

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2010



ROCK ISLAND
ILLINOIS

Prepared by:
Finance Department
William S. Scott, Finance Director

CITY OF ROCK ISLAND, ILLINOIS

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September 21, 2010

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

We are pleased to present the 2009-2010 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. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City's management. This report is the eighth 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, 2010.

Profile Of The City

Rock Island, located in western Illinois along the Mississippi River, was incorporated in 1847. The 2000 census population was 39,684. 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 436,672. 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 59 full-time personnel. The City negotiates with the following bargaining units: Fraternal Order of Police (65 employees, contract expired March 21, 2010); Police Command (16 employees, contract expires March 20, 2011); Fire Fighters (57 employees, contract expires March 20, 2011); Library (12 full-time employees and 25 part-time employees, UAW contract expired March 22, 2010); Public Works (72 employees, AFSME A contract expired March 21, 2010), and Office/Professional 77 employees, AFSME B contract expired March 21, 2010). 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 operating transfers out can exceed budgeted amounts without violating any state laws. Spending and administrative control of expenditures and operating 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, 7ly Arts 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 Rail 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 is expected to start construction on its next major project in the fall of 2010, the Jackson Square development which will convert a former petroleum products distribution facility into 30 units of housing. The \$8.5 million project is targeted for completion in fall of 2011.

The new Jumer's Casino completed its first full year of operation in December 2009. 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. During the first year of operation, the casino generated \$70 million in gaming business, was visited by over 1.2 million people and more than doubled its share of the local gaming market.

Financial Planning

The proposed 2009/2010 budget plan was triggered by the annual council goal setting session in September 2008. Below are the highest ranked items from this 2009/2010 policy agenda:

Top priorities

- Encourage development in conjunction with the new Jumer's Casino in Southwest Rock Island
- Support Columbia Park Development
- Encourage retail development along the Blackhawk Road Corridor
- Pursue opportunities for retail development in Southwest Rock Island
- Consider modifying liquor license ordinances to address late night alcohol related issues
- Re-examine crime fighting strategy to address real and perceived problems of crime

High priorities

- Examine alternative revenue sources to fund the increased costs of City operations
- Support passenger rail service
- Refine economic development focus to help small business
- Encourage Rock Island Arsenal expansion and success
- Facilitate retail development in Campustown area.
- Examine staffing and funding support for the Rental Inspection Program.

The 2009/2010 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 were retained at a high level of quality.
- It included the first year funding of the Five Year Capital Improvement Plan. \$20,212,189 was budgeted in 2009/2010 for capital and infrastructure maintenance projects and a total of \$64,713,997 was planned for the remaining four years. The primary fiscal 2010 capital and maintenance projects were:

• Bicycle paths	\$ 634,000
• Downtown Improvements	240,000
• 24 th Street, 18 – 31 Avenue resurfacing	565,400
• Street improvement program	434,000
• Communications hardware/software	356,143
• Water system main replacement program	278,750
• Sewer system improvements	700,000
• Long-term wastewater control plan	1,500,000
• Park and recreation improvements	1,183,796
• Rock Island Fitness & Activities Center (RIFAC) expansion	3,600,000
• Armory Park construction	6,940,000
• Martin Luther King Jr. Center expansion	<u>2,540,000</u>
	<u>\$18,972,089</u>

- Personnel changes resulted in the decrease of 3.83 full time equivalents.

The City's assessed value has continued to grow. The valuation before exemptions was expected to increase 2.9% from the prior year. This was the nineteenth consecutive year that property values increased. It 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 \$2.35 per \$100 of assessed value. This rate was 43% less than the 1991 property tax rate of \$4.13. The 2009/2010 property tax levy was \$11,014,312. This was an increase of \$309,825 from the 2008/2009 fiscal year property tax extensions and was only 28% more than the 1999 property tax levy.

The average annual tax levy increase has been approximately three 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. The 2010 State deficit of \$13 billion is expected to increase to \$20 billion this year. One result of the state's poor financial condition has been a delay in the distribution of state shared revenue to the City. At March 31, 2010, the State owed the City over \$1 million in income tax receipts. The reported \$1,197,876 loss in the general fund is a direct result of this delay. 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 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 collection 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 2010 Metrolink, the Illinois Quad Cities mass transit service provider, will break ground on 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 the 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

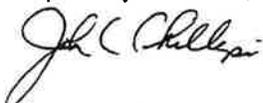
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island for its comprehensive annual financial report for the fiscal year ended March 31, 2009. This was the twenty-third consecutive 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 2008/2009. This was the twenty-second 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 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,



