pension obligation, end of year	<u>\$ 212,858</u>

The annual required contribution for the current year was determined as part of the March 31, 2012, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.5% investment rate of return and (b) projected salary increases of 5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a closed period, level percentage of payroll. The remaining amortization period as of March 31, 2012, was 29 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
03/31/2012	\$ 2,159,106	101.9%	\$ 212,858
03/31/2011	\$ 2,177,486	99.8%	\$ 254,244
03/31/2010	\$ 1,777,057	99.1%	\$ 249,238

The Police Pension Plan does not issue a separate stand-alone report.

As of March 31, 2012, the most recent actuarial valuation date, the Police Pension Plan was 45.6 percent funded. The actuarial accrued liability for benefits was \$64,782,383 and the actuarial value of assets was \$29,548,212, resulting in an underfunded actuarial accrued liability (UAAL) of \$35,234,171. The covered payroll (annual payroll of active employees covered by the plan) was \$5,201,289 and the ratio of the UAAL to the covered payroll was 677 percent.

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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

The Police Pension Plan's statement of net assets is as follows:

ASSETS	
Cash and equivalents	\$ 445,557
Investments	27,903,868
Receivables	
Accrued interest	101,723
Employer contribution	<u>2,171,239</u>
 Total Assets	 <u>30,622,387</u>
LIABILITIES	
Overdrawn cash	863,717
Accounts payable	<u>29,494</u>
 Total Liabilities	 <u>893,211</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 29,729,176</u>

The Police Pension Plan's statement of changes in net assets is as follows:

ADDITIONS	
Contributions	
Plan members	\$ 612,742
Employer	<u>2,200,492</u>
Total Contributions	<u>2,813,234</u>
 Net investment income	
Net increase in fair value of investments	749,455
Interest	<u>691,435</u>
Net Investment Income	<u>1,440,890</u>
 Total Additions	 <u>4,254,124</u>
DEDUCTIONS	
Benefits	3,592,941
Administrative expenses	<u>55,423</u>
Total Deductions	<u>3,648,364</u>
 CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 605,760
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>29,123,416</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 29,729,146</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Firefighters' Pension – Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a Pension Trust Fund. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions 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 the plan. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended March 31, 2012, was \$3,700,934 out of a total payroll of \$23,919,330. As of March 31, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	90
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	36
Active nonvested plan members	<u>22</u>
 Total	 <u><u>148</u></u>

The Firefighters' Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of credited service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees are entitled to a minimum benefit of \$1,000 per month. Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased 3% annually.

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 10 years of service; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed).

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to the Firefighters’ Pension Plan for the current year were as follows:

Annual required contributions	\$ 2,005,883
Interest on net pension obligation	8,298
Adjustments to annual required contribution	<u>(5,203)</u>
Annual pension cost	2,008,978
Annual contributions made	<u>2,006,224</u>
Increase in net pension obligation	2,754
Net pension obligation, beginning of year	<u>110,643</u>
Net pension obligation, end of year	<u>\$ 113,397</u>

The annual required contribution for the current year was determined as part of the March 31, 2012, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.5% investment rate of return and (b) projected salary increases of 5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3%. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a closed period, level percentage of payroll. The remaining amortization period as of March 31, 2012, was 29 years.

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
03/31/2012	\$ 2,008,978	99.9%	\$ 113,397
03/31/2011	\$ 2,061,486	99.9%	\$ 110,643
03/31/2010	\$ 1,733,615	99.3%	\$ 108,465

The Firefighters’ Pension Plan does not issue a separate stand-alone report.

As of March 31, 2012, the most recent actuarial valuation date, the Firefighters’ Pension Plan was 43.5 percent funded. The actuarial accrued liability for benefits was \$52,767,379 and the actuarial value of assets was \$22,936,386, resulting in an underfunded actuarial accrued liability (UAAL) of \$29,830,993. The covered payroll (annual payroll of active employees covered by the plan) was \$3,700,934 and the ratio of the UAAL to the covered payroll was 806 percent.

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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

The Firefighters' Pension Plan's statement of net assets is as follows:

ASSETS	
Cash and equivalents	\$ 416,181
Investments	21,577,628
Receivables	
Accrued interest	83,943
Employer contribution	<u>1,978,959</u>
Total Assets	<u>24,056,711</u>
LIABILITIES	
Overdrawn cash	884,038
Accounts payable	<u>21,537</u>
Total Liabilities	<u>905,575</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 23,151,136</u>
The Firefighters' Pension Plan's statement of changes in net assets is as follows:	
ADDITIONS	
Contributions	
Plan members	\$ 347,660
Employer	<u>2,006,224</u>
Total Contributions	<u>2,353,884</u>
Net investment income	
Net increase in fair value of investments	445,574
Interest	<u>558,575</u>
Net Investment Income	<u>1,014,149</u>
Total Additions	<u>3,368,033</u>
DEDUCTIONS	
Benefits	3,473,289
Administrative expenses	<u>61,842</u>
Total Deductions	<u>3,535,131</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	(167,098)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>23,318,234</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 23,151,136</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(g). The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan holds its assets in trust. Under these requirements, the City does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

NOTE 12 – FUND BALANCE REPORTING

The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions effective with the March 31, 2011 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

	General Fund	Debt Service	Capital Projects Fund	Special Revenue	Total
Nonspendable:					
Prepays	1,336				1,336
Total Nonspendable	<u>1,336</u>		-	-	<u>1,336</u>
Restricted for:					
Public Safety	157,611				157,611
Library Programs & Projects				1,010,498	1,010,498
TIF #1 Improvements				2,065,857	2,065,857
TIF #2 Improvements				1,173,290	1,173,290
TIF #3 Improvements				461,753	461,753
TIF #4 Improvements					-
TIF #5 Improvements				43,076	43,076
TIF #6 Improvements					-
Road Improvements				191,364	191,364
Fire Services				86,570	86,570
Federal Programs				10,677	10,677
Drug Enforcement Efforts				553,001	553,001
Debt Service Payments		1,029,992			1,029,992
Total Restricted	<u>157,611</u>	<u>1,029,992</u>	<u>-</u>	<u>5,596,086</u>	<u>6,783,690</u>
Committed to:					
Capital Improvements&Economic Development				8,224,445	8,224,445
Capital Improvements			3,196,431		3,196,431
Community Economic Development				341,366	341,366
Total Committed	<u>-</u>	<u>0</u>	<u>3,196,431</u>	<u>8,565,811</u>	<u>11,762,242</u>
Assigned to:					
Encumbrance	102,410				102,410
MLK Community Center				64,748	64,748
Community Economic Development					-
Other purposes	276,099				276,099
Total Assigned	<u>378,509</u>		<u>-</u>	<u>64,748</u>	<u>443,257</u>
Unassigned	<u>10,375,695</u>			<u>(2,801,588)</u>	<u>7,574,107</u>
Total Fund Balances	<u>10,913,151</u>	<u>1,029,992</u>	<u>3,196,431</u>	<u>11,425,057</u>	<u>26,564,632</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 13 – DEVELOPMENT, MORTGAGE REVENUE, AND RESIDUAL REVENUE CAPITAL APPRECIATION BONDS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2012, there was one series of Industrial Revenue Bonds outstanding. The original issue amounts totaled \$6,345,000. The aggregate principal amount outstanding was \$5,375,000.

NOTE 14 – COMMITMENTS AND CONTINGENCY

As of March 31, 2012 the city had the following outstanding commitments related to various development projects totaling \$18,525,784. Note that with the exception of the Spirit Partners commitment, all commitments operate as rebates so that funds are not paid until they are received.

Casino Rock Island – On March 22, 2004 the City Council approved a development agreement with the Rock Island Boatworks to develop a \$150 million casino complex at the intersection of Interstate 280 and Illinois Route 92. Under the agreement the city has created a tax increment finance district and is obligated to rebate to the developer 75% of the increment for TIF eligible improvements to the property. The complex includes a 45,000 square foot casino, a 205 room hotel, a parking structure and surface parking lot and a conference / meeting / theatre center. The cost of the city's outstanding commitment is estimated to be \$18.3 million which will be paid using tax increments generated by the development per the development agreement.

Hy-Vee – On February 12, 2007 the City Council approved a development agreement with Hy-Vee Foods for construction of a 64,000 square foot grocery store. The agreement obligates the city to rebate 75% of the increased retail sales taxes generated by the new store for a three year period and 50% of the increased retail sales for two years thereafter. Estimated outstanding commitment as of 3/31/12 = \$98,000

Rock Island Country Market – On August 8, 2009 the City Council approved an amendment to an agreement with TESBO L.L.C. (dba Rock Island Country Market) extending a retail sales tax rebate for their grocery store operation. The agreement obligates the city to rebate 50% of the city's share of the retail sales taxes generate by the store over a five years period beginning in 2010. Estimated outstanding commitment as of 3/31/12 = \$2,500

Housing Projects – The City Council has approved agreements with the Rock Island Economic Growth Corporation and Elderly Living Development, Inc. for various housing projects (McKesson, Voss Lofts, Goldman, Jackson Square, Douglas Park Place, Cotton Mill) which provide rebates of a portion of the property taxes for each project. Estimated outstanding commitment for all projects as of 3/31/12 is \$125,284.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

The City has recognized as a liability only that portion of construction contracts representing construction completed through March 31, 2012. The City has additional commitments for signed construction contracts of approximately \$39,549,982 as of March 31, 2012. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

The City has agreed to a consent decree issued by the United States Environmental Protection Agency (USEPA) to settle a lawsuit in regard to violations incurred by the City's wastewater treatment system. The provisions of the consent decree required the City to complete the "Sylvan Slough Retain the Rain Demonstration Project" at a cost of approximately \$60,000, and complete numerous improvements to the wastewater system. To identify the improvements needed, the City completed a major planning program called a Long Term Control Plan (LTCP). The LTCP was submitted in June 2006 as required at a cost of \$2,878,166 and was subsequently approved by the U.S. Environmental Protection Agency. The City has incurred LTCP costs of \$11,618,682 as of March 31, 2012. The LTCP yielded a USEPA approved construction program intended to enhance the City's ability to treat combined sewerage generated during rainstorms. All of the construction must be completed by 2018. The estimated cost of the construction program is \$71.8 million (without land acquisition costs).

NOTE 15 – LITIGATION

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 16 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued 10 statements not yet implemented by the City of Rock Island, Illinois. The statements which might impact the City of Rock Island, Illinois, are as follows:

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued December 2009, will be effective for the fiscal year ending March 31, 2013. This Statement permits an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; issued November 2010, will be effective for the fiscal year ending March 31, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending March 31, 2014. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for the fiscal year ending March 31, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending March 31, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision- an amendment to GASB Statement No. 53*, issued June 2011, will be effective for the fiscal year ending March 31, 2013. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending March 31, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the fiscal year ending March 31, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the fiscal year ending March 31, 2015. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012, will be effective for the fiscal year ending March 31, 2016. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

The City’s management has not yet determined the effect these statements will have on the City’s financial statements.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 17 – SUBSEQUENT EVENTS

On August 1, 2012 the City approved a loan agreement in the amount of \$15,000,000 with the Illinois Environmental Protection Agency (IEPA) for the Mill Street Wastewater Treatment Plant Expansion Project Phase 2. The loan interest rate is 2.295% and the term of the loan is twenty years. An additional IEPA loan is anticipated for the balance of construction costs.

**CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN**

SCHEDULE OF FUNDING PROGRESS

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
2012	3/31/11	\$	\$23,199,368	\$23,199,368	0.00%	\$18,206,619	127%
2011	3/31/11	\$	\$23,199,368	\$23,199,368	0.00%	\$18,206,619	127%
2010	3/31/09	\$ -	\$20,109,915	\$20,109,915	0.0%	\$ 18,249,121	110%
2009	3/31/09	\$ -	\$20,109,915	\$20,109,915	0.0%	\$ 18,249,121	110%

**CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT PLAN**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	12/31/11	\$35,407,534	\$45,053,545	\$ 9,646,011	78.59%	\$13,430,647	71.82%
2011	12/31/10	\$40,102,870	\$48,093,457	\$ 7,990,587	83.39%	\$13,307,489	60.05%
2010	12/31/09	40,298,534	49,148,808	8,850,274	81.99	13,830,645	63.99
2009	12/31/08	39,566,015	45,472,768	5,906,753	87.01	13,155,573	44.90
2008	12/31/07	45,496,800	42,571,242	(2,925,558)	106.87	12,254,828	-23.87
2007	12/31/06	40,701,639	39,013,698	(1,687,941)	104.33	11,817,123	-14.28

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
3/31/12	\$ 1,600,933	\$ 1,259,794	79.0%
3/31/11	\$ 1,465,155	\$ 1,135,129	77.0%
3/31/10	950,165	950,165	100.0
3/31/09	984,037	984,037	100.0
3/31/08	990,190	990,190	100.0
3/31/07	1,008,000	1,008,000	100.0

**CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION PLAN**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	03/31/12	\$29,548,212	\$64,782,383	\$35,234,171	45.6	\$5,201,289	677.4%
2011	03/31/11	29,123,415	62,765,455	33,642,040	46.4	5,113,544	657.9
2010	03/31/10	26,776,063	55,108,039	28,331,976	48.6	5,123,411	553.00
2009	3/31/09	23,108,317	52,604,370	29,496,053	43.92	4,988,969	591.22
2008	3/31/08	26,517,764	50,540,266	24,022,502	52.47	4,815,819	498.82
2007	3/31/07	26,346,172	49,293,043	22,946,871	53.45	4,708,505	487.35

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
3/31/12	\$ 2,151,993	\$ 2,200,492	100.3%
3/31/11	2,172,477	2,172,477	100.23
3/31/10	1,777,057	1,761,030	99.10
3/31/09	1,674,468	1,666,961	99.55
3/31/08	1,674,468	1,673,809	99.96
3/31/07	1,589,374	1,587,396	99.88

**CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 FIREFIGHTERS' PENSION PLAN**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	03/31/12	\$22,936,386	\$52,767,379	\$29,830,993	43.5%	\$3,700,934	806.0%
2011	03/31/11	23,318,233	51,909,240	28,591,007	44.9	3,751,608	762.1
2010	03/31/10	22,044,559	46,711,284	24,666,725	47.20	3,602,797	684.7
2009	3/31/09	19,436,394	45,631,768	26,195,374	42.59	3,577,979	732.13
2008	3/31/08	23,062,773	44,937,674	21,874,901	51.32	3,462,194	631.82
2007	3/31/07	23,754,253	42,048,713	18,294,460	56.49	3,267,175	559.95

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
3/31/12	\$ 2,005,883	\$ 2,006,224	100.15%
3/31/11	2,059,308	2,059,308	100.11
3/31/10	1,731,523	1,720,844	99.38
3/31/09	1,460,814	1,454,266	99.55
3/31/08	1,460,814	1,460,772	99.99
3/31/07	1,323,388	1,321,376	99.85