John C. Phillips
City Manager



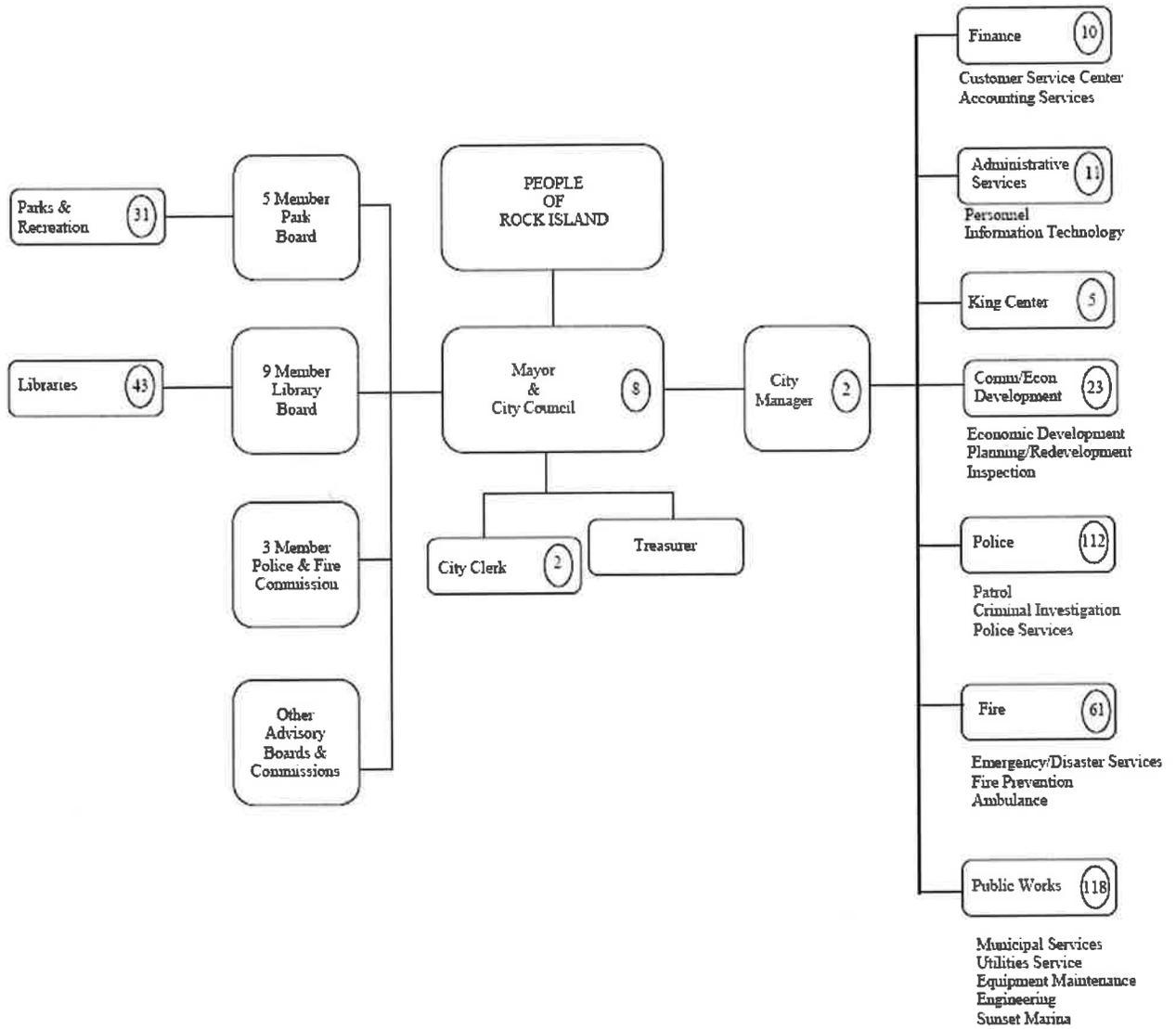
William S. Scott
Finance Director

**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: John C. Phillips	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, 2011 May 1, 2013 May 1, 2011 May 1, 2013 May 1, 2011 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, 2009. 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, 2009

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.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink, reading "Jeffrey R. Emswiler".

Executive Director



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, 2010, 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 represent 74% of the assets, 30% of the revenues, and 75% 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, 2010, 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 21, 2010, 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.

Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Rock Island, Illinois. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
September 21, 2010

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, 2010. 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, 2010, by \$112,523,454. Of this amount \$36,754,081 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 \$7,969,487.

At the close of the fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$29,087,275, an increase of \$1,278,765 in comparison with the prior year. Of this total amount, approximately 87 percent is available for spending at the City's discretion.

At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$7,716,892, or 25 percent of total General Fund expenditures of \$30,948,682.

The City of Rock Island's total long-term liabilities, including compensated absences, increased by \$7,936,925 (29 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, highways and streets, refuse disposal and libraries.

The business-type activities of the City of Rock Island include a water utility, wastewater utility, stormwater utility, park and recreation facilities, Mississippi River marina and community and economic development loans.

The government-wide financial statements include not only the City of Rock Island itself (known as the *primary government*), but also the legally separate Martin Luther King Center and the Rock Island Public Library Foundation for which the City of Rock Island is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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 facilities, 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 hydro-electric 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 hydro-electric 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 \$112,523,454 at the close of the fiscal year ended March 31, 2010.

City of Rock Island's Net Assets
March 31, 2010 and 2009

	Governmental Activities		Business-Type Activites		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$52,923,429	\$47,491,086	\$16,680,850	\$16,459,986	\$69,604,279	\$63,951,072
Capital assets	50,660,311	42,975,273	44,846,003	38,888,630	95,506,314	81,863,903
Total assets	103,583,740	90,466,359	61,526,853	55,348,616	165,110,593	145,814,975
Long-term liabilities	18,348,410	11,791,698	17,389,260	16,009,047	35,737,670	27,800,745
Current liabilities	12,133,772	9,880,756	4,715,697	3,579,507	16,849,469	13,460,263
Total liabilities	30,482,182	21,672,454	22,104,957	19,588,554	52,587,139	41,261,008
Net assets:						
Invested in capital assets	40,129,365	38,536,816	30,884,254	26,844,821	71,013,619	65,381,637
Restricted	4,755,754	2,550,529			4,755,754	2,550,529
Unrestricted	28,216,439	27,706,560	8,537,642	8,915,241	36,754,081	36,621,801
Total net assets	\$73,101,558	\$68,793,905	\$39,421,896	\$35,760,062	\$112,523,454	\$104,553,967

By far the largest portion of the City of Rock Island's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Rock Island used 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 \$36,754,081 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.

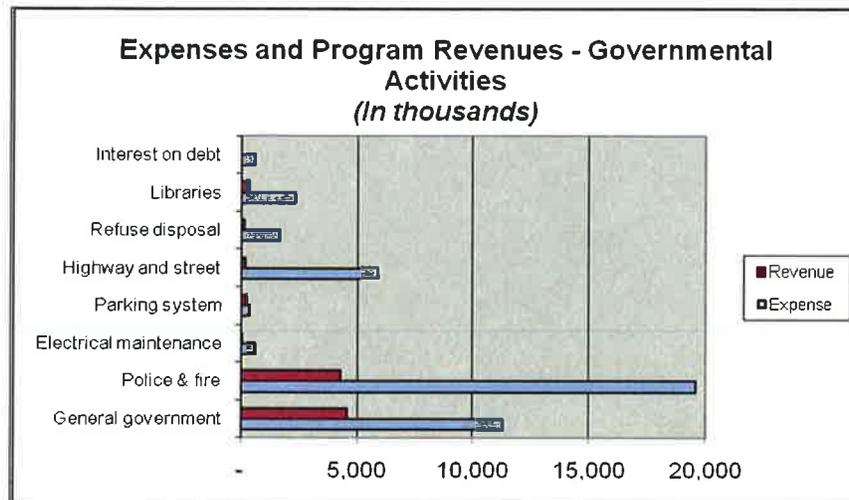
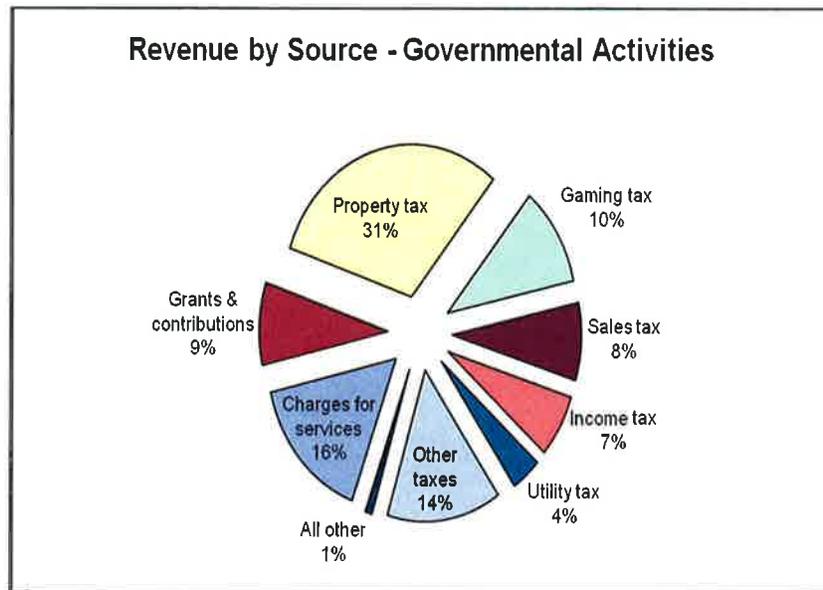
Total net assets increased by \$7,969,487. Governmental activities increased \$4,307,653 and business-type activities increased by \$3,661,834. Net assets of governmental activities increased because actual expenditures general fund operations and TIF projects were less than budgeted. Net assets of business-type funds increased because of rate increases for the water, wastewater and stormwater funds.