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 7,539,186	\$ 7,539,186	\$ 7,495,603	\$ (43,583)
Other taxes				
Replacement taxes	2,337,670	2,337,670	2,466,745	129,075
Sales taxes	4,937,021	4,937,021	4,970,577	33,556
Use taxes	477,971	477,971	569,066	91,095
Income taxes	3,121,440	3,121,440	3,423,316	301,876
Municipal utility taxes	1,992,383	1,992,383	1,957,597	(34,786)
Gasoline taxes	270,000	270,000	257,220	(12,780)
Hotel taxes	370,000	370,000	362,845	(7,155)
Other taxes	2,542,706	2,542,706	2,637,422	94,716
Fines and fees	389,420	389,420	451,522	62,102
Intergovernmental	119,964	204,007	193,898	(10,109)
Charges for services				
Public safety	799,869	799,869	859,778	59,909
Public works	841,362	841,362	824,435	(16,927)
Ambulance service	2,685,000	2,685,000	2,849,541	164,541
Waterworks department	638,405	638,405	638,405	-
Sunset marina	83,891	83,891	83,891	-
Equipment maintenance department	248,860	248,860	248,860	-
Engineering department	168,573	168,573	168,573	-
Sewer department	356,615	356,615	356,615	-
Stormwater department	237,864	237,864	237,864	-
Other departments	176,565	176,565	180,833	4,268
Interest	42,794	42,794	39,664	(3,130)
Licenses and permits	838,660	848,660	901,395	52,735
Contributions	218,102	223,385	197,153	(26,232)
Other	56,165	73,495	56,107	(17,388)
Total Revenues	<u>31,490,486</u>	<u>31,607,142</u>	<u>32,428,925</u>	<u>821,783</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND (continued)
FOR THE YEAR ENDED MARCH 31, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
EXPENDITURES				
Current				
General government				
Mayor and city council	\$ 227,342	\$ 246,906	\$ 225,779	\$ 21,127
General administration	427,529	428,294	455,334	(27,040)
Personnel	358,656	451,588	470,999	(19,411)
Legal	150,000	145,200	145,120	80
Finance and accounting	1,472,718	1,311,565	1,074,988	236,577
Information technology	1,185,088	1,215,279	1,116,261	99,018
Community development	56,999	143,482	170,684	(27,202)
Planning	332,929	277,282	295,809	(18,527)
Inspection	688,882	675,097	621,362	53,735
Public works administration	524,830	578,308	580,321	(2,013)
Building	488,115	586,713	434,650	152,063
Other	24,837	26,784	18,371	8,413
Police and fire				
Police	11,711,261	11,796,764	11,476,131	320,633
Fire	9,312,875	9,312,875	9,223,695	89,180
Police and fire commission	15,335	15,335	5,047	10,288
Electrical maintenance	599,220	595,647	580,692	14,955
Municipal vehicle parking system	199,727	190,723	185,157	5,566
Highways and streets	4,725,694	4,746,907	3,916,488	830,419
Refuse disposal	1,750,546	1,750,157	1,553,325	196,832
Capital outlay	51,210	44,493	16,493	28,000
Total Expenditures	<u>34,303,793</u>	<u>34,539,399</u>	<u>32,566,706</u>	<u>1,972,693</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(2,813,307)</u>	<u>(2,932,257)</u>	<u>(137,781)</u>	<u>2,794,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,059,110	3,087,702	2,353,356	(734,346)
Transfers to other funds	<u>(237,954)</u>	<u>(284,454)</u>	<u>(1,114,845)</u>	<u>(830,391)</u>
Total Other Financing Sources (Uses)	<u>2,821,156</u>	<u>2,803,248</u>	<u>1,238,511</u>	<u>(1,564,737)</u>
NET CHANGE IN FUND BALANCE	<u>7,849</u>	<u>(129,009)</u>	1,100,730	<u>1,229,739</u>
FUND BALANCE, BEGINNING			<u>9,812,421</u>	
FUND BALANCE, ENDING			<u>\$ 10,913,151</u>	

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC LIBRARY FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 1,968,626	\$ 1,968,626	\$ 1,968,626	\$ -
Fines and fees	49,700	49,700	52,240	2,540
Intergovernmental	40,320	43,520	43,810	290
Charges for services	231,569	231,569	226,424	(5,145)
Interest	6,583	6,583	3,432	(3,151)
Contributions	55,034	107,805	94,860	(12,945)
Other	250	250	1,531	1,281
Total Revenues	2,352,082	2,408,053	2,390,923	(17,130)
EXPENDITURES				
Current				
General Government				
Services	-	14,214	11,844	2,370
Supplies	-	2,400	1,336	1,064
Libraries				
Personnel	1,502,086	1,528,545	1,500,966	27,579
Supplies	70,855	68,493	49,357	19,136
Services	306,302	310,717	279,747	30,970
Other	530,136	540,979	506,164	34,815
Total Expenditures	2,409,379	2,465,348	2,349,414	115,934
Transfers from other funds	61,000	61,000	53,609	(7,391)
NET CHANGE IN FUND BALANCE	3,703	3,705	95,118	91,413
FUND BALANCE, BEGINNING			915,380	
FUND BALANCE, ENDING			\$ 1,010,498	

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TIF FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 5,064,454	\$ 5,064,454	\$ 5,111,960	\$ 47,506
Fines and fees	200,000	200,000	-	(200,000)
Interest	11,116	11,116	9,471	(1,645)
Other	3,350	3,350	2,350	(1,000)
Total Revenues	<u>5,278,920</u>	<u>5,278,920</u>	<u>5,123,781</u>	<u>(155,139)</u>
EXPENDITURES				
Current				
General government				
Personnel	157,088	150,987	147,683	3,304
Supplies	600	596	310	286
Services	4,002,543	3,068,212	2,561,620	506,592
Other	551,448	999,794	1,157,083	(157,289)
Capital outlay	40,000	-	-	-
Total Expenditures	<u>4,751,679</u>	<u>4,219,589</u>	<u>3,866,696</u>	<u>352,893</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>527,241</u>	<u>1,059,331</u>	<u>1,257,085</u>	<u>197,754</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>(2,966,743)</u>	<u>(2,287,336)</u>	<u>(2,171,428)</u>	<u>115,908</u>
Total Other Financing Sources (Uses)	<u>(2,966,743)</u>	<u>(2,287,336)</u>	<u>(2,171,428)</u>	<u>115,908</u>
NET CHANGE IN FUND BALANCE	<u>(2,439,502)</u>	<u>(1,228,005)</u>	<u>(914,343)</u>	<u>313,662</u>
FUND BALANCE, BEGINNING			<u>4,613,531</u>	
FUND BALANCE, ENDING			<u>\$ 3,699,188</u>	

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
RIVERBOAT GAMING FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 5,500,000	\$ 5,500,000	\$ 5,712,621	\$ 212,621
Interest	32,953	32,953	4,276	(28,677)
Total Revenues	<u>5,532,953</u>	<u>5,532,953</u>	<u>5,716,897</u>	<u>183,944</u>
Other	-	-	9,490	(9,490)
Total Expenditures	<u>-</u>	<u>-</u>	<u>9,490</u>	<u>(9,490)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(5,500,000)</u>	<u>(6,584,982)</u>	<u>(5,385,083)</u>	<u>1,199,899</u>
NET CHANGE IN FUND BALANCE	<u>32,953</u>	<u>(1,052,029)</u>	322,324	<u>1,374,353</u>
FUND BALANCE, BEGINNING			<u>6,606,240</u>	
FUND BALANCE, ENDING			<u>\$ 6,928,564</u>	

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2012

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

At least 45 days prior to March 31, the City Manager submits to the City Council a proposed operating budget for the general, special revenue, capital projects, and debt service funds for the fiscal year commencing April 1. The operating budget includes proposed expenditures and transfers to other funds and the means of financing them.

A public hearing is conducted to obtain citizen comments on the proposed budget. Prior to March 31, the budget is legally adopted for the general, special revenue, capital projects, and debt service funds through passage of a budget ordinance by the City Council.

The legal level of budgetary control is at the fund level, but management control is exercised at the department level. In addition, the City Manager may make adjustments between departments and within any departmental budget as it becomes necessary, providing that those revisions do not delete or basically change any activity or program approved by the City Council in the budget ordinance. Any such adjustments shall not cause total expenditures within the budget to exceed the revenue anticipated to finance them unless the City Council approval is obtained. Reported budget amounts represent the adopted budget as adjusted. Due to the City’s power as a home rule unit and its ordinance establishing budget policies and procedures, an individual fund’s total expenditures and transfers to other funds can exceed the budgeted amount without violating any state laws; however, such budget overages must be approved by the City Manager. Spending and administrative control of expenditures and transfers to other funds is monitored during the year through detailed line items of departmental budgets.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are re-appropriated for the following fiscal year.

Budgets are prepared using the same accounting basis and practices used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

The following individual funds had actual expenditures exceeding the budgeted amounts for the year ended March 31, 2012:

	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Special Revenue			
Lead Grant Fund	\$ 269,000	\$ 272,838	\$ 3,838
Schwiebert Park Boat Dock	\$ 140,000	\$ 211,751	\$ 71,751

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation. The City's special revenue funds and their purposes are:

Motor Fuel Tax Fund – Accounts for expenditures related to approved motor fuel tax projects and revenue from the state gasoline tax as collected and distributed by the State of Illinois.

Housing and Community Development Fund – Accounts for revenue and expenditures of the Community Development Block Grant.

Martin Luther King Community Center Operations Fund – Accounts for costs related to the operations of the Martin Luther King Community Center.

Foreign Fire Insurance Fund – Accounts for foreign fire insurance tax monies expended for Fire Department supplies and equipment approved by the Foreign Fire Insurance Committee.

Community/Economic Development Fund – Accounts for expenditures which support outside agencies and special economic development activities.

Federal Programs Fund – Accounts for revenue and expenditures from selected federal grant programs.

Drug Prevention Fund – Accounts for revenues and expenditures of funds received under state and federal drug forfeiture laws.

Lead Grant Fund – Accounts for revenues and expenditures related to the \$1.9 million federal grant award for lead abatement received September 23, 2005.

Neighborhood Stabilization Fund – Accounts for revenue and expenditures of the Neighborhood Stabilization Program (NSP) authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008.

Martin Luther King Facility Improvement Fund – Accounts for the costs related to the renovation and expansion of the Martin Luther King Community Center.

Schwiebert Park Boat Dock Fund – Accounts for revenue and expenditures related to the \$1.5 million grant award received from U.S. Fish and Wildlife Service.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

CITY OF ROCK ISLAND, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2012

						Special
	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Community/ Economic Development Fund	Federal Programs Fund
ASSETS						
Cash and investments	\$ 35,674	\$ 75,084	\$ 73,456	\$ 79,769	\$ -	\$ 10,564
Receivables, net						
Taxes	-	-	-	-	-	-
Accounts	-	100	-	-	-	-
Accrued interest	1,710	-	147	39	-	113
Special assessments	-	-	-	-	-	-
Assets held for resale	-	-	-	-	1,295,881	-
Due from other governmental agencies	153,980	222,060	-	13,876	138,113	-
Total Assets	<u>\$ 191,364</u>	<u>\$ 297,244</u>	<u>\$ 73,603</u>	<u>\$ 93,684</u>	<u>\$ 1,433,994</u>	<u>\$ 10,677</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 15,632	\$ 4,908	\$ 7,114	\$ 134,545	\$ -
Interest payable	-	141	-	-	727	-
Deposits payable	-	-	-	-	-	-
Accrued wages and benefits	-	43,970	3,947	-	-	-
Due to other funds	-	-	-	-	289,002	-
Deferred revenue						
Property tax	-	-	-	-	-	-
Other	-	222,060	-	-	132,776	-
Total Liabilities	<u>-</u>	<u>281,803</u>	<u>8,855</u>	<u>7,114</u>	<u>557,050</u>	<u>-</u>
FUND BALANCES						
Restricted	191,364	-	-	86,570	-	10,677
Committed	-	15,441	-	-	1,295,881	-
Assigned	-	-	64,748	-	-	-
Unassigned	-	-	-	-	(418,937)	-
Total Fund Balances	<u>191,364</u>	<u>15,441</u>	<u>64,748</u>	<u>86,570</u>	<u>876,944</u>	<u>10,677</u>
 Total Liabilities and Fund Balances	 <u>\$ 191,364</u>	 <u>\$ 297,244</u>	 <u>\$ 73,603</u>	 <u>\$ 93,684</u>	 <u>\$ 1,433,994</u>	 <u>\$ 10,677</u>

Revenue Funds

Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Schweibert Park Boat Dock	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 611,468	\$ -	\$ -	\$ -	\$ 386,265	\$ 1,272,280	\$ 1,018,106	\$ 2,290,386
-	-	-	-	-	-	236,780	236,780
-	-	-	-	-	100	-	100
869	28	-	846	455	4,207	13,170	17,377
-	-	-	-	-	-	256,635	256,635
-	-	-	-	-	1,295,881	-	1,295,881
-	34,840	1,461,777	-	125,250	2,149,896	-	2,149,896
<u>\$ 612,337</u>	<u>\$ 34,868</u>	<u>\$ 1,461,777</u>	<u>\$ 846</u>	<u>\$ 511,970</u>	<u>\$ 4,722,364</u>	<u>\$ 1,524,691</u>	<u>\$ 6,247,055</u>
\$ 103	\$ 13,075	\$ 24	\$ 7,208	\$ 60,795	\$ 243,404	\$ 1,283	\$ 244,687
-	-	806	-	-	1,674	-	1,674
54,758	-	-	-	-	54,758	-	54,758
4,475	-	1,729	-	-	54,121	-	54,121
-	37,432	1,458,457	965,619	-	2,750,510	-	2,750,510
-	-	-	-	-	-	236,780	236,780
-	-	1,351,003	-	125,250	1,831,089	256,636	2,087,725
<u>59,336</u>	<u>50,507</u>	<u>2,812,019</u>	<u>972,827</u>	<u>186,045</u>	<u>4,935,556</u>	<u>494,699</u>	<u>5,430,255</u>
553,001	-	-	-	-	841,612	1,029,992	1,871,604
-	-	-	-	325,925	1,637,247	-	1,637,247
-	-	-	-	-	64,748	-	64,748
-	(15,639)	(1,350,242)	(971,981)	-	(2,756,799)	-	(2,756,799)
<u>553,001</u>	<u>(15,639)</u>	<u>(1,350,242)</u>	<u>(971,981)</u>	<u>325,925</u>	<u>(213,192)</u>	<u>1,029,992</u>	<u>816,800</u>
<u>\$ 612,337</u>	<u>\$ 34,868</u>	<u>\$ 1,461,777</u>	<u>\$ 846</u>	<u>\$ 511,970</u>	<u>\$ 4,722,364</u>	<u>\$ 1,524,691</u>	<u>\$ 6,247,055</u>

CITY OF ROCK ISLAND, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

	Special					
	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Community/ Economic Development Fund	Federal Programs Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,138,203	-	-	42,273	-	-
Fines and fees	-	1,050	-	-	-	-
Intergovernmental	-	1,256,737	-	-	58,997	39,008
Charges for services	-	-	7,846	-	-	-
Interest	3,559	-	356	105	244	260
Contributions	-	-	-	-	63,279	-
Other	-	1,333	4,512	-	15	-
Total Revenues	<u>1,141,762</u>	<u>1,259,120</u>	<u>12,714</u>	<u>42,378</u>	<u>122,535</u>	<u>39,268</u>
EXPENDITURES						
Current						
General government	-	1,040,952	178,985	21,262	967,794	39,007
Highways and streets	33,942	-	-	-	-	-
Capital outlay	-	-	-	-	451,243	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>33,942</u>	<u>1,040,952</u>	<u>178,985</u>	<u>21,262</u>	<u>1,419,037</u>	<u>39,007</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,107,820</u>	<u>218,168</u>	<u>(166,271)</u>	<u>21,116</u>	<u>(1,296,502)</u>	<u>261</u>
OTHER FINANCING SOURCES (USES)						
Issuance of refunding debt	-	-	-	-	-	-
Payment of refunding debt	-	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-
Transfers from other funds	-	-	162,276	-	622,135	-
Transfers to other funds	(1,099,013)	(125,352)	-	-	(9,000)	-
Total Other Financing Sources (Uses)	<u>(1,099,013)</u>	<u>(125,352)</u>	<u>162,276</u>	<u>-</u>	<u>613,135</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,807	92,816	(3,995)	21,116	(683,367)	261
FUND BALANCES, BEGINNING	<u>182,557</u>	<u>(77,375)</u>	<u>68,743</u>	<u>65,454</u>	<u>1,560,311</u>	<u>10,416</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 191,364</u>	<u>\$ 15,441</u>	<u>\$ 64,748</u>	<u>\$ 86,570</u>	<u>\$ 876,944</u>	<u>\$ 10,677</u>

Revenue Funds

Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Schiebert Park Boat Dock	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,320	\$ 238,320
-	-	-	-	-	1,180,476	53,231	1,233,707
-	-	-	-	-	1,050	-	1,050
-	258,129	290,195	-	-	1,903,066	-	1,903,066
277,104	-	-	-	-	284,950	-	284,950
2,557	57	-	1,146	776	9,060	101,905	110,965
-	-	-	91,770	-	155,049	-	155,049
-	-	-	-	-	5,860	-	5,860
<u>279,661</u>	<u>258,186</u>	<u>290,195</u>	<u>92,916</u>	<u>776</u>	<u>3,539,511</u>	<u>393,456</u>	<u>3,932,967</u>
215,675	272,838	615,266	1,674	-	3,353,453	28,642	3,382,095
-	-	-	-	-	33,942	-	33,942
93,602	-	-	332,878	211,751	1,089,474	-	1,089,474
-	-	-	-	-	-	1,728,250	1,728,250
-	-	-	-	-	-	584,816	584,816
<u>309,277</u>	<u>272,838</u>	<u>615,266</u>	<u>334,552</u>	<u>211,751</u>	<u>4,476,869</u>	<u>2,341,708</u>	<u>6,818,577</u>
<u>(29,616)</u>	<u>(14,652)</u>	<u>(325,071)</u>	<u>(241,636)</u>	<u>(210,975)</u>	<u>(937,358)</u>	<u>(1,948,252)</u>	<u>(2,885,610)</u>
-	-	-	-	-	-	77,371	77,371
-	-	-	-	-	-	(77,371)	(77,371)
-	-	-	-	-	-	15,228	15,228
-	-	-	-	-	-	(11,607)	(11,607)
-	-	-	75,000	536,900	1,396,311	1,753,434	3,149,745
-	-	-	-	-	(1,233,365)	-	(1,233,365)
-	-	-	<u>75,000</u>	<u>536,900</u>	<u>162,946</u>	<u>1,757,055</u>	<u>1,920,001</u>
(29,616)	(14,652)	(325,071)	(166,636)	325,925	(774,412)	(191,197)	(965,609)
<u>582,617</u>	<u>(987)</u>	<u>(1,025,171)</u>	<u>(805,345)</u>	<u>-</u>	<u>561,220</u>	<u>1,221,189</u>	<u>1,782,409</u>
<u>\$ 553,001</u>	<u>\$ (15,639)</u>	<u>\$ (1,350,242)</u>	<u>\$ (971,981)</u>	<u>\$ 325,925</u>	<u>\$ (213,192)</u>	<u>\$ 1,029,992</u>	<u>\$ 816,800</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-1

MOTOR FUEL TAX FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Motor fuel taxes	\$ 1,099,013	\$ 1,138,203
Interest	-	3,559
Total Revenues	<u>1,099,013</u>	<u>1,141,762</u>
EXPENDITURES		
Current		
Highways and streets	151,030	33,942
Total Expenditures	<u>151,030</u>	<u>33,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	947,983	1,107,820
OTHER FINANCING USES		
Transfers to other funds	<u>(1,099,013)</u>	<u>(1,099,013)</u>
NET CHANGE IN FUND BALANCE	<u>(151,030)</u>	8,807
FUND BALANCE, BEGINNING		<u>182,557</u>
FUND BALANCE, ENDING		<u>\$ 191,364</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-2

HOUSING AND COMMUNITY DEVELOPMENT FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Fines and fees	\$ 6,050	\$ 1,050
Intergovernmental	1,839,515	1,256,737
Interest	45,726	-
Other	1,320	1,333
Total Revenues	<u>1,892,611</u>	<u>1,259,120</u>
EXPENDITURES		
Current		
General government		
Personnel	728,082	730,156
Supplies	19,989	89,668
Services	677,394	63,125
Other	129,954	158,003
Total Expenditures	<u>1,555,419</u>	<u>1,040,952</u>
EXCESS OF REVENUES OVER EXPENDITURES	337,192	218,168
OTHER FINANCING USES		
Transfers to other funds	<u>(385,545)</u>	<u>(125,352)</u>
NET CHANGE IN FUND BALANCE	<u>(48,353)</u>	92,816
FUND BALANCE, BEGINNING		<u>(77,375)</u>
FUND BALANCE, ENDING		<u>\$ 15,441</u>

CITY OF ROCK ISLAND, ILLINOIS

MARTIN LUTHER KING COMMUNITY CENTER OPERATIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2012

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 32,230	\$ -
Charges for services	2,700	7,846
Interest	1,135	356
Total Revenues	<u>36,065</u>	<u>8,202</u>
EXPENDITURES		
Current		
General government		
Personnel	85,077	90,787
Supplies	2,632	2,123
Services	97,149	86,075
Other	250	-
Total Expenditures	<u>185,108</u>	<u>178,985</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(149,043)</u>	<u>(170,783)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	<u>156,114</u>	<u>166,788</u>
Total Other Financing Sources (Uses)	<u>156,114</u>	<u>166,788</u>
NET CHANGE IN FUND BALANCE	<u>7,071</u>	(3,995)
FUND BALANCE, BEGINNING		<u>68,743</u>
FUND BALANCE, ENDING		<u>\$ 64,748</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-4

FOREIGN FIRE INSURANCE FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ 30,000	\$ 42,273
Interest	481	105
Total Revenues	<u>30,481</u>	<u>42,378</u>
EXPENDITURES		
Current		
General government		
Personnel	1,500	944
Supplies	25,594	17,412
Services	2,906	2,906
Total Expenditures	<u>30,000</u>	<u>21,262</u>
NET CHANGE IN FUND BALANCE	<u>481</u>	21,116
FUND BALANCE, BEGINNING		<u>65,454</u>
FUND BALANCE, ENDING		<u>\$ 86,570</u>

CITY OF ROCK ISLAND, ILLINOIS

COMMUNITY/ECONOMIC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2012

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Intergovernmental	263,781	58,997
Interest	-	244
Contributions	167,604	63,279
Other	66,300	15
Total Revenues	<u>497,685</u>	<u>122,535</u>
EXPENDITURES		
Current		
General government		
Personnel	9,739	1,736
Supplies	44	44
Services	640,324	533,835
Other	470,109	432,179
Capital outlay	511,240	451,243
Total Expenditures	<u>1,631,456</u>	<u>1,419,037</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,133,771)</u>	<u>(1,296,502)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	638,500	622,135
Transfers to other funds	(9,000)	(9,000)
Total Other Financing Sources (Uses)	<u>629,500</u>	<u>613,135</u>
NET CHANGE IN FUND BALANCE	<u>(504,271)</u>	(683,367)
FUND BALANCE, BEGINNING		<u>1,560,311</u>
FUND BALANCE, ENDING		<u>\$ 876,944</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-6

FEDERAL PROGRAMS FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 39,008	\$ 39,008
Interest	-	260
Total Revenues	<u>39,008</u>	<u>39,268</u>
EXPENDITURES		
Current		
General government		
Personnel	<u>39,009</u>	<u>39,007</u>
Total Expenditures	<u>39,009</u>	<u>39,007</u>
NET CHANGE IN FUND BALANCE	<u>(1)</u>	261
FUND BALANCE, BEGINNING		<u>10,416</u>
FUND BALANCE, ENDING		<u>\$ 10,677</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-7

DRUG PREVENTION FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 55,000	\$ 277,104
Interest	2,423	2,557
Total Revenues	<u>57,423</u>	<u>279,661</u>
EXPENDITURES		
Current		
General government		
Personnel	191,607	174,851
Supplies	29,569	11,397
Services	31,902	28,762
Other	1,100	665
Capital outlay	100,000	93,602
Total Expenditures	<u>354,178</u>	<u>309,277</u>
NET CHANGE IN FUND BALANCE	<u>(296,755)</u>	(29,616)
FUND BALANCE, BEGINNING		<u>582,617</u>
FUND BALANCE, ENDING		<u>\$ 553,001</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-8

LEAD GRANT FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 269,000	\$ 258,129
Interest	-	57
Total Revenues	<u>269,000</u>	<u>258,186</u>
EXPENDITURES		
Current		
General government		
Supplies	500	21
Services	1,500	177
Other	267,000	272,640
Total Expenditures	<u>269,000</u>	<u>272,838</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	(14,652)
FUND BALANCE, BEGINNING		<u>(987)</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ (15,639)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-9

NEIGHBORHOOD STABILIZATION FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 720,334	\$ 290,195
Total Revenues	<u>720,334</u>	<u>290,195</u>
EXPENDITURES		
Current		
General government		
Personnel	13,627	53,328
Supplies	3,000	-
Services	710,906	547,863
Other	12,387	14,075
Total Expenditures	<u>739,920</u>	<u>615,266</u>
NET CHANGE IN FUND BALANCE	<u>(19,586)</u>	(325,071)
FUND BALANCE, BEGINNING		<u>(1,025,171)</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ (1,350,242)</u>

CITY OF ROCK ISLAND, ILLINOIS

MARTIN LUTHER KING FACILITY IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2012

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Contributions	697,125	91,770
Interest	-	1,146
Total Revenues	<u>697,125</u>	<u>92,916</u>
 EXPENDITURES		
Current		
General government	-	1,673
Services	-	-
Capital outlay	839,210	332,878
Total Expenditures	<u>839,210</u>	<u>334,551</u>
 Transfers in	<u>316,770</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCE	<u>174,685</u>	(166,635)
 FUND BALANCE, BEGINNING		<u>(805,345)</u>
 FUND BALANCE, ENDING		<u>\$ (971,980)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-11

SCHWIEBERT PARK BOAT DOCK**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Interest	-	776
Total Revenues	<u>-</u>	<u>776</u>
EXPENDITURES		
Current		
General government		
Capital outlay	<u>140,000</u>	<u>211,751</u>
Total Expenditures	<u>140,000</u>	<u>211,751</u>
Transfers from other funds	<u>536,900</u>	<u>536,900</u>
Total Other Financing Sources (Uses)	<u>536,900</u>	<u>536,900</u>
NET CHANGE IN FUND BALANCE	<u><u>396,900</u></u>	325,925
FUND BALANCE, BEGINNING		<u>-</u>
FUND BALANCE (DEFICIT), ENDING		<u><u>\$ 325,925</u></u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-12

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2012

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 238,320	\$ 238,320
Other taxes	53,804	53,231
Interest	-	101,905
Total Revenues	<u>292,124</u>	<u>393,456</u>
EXPENDITURES		
Current		
General government		
Services	33,401	28,642
Debt Service		
Principal	1,728,250	1,728,250
Interest	584,816	584,816
Total Expenditures	<u>2,346,467</u>	<u>2,341,708</u>
DEICIENCY OF REVENUES UNDER EXPENDITURES	(2,054,343)	(1,948,252)
OTHER FINANCING SOURCES (USES)		
Premiums on bonds sold	-	15,228
Discount on bonds sold	-	(11,607)
Transfers from other funds	1,753,434	1,753,434
Total Other Financing Sources (Uses)	<u>1,753,434</u>	<u>1,757,055</u>
NET CHANGE IN FUND BALANCE	<u>(300,909)</u>	(191,197)
FUND BALANCE, BEGINNING		<u>1,221,189</u>
FUND BALANCE, ENDING		<u>\$ 1,029,992</u>

CITY OF ROCK ISLAND, ILLINOIS

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2012

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,819,240	\$ 1,023,150
Charges for services	35,000	11,120
Interest	-	19,044
Contributions	-	313,801
Other	46,500	-
Total Revenues	<u>1,900,740</u>	<u>1,367,115</u>
EXPENDITURES		
Current		
General government		
Capital outlay	<u>7,892,027</u>	<u>4,395,408</u>
Total Expenditures	<u>7,892,027</u>	<u>4,395,408</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5,991,287)</u>	<u>(3,028,293)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	600,000	585,000
Premium on bonds sold	-	25,659
Discount on bonds sold	-	(4,885)
Transfers from other funds	<u>4,084,982</u>	<u>3,819,309</u>
Total Other Financing Sources (Uses)	<u>4,684,982</u>	<u>4,425,083</u>
NET CHANGE IN FUND BALANCE	<u>(1,306,305)</u>	1,396,790
FUND BALANCE, BEGINNING		<u>1,799,641</u>
FUND BALANCE, ENDING		<u>\$ 3,196,431</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or where the City has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Stormwater Fund – Accounts for the operating revenue and expenses for maintaining a dependable system for collecting and treating the stormwaters of the City of Rock Island, Illinois.

Sunset Marina Fund – Accounts for the revenue and expenses associated with the operation and maintenance of Sunset Marina.

Housing and Community Development Loan Fund – Accounts for the revenue and expenses associated with the issuance and collection of housing rehabilitation loans to homeowners who fall into an established neighborhood strategy area.

CITY OF ROCK ISLAND, ILLINOIS**NONMAJOR ENTERPRISE FUNDS****COMBINING BALANCE SHEET****MARCH 31, 2012**

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing and Community Development Loan Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 277,292	\$ 2,603	\$ 764,708	\$ 1,044,603
Receivables, net				
Accounts, net of allowance for uncollectible of \$200,585	168,614	66,471	-	235,085
Estimated unbilled usage	216,865	-	-	216,865
Accrued interest	165	3,627	6,298	10,090
Current portion of notes receivable	-	-	299,101	299,101
Assets held for resale	-	-	23,800	23,800
Due from other funds	-	-	-	-
Due from other governmental agencies	10	-	-	10
Total Current Assets	<u>662,946</u>	<u>72,701</u>	<u>1,093,907</u>	<u>1,829,554</u>
NONCURRENT ASSETS				
Long-term notes receivable (net of current portion, net of allowance for uncollectibles of \$1,311,453)	<u>-</u>	<u>-</u>	<u>1,764,928</u>	<u>1,764,928</u>
Capital assets				
Buildings and improvements	-	837,142	-	837,142
Equipment	199,287	501,507	-	700,794
Infrastructure	3,585,292	2,036,740	-	5,622,032
Accumulated depreciation	<u>(1,573,081)</u>	<u>(2,445,641)</u>	<u>-</u>	<u>(4,018,722)</u>
Net Capital assets	<u>2,211,498</u>	<u>929,748</u>	<u>-</u>	<u>3,141,246</u>
Total Noncurrent Assets	<u>2,211,498</u>	<u>929,748</u>	<u>1,764,928</u>	<u>4,906,174</u>
Total Assets	<u>\$ 2,874,444</u>	<u>\$ 1,002,449</u>	<u>\$ 2,858,835</u>	<u>\$ 6,735,728</u>

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 2,027	\$ 9,257	\$ 2,733	\$ 14,017
Accrued wages and benefits	16,059	4,652	-	20,711
Compensated absences	23,286	7,466	-	30,752
Accrued interest payable	-	7,605	-	7,605
Unearned revenue	-	81,576	-	81,576
General obligation bonds	-	117,556	-	117,556
Total Current Liabilities	<u>41,372</u>	<u>228,112</u>	<u>2,733</u>	<u>272,217</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	645,015	-	645,015
Other postemployment benefits	43,640	13,604	-	57,244
Compensated absences	24,398	7,822	-	32,220
Total Long-term Liabilities	<u>68,038</u>	<u>666,441</u>	<u>-</u>	<u>734,479</u>
Total Liabilities	<u>109,410</u>	<u>894,553</u>	<u>2,733</u>	<u>1,006,696</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,211,498	167,179	-	2,378,677
Unrestricted	<u>553,536</u>	<u>(59,283)</u>	<u>2,856,102</u>	<u>3,350,355</u>
Total Net Assets	<u>2,765,034</u>	<u>107,896</u>	<u>2,856,102</u>	<u>5,729,032</u>
Total Liabilities and Net Assets	<u>\$ 2,874,444</u>	<u>\$ 1,002,449</u>	<u>\$ 2,858,835</u>	<u>\$ 6,735,728</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit B-2

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET

ASSETS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2012

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,645,864	\$ 756,230	\$ -	\$ 2,402,094
Sale of merchandise	-	3,889	-	3,889
Interest	-	-	62,964	62,964
Other	-	9,874	100	9,974
Total Operating Revenues	<u>1,645,864</u>	<u>769,993</u>	<u>63,064</u>	<u>2,478,921</u>
OPERATING EXPENSES				
Personnel	515,792	161,919	-	677,711
Cost of sales	-	168,011	10,819	178,830
Supplies	20,501	24,294	-	44,795
Services	840,125	268,719	16,610	1,125,454
Programs	29,212	1,431	11	30,654
Provision for uncollectible accounts	1,685	-	59,119	60,804
Depreciation	133,998	60,058	-	194,056
Other	5,079	5,031	223,406	233,516
Total Operating Expenses	<u>1,546,392</u>	<u>689,463</u>	<u>309,965</u>	<u>2,545,820</u>
OPERATING INCOME	<u>99,472</u>	<u>80,530</u>	<u>(246,901)</u>	<u>(66,899)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	4	223,240	223,244
Interest income	458	7,678	3,338	11,474
Interest expense	-	(26,878)	-	(26,878)
Net Nonoperating Revenues (Expenses)	<u>458</u>	<u>(19,196)</u>	<u>226,578</u>	<u>207,840</u>
TRANSFERS FROM OTHER FUNDS	-	-	45,726	45,726
CHANGE IN NET ASSETS	99,930	61,334	(20,323)	140,941
NET ASSETS (DEFICIT), BEGINNING	<u>2,665,104</u>	<u>46,562</u>	<u>2,830,699</u>	<u>5,542,365</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 2,765,034</u>	<u>\$ 107,896</u>	<u>\$ 2,856,102</u>	<u>\$ 5,729,032</u>