Governmental Activities. The net assets attributed to governmental activities increased 6 percent or \$4,307,653. Key elements of this increase are the following:

- Interest earned on investments and loans was \$565,979 less than budget due to declining interest rates for invested cash.
- Actual expenditures were less than budgeted expenditures. General fund expenditures were \$960,611 less than budget with the greatest differences in building (\$228,277), general services (\$223,271) and police (\$579,578) departments.
- Housing and Community Development actual revenue was less than budgeted amount (\$590,859).

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

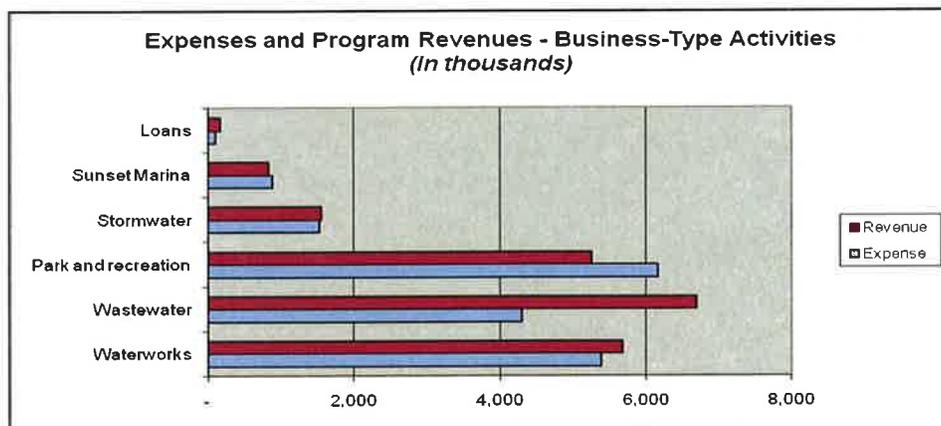
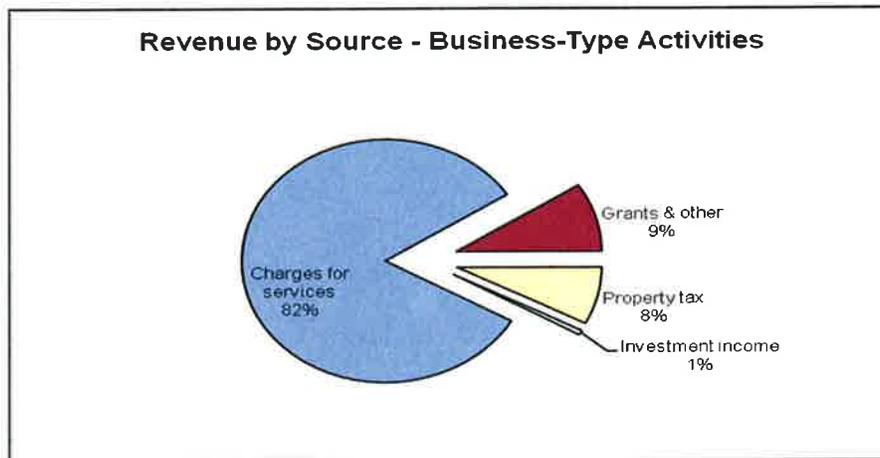
City of Rock Island's Changes in Net Assets						
For the years ending March 31, 2010 and 2009						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for services	\$ 7,393,464	\$ 7,375,540	\$ 18,149,446	\$ 16,934,712	\$ 25,542,910	\$ 24,310,252
Operating grants and contributions	2,478,645	2,307,264	15,723	326,376	2,494,368	2,633,640
Capital grants and contributions	1,631,814	-	2,000,000	-	3,631,814	-
General revenues						
Property taxes	14,363,101	12,329,857	1,689,383	1,691,929	16,052,484	14,021,786
Gaming taxes	4,955,625	3,679,842	-	-	4,955,625	3,679,842
Sales taxes	3,866,877	4,046,545	-	-	3,866,877	4,046,545
Income taxes	3,151,854	3,615,800	-	-	3,151,854	3,615,800
Utility taxes	1,752,772	2,314,220	-	-	1,752,772	2,314,220
Other taxes	6,703,234	7,108,060	-	-	6,703,234	7,108,060
Investment income	347,183	510,487	140,039	168,164	487,222	678,651
Other	59,633	26,899	1,248	-	60,881	26,899
Total revenues	46,704,202	43,314,514	21,995,839	19,121,181	68,700,041	62,435,695
Expenses						
General government	11,305,249	16,858,777	-	-	11,305,249	16,858,777
Police and fire	19,608,468	17,764,363	-	-	19,608,468	17,764,363
Electrical maintenance	585,374	603,178	-	-	585,374	603,178
Municipal vehicle parking system	350,756	181,743	-	-	350,756	181,743
Highways and streets	5,914,981	6,975,777	-	-	5,914,981	6,975,777
Refuse disposal	1,661,963	1,433,656	-	-	1,661,963	1,433,656
Libraries	2,319,225	2,185,185	-	-	2,319,225	2,185,185
Interest on long-term debt	616,283	280,358	-	-	616,283	280,358
Waterworks	-	-	5,381,733	5,432,620	5,381,733	5,432,620
Wastewater treatment	-	-	4,303,243	3,926,401	4,303,243	3,926,401
Park and recreation	-	-	6,169,575	5,968,430	6,169,575	5,968,430
Stormwater	-	-	1,528,442	1,639,184	1,528,442	1,639,184
Sunset Marina	-	-	881,513	863,714	881,513	863,714
Housing and community development loans	-	-	103,749	85,608	103,749	85,608
Total expenses	42,362,299	46,283,037	18,368,255	17,915,957	60,730,554	64,198,994
Increase(decrease) in net assets before transfers	4,341,903	(2,968,523)	3,627,584	1,205,224	7,969,487	(1,763,299)
Transfers	(34,250)	(156,639)	34,250	156,639	-	-
Increase(decrease) in net assets	4,307,653	(3,125,162)	3,661,834	1,361,863	7,969,487	(1,763,299)
Net assets, beginning of year	68,793,905	71,919,067	35,760,062	34,398,199	104,553,967	106,317,266
Net assets, end of year	\$ 73,101,558	\$ 68,793,905	\$ 39,421,896	\$ 35,760,062	\$ 112,523,454	\$ 104,553,967