CITY OF ROCK ISLAND, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

Exhibit B-3

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,615,668	\$ 726,061	\$ -	\$ 2,341,729
Interest received on notes receivable	-	-	58,245	58,245
Notes receivable issued for cash	-	-	(248,170)	(248,170)
Cash payments to suppliers for goods and services	(939,031)	(484,726)	(28,912)	(1,452,669)
Cash payments to employees for services	(530,496)	(155,495)	-	(685,991)
Other operating revenue	-	9,874	100	9,974
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>146,141</u>	<u>95,714</u>	<u>(218,737)</u>	<u>23,118</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	45,726	45,726
Intergovernmental grant proceeds	-	-	223,240	223,240
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>268,966</u>	<u>268,966</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of refunding bonds	-	419,390	-	419,390
Payment of general obligation bonds	-	(109,875)	-	(109,875)
Payment of refunding bonds	-	(435,000)	-	(435,000)
Interest paid	-	(28,155)	-	(28,155)
Intergovernmental grant proceeds	50	-	-	50
NET CASH PROVIDED (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>50</u>	<u>(153,640)</u>	<u>-</u>	<u>(153,590)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Interest received on cash and investments	759	4,057	3,338	8,154
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,950	(53,869)	53,567	146,648
CASH AND CASH EQUIVALENTS, BEGINNING	<u>130,342</u>	<u>56,472</u>	<u>711,141</u>	<u>897,955</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 277,292</u>	<u>\$ 2,603</u>	<u>\$ 764,708</u>	<u>\$ 1,044,603</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

Exhibit B-3
(continued)

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing and Community Development Loan Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 99,472	\$ 80,530	\$ (246,901)	\$ (66,899)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	133,998	60,058	-	194,056
Changes in assets and liabilities				
(Increase) decrease in receivables	(28,511)	(21,724)	29,636	(20,599)
(Increase) decrease in accounts and deposits payable	(44,114)	(17,240)	(1,472)	(62,826)
Increase (decrease) in accrued liabilities	(14,704)	6,424	-	(8,280)
(Decrease) in unearned revenue	-	(12,334)	-	(12,334)
Total Adjustments	<u>46,669</u>	<u>15,184</u>	<u>28,164</u>	<u>90,017</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 146,141</u>	<u>\$ 95,714</u>	<u>\$ (218,737)</u>	<u>\$ 23,118</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Equipment Maintenance Fund – Provides for the maintenance, repair, and purchase of vehicles used in the operation of City services. Revenue is from rental charges to user departments. Expenses include cost of labor, materials, supplies, and services. Replacement of equipment is part of the rental rate for equipment.

Engineering Fund – Provides engineering services for all capital and major infrastructure maintenance projects.

Self-Insurance Fund – Accounts for premium and claim payments for workers' compensation, general liability, and property insurance for most of the City. Stop-loss insurance is also purchased.

Employee Health Benefit Fund – Accounts for premium and claim payments for the self-insured group health insurance plan for City employees. Stop-loss insurance is also purchased.

Hydro-Electric Plant Fund – Accounts for charges and expenses of the Hydro-Electric Plant to the City's departments.

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2012

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 826,176	\$ 100	\$ 646,099	\$ 2,556,083
Receivables, net				
Accrued interest	-	-	742	3,735
Other	48,712	-	-	266
Due from other funds	86,576	-	-	-
Due from other governmental agencies	-	4,710	-	-
Inventories	405,461	-	-	-
Assets held for resale	-	-	-	-
Total Current Assets	<u>1,366,925</u>	<u>4,810</u>	<u>646,841</u>	<u>2,560,084</u>
CAPITAL ASSETS				
Land	17,500	-	-	-
Buildings and improvements	148,361	-	-	-
Equipment	10,753,498	-	-	-
Infrastructure	-	-	-	-
Construction in progress	49,077	-	-	-
Accumulated depreciation	(6,730,417)	-	-	-
Net Capital assets	<u>4,238,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,604,944</u>	<u>\$ 4,810</u>	<u>\$ 646,841</u>	<u>\$ 2,560,084</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 17,630	\$ 2,825	\$ 16,564	\$ 442,209
Claims payable	-	-	111,000	138,992
Accrued wages and benefits	25,675	29,380	2,452	1,435
Compensated absences	45,477	72,991	3,122	3,596
Accrued interest payable	-	350	-	-
Due to other funds	-	86,576	-	-
General obligation bonds	-	-	-	-
Total Current Liabilities	<u>88,782</u>	<u>192,122</u>	<u>133,138</u>	<u>586,232</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	-	-	-
Compensated absences	47,649	76,477	3,271	3,768
Total long-term liabilities	<u>47,649</u>	<u>76,477</u>	<u>3,271</u>	<u>3,768</u>
Total Liabilities	<u>136,431</u>	<u>268,599</u>	<u>136,409</u>	<u>590,000</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,238,020	-	-	-
Unrestricted	1,230,493	(263,789)	510,432	1,970,084
Total Net Assets	<u>5,468,513</u>	<u>(263,789)</u>	<u>510,432</u>	<u>1,970,084</u>
Total Liabilities and Net Assets	<u>\$ 5,604,944</u>	<u>\$ 4,810</u>	<u>\$ 646,841</u>	<u>\$ 2,560,084</u>

Hydro-Electric Plant Fund	Total
\$ -	\$ 4,028,458
-	4,477
-	48,978
-	86,576
-	4,710
-	405,461
<u>7,782</u>	<u>7,782</u>
<u>7,782</u>	<u>4,586,442</u>
-	17,500
1,651,542	1,799,903
223,385	10,976,883
481,971	481,971
-	49,077
<u>(210,045)</u>	<u>(6,940,462)</u>
<u>2,146,853</u>	<u>6,384,872</u>
<u>\$ 2,154,635</u>	<u>\$ 10,971,314</u>
\$ 838	\$ 480,066
-	249,992
290	59,232
1,910	127,096
20,209	20,559
156,442	243,018
<u>111,667</u>	<u>111,667</u>
<u>291,356</u>	<u>1,291,630</u>
1,861,277	1,861,277
<u>2,002</u>	<u>133,167</u>
<u>1,863,279</u>	<u>1,994,444</u>
<u>2,154,635</u>	<u>3,286,074</u>
152,972	4,390,992
<u>(152,972)</u>	<u>3,294,248</u>
<u>-</u>	<u>7,685,240</u>
<u>\$ 2,154,635</u>	<u>\$ 10,971,314</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
(DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2012

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
OPERATING REVENUES				
Charges for services	\$ 3,189,052	\$ 996,505	\$ 1,572,247	\$ 5,104,451
Sales of merchandise	-	-	-	-
Other	131,260	-	16,152	120,270
Total Operating Revenues	<u>3,320,312</u>	<u>996,505</u>	<u>1,588,399</u>	<u>5,224,721</u>
OPERATING EXPENSES				
Personnel	889,275	1,003,607	90,365	29,165
Cost of sales	-	-	-	-
Supplies	1,255,982	8,589	-	-
Services	463,676	243,830	938,679	4,692,209
Depreciation	557,707	-	-	-
Other	7,592	3,397	-	519
Total Operating Expenses	<u>3,174,232</u>	<u>1,259,423</u>	<u>1,029,044</u>	<u>4,721,893</u>
OPERATING INCOME (LOSS)	<u>146,080</u>	<u>(262,918)</u>	<u>559,355</u>	<u>502,828</u>
NONOPERATING REVENUES (EXPENSES)				
Loss - Sale of asset	(10,278)	-	-	-
Interest income	-	38	1,707	9,347
Interest expense	(6,467)	(734)	-	-
Net Nonoperating Revenues (Expenses)	<u>(16,745)</u>	<u>(696)</u>	<u>1,707</u>	<u>9,347</u>
INCOME BEFORE TRANSFERS	129,335	(263,614)	561,062	512,175
TRANSFERS FROM OTHER FUNDS	150,000	-	-	-
TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(2,032)</u>	<u>-</u>
CHANGE IN NET ASSETS	279,335	(263,614)	559,030	512,175
NET ASSETS (DEFICIT), BEGINNING	5,189,178	(175)	(48,598)	1,457,909
NET ASSETS (DEFICIT), ENDING	<u>\$ 5,468,513</u>	<u>\$ (263,789)</u>	<u>\$ 510,432</u>	<u>\$ 1,970,084</u>

Hydro-Electric Plant Fund	Total
\$ 167,494	\$ 11,029,749
6,201	6,201
363	268,045
<u>174,058</u>	<u>11,303,995</u>
13,817	2,026,229
205	205
6,199	1,270,770
11,648	6,350,042
58,866	616,573
15,991	27,499
<u>106,726</u>	<u>10,291,318</u>
<u>67,332</u>	<u>1,012,677</u>
-	(10,278)
-	11,092
<u>(63,026)</u>	<u>(70,227)</u>
<u>(63,026)</u>	<u>(69,413)</u>
4,306	943,264
-	150,000
<u>-</u>	<u>(2,032)</u>
4,306	1,091,232
<u>(4,306)</u>	<u>6,594,008</u>
<u>\$ -</u>	<u>\$ 7,685,240</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,157,983	\$ 996,505	\$ 1,572,247
Cash payments to suppliers for goods and services	(1,768,518)	(255,152)	(1,217,898)
Cash payments to employees for services	(896,310)	(1,026,031)	(88,960)
Other operating revenue	131,260	-	16,152
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	624,415	(284,678)	281,541
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	150,000	-	-
Transfers to other funds	-	-	(2,032)
Interfund loan or loan repayments received (paid)	(86,576)	207,704	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	63,424	207,704	(2,032)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of property and equipment	-	-	-
Acquisition and construction of property and equipment	-	-	-
Proceeds from issuance of general obligation bonds	-	-	-
Payment of general obligation bonds	-	-	-
Interest paid	(6,466)	(607)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(6,466)	(607)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on cash and investments	1,766	38	1,548
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	683,139	(77,543)	281,057
CASH AND CASH EQUIVALENTS, BEGINNING	143,037	77,643	365,042
CASH AND CASH EQUIVALENTS, ENDING	\$ 826,176	\$ 100	\$ 646,099

Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 5,109,658	\$ 167,494	\$ 11,003,887
(4,581,424)	(34,897)	(7,857,889)
(28,624)	(14,122)	(2,054,047)
<u>120,270</u>	<u>363</u>	<u>268,045</u>
<u>619,880</u>	<u>118,838</u>	<u>1,359,996</u>
-	-	150,000
-	-	(2,032)
-	<u>35,442</u>	<u>156,570</u>
<u>-</u>	<u>35,442</u>	<u>304,538</u>
-	-	-
-	-	-
-	-	-
-	(104,306)	(104,306)
-	<u>(63,669)</u>	<u>(70,742)</u>
<u>-</u>	<u>(167,975)</u>	<u>(175,048)</u>
<u>11,022</u>	<u>-</u>	<u>14,374</u>
630,902	(13,695)	1,503,860
<u>1,925,181</u>	<u>13,695</u>	<u>2,524,598</u>
<u>\$ 2,556,083</u>	<u>\$ -</u>	<u>\$ 4,028,458</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 146,080	\$ (262,918)	\$ 559,355
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	557,707	-	-
Changes in assets and liabilities			
(Increase) decrease in receivables	(31,069)	-	-
Decrease in inventories	3,190	-	-
Decrease in assets held for resale	-	-	-
Increase (decrease) in accounts and claims payable	(44,458)	664	(279,219)
Increase (decrease) in accrued liabilities	(7,035)	(22,424)	1,405
Total Adjustments	<u>478,335</u>	<u>(21,760)</u>	<u>(277,814)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 624,415</u>	<u>\$ (284,678)</u>	<u>\$ 281,541</u>

Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 502,828	\$ 67,332	\$ 1,012,677
-	58,866	616,573
5,207	-	(25,862)
-	-	3,190
-	(6,201)	(6,201)
111,304	(854)	(212,563)
541	(305)	(27,818)
<u>117,052</u>	<u>51,506</u>	<u>347,319</u>
<u>\$ 619,880</u>	<u>\$ 118,838</u>	<u>\$ 1,359,996</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by a governmental unit as a trustee or agent for individuals, private organizations, and other governmental units. The following are the City's fiduciary fund types:

Police Pension Fund – 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.

Firefighters' Pension Fund – 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.

Section 125 Cafeteria Plan Fund – An agency fund that accounts for employees' tax-exempt payments for health insurance and health expenditures.

CITY OF ROCK ISLAND, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
MARCH 31, 2012

Exhibit D-1

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and equivalents	\$ 445,557	\$ 416,181	\$ 861,738
Investments	27,903,868	21,577,628	49,481,496
Receivables			
Accrued interest	101,723	83,943	185,666
Employer contributions	<u>2,171,239</u>	<u>1,978,959</u>	<u>4,150,198</u>
 Total Assets	 <u>30,622,387</u>	 <u>24,056,711</u>	 <u>54,679,098</u>
LIABILITIES			
Outstanding checks in excess of bank balance	863,717	884,038	1,747,755
Accounts payable	<u>29,494</u>	<u>21,537</u>	<u>51,031</u>
 Total Liabilities	 <u>893,211</u>	 <u>905,575</u>	 <u>1,798,786</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 29,729,176</u>	<u>\$ 23,151,136</u>	<u>\$ 52,880,312</u>

CITY OF ROCK ISLAND, ILLINOIS

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED MARCH, 31, 2012

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions			
Plan members	\$ 612,742	\$ 347,660	\$ 960,402
Employer	<u>2,200,492</u>	<u>2,006,224</u>	<u>4,206,716</u>
Total Contributions	<u>2,813,234</u>	<u>2,353,884</u>	<u>5,167,118</u>
Net investment income			
Net increase in fair value of investments	749,455	455,574	1,205,029
Interest	<u>691,435</u>	<u>558,575</u>	<u>1,250,010</u>
Net Investment Income	<u>1,440,890</u>	<u>1,014,149</u>	<u>2,455,039</u>
Total Additions	<u>4,254,124</u>	<u>3,368,033</u>	<u>7,622,157</u>
DEDUCTIONS			
Benefits	3,592,941	3,473,289	7,066,230
Administrative expenses	<u>55,423</u>	<u>61,842</u>	<u>117,265</u>
Total Deductions	<u>3,648,364</u>	<u>3,535,131</u>	<u>7,183,495</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	605,760	(167,098)	438,662
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>29,123,416</u>	<u>23,318,234</u>	<u>52,441,650</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 29,729,176</u>	<u>\$ 23,151,136</u>	<u>\$ 52,880,312</u>

CITY OF ROCK ISLAND, ILLINOIS

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED MARCH 31, 2012

	Balance			Balance
	<u>March 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2012</u>
<u>Section 125 Cafeteria Plan</u>				
ASSETS				
Cash and investments	\$ 938	\$ 77,880	\$ (76,512)	\$ 2,306
Receivables				-
Accounts	949		(949)	-
Accrued Interest		13		13
Total Assets	<u>\$ 1,887</u>	<u>\$ 77,893</u>	<u>\$ (77,461)</u>	<u>\$ 2,319</u>
LIABILITIES				
Accounts payable	<u>\$ 1,887</u>	<u>\$ 2,319</u>	<u>\$ (1,887)</u>	<u>\$ 2,319</u>
Total Liabilities	<u>\$ 1,887</u>	<u>\$ 2,319</u>	<u>\$ (1,887)</u>	<u>\$ 2,319</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATISTICAL SECTION (UNAUDITED)
CONTENTS

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	125-138
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	139-147
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	148-152
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	153-154
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	155-161

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The City implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF ROCK ISLAND, ILLINOIS
STATISCAL SECTION (UNAUDITED)
COMMENTS RELATIVE TO STATISTICAL SECTION

The Legal Debt Margin information table recommended by the National Council on Governmental Accounting is not included for the reason stated below:

As a "Home Rule" unit established by the 1970 Illinois Constitution, the City of Rock Island has no statutory debt limit. Nonhome Rule units in Illinois may issue bonds up to 8.625% of Assessed Valuation. Some types of General Obligation Bonds may be issued up to 5% of Assessed Valuation.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 32,216,669	\$ 34,308,397	\$ 34,327,784	\$ 35,871,239
Restricted	-	-	1,515,356	6,212,479
Unrestricted	<u>25,157,348</u>	<u>27,137,618</u>	<u>29,505,649</u>	<u>24,753,989</u>
Total governmental activities net assets	<u>\$ 57,374,017</u>	<u>\$ 61,446,015</u>	<u>\$ 65,348,789</u>	<u>\$ 66,837,707</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 47,952,768	\$ 57,165,214	\$ 62,369,107	\$ 30,267,499
Unrestricted	<u>22,178,460</u>	<u>11,947,490</u>	<u>4,886,314</u>	<u>2,446,933</u>
Total business-type activities net assets	<u>\$ 70,131,228</u>	<u>\$ 69,112,704</u>	<u>\$ 67,255,421</u>	<u>\$ 32,714,432</u>
Primary government				
Invested in capital assets, net of related debt	\$ 80,169,437	\$ 91,473,611	\$ 96,696,891	\$ 66,138,738
Restricted	-	-	1,515,356	6,212,479
Unrestricted	<u>47,335,808</u>	<u>39,085,108</u>	<u>34,391,963</u>	<u>27,200,922</u>
Total primary government net assets	<u>\$ 127,505,245</u>	<u>\$ 130,558,719</u>	<u>\$ 132,604,210</u>	<u>\$ 99,552,139</u>

GASB Statement No. 34 Implemented in Fiscal Year 2003
Source: City records

2007	2008	2009	2010	2011	2012
\$ 37,070,744	\$ 39,756,019	\$ 38,536,816	\$ 40,129,365	\$ 43,490,571	\$ 51,178,766
6,647,989	5,867,481	2,550,529	4,755,754	7,719,598	6,738,901
<u>25,977,855</u>	<u>26,295,567</u>	<u>27,706,560</u>	<u>28,216,439</u>	<u>25,027,339</u>	<u>27,625,864</u>
<u>\$ 69,696,588</u>	<u>\$ 71,919,067</u>	<u>\$ 68,793,905</u>	<u>\$ 73,101,558</u>	<u>\$ 76,237,508</u>	<u>\$ 85,543,531</u>
\$ 30,541,517	\$ 30,482,589	\$ 26,844,821	\$ 30,884,254	\$ 34,209,461	\$ 33,220,808
2,845,532	3,915,610	8,915,241	8,537,642	9,289,668	11,189,073
<u>\$ 33,387,049</u>	<u>\$ 34,398,199</u>	<u>\$ 35,760,062</u>	<u>\$ 39,421,896</u>	<u>\$ 43,499,129</u>	<u>\$ 44,409,881</u>
\$ 67,612,261	\$ 70,238,608	\$ 65,381,637	\$ 71,013,619	\$ 77,700,032	\$ 84,399,574
6,647,989	5,867,481	2,550,529	4,755,754	7,719,598	6,738,901
<u>28,823,387</u>	<u>30,211,177</u>	<u>36,621,801</u>	<u>36,754,081</u>	<u>34,317,007</u>	<u>38,814,937</u>
<u>\$ 103,083,637</u>	<u>\$ 106,317,266</u>	<u>\$ 104,553,967</u>	<u>\$ 112,523,454</u>	<u>\$ 119,736,637</u>	<u>\$ 129,953,412</u>

CITY OF ROCK ISLAND, ILLINOIS

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

MARCH 31, 2012

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2003	2004	2005	2006
Primary Government Expenses				
Governmental activities:				
General government	\$ 6,902,478	\$ 7,760,930	\$ 9,216,294	\$ 10,754,191
Police and fire	13,636,101	14,369,188	15,374,191	16,811,183
Electrical maintenance	667,433	719,081	729,766	749,871
Municipal vehicle parking system	334,379	389,117	423,277	447,709
Highways and streets	6,348,764	5,659,629	6,308,347	9,392,489
Refuse disposal	1,215,970	1,160,005	1,193,383	1,902,190
Libraries	1,800,343	1,842,799	2,028,097	2,122,341
Community development	-	-	233,072	234,499
Interest on long-term debt	295,890	258,065	-	-
Total governmental activities expenses	<u>31,201,358</u>	<u>32,158,814</u>	<u>35,506,427</u>	<u>42,414,473</u>
Business-type activities:				
Waterworks	4,257,342	4,338,325	4,317,988	4,880,350
Wastewater	4,574,175	4,662,926	4,021,722	4,409,557
Centennial Bridge	1,305,005	899,430	976,422	573,606
Park and recreation	4,234,373	4,751,181	4,942,773	5,358,909
Stormwater	951,880	946,226	1,008,710	1,643,662
Sunset Marina	-	779,639	1,202,102	734,565
Housing/community development loans	-	236,378	686,063	90,582
Total business-type activities expenses	<u>15,322,775</u>	<u>16,614,105</u>	<u>17,155,780</u>	<u>17,691,231</u>
Total primary government expenses	<u>46,524,133</u>	<u>48,772,919</u>	<u>52,662,207</u>	<u>60,105,704</u>
Primary Government Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,003,994	2,420,609	2,705,401	3,024,452
Police and fire	1,354,071	1,604,852	2,608,497	2,571,667
Electrical maintenance	30,530	29,422	29,958	41,535
Municipal vehicle parking system	381,117	455,509	416,348	373,516
Highways and streets	470,147	197,699	418,117	293,913
Refuse disposal	81,307	66,563	54,581	57,000
Libraries	177,198	187,064	222,212	253,721
Operating grants and contributions:				
General government	2,132,664	1,578,151	1,930,613	2,310,189
Police and fire	256,847	184,441	491,630	371,470
Highways and streets	9,789	-	-	-
Refuse disposal	-	4,850	-	-
Libraries	85,608	88,191	121,292	99,094
Capital grants and contributions,				
general government	-	-	-	-
Capital grants and contributions,				
highways and streets	-	-	8,285	-
Capital grants and contributions,				
libraries	293,230	20,536	-	-
Total governmental activities program revenue	<u>7,276,502</u>	<u>6,837,887</u>	<u>9,006,934</u>	<u>9,396,557</u>

	2007	2008	2009	2010	2011	2012
\$	10,313,028	\$ 11,439,119	\$ 16,858,777	\$ 11,305,249	\$ 16,417,739	\$ 12,657,949
	16,635,503	17,272,974	17,764,363	19,608,468	19,976,357	20,830,554
	693,952	650,687	603,178	585,374	597,462	602,202
	373,217	341,308	181,743	350,756	328,550	281,012
	6,361,422	7,774,998	6,975,777	5,914,981	7,879,571	7,267,676
	1,267,734	1,350,580	1,433,656	1,661,963	1,602,467	1,457,974
	2,371,814	2,286,176	2,185,185	2,319,225	1,966,454	2,559,060
	-	-	-	-	-	-
	200,078	183,765	280,358	616,283	615,878	596,127
	<u>38,216,748</u>	<u>41,299,607</u>	<u>46,283,037</u>	<u>42,362,299</u>	<u>49,384,478</u>	<u>46,252,554</u>
	5,516,896	5,342,035	5,432,620	5,381,733	5,159,034	6,074,685
	4,036,906	3,278,239	3,926,401	4,303,243	4,305,904	4,530,716
	-	-	-	-	-	-
	5,191,258	5,252,128	5,968,430	6,169,575	5,169,656	6,133,119
	1,340,031	1,042,504	1,639,184	1,528,442	1,530,430	1,546,392
	731,088	734,403	863,714	881,513	658,526	716,337
	248,328	75,975	85,608	103,749	296,616	309,965
	<u>17,064,507</u>	<u>15,725,284</u>	<u>17,915,957</u>	<u>18,368,255</u>	<u>17,120,166</u>	<u>19,311,214</u>
	<u>55,281,255</u>	<u>57,024,891</u>	<u>64,198,994</u>	<u>60,730,554</u>	<u>66,504,644</u>	<u>65,563,768</u>
	3,008,024	1,118,464	3,207,592	3,056,182	3,335,724	3,678,321
	2,818,459	3,257,362	3,447,520	3,578,985	3,633,014	3,994,407
	38,725	26,274	3,601	24,152	23,611	30,788
	286,429	225,358	219,188	207,623	204,369	173,721
	314,630	169,367	165,724	131,511	185,692	144,680
	72,914	79,374	109,907	182,614	505,964	492,807
	232,449	226,361	222,008	212,397	224,432	227,054
	1,480,324	1,101,764	1,364,287	2,102,695	4,891,932	2,096,150
	238,838	1,209,857	818,528	191,659	255,264	302,105
	150,000	-	-	128,085	-	1,056,163
	-	-	-	-	-	-
	157,030	156,445	124,449	56,206	101,045	52,108
	-	-	-	-	-	91,770
	-	-	-	-	400,000	-
	176,739	1,121,054	-	1,631,814	837,814	-
	-	-	-	-	-	-
	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>	<u>14,598,861</u>	<u>12,340,074</u>

CITY OF ROCK ISLAND, ILLINOIS

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

MARCH 31, 2012

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Waterworks	\$ 4,014,526	\$ 4,193,568	\$ 4,219,005	\$ 4,535,853
Wastewater	3,405,891	3,722,725	3,685,110	3,883,344
Centennial Bridge	3,312,816	300,299	6,206	-
Park and recreation	2,884,110	3,123,082	3,098,679	3,215,321
Stormwater	836,685	1,400,865	1,315,795	1,259,829
Sunset Marina	-	668,994	499,994	821,919
Housing/community development loans	-	201,242	77,165	-
Operating grants and contributions				
Centennial Bridge	-	-	2,000	-
Park and recreation	22,404	46,038	70,271	35,759
Stormwater	-	-	-	-
Other programs	64,449	-	-	-
Sunset Marina	-	-	1,564	-
Housing/community development loans	-	-	29,998	48,747
Capital grants and contributions				
Waterworks	-	-	80,457	-
Wastewater	-	-	126,933	2,634
Centennial Bridge	550,900	544,456	-	-
Park and recreation	133,325	108,511	467,333	5,000
Sunset Marina	-	8,138	-	-
Total business-type activities program revenues	<u>15,225,106</u>	<u>14,317,918</u>	<u>13,680,510</u>	<u>13,808,406</u>
Total primary government program revenues	<u>22,501,608</u>	<u>21,155,805</u>	<u>22,687,444</u>	<u>23,204,963</u>
Primary government net expense				
Governmental activities	(23,924,856)	(25,320,927)	(26,499,493)	(33,017,916)
Business-type activities	(97,669)	(2,296,187)	(3,475,270)	(3,882,825)
Total primary government net expense	<u>(24,022,525)</u>	<u>(27,617,114)</u>	<u>(29,974,763)</u>	<u>(36,900,741)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes				
Property taxes	9,016,184	9,751,960	11,005,942	11,035,736
Gaming taxes	4,729,389	4,692,886	4,550,501	4,580,442
Sales taxes	3,669,576	3,613,032	3,756,932	3,690,341
Utility taxes	2,251,572	2,398,341	2,186,164	2,508,223
Income taxes	2,712,951	2,188,380	2,686,593	3,032,338
Other taxes	4,031,848	5,122,480	5,922,547	6,704,149
Investment earnings	686,016	588,683	597,197	1,038,782
Miscellaneous	32,897	91,154	12,624	136,060
Transfers	(209,711)	(33,035)	(206,243)	1,780,763
Total governmental activities	<u>26,920,722</u>	<u>28,413,881</u>	<u>30,512,257</u>	<u>34,506,834</u>

	2007	2008	2009	2010	2011	2012
\$	4,921,769	\$ 5,189,174	\$ 5,492,376	\$ 5,670,815	\$ 5,821,792	\$ 6,152,049
	4,195,871	4,994,983	5,825,018	6,687,063	7,395,538	7,995,233
	-	-	-	-	-	
	3,582,675	3,113,840	3,326,601	3,235,998	3,300,041	3,445,286
	1,307,083	1,439,598	1,518,520	1,561,805	1,589,808	1,645,864
	846,562	829,506	695,671	834,026	800,474	769,993
	-	80,908	76,526	159,739	72,036	63,064
	-	-	-	-	-	
	17,089	22,946	129,812	15,723	42,177	34,144
	-	-	77,493	-	-	
	-	-	-	-	13,538	
	-	-	119,071	-	-	
	99,400	-	-	-	100,000	223,240
	-	-	-	-	-	-
	1,847	-	-	-	-	2,628,879
	-	-	-	-	-	-
	-	-	-	2,000,000	-	-
	-	-	-	-	-	-
	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>
	<u>23,946,857</u>	<u>24,362,635</u>	<u>26,943,892</u>	<u>31,669,092</u>	<u>33,734,265</u>	<u>35,297,826</u>
	(29,242,187)	(32,607,927)	(36,600,233)	(30,858,376)	(34,785,617)	(33,912,480)
	<u>(2,092,211)</u>	<u>(54,329)</u>	<u>(654,869)</u>	<u>1,796,914</u>	<u>2,015,238</u>	<u>3,646,538</u>
	<u>(31,334,398)</u>	<u>(32,662,256)</u>	<u>(37,255,102)</u>	<u>(29,061,462)</u>	<u>(32,770,379)</u>	<u>(30,265,942)</u>
	11,049,737	11,593,383	12,329,857	14,363,101	14,886,144	14,931,405
	4,291,728	3,712,282	3,679,842	4,955,625	5,441,339	5,712,621
	3,748,672	3,936,082	4,046,545	3,866,877	4,689,611	4,978,042
	2,178,733	2,312,387	2,314,220	1,752,772	2,090,368	2,010,828
	3,344,704	3,653,838	3,615,800	3,151,854	3,094,030	3,184,753
	6,803,324	7,326,715	7,108,060	6,703,234	7,503,529	7,504,239
	1,183,573	1,174,061	510,487	347,183	266,892	121,859
	166,514	344,133	26,899	59,633	213,972	86,444
	<u>(665,917)</u>	<u>777,525</u>	<u>(156,639)</u>	<u>(34,250)</u>	<u>(264,318)</u>	<u>4,688,312</u>
	<u>32,101,068</u>	<u>34,830,406</u>	<u>33,475,071</u>	<u>35,166,029</u>	<u>37,921,567</u>	<u>43,218,503</u>

CITY OF ROCK ISLAND, ILLINOIS

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

MARCH 31, 2012

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2003	2004	2005	2006
Business-type activities:				
Property taxes	\$ 1,227,928	\$ 1,378,435	\$ 1,413,884	\$ 1,510,260
Investment earnings	735,659	388,905	209,637	346,291
Miscellaneous	-	-	88,206	45,509
Special item: loss on transfer of Centennial Bridge to states	-	-	-	(30,779,461)
Transfers	167,621	33,035	206,243	(1,780,763)
Total business-type activities	<u>2,131,208</u>	<u>1,800,375</u>	<u>1,917,970</u>	<u>(30,658,164)</u>
Total primary government	<u>29,051,930</u>	<u>30,214,256</u>	<u>32,430,227</u>	<u>3,848,670</u>
Changes in net assets				
Governmental activities	2,995,866	3,092,954	4,012,764	1,488,918
Business-type activities	2,033,539	(495,812)	(1,557,300)	(34,540,989)
Total primary government	<u>\$ 5,029,405</u>	<u>\$ 2,597,142</u>	<u>\$ 2,455,464</u>	<u>\$ (33,052,071)</u>

	2007	2008	2009	2010	2011	2012
\$	1,652,230	\$ 1,276,505	\$ 1,691,929	\$ 1,689,383	\$ 1,700,328	1,751,391
	418,457	566,499	168,164	140,039	97,349	201,135
	28,224	-	-	1,248	-	
	-	-	-	-	-	
	<u>665,917</u>	<u>(777,525)</u>	<u>156,639</u>	<u>34,250</u>	<u>264,318</u>	<u>(4,688,312)</u>
	<u>2,764,828</u>	<u>1,065,479</u>	<u>2,016,732</u>	<u>1,864,920</u>	<u>2,061,995</u>	<u>(2,735,786)</u>
	<u>34,865,896</u>	<u>35,895,885</u>	<u>35,491,803</u>	<u>37,030,949</u>	<u>39,983,562</u>	<u>40,482,717</u>
	2,858,881	2,222,479	(3,125,162)	4,307,653	3,135,950	9,306,023
	<u>672,617</u>	<u>1,011,150</u>	<u>1,361,863</u>	<u>3,661,834</u>	<u>4,077,233</u>	<u>910,752</u>
\$	<u>3,531,498</u>	<u>\$ 3,233,629</u>	<u>\$ (1,763,299)</u>	<u>\$ 7,969,487</u>	<u>\$ 7,213,183</u>	<u>10,216,775</u>

CITY OF ROCK ISLAND, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Function / Program	2003	2004	2005	2006
Governmental activities:				
General government	\$ 4,136,658	\$ 3,998,760	\$ 4,644,299	\$ 5,334,641
Police and fire	1,610,918	1,789,293	3,100,127	2,943,137
Electrical maintenance	30,530	29,422	29,958	41,535
Municipal vehicle parking system	381,117	455,509	416,348	373,516
Highways and streets	479,936	197,699	418,117	293,913
Refuse disposal	81,307	71,413	54,581	57,000
Libraries	556,036	295,791	343,504	352,815
Total governmental activities	<u>7,276,502</u>	<u>6,837,887</u>	<u>9,006,934</u>	<u>9,396,557</u>
Business-type activities:				
Water	4,014,526	4,193,568	4,299,462	4,535,853
Wastewater treatment	3,405,891	3,722,725	3,812,043	3,885,978
Centennial Bridge	3,863,716	844,755	8,206	-
Park and recreation	3,039,839	3,277,631	3,636,283	3,256,080
Stormwater	-	1,400,865	1,315,795	1,259,829
Sunset Marina	797,419	677,132	501,558	821,919
Housing and community development loan	103,715	201,242	107,163	48,747
Total business-type activities	<u>15,225,106</u>	<u>14,317,918</u>	<u>13,680,510</u>	<u>13,808,406</u>
Total government	<u>\$ 22,501,608</u>	<u>\$ 21,155,805</u>	<u>\$ 22,687,444</u>	<u>\$ 23,204,963</u>

GASB Statement No. 34 implemented in fiscal year 2003.