Business-type activities. Business-type activities increased the City of Rock Island's net assets by \$3,661,834. Following are the key elements:

- Increase in net assets in the Waterworks fund of \$126,626. Actual charges for services increased by \$181,995. Unrestricted net assets are reported as negative \$228,158.
- Increase in net assets in the Wastewater Utility of \$2,366,123 was due to a rate increase and slower than anticipated spending on improvement projects. Unrestricted net assets are reported as \$2,568,641. 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 as required and was subsequently approved by the U.S. 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 Park and Recreation Fund of \$821,965. This is due to the transfer of ownership for the \$2,000,000 Saukie golf course to the City. See note 12.
- Increase in the net assets of the Stormwater Fund of \$32,273. Stormwater rates were increased 3%.

- Decrease in the net assets of the Sunset Marina Fund of \$32,319. Unrestricted net assets are reported as negative \$156,541. Marina rates were increased 3% in July for the 2009 boating season however costs exceeded available revenue.



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, *unreserved 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 \$29,087,275, an increase of \$1,278,765 from the prior year. Approximately 87 percent of this total amount \$25,286,142 constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Management has designated \$524 of unreserved fund balance to liquidate contracts and purchase orders of the prior period. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for notes receivable \$(327,209), assets held for sale \$(2,736,064), advances to other funds (\$736,000), and prepaids \$(1,336).

The General Fund is the chief operating fund of the City of Rock Island. At the end of the current fiscal year, unreserved – undesignated fund balance of the General Fund was \$7,716,892 and total fund balance was \$8,454,586. As a measure of the General Fund’s liquidity, it may be useful to compare unreserved – undesignated fund balance and total fund balance to total fund expenditures. Unreserved – undesignated fund balance represents 25 percent of total General Fund expenditures, while total fund balance represents 27 percent of that same amount.

The fund balance of the City of Rock Island’s General Fund decreased \$1,197,876 during the fiscal year. Key factors in this decrease are explained in the General Fund Budgetary Highlights.

The Riverboat Gaming Fund has a total fund balance of \$4,959,013 all of which is unreserved and 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.

The Public Library Fund has a total fund balance of \$874,061 of which \$874,061 is unreserved. The fund reported a net change in fund balance of \$37,487.

The Tax Increment Financing District Fund continues to show growth in property tax revenue exceeding the budget by \$258,964 or 8 percent. The increase in fund balance of \$3,046,543 is attributed to reduction in expenditures for previously deferred economic development 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 negative \$228,158 for the Waterworks, \$2,568,641 for the Wastewater Treatment, \$3,294,084 for Park and Recreation and \$3,028,455 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

Differences in revenue between the original budget and the final amended budget were primarily due to a four month delay in the distribution of income tax revenue by the State of Illinois. Highlights of General Fund revenue and expenditures are as follows:

Revenue was \$2,565,332 less than the revised budget and expenditures were \$960,611 less than the revised budget.

Income tax distributions from the State were delayed four months. This is the primary reason that income tax receipts were \$1,541,994 less than budget.

Municipal utility tax revenues were \$559,108 less than the revised budget.

Information technology expenditures were \$194,386 less than the final budget.

Highway and street expenditures were \$166,342 more than budget.

Police department expenditures were \$579,578 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, 2010, amounts to \$95,506,314 (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 17 percent or \$13,642,408.