Source: City records

	2007	2008	2009	2010	2011	2012
\$	4,488,348	\$ 2,220,228	\$ 4,571,879	\$ 5,158,877	\$ 8,627,656	\$ 5,866,241
	3,057,297	4,467,219	4,266,048	3,770,644	3,888,278	4,296,512
	38,725	26,274	3,601	24,152	23,611	30,788
	286,429	225,358	219,188	207,623	204,369	173,721
	641,369	1,290,421	165,724	1,891,410	1,023,506	1,200,843
	72,914	79,374	109,907	182,614	505,964	492,807
	389,479	382,806	346,457	268,603	325,477	279,162
	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>	<u>14,598,861</u>	<u>12,340,074</u>
	4,921,769	5,189,174	5,492,376	5,670,815	5,821,792	6,152,049
	4,197,718	4,994,983	5,825,018	6,687,063	7,395,538	10,624,112
	-	-	-	-	-	-
	3,599,764	3,136,786	3,456,413	5,251,721	3,342,218	3,479,430
	1,307,083	1,439,598	1,596,013	1,561,805	1,603,346	1,645,864
	846,562	829,506	814,742	834,026	800,474	769,993
	99,400	80,908	76,526	159,739	172,036	286,304
	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>
\$	<u>23,946,857</u>	<u>24,362,635</u>	<u>26,943,892</u>	<u>31,669,092</u>	<u>33,734,265</u>	<u>35,297,826</u>

CITY OF ROCK ISLAND, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2012
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005	2006
General fund				
Reserved	\$ 645,795	\$ 849,360	\$ 873,800	\$ 1,301,833
Unreserved	4,005,710	4,892,155	5,771,995	6,020,845
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 4,651,505</u>	<u>\$ 5,741,515</u>	<u>\$ 6,645,795</u>	<u>\$ 7,322,678</u>
All other governmental funds				
Reserved	\$ 4,050,381	\$ 3,208,754	\$ 6,782,902	\$ 6,688,701
Unreserved, reported in:				
Special revenue funds	7,284,588	9,760,834	9,231,888	9,769,059
Debt service funds	1,451,047	1,502,707	1,515,356	1,608,484
Capital projects funds	890,203	1,698,407	211,091	(1,489,471)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 13,676,219</u>	<u>\$ 16,170,702</u>	<u>\$ 17,741,237</u>	<u>\$ 16,576,773</u>

GASB Statement No. 54 implemented in fiscal year 2011

	2007	2008	2009	2010	2011	2012
\$	1,123,268	\$ 827,312	\$ 1,455,903	\$ 737,694	\$ -	\$ -
	6,973,846	8,484,627	8,196,559	7,716,892	-	-
	-	-	-	-	1,336	1,336
	-	-	-	-	128,455	157,611
	-	-	-	-	640	-
	-	-	-	-	238,643	378,509
	-	-	-	-	9,443,347	10,375,695
<u>\$</u>	<u>8,097,114</u>	<u>\$ 9,311,939</u>	<u>\$ 9,652,462</u>	<u>\$ 8,454,586</u>	<u>\$ 9,812,421</u>	<u>\$ 10,913,151</u>
\$	5,991,570	\$ 2,699,964	\$ 4,070,939	\$ 3,063,439	\$ -	\$ -
	10,414,324	10,686,521	8,204,905	11,999,807	-	-
	1,306,835	1,308,302	171,543	248,370	-	-
	(669,188)	653,267	5,708,661	5,321,073	-	-
	-	-	-	-	-	-
	-	-	-	-	7,591,142	6,626,079
	-	-	-	-	9,699,484	11,762,242
	-	-	-	-	335,451	64,748
	-	-	-	-	(1,908,876)	(2,801,588)
<u>\$</u>	<u>17,043,541</u>	<u>\$ 15,348,054</u>	<u>\$ 18,156,048</u>	<u>\$ 20,632,689</u>	<u>\$ 15,717,201</u>	<u>\$ 15,651,481</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2012
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	2002	2003	2004	2005
Revenues				
Property taxes	\$ 7,967,580	\$ 8,521,133	\$ 9,203,389	\$ 9,971,645
Other taxes	17,726,643	17,395,336	18,015,119	19,083,272
Fines and fees	71,588	75,178	117,669	240,027
Intergovernmental	2,655,207	590,522	3,770,510	2,302,779
Charges for services	3,468,525	3,775,730	4,238,747	4,680,145
Use of money and property	928,260	681,953	588,683	712,183
Licenses and permits	597,985	523,317	575,527	568,047
Special assessments	-	149,291	71,893	-
Contributions	211,795	128,401	164,874	149,338
Other	161,458	36,960	125,691	12,163
Total revenues	<u>33,789,041</u>	<u>31,877,821</u>	<u>36,872,102</u>	<u>37,719,599</u>
Expenditures				
Current:				
General government	6,926,918	6,485,173	7,293,018	8,504,732
Police and Fire	11,862,182	13,223,957	13,242,298	14,959,882
Electrical maintenance	703,383	635,603	696,540	726,042
Motor Vehicle Parking System	200,635	210,484	248,744	270,646
Highways and streets	3,633,241	3,560,869	3,583,272	3,788,199
Refuse disposal	1,291,406	1,248,538	1,145,370	1,190,372
Libraries	1,476,614	1,666,321	1,685,813	1,903,201
Recreation	-	-	-	-
Capital outlay	3,062,577	6,109,155	4,230,762	3,005,021
Debt Service:				
Principal	1,185,207	1,261,033	1,288,655	1,474,206
Interest	325,584	312,517	265,311	240,936
Bond Issuance costs	-	-	-	-
Total expenditures	<u>30,667,747</u>	<u>34,713,650</u>	<u>33,679,783</u>	<u>36,063,237</u>
Excess of revenues (under) expenditures	<u>3,121,294</u>	<u>(2,835,829)</u>	<u>3,192,319</u>	<u>1,656,362</u>
Other financing sources (uses)				
Issuance of long-term debt	1,178,033	995,000	345,000	2,382,702
Bond discount	-	-	-	9,082
Bond premium	-	-	-	-
Payment to bond escrow agent	-	-	-	(757,702)
Transfers in	6,051,551	7,412,487	6,506,258	7,220,195
Transfers out	(8,274,777)	(7,622,198)	(6,459,084)	(7,600,036)
Total other financing sources (uses)	<u>(1,045,193)</u>	<u>785,289</u>	<u>392,174</u>	<u>1,254,241</u>
Net change in fund balances	<u>\$ 2,076,101</u>	<u>\$ (2,050,540)</u>	<u>\$ 3,584,493</u>	<u>\$ 2,910,603</u>
Debt service as a percentage of noncapital expenditures	5.47%	5.50%	5.28%	5.19%

GASB Statement No. 34 implemented in fiscal year 2003

Source: City records

	2006	2007	2008	2009	2010	2011	2012
\$	10,981,350	\$ 10,942,864	\$ 11,057,085	\$ 11,471,164	\$ 12,322,519	\$ 14,569,113	14,814,509
	20,530,101	20,349,952	20,949,799	20,777,465	19,383,563	22,910,039	23,591,116
	229,343	294,354	324,401	694,817	485,330	426,868	504,812
	2,633,043	2,077,471	2,364,724	2,079,869	1,892,996	4,355,646	3,163,924
	4,747,641	4,942,121	4,016,137	6,027,371	6,193,416	6,657,901	6,971,289
	780,663	1,081,282	1,174,061	510,487	350,621	374,704	186,852
	985,299	673,077	762,022	708,877	719,378	863,006	901,395
	-	-	-	-	-	-	-
	89,202	62,126	103,342	131,798	479,680	533,194	760,863
	19,928	75,136	276,265	35,309	226,214	267,101	65,848
	<u>40,996,570</u>	<u>40,498,383</u>	<u>41,027,836</u>	<u>42,437,157</u>	<u>42,053,717</u>	<u>50,957,572</u>	<u>50,960,608</u>
	10,021,626	9,642,529	10,696,556	13,450,852	9,926,146	13,911,083	12,871,649
	16,065,401	16,284,239	17,476,908	18,144,315	19,442,894	20,255,984	20,704,873
	744,937	690,957	659,805	612,471	587,492	592,644	580,692
	300,385	226,491	191,111	183,996	181,204	181,243	185,157
	4,961,394	4,508,711	5,469,273	5,882,079	4,690,385	4,065,960	3,959,920
	1,906,294	1,207,288	1,380,584	1,516,897	1,675,429	1,704,845	1,553,325
	1,995,886	2,255,921	2,194,964	2,207,697	2,203,791	2,268,601	2,336,234
	-	-	-	-	-	-	-
	5,103,593	3,531,463	3,518,066	2,570,128	8,385,641	9,973,140	5,501,375
	1,357,045	1,064,165	688,145	681,829	1,104,400	1,440,300	1,728,250
	245,856	174,498	183,765	211,351	334,016	824,430	584,816
	5,235	-	-	-	-	-	-
	<u>42,707,652</u>	<u>39,586,262</u>	<u>42,459,177</u>	<u>45,461,615</u>	<u>48,531,398</u>	<u>55,218,230</u>	<u>50,006,291</u>
	<u>(1,711,082)</u>	<u>912,121</u>	<u>(1,431,341)</u>	<u>(3,024,458)</u>	<u>(6,477,681)</u>	<u>(4,260,658)</u>	<u>954,317</u>
	225,483	1,330,000	-	6,422,600	7,760,000	960,000	585,000
	(372)	-	-	(92,986)	(10,898)	-	(16,492)
	-	-	-	-	10,594	29,477	40,887
	(205,000)	-	-	-	-	-	-
	9,273,896	6,349,799	8,365,594	8,238,999	5,942,996	8,001,391	9,376,020
	<u>(8,070,506)</u>	<u>(7,350,716)</u>	<u>(7,414,915)</u>	<u>(8,395,638)</u>	<u>(5,946,246)</u>	<u>(8,287,863)</u>	<u>(9,904,721)</u>
	<u>1,223,501</u>	<u>329,083</u>	<u>950,679</u>	<u>6,172,975</u>	<u>7,756,446</u>	<u>703,005</u>	<u>80,694</u>
\$	<u>(487,581)</u>	<u>\$ 1,241,204</u>	<u>\$ (480,662)</u>	<u>\$ 3,148,517</u>	<u>\$ 1,278,765</u>	<u>\$ (3,557,653)</u>	<u>\$ 1,035,011</u>
	4.28%	3.44%	2.15%	2.05%	3.16%	4.65%	5.05%

CITY OF ROCK ISLAND, ILLINOIS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
MARCH 31, 2012
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Replacement Tax	Sales Tax	Use Tax	Income Tax	Utility Tax
2003	8,521,133	1,492,983	3,669,576	349,017	2,251,572	2,712,951
2004	9,203,389	1,658,663	3,613,032	385,979	2,398,341	2,188,375
2005	9,971,645	1,895,267	3,748,734	406,216	2,686,593	2,186,164
2006	10,981,350	2,438,447	3,677,610	479,842	3,032,339	2,391,029
2007	10,942,864	2,650,986	3,746,709	505,459	3,344,704	2,074,929
2008	11,057,085	3,021,952	3,925,609	556,412	3,653,838	2,312,387
2009	11,471,164	2,766,980	4,042,435	585,092	3,615,800	2,314,220
2010	12,322,519	2,450,551	3,879,261	465,283	2,056,466	1,734,784
2011	14,569,113	2,725,111	4,582,230	566,748	3,395,729	2,032,070
2012	14,814,509	2,466,745	4,970,577	569,066	3,423,316	1,957,597
Change 2003-2012	74%	65%	35%	63%	52%	-28%

Source: City records

Gasoline Tax	Other Tax	Wagering Tax	Motor Fuel Tax	Foreign Fire Insurance Tax	Hotel/Motel Tax	Total
165,305	748,728	4,729,389	1,130,706	20,722	124,387	25,916,469
146,081	1,620,845	4,692,886	1,135,422	36,343	139,152	27,218,508
179,315	2,118,095	4,550,501	1,151,082	32,673	128,632	29,054,917
175,328	2,324,936	4,580,442	1,238,354	31,055	160,719	31,511,451
152,571	2,264,644	4,291,728	1,151,445	31,515	135,262	31,292,816
158,669	2,315,722	3,712,282	1,122,474	31,330	139,124	32,006,884
141,055	2,373,582	3,679,842	1,020,980	29,461	208,018	32,248,629
137,171	2,348,880	4,955,625	1,001,508	39,478	314,556	31,706,082
252,970	2,353,219	5,441,339	1,176,269	40,588	343,766	37,479,152
257,220	2,690,653	5,712,621	1,138,203	42,273	362,845	38,405,625
56%	259%	21%	1%	104%	192%	48%

CITY OF ROCK ISLAND, ILLINOIS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Property
2003	272,889,933	67,857,622	43,834,194	444,543
2004	289,836,219	70,606,364	45,764,229	433,880
2005	281,061,930	71,707,722	46,193,455	452,072
2006	297,296,248	73,967,953	50,351,852	457,018
2007	307,710,810	77,070,123	52,470,854	348,638
2008	325,002,566	79,206,138	50,181,800	361,695
2009	330,336,634	82,881,302	51,663,392	373,402
2010	334,234,771	84,908,535	51,987,674	382,903
2011	336,600,874	85,399,438	51,483,914	364,329
2012	338,533,938	86,157,275	51,038,902	379,853

Source: County records

Note: There is no personal property tax (on cars or jewelry); only real property is taxed. The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. The farmland value is based upon productivity instead of actual market value.