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

- Schwiebert Riverfront Park Project (\$6,658,065)
- RIFAC Expansion (\$2,164,846)
- Saukie Golf Course Donation (\$2,000,000)
- Long Term Control Plan (\$1,828,842)

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$7,792,396	\$7,666,846	\$1,586,476	\$266,476	\$9,378,872	\$7,933,322
Construction-in-progress	3,795,713	1,346,145	5,398,905	1,339,893	9,194,618	2,686,038
Buildings	6,909,856	4,904,794	9,218,164	8,904,412	16,128,020	13,809,206
Machinery and equipment	4,977,401	5,010,663	580,031	721,703	5,557,432	5,732,366
Infrastructure	27,184,945	24,046,827	28,062,427	27,656,147	55,247,372	51,702,974
Total net capital assets	\$50,660,311	\$42,975,275	\$44,846,003	\$38,888,631	\$95,506,314	\$81,863,906

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 \$34,241,667 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. Ninety percent is supported by non-property tax sources.

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.

City of Rock Island's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Compensated absences	\$3,567,029	\$3,601,098	\$1,074,252	\$1,004,860	\$4,641,281	\$4,605,958
General obligation bonds	16,353,200	9,697,600	17,888,467	16,630,733	34,241,667	26,328,333
Unamortized discounts	(101,043)	(99,675)	(154,210)	(155,911)	(255,253)	(255,586)
Unamortized premiums	16,106	6,161	5,955	6,655	22,061	12,816
Other postemployment benefits	1,531,509	766,553	345,541	172,951	1,877,050	939,504
Net pension obligation	357,703	697,105	-	-	357,703	697,105
Total	\$21,724,504	\$14,668,842	\$19,160,005	\$17,659,288	\$40,884,509	\$32,328,130

The City of Rock Island maintains an A1 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 2010 unemployment rate for the City of Rock Island was 12.2 percent. This is a 33% increase from a year ago. This is more than the Illinois unemployment rate of 11.7 percent (a 21% increase from last year) and the U.S. unemployment rate of 10.2 percent (a 12% increase from a year ago).
- The equalized assessed increased at an average rate of 4.0 percent annually for the past 10 years. However, this rate of increase has slowed to 3.2% over the past 5 years and 0.6% 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 reduction in state shared revenue from the income and replacement taxes due to the economic downturn will present significant budgetary challenges for management during fiscal 2011. Management believes these challenges can be met and quality services can continue to be provided for City residents.

All of these factors were considered in preparing the City of Rock Island's balanced budget for the 2010 fiscal year. Management anticipates that actual revenue and expenditures will closely approximate budgeted revenue and expenditures for fiscal 2010.

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 addressed 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.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET ASSETS
MARCH 31, 2010

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	\$ 27,154,626	\$ 10,285,715	\$ 37,440,341	\$ 512,035	\$ 1,706,256
Receivables, net					
Taxes	15,534,441	1,691,404	17,225,845	-	-
Accounts, net of allowance for uncollectibles of \$2,072,421	1,078,192	1,172,157	2,250,349	-	-
Estimated unbilled usage	71,617	2,026,361	2,097,978	-	-
Accrued interest	67,504	21,469	88,973	378	23
Current portion of notes receivable, net of allowance for uncollectibles of \$175,864	5,453	280,732	286,185	-	-
Special assessments	213,718	-	213,718	-	-
Other	14,809	-	14,809	-	-
Internal balances	818,817	(818,817)	-	-	-
Assets held for resale	2,736,064	34,593	2,770,657	-	-
Due from other governmental agencies	4,493,755	40	4,493,795	89,337	-
Inventories	411,341	26,767	438,108	-	-
Prepaid items	1,336	-	1,336	-	1,040
Total Current Assets	<u>52,601,673</u>	<u>14,720,421</u>	<u>67,322,094</u>	<u>601,750</u>	<u>1,707,319</u>
NONCURRENT ASSETS					
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$2,489,465	<u>321,756</u>	<u>1,960,429</u>	<u>2,282,185</u>	<u>-</u>	<u>-</u>
Capital Assets					
Land	7,792,396	1,586,476	9,378,872	-	-
Buildings and improvements	14,577,977	13,911,581	28,489,558	-	-
Equipment	12,785,896	2,778,200	15,564,096	-	3,984
Infrastructure	55,695,469	76,395,679	132,091,148	-	-
Construction in progress	3,795,713	5,398,905	9,194,618	-	-
Accumulated depreciation	<u>(43,987,140)</u>	<u>(55,224,838)</u>	<u>(99,211,978)</u>	<u>-</u>	<u>(3,138)</u>
Net capital assets	<u>50,660,311</u>	<u>44,846,003</u>	<u>95,506,314</u>	<u>-</u>	<u>846</u>
Total Noncurrent Assets	<u>50,982,067</u>	<u>46,806,432</u>	<u>97,788,499</u>	<u>-</u>	<u>846</u>
Total Assets	<u>103,583,740</u>	<u>61,526,853</u>	<u>165,110,593</u>	<u>601,750</u>	<u>1,708,165</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET ASSETS
MARCH 31, 2010