Railway Property	Assessed Value	Percent Growth	Total Direct Tax Rate	Taxable Value	Percentage of Actual Value
541,840	385,568,132	7.0%	2.5118	1,156,704,396	33.3%
470,344	407,111,036	5.6%	2.4932	1,221,333,108	33.3%
489,658	399,904,837	-1.8%	2.5730	1,199,714,511	33.3%
447,978	422,521,049	5.7%	2.4382	1,267,563,147	33.3%
565,136	438,165,561	3.7%	2.3652	1,314,496,683	33.3%
719,106	455,471,305	3.9%	2.3502	1,366,413,915	33.3%
843,858	466,098,588	2.3%	2.3638	1,398,295,764	33.3%
946,217	472,460,100	1.4%	2.3852	1,417,380,300	33.3%
1,220,693	475,069,248	0.6%	2.4092	1,425,207,744	33.3%
1,512,339	477,622,307	0.5%	2.4084	1,432,866,921	33.3%

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

City Direct Rates								
Tax Collection Year	General Fund	Fire Pension Fund	Police Pension Fund	Public Benefit Fund	Debt Service Fund	Public Library Fund	Park Fund	Total Direct
2003	1.15220	0.26860	0.29900	0.05000	0.04680	0.36840	0.32680	2.51180
2004	1.05540	0.30580	0.33040	0.05020	0.04440	0.36580	0.34120	2.49320
2005	1.06760	0.31180	0.34600	0.05060	0.04460	0.39600	0.35640	2.57300
2006	0.95160	0.31620	0.35100	0.05060	-	0.41420	0.35460	2.43820
2007	0.85840	0.30380	0.36500	0.05020	-	0.41620	0.37160	2.36520
2008	0.82100	0.32080	0.36780	0.04800	-	0.41940	0.37320	2.35020
2009	0.78680	0.37160	0.38020	0.05040	-	0.41000	0.36480	2.36380
2010	0.66100	0.43940	0.46360	0.05060	-	0.40780	0.36280	2.38520
2011	0.68920	0.42500	0.45600	0.05060	-	0.41720	0.37120	2.40920
2012	0.70440	0.41580	0.45620	0.05000	-	0.41380	0.36820	2.40840

Source: City and County records

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners, although the County property tax rates apply to all City property owners; the Airport Authority rates apply to the property owners within that Authority's geographic boundaries.

Overlapping Rates

Rock Island School District	Rock Island County	Township	Airport Authority	Transit	Blackhawk Community College
5.11700	0.78500	0.29200	0.06300	0.13200	0.36700
5.11400	0.77500	0.27800	0.07100	0.14500	0.37400
5.17100	0.73400	0.29900	0.07500	0.16500	0.40200
5.14500	0.79800	0.36700	0.07200	0.16500	0.41500
5.11920	0.79560	0.38080	0.07260	0.17540	0.45790
5.07880	0.78900	0.17720	0.07160	0.17420	0.50160
5.05580	0.84800	0.38160	0.07340	0.17680	0.53560
5.06100	0.85420	0.39840	0.07400	0.18120	0.53370
5.11480	0.85740	0.41480	0.07340	0.18220	0.53240
5.12000	0.86840	0.41080	0.75000	0.18720	0.53690

CITY OF ROCK ISLAND, ILLINOIS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
MARCH 31, 2012
(UNAUDITED)

Taxpayer	2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ROCK ISLAND BOATWORKS INC	\$ 22,519,448	1	4.8%
MODERN WOODMEN OF AMERICA	9,633,672	2	2.0%
PFG THOMS PROESTLER CO	5,643,419	3	1.2%
MIDAMERICAN ENERGY CO	5,313,773	4	1.1%
FRIENDSHIP MANOR PROP LLC	3,114,708	5	0.7%
FIRST EQUITY MANAGEMENT	2,630,046	6	0.6%
BARJAN PRODUCTS LLC	2,393,235	7	0.5%
ILL HSG DEV AUTH	2,181,211	8	0.5%
LRC DEVELOPERS	2,097,167	9	0.4%
EYE SURGONS FACILITIES	1,714,554	10	0.4%
Total	\$ 57,241,233		11.8%

Notes:

1. Valuation as of January 1, 2011, for taxes collected in 2012.
2. Total City assessed valuation of \$ 476,124,544

Taxpayer	2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mid-American Energy Co.	\$ 4,738,809	4	1.2%
Thoms-Proestler Co.	4,631,048	3	1.2%
Barjan Products LLC	4,255,666	7	1.1%
Modern Woodmen of America	3,908,741	2	1.0%
Friendship Manor	2,668,760	5	0.7%
Miller Container Corp.	2,540,645		0.6%
LRC Developers, Inc.	2,063,615	9	0.5%
Pinnacle-Stanrick Corp.	1,793,694		0.5%
Kineth Hospitality Corp.	1,758,980		0.4%
Quad Cities Steel Warehouse	1,605,343		0.4%
Total	\$ 29,965,301		7.6%

Notes:

1. Valuation as of January 1, 2002, for taxes collected in 2003.
2. Total City assessed valuation of \$396,294,901

Source: County records



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Fiscal Year Ended March 31	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
2003	2002	9,980,897	9,602,780	96.21%
2004	2003	10,180,325	9,455,089	92.88%
2005	2004	10,181,544	9,977,368	97.99%
2006	2005	10,183,702	10,170,980	99.88%
2007	2006	10,299,869	10,018,023	97.26%
2008	2007	10,701,964	10,654,478	99.56%
2009	2008	11,017,638	10,915,238	99.07%
2010	2009	11,177,394	10,994,076	98.36%
2011	2010	11,368,745	11,296,586	99.37%
2012	2011	11,460,972		

Source: City records

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.
The above information presents the information for each period for which it is levied.
A tax levy provides taxes remitted in the following year.
Amount collected includes payments in lieu of taxes from certain non-profit agencies.

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
378,117	9,980,897	100.00%
-	9,455,089	92.88%
-	9,977,368	97.99%
-	10,170,980	99.88%
-	10,018,023	97.26%
-	10,654,478	99.56%
-	10,915,238	99.07%
-	10,994,076	98.36%
-	11,296,586	99.37%

CITY OF ROCK ISLAND, ILLINOIS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	19,571,032	1,451,047	18,119,985	1.6%	456.61
2004	20,249,130	1,502,707	18,746,423	1.5%	472.39
2005	19,040,000	1,515,356	17,524,644	1.5%	441.60
2006	16,965,000	1,608,484	15,356,516	1.2%	386.97
2007	19,880,000	1,306,835	18,573,165	1.4%	468.03
2008	18,155,000	1,308,302	16,846,698	1.2%	522.47
2009	26,328,333	171,543	26,156,790	1.9%	659.13
2010	34,241,666	230,382	34,011,284	2.4%	857.05
2011	39,600,000	926,460	38,673,540	2.7%	991.17
2012	36,623,336	738,441	35,884,895	2.5%	919.70

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements. As a "Home Rule" entity, under the State of Illinois Constitution, the City has no statutory debt limit.

Source: City records



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
RATIOS OF DEBT OUTSTANDING
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government
	General Obligation Bonds	Note Payable	General Obligation Bonds	Revenue Bonds	
2003	5,238,563	-	14,332,469	-	19,571,032
2004	4,631,908	-	15,617,222	-	20,249,130
2005	5,097,702	-	13,942,298	-	19,040,000
2006	4,016,140	-	12,948,860	-	16,965,000
2007	4,484,975	-	15,395,025	-	19,880,000
2008	3,886,829	-	18,155,000	-	22,041,829
2009	9,697,600	-	16,630,733	-	26,328,333
2010	16,353,200	-	17,888,466	-	34,241,666
2011	15,872,900	-	23,727,100	-	39,600,000
2012	14,727,021	4,100,381	21,896,315	-	40,723,717

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements. As a "Home Rule" entity, under the State of Illinois Constitution, the City has no statutory debt limit.

Source: City records

<u>Percentage of Per Capita Income</u>	<u>Per Capita</u>
0.18%	493
0.17%	510
0.18%	480
0.20%	428
0.17%	501
0.16%	555
0.13%	663
0.10%	863
0.11%	1,015
0.11%	1,044

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED MARCH 31, 2012
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Schools			
Rock Island School District No. 41	\$ 39,485,000	81.850%	\$ 32,318,473
Rockridge School district No. 300	1,140,000	18.520%	211,128
Blackhawk College	22,600,000	14.200%	<u>3,209,200</u>
			35,738,801
Other Than Schools			
Rock Island County (1)	7,445,000	20.860%	1,553,027
Rock Island County Forest Preserve District	5,770,000	20.860%	1,203,622
Rock Island County Nursing Home	19,075,000	20.860%	3,979,045
Metropolitan Airport Authority	24,645,000	25.610%	<u>6,311,585</u>
			13,047,279
Subtotal, overlapping debt			48,786,079
City Direct Debt			<u>15,872,900</u>
Total direct and overlapping debt			<u><u>\$ 64,658,979</u></u>

Sources:

(1) City and County records

Sources: Assessed value data used to estimate applicable percentages provided by Rock Island County Auditor.
Debt outstanding data was provided by each governmental unit.

CITY OF ROCK ISLAND, ILLINOIS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2002	\$ 421,000	\$ 1,619,000	\$ 291,055	0.2	
2003	349,000	1,270,000	198,682	0.2	
2004	337,000	933,000	125,643	0.3	
2005	315,000	618,000	71,405	0.5	
2006	255,000	363,000	34,981	0.6	
2007	224,331	160,000	13,650	1.3	
2008	99,485	70,000	4,165	1.3	
2009	74,165	-	-	0.0	
2010	-	-	-	0.0	
2011	-	-	-	0.0	

CITY OF ROCK ISLAND, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2003	39,684	NA	34,729	36.4	7,225	6.0%
2004	39,684	NA	34,729	36.4	7,715	5.9%
2005	39,684	NA	34,729	36.4	6,618	4.6%
2006	39,684	NA	34,729	36.4	7,215	4.6%
2007	39,684	NA	34,729	36.4	7,215	4.6%
2008	39,684	NA	34,729	36.4	7,215	5.2%
2009	39,684	NA	34,729	36.4	6,122	8.2%
2010	39,684	NA	34,729	36.4	6,122	11.8%
2011	39,018	NA	43,558	37.0	6,979	8.7%
2012	39,018	NA	43,558	37.0	6,979	8.7%

Sources: Bi-State regional planning commission and city records

NA - Not Available

CITY OF ROCK ISLAND, ILLINOIS
PRINCIPAL EMPLOYERS (WITHIN THE CITY LIMITS OF ROCK ISLAND)
CURRENT YEAR AND TEN YEARS AGO
MARCH 31, 2012
(UNAUDITED)

Employer	2011		
	Employees	Rank	Percent
Trinity Medical Center	1,500	1	8%
Rock Island-Milan School District	900	2	5%
Jumer's Casino Rock Island	640	3	3%
Augustana College	550	4	3%
Performance Food Group (Thoms Proestler Co.)	530	5	3%
Rock Island County Government	510	6	3%
City of Rock Island Government (No seasonal)	460	7	2%
Royal Neighbors of America	400	8	2%
Modern Woodmen of America	257	9	1%
Bituminous Insurance Co	225	10	1%
	5,972		33%
Total City Employment	19,527		

Employer	2002		
	Employees	Rank	
Trinity Medical Center	2,500	1	14%
Rock Island School District No. 41	950	2	5%
Augustana College	652	4	4%
Thoms-Proestler	503		3%
Modern Woodmen of America	465	9	3%
Jumer's Casino Rock Island	425	3	2%
City of Rock Island	419	7	2%
Rock Island County	350	6	2%
Seaford Clothing Company	315		2%
Norcross Safety Products	310		2%
	6,889		37%
Total City Employment	18,503		

Sources: City and Bi-State Regional Planning Commission records

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Mayor and Council	<u>8.00</u>	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
City Clerk	<u>1.45</u>	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
General administration	<u>2.00</u>	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Administrative Services										
Administration	<u>3.10</u>	3.00	-	-	-	-	-	-	-	-
Personnel Services	<u>0.70</u>	1.00	-	-	-	-	-	-	-	-
Insurance	<u>1.60</u>	1.00	-	-	-	-	-	-	-	-
IT Services	<u>5.35</u>	6.00	-	-	-	-	-	-	-	-
GIS	<u>0.25</u>	-	-	-	-	-	-	-	-	-
	<u>11.00</u>	11.00	-	-	-	-	-	-	-	-
Personnel										
Administration	-	-	2.20	2.20	2.20	2.20	2.20	2.20	3.32	4.00
Personnel services	-	-	0.40	0.40	0.40	0.40	0.40	0.40	0.50	1.00
Insurance	-	-	1.40	1.40	1.40	1.40	1.40	1.40	1.18	-
	-	-	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Finance										
Administration	<u>1.25</u>	1.25	1.00	2.00	2.00	2.00	2.00	2.00	1.60	2.00
Customer service	<u>4.00</u>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.96	5.35
Accounting	<u>5.00</u>	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.02	3.65
	<u>10.25</u>	10.25	10.00	10.00	10.00	10.00	10.00	10.00	9.58	11.00
Information Technology										
Administration	-	-	1.30	2.35	2.35	2.30	2.10	1.95	-	-
Services	-	-	5.35	5.40	5.40	5.50	4.80	4.95	7.00	7.00
GIS	-	-	0.35	0.25	0.25	0.20	0.10	0.10	-	-
	-	-	7.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00
Community/Economic Development										
Administration	<u>0.50</u>	0.50	0.50	0.60	0.60	1.27	1.27	1.27	1.27	1.35
Economic development	<u>2.70</u>	2.80	2.80	2.60	2.60	2.63	2.49	2.49	2.49	2.35
Planning/zoning/historic										
Preservation	<u>6.62</u>	6.52	6.26	6.43	6.43	6.58	6.15	5.90	5.65	5.65
Neighborhood redevelopment	<u>1.90</u>	1.90	1.90	2.80	2.80	2.95	2.09	2.34	2.59	2.65
Inspection	<u>4.85</u>	5.85	5.85	5.85	5.85	6.00	7.25	7.00	7.00	7.00
Rental inspection	<u>5.15</u>	5.15	4.15	4.15	4.15	4.00	2.75	-	-	-
	<u>21.72</u>	22.72	21.46	22.43	22.43	23.43	22.00	19.00	19.00	19.00
Martin Luther King Jr. Center										
Administration	<u>2.00</u>	1.15	1.15	1.10	1.10	1.70	1.70	1.70	1.40	1.40
Sponsored programs	<u>9.58</u>	6.68	3.85	4.90	4.90	4.30	4.30	5.30	5.60	6.41
	<u>11.58</u>	7.83	5.00	6.00	6.00	6.00	6.00	7.00	7.00	7.81