Exhibit 1
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,878,092	\$ 1,808,428	\$ 3,686,520	\$ 14,201	\$ -
Retainage payable	522,413	180,347	702,760	-	-
Deposits payable	237,682	150	237,832	-	-
Claims payable	871,280	-	871,280	-	-
Accrued wages and benefits	599,182	164,553	763,735	10,403	-
Compensated absences	1,935,794	404,378	2,340,172	-	-
Accrued pension contribution	4,232,203	-	4,232,203	-	-
Accrued interest payable	402,945	271,729	674,674	-	-
Unearned revenue	13,881	519,745	533,626	-	-
General obligation bonds	1,440,300	1,366,367	2,806,667	-	-
Total Current Liabilities	<u>12,133,772</u>	<u>4,715,697</u>	<u>16,849,469</u>	<u>24,604</u>	<u>-</u>
NONCURRENT LIABILITIES					
General obligation bonds	14,912,900	16,522,100	31,435,000	-	-
Unamortized discounts	(101,043)	(154,210)	(255,253)	-	-
Unamortized premiums	16,106	5,955	22,061	-	-
Net pension obligation	357,703	-	357,703	-	-
Other postemployment benefits	1,531,509	345,541	1,877,050	-	-
Compensated absences	1,631,235	669,874	2,301,109	-	-
Total Noncurrent Liabilities	<u>18,348,410</u>	<u>17,389,260</u>	<u>35,737,670</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>30,482,182</u>	<u>22,104,957</u>	<u>52,587,139</u>	<u>24,604</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt	40,129,365	30,884,254	71,013,619	-	846
Restricted for					
Library, nonexpendable	-	-	-	-	1,681,315
Tax increment financing	4,501,286	-	4,501,286	-	-
Motor fuel taxes	6,098	-	6,098	-	-
Debt service	248,370	-	248,370	-	-
Unrestricted	28,216,439	8,537,642	36,754,081	577,146	26,004
Total Net Assets	<u>\$ 73,101,558</u>	<u>\$ 39,421,896</u>	<u>\$ 112,523,454</u>	<u>\$ 577,146</u>	<u>\$ 1,708,165</u>

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 11,305,249	\$ 3,056,182	\$ 2,102,695	\$ -
Police and fire	19,608,468	3,578,985	191,659	-
Electrical maintenance	585,374	24,152	-	-
Municipal vehicle parking system	350,756	207,623	-	-
Highways and streets	5,914,981	131,511	128,085	1,631,814
Refuse disposal	1,661,963	182,614	-	-
Libraries	2,319,225	212,397	56,206	-
Interest on long-term debt	616,283	-	-	-
Total governmental activities	<u>42,362,299</u>	<u>7,393,464</u>	<u>2,478,645</u>	<u>1,631,814</u>
Business-type activities				
Waterworks	5,381,733	5,670,815	-	-
Wastewater treatment	4,303,243	6,687,063	-	-
Park and recreation	6,169,575	3,235,998	15,723	2,000,000
Stormwater	1,528,442	1,561,805	-	-
Sunset Marina	881,513	834,026	-	-
Housing and community development loans	103,749	159,739	-	-
Total business-type activities	<u>18,368,255</u>	<u>18,149,446</u>	<u>15,723</u>	<u>2,000,000</u>
Total primary government	<u>\$ 60,730,554</u>	<u>\$ 25,542,910</u>	<u>\$ 2,494,368</u>	<u>\$ 3,631,814</u>
Component units				
Martin Luther King Center	\$ 451,922	\$ 4,497	\$ 692,402	\$ -
Rock Island Public Library Foundation	43,429	-	18,740	-
Total component units	<u>\$ 495,351</u>	<u>\$ 4,497</u>	<u>\$ 711,142</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
\$ (6,146,372)	\$ -	\$ (6,146,372)	\$ -	\$ -
(15,837,824)	-	(15,837,824)	-	-
(561,222)	-	(561,222)	-	-
(143,133)	-	(143,133)	-	-
(4,023,571)	-	(4,023,571)	-	-
(1,479,349)	-	(1,479,349)	-	-
(2,050,622)	-	(2,050,622)	-	-
(616,283)	-	(616,283)	-	-
<u>(30,858,376)</u>	<u>-</u>	<u>(30,858,376)</u>	<u>-</u>	<u>-</u>
-	289,082	289,082	-	-
-	2,383,820	2,383,820	-	-
-	(917,854)	(917,854)	-	-
-	33,363	33,363	-	-
-	(47,487)	(47,487)	-	-
-	55,990	55,990	-	-
-	<u>1,796,914</u>	<u>1,796,914</u>	<u>-</u>	<u>-</u>
<u>\$ (30,858,376)</u>	<u>\$ 1,796,914</u>	<u>\$ (29,061,462)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 244,977	\$ -
-	-	-	-	(24,689)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,977</u>	<u>\$ (24,689)</u>
\$ 14,363,101	\$ 1,689,383	\$ 16,052,484	\$ -	\$ -
4,955,625	-	4,955,625	-	-
3,866,877	-	3,866,877	-	-
3,151,854	-	3,151,854	-	-
1,752,772	-	1,752,772	-	-
2,450,551	-	2,450,551	-	-
1,285,757	-	1,285,757	-	-
1,001,508	-	1,001,508	-	-
478,407	-	478,407	-	-
1,487,011	-	1,487,011	-	-
347,183	140,039	487,222	1,595	316,718
8,638	1,248	9,886	-	-
50,995	-	50,995	81,243	-
(34,250)	34,250	-	-	-
<u>35,166,029</u>	<u>1,864,920</u>	<u>37,030,949</u>	<u>82,838</u>	<u>316,718</u>
4,307,653	3,661,834	7,969,487	327,815	292,029
68,793,905	35,760,062	104,553,967	249,331	1,416,136
<u>\$ 73,101,558</u>	<u>\$ 39,421,896</u>	<u>\$ 112,523,454</u>	<u>\$ 577,146</u>	<u>\$ 1,708,165</u>