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police										
Administration	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.27	3.27
Patrol	56.00	56.00	58.48	58.80	58.80	58.80	57.80	57.80	62.80	63.80
Community services	2.45	3.45	3.45	3.45	3.45	3.40	3.40	3.40	3.27	3.27
Auxiliary police	-	-	0.17	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Resource services	2.53	2.53	2.53	2.53	2.53	3.08	3.08	3.08	2.56	2.56
Communication	13.16	13.16	13.16	13.16	13.16	12.84	12.84	12.84	13.16	13.16
Technical services	2.38	2.38	2.38	2.38	2.38	2.44	2.44	2.44	2.03	3.53
Records	5.48	5.48	5.48	5.48	5.48	5.24	5.24	5.24	2.71	3.21
Major crime	10.10	10.40	10.40	10.25	10.25	10.25	10.25	10.25	10.25	9.25
Narcotics/vice	7.30	7.30	5.40	5.30	5.30	5.30	6.30	6.30	5.30	5.30
Juvenile	6.60	7.30	7.55	7.45	7.45	7.45	7.45	7.45	8.45	8.45
	<u>110.00</u>	<u>112.00</u>	<u>114.00</u>	<u>116.00</u>						
Fire										
Administration	8.98	9.16	9.16	10.16	10.16	9.16	9.27	9.27	9.38	9.38
Fire prevention	6.98	7.16	7.16	7.16	7.16	7.16	7.27	7.27	7.38	7.38
Emergency/disaster services	20.65	21.28	21.28	21.28	21.28	21.28	21.66	21.66	22.04	22.64
Ambulance	22.74	23.40	23.40	22.40	22.40	23.40	23.80	23.80	24.20	23.60
	<u>59.35</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>62.00</u>	<u>62.00</u>	<u>63.00</u>	<u>63.00</u>
Public Works										
Administration	21.11	19.98	20.65	20.70	20.70	21.39	19.61	19.62	19.62	18.62
Street maintenance & repair	7.69	7.57	8.22	9.00	9.00	7.40	7.53	7.86	14.24	15.76
Snow & ice control	0.64	0.64	0.68	0.73	0.73	0.65	0.69	0.75	0.79	0.79
Refuse collection	8.02	8.02	8.02	8.02	8.02	6.97	9.62	9.62	9.85	10.10
Levee/ROW maintenance	5.92	6.01	6.52	7.78	7.78	7.60	7.30	6.74	6.74	7.65
Water distribution	13.68	14.28	14.28	14.03	14.03	14.25	14.60	14.60	13.06	14.08
Wastewater collection	3.67	2.87	2.87	2.90	2.90	2.79	2.80	4.24	4.24	4.07
Motor vehicle parking	1.38	1.53	1.53	1.58	1.58	2.83	2.96	2.82	2.40	2.40
Water treatment	10.68	10.98	11.08	10.98	10.98	11.12	11.12	10.62	10.64	10.64
Wastewater treatment	9.68	9.08	9.68	9.58	9.58	9.72	9.72	9.72	9.70	9.69
Fleet services	9.15	9.15	9.15	9.20	9.20	9.25	9.25	9.34	9.40	9.80
Electrical maintenance	2.55	2.45	2.45	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering services	10.28	10.55	10.98	10.98	9.25	9.51	10.54	10.33	5.22	3.14
Building maintenance	2.00	2.10	1.95	1.20	1.20	1.70	1.55	1.45	1.45	1.45
Sunset Marina	1.24	1.24	1.24	1.24	1.24	1.86	2.31	2.39	2.39	2.39
Hydroelectric	0.15	0.15	0.30	0.25	0.25	-	-	-	-	-
Stormwater	5.95	7.13	7.13	6.56	6.56	5.96	4.40	4.40	2.92	2.92
Centennial Bridge	-	-	-	-	-	-	-	-	0.84	5.16
	<u>113.79</u>	<u>113.73</u>	<u>116.73</u>	<u>117.73</u>	<u>116.00</u>	<u>116.00</u>	<u>117.00</u>	<u>117.50</u>	<u>116.50</u>	<u>121.66</u>
Parks & Recreation										
Administration	2.20	2.25	3.50	3.50	3.50	3.50	3.28	3.36	3.00	3.44
Park maintenance	16.08	15.17	18.02	19.16	19.16	17.03	13.46	13.46	16.37	16.87
Recreation programs	14.02	11.23	15.88	16.63	16.63	16.47	17.60	17.03	15.00	15.76
Highland Springs Golf	13.98	14.18	14.41	14.41	14.41	14.45	13.93	13.75	16.24	15.23
Saukie Golf	9.64	9.66	10.28	10.28	10.28	10.34	10.11	10.14	11.36	10.97
Golf Pro Shop	0.14	0.14	0.26	0.26	0.26	0.26	0.57	0.57	0.50	0.43
Whitewater Junction	7.09	7.09	8.57	8.25	8.25	8.06	7.35	6.47	6.60	5.43
RI Fitness Center	15.66	17.01	15.80	14.67	14.67	14.43	13.56	16.12	14.79	13.62
Riverfront Park	2.17	1.77	-	-	-	-	-	-	-	-
	<u>80.98</u>	<u>78.50</u>	<u>86.72</u>	<u>87.16</u>	<u>87.16</u>	<u>84.54</u>	<u>79.86</u>	<u>80.90</u>	<u>83.86</u>	<u>81.75</u>

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Library										
Administration	1.91	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Main library	21.28	22.36	22.08	21.38	21.38	21.38	21.38	21.05	21.80	21.80
30/31 library	3.82	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50
Southwest library	3.10	<u>3.25</u>	<u>3.25</u>	<u>3.87</u>	<u>3.87</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>4.25</u>	<u>4.25</u>
	30.11	<u>31.61</u>	<u>31.33</u>	<u>31.25</u>	<u>31.25</u>	<u>30.13</u>	<u>30.13</u>	<u>29.80</u>	<u>31.55</u>	<u>31.55</u>
Total	460.23	<u>460.14</u>	<u>466.74</u>	<u>470.57</u>	<u>468.84</u>	<u>466.10</u>	<u>460.99</u>	<u>460.20</u>	<u>467.49</u>	<u>475.77</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Function/Program	2003	2004	2005	2006
Police				
Calls for service	47,693	44,826	47,050	44,563
Adult arrest	4,842	4,625	4,444	4,381
Juvenile arrest	1,031	1,038	973	994
Speeding citations only	1,744	1,659	1,539	1,255
Traffic citations	9,875	8,566	7,393	6,515
Fire				
Total fire runs	1,184	1,194	1,311	1,339
Total rescue runs	2,979	3,123	3,367	3,179
Property loss	\$ 866,500	\$ 882,752	\$ 700,520	\$ 429,350
Public Works				
Garbage collected (ton)	17,214	19,207	18,719	17,978
Other collected (ton)	4,102	2,626	3,137	1,622
Water average daily treatment (millions of gallons)	5.11	5.11	4.82	5.33
Wastewater average daily treatment (millions of gallons)	8.58	7.09	8.22	6.14
Library, volumes in collection	207,512	205,669	215,594	227,512
Parks and Recreation				
RIFAC memberships	2,863	2,727	2,678	2,748
Aquatics program attendance	-	39,107	26,027	37,929
Golf rounds played	66,716	65,508	67,788	66,967
Recreation programs offered	412	350	173	203
Park maintenance hours	39,420	39,420	40,000	41,500

Source: City records

Note: ** Indicator not available

Calendar Year				
2007	2008	2009	2010	2011
47,200	47,317	47,317	32,897	28,032
4,738	4,299	4,299	3,069	2,903
876	937	937	800	617
1,255	1,884	1,884	1,536	849
8,750	8,857	8,857	7,105	5,990
1,487	1,550	1,617	1,420	1,482
4,068	4,898	4,798	4,973	4,562
\$ 429,350	\$ 670,009	\$ 1,385,260	\$ 5,609,267	\$ 1,652,466
16,800	18,900	18,900	17,750	15,778
1,953	2,761	2,761	2,298	2,200
5.30	5.12	5.28	5.00	5.50
7.45	8.85	10.64	12.00	11.14
241,113	254,126	254,126	247,414	249,218
2,670	2,650	2,554	2,685	2,717
29,839	29,222	29,222	29,415	29,451
56,000	48,000	50,918	55,586	52,196
217	287	304	417	395
41,500	41,500	**	**	**

CITY OF ROCK ISLAND, ILLINOIS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2012
(UNAUDITED)

Function/Program	2003	2004	2005	2006
Police and fire				
Police stations	1	1	1	1
Fire stations	4	4	4	4
Electrical maintenance				
Traffic signaled intersections	60	60	60	62
Warning lights	17	17	17	17
Street lights	992	1,103	1,103	1,157
Mobile radios	225	225	225	225
Municipal vehicle parking system				
Parking lot/ramp spaces	1,262	1,352	1,352	1,352
On-street parking	1,249	1,350	1,375	1,375
Parking meters	150	148	144	140
Highways and streets				
Miles of streets	165	166	166	166
Refuse disposal				
Refuse trucks	6	6	5	5
Libraries				
Facilities	3	3	3	3
Volumes	272,000	214,235	223,265	222,755
Waterworks				
Storage capacity (MGPD)	12	12	12	12
Average water treated (MGPD)	5.30	4.82	5.33	5.00
Miles of water main	221	222	224	224
Fire hydrants	1,778	1,899	1,899	1,902
Control valves	4,180	4,225	4,225	4,230
Wastewater treatment				
Storage capacity (MGPD)	9.50	9.50	9.50	9.50
Average wastewater treated (MGPD)	8.40	8.22	6.14	6.41
Sanitary sewers (miles)	250	250	250	250
Storm sewers (miles)	95	95	95	95
Stormwater catch basins	3,667	3,667	3,667	3,667
Stormwater				
Stormsewer mains (miles)	n/a	99	103	104
Stormwater catch basins	n/a	4,678	4,929	4,931
Total raingardens	n/a	4	21	88
Total raingardens (sq ft)	n/a	1,486	14,494	34,245
Parks & recreation				
Acreage	900	900	900	900
Playgrounds	23	23	23	23
Golf course	2	2	2	2
Swimming pools	2	2	2	2
Sunset marina				
Summer slips available	465	473	473	473
Winter storage available	250	250	250	250
Housing and community development loans				
CIRLF Loans	15	9	14	12
TIF District Projects	16	15	12	14
Agencies receiving funding	15	14	11	11

Source: City records

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
4	4	4	4	4	4
62	62	62	64	64	64
17	17	17	16	16	18
1,157	1,157	1,157	1,204	1,204	1,204
225	225	225	214	214	214
1,352	1,352	1,352	1,352	1,352	1,352
1,375	1,375	1,375	1,375	1,375	1,375
140	140	140	100	92	92
166	166	166	166	166	166
6	6	6	6	6	6
3	3	3	3	3	3
225,000	231,188	238,805	254,126	247,414	249,218
12	12	12	12	12	12
5.00	5.00	5.12	5.35	5.00	6.00
226	226	228	228	228	228
1,915	1,915	1,928	1,932	1,928	1,929
4,251	4,251	4,315	4,327	4,315	4,322
9.50	9.50	9.50	17.50	18.00	17.50
7.10	8.60	8.85	10.90	12.00	11.10
250	250	250	250	185	185
95	95	95	95	95	95
3,667	3,667	3,667	3,667	3,667	3,667
104	104	115	115	115	115
4,956	4,956	4,947	4,947	4,947	4,947
159	46	156	192	192	210
55,119	71,674	57,610	69,428	67,926	73,510
900	900	900	900	900	900
23	23	23	23	24	25
2	2	2	2	2	2
2	2	2	2	2	2
473	473	473	473	473	473
250	250	250	250	250	250
12	8	10	8	10	11
25	25	22	15	15	17
12	12	9	9	9	9



ROCK ISLAND
ILLINOIS



CPAs & BUSINESS ADVISORS

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

To the Honorable Mayor and
Members of the City Council
City of Rock Island, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rock Island, Illinois, (City) as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 19, 2012. 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.

Other auditors audited the financial statements of the Rock Island Public Library Foundation, a discretely presented component unit. The financial statements of the Rock Island Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying schedule of findings and questioned costs as item II-A-12 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

We noted certain other matters that we reported to management of the City in a separate letter dated September 19, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in dark ink and is positioned above the typed name and date.

Dubuque, Iowa
September 19, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and
Members of the City Council
City of Rock Island, Illinois

Compliance

We have audited the compliance of the City of Rock Island, Illinois, (City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended March 31, 2012. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Rock Island, Illinois, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

Internal Control Over Compliance

The management of the City of Rock Island, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item III-A-12 and III-B-12. 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.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
September 19, 2012

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture: Pass-Through Program From: Illinois State Board of Education: Summer Food Service Program for Children	10.559	49081019P00	\$ <u>18,423</u>
U.S. Department of Housing and Urban Development: Direct Program: Community Development Block Grants/ Entitlement Grants	14.218		1,597,612
Pass-Through Program From: Illinois Housing Development Authority: Community Development Block Grants/ State's Program and Non- Entitlement Grants in Hawaii	14.228	B-08-DN-17-0001	612,868
Rock Island Growth Corporation: ARRA-Neighborhood Stabilization Program (Recovery Act Funded)	14.256		197,275
Direct Program: Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>272,837</u>
Total U.S. Department of Housing and Urban Development			<u>2,680,592</u>
U.S. Department of the Interior: Pass-Through Program From: Illinois Department of Natural Resources: Sportfishing and Boating Safety Act	15.622	Appl #20125008	<u>157,729</u>

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Direct Program:			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541		\$ 64,925
Public Safety Partnership and Community Policing Grants	16.710		100
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>39,008</u>
Total U.S. Department of Justice			<u>104,033</u>
U.S. Department of Transportation:			
Pass-Through Program From:			
Illinois Department of Transportation: Highway Planning and Construction	20.205	SBIL-IL05 (009)	<u>181,853</u>
Highway Safety Cluster:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	AL2-4970-086	29,294
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	AL1-4970-080	35,155
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	AL0-4970-153	756
Total Highway Safety Cluster			<u>65,205</u>
Total U.S. Department of Transportation			<u>247,058</u>
U.S. Environmental Protection Agency:			
Direct Program:			
ARRA-Brownfields Assessment and Cleanup Cooperative Agreements	66.818		4,583
ARRA-Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>223,240</u>
			<u>227,823</u>

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Illinois Department of Human Services:			
Temporary Assistance for Needy Families	93.558	K11GK335860	\$ 104,267
Block Grants for Prevention and Treatment of Substance Abuse	93.959	K11GK335562	<u>45,869</u>
Total U.S. Department of Health and Human Services			<u>150,136</u>
U.S. Department of Homeland Security:			
Pass-Through Program From:			
Illinois Emergency Management Agency:			
Public Safety Interoperable Communications Grant Program	11.555	07NBROCK1	4,450
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1960 DR IL	<u>56,353</u>
Total U.S. Department of Homeland Security			<u>60,803</u>
Total			<u><u>\$ 3,646,597</u></u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Rock Island, Illinois, provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 558,655

**CITY OF ROCK ISLAND, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2012**

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency identified	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlements Grants
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

**CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012**

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

II-A-12 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows for the preparation of financial statements which are free from material misstatement and presented in conformity with generally accepted accounting principles (GAAP).

Condition – As a result of our audit procedures, we were required to propose material adjustments to the City’s financial statements in the areas of receivables and capital assets.

Cause – The cause of the adjustments appears to be due to lack of thorough review of accounting records when preparing the working trial balance.

Effect – Had the proposed adjustments not been made, the financial statements would have been materially misstated.

Recommendation – We recommend that those responsible for preparation of the working trial balance review accounting records thoroughly in order to obtain all necessary adjustments.

Response – The new finance director places a higher priority on the accuracy of financial reporting and applying generally accepted accounting practices. The goal has been established to complete monthly reviews of all general ledger balance sheets and completing a proper month end close process.

**CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012**

Part III: Findings and Questioned Costs for Federal Awards:

SIGNIFICANT DEFICIENCIES

**CFDA Number 14.218: Community Development Block Grants/Entitlement Grants
Agency Number: B-10-MC-17-0021
U.S. Department of Housing and Urban Development**

III-A-12 Reporting

Criteria – The provisions of the grant agreement require the City to prepare a Consolidated Annual Performance Evaluation Report (CAPER) and file it within 90 days of the City’s year end. In addition the City is required to file HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons* within the same time frame.

Condition – The City did not complete either of these reports for the year ended June 30, 2012, in the required timeframe.

Cause – The City had a significant loss of staff in the Community and Economic Development Department during the year and therefore did not have a sufficient system of internal control over reporting to ensure that the reports were filed properly.

Effect – The required reporting was not filed with the Department of Housing and Urban Development.

Recommendation – In the future, the City should ensure staff performing grant functions are aware of all grant requirements and sufficient personnel are in place to complete the required reports.

Response – The vacant position has recently been filled within the Community and Economic Development Department. In addition, the Finance Department is now aware of this reporting requirement and has charged the Accounting Supervisor with monitoring for the accuracy and completion of this reporting requirement.

III-B-12 Cash Management

Criteria – A properly designed system of internal control over cash management of federal awards allows for the timely and proper request for reimbursement of funds expended for allowable costs of a grant.

Condition – The City did not file all requests for reimbursement of grant expenditures on a timely basis, and some of the requests were for improper amounts because a reconciliation between the amounts requested and the amounts actually expended was not performed. In addition, had the annual reconciliation not been performed by Eide Bailly as part of our audit procedures, it is possible that some of the expenditures incurred by the City would not have been submitted for reimbursement.

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Cause – The City had a significant loss of staff in the Community and Economic Development Department during the year and therefore did not have a sufficient system of internal control over cash management to ensure that requests for reimbursement were filed timely and properly.

Effect – Had the situation not been rectified as a result of independent audit procedures, the City may not have recovered some of the allowable costs of the program.

Recommendation – In the future, the City should ensure that staff performing grant functions are aware of all grant requirements and sufficient personnel are in place to properly complete the requests for reimbursement of allowable expenditures on a timely basis.

Response – The vacant position has recently been filled within the Community and Economic Development Department. In addition, one of the steps within the monthly close process to be implemented by the Finance Department will be reviewing for appropriate expense reimbursement by grant funds.



ROCK ISLAND
ILLINOIS