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2010

	Special Revenue Funds		
	General Fund	Public Library Fund	TIF Fund
ASSETS			
Cash and investments	\$ 4,737,162	\$ 942,598	\$ 2,987,613
Receivables, net			
Taxes	8,376,643	1,901,731	4,949,949
Accounts, net of allowance for uncollectibles of \$1,645,450	1,005,877	-	-
Estimated unbilled usage	71,617	-	-
Accrued interest	12,934	2,055	4,828
Notes, net of allowance for uncollectibles of \$1,394,833	-	-	327,209
Special assessments	-	-	-
Assets held for resale	-	-	1,310,977
Due from other funds	904,490	-	4,516
Due from other governmental agencies	2,440,843	-	-
Advance to other funds	736,000	-	-
Prepays	1,336	-	-
Total Assets	<u>\$ 18,286,902</u>	<u>\$ 2,846,384</u>	<u>\$ 9,585,092</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 445,759	\$ 30,094	\$ 126,456
Retainage payable	-	-	-
Interest payable	-	-	-
Deposits payable	-	-	-
Accrued wages and benefits	475,990	40,498	2,885
Due to other funds	13,977	-	4,516
Deferred revenue			
Property tax	7,293,542	1,901,731	4,949,949
Other	1,603,048	-	-
Total Liabilities	<u>9,832,316</u>	<u>1,972,323</u>	<u>5,083,806</u>
FUND BALANCES			
Reserved for			
Encumbrances	358	-	-
Notes receivable	-	-	327,209
Assets held for resale	-	-	1,310,977
Advance to other funds	736,000	-	-
Prepays	1,336	-	-
Unreserved, undesignated			
General fund	7,716,892	-	-
Special revenue funds	-	874,061	2,863,100
Debt service fund	-	-	-
Capital projects fund	-	-	-
Total Fund Balances	<u>8,454,586</u>	<u>874,061</u>	<u>4,501,286</u>
Total Liabilities and Fund Balances	<u>\$ 18,286,902</u>	<u>\$ 2,846,384</u>	<u>\$ 9,585,092</u>

See notes to financial statements.

ds			
<u>Riverboat Gaming Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,281,323	\$ 5,941,256	\$ 4,177,213	\$ 23,067,165
-	-	306,118	15,534,441
-	-	72,315	1,078,192
-	-	-	71,617
6,166	9,077	25,766	60,826
-	-	-	327,209
-	-	213,718	213,718
-	-	1,425,087	2,736,064
-	-	44,627	953,633
671,524	128,085	1,248,398	4,488,850
-	-	-	736,000
-	-	-	1,336
<u>\$ 4,959,013</u>	<u>\$ 6,078,418</u>	<u>\$ 7,513,242</u>	<u>\$ 49,269,051</u>
\$ -	\$ 234,932	\$ 214,125	\$ 1,051,366
-	522,413	-	522,413
-	-	75	75
-	-	237,682	237,682
-	-	29,545	548,918
-	-	935,140	953,633
-	-	235,968	14,381,190
-	-	883,451	2,486,499
<u>-</u>	<u>757,345</u>	<u>2,535,986</u>	<u>20,181,776</u>
-	-	166	524
-	-	-	327,209
-	-	1,425,087	2,736,064
-	-	-	736,000
-	-	-	1,336
-	-	-	7,716,892
4,959,013	-	3,303,633	11,999,807
-	-	248,370	248,370
-	5,321,073	-	5,321,073
<u>4,959,013</u>	<u>5,321,073</u>	<u>4,977,256</u>	<u>29,087,275</u>
<u>\$ 4,959,013</u>	<u>\$ 6,078,418</u>	<u>\$ 7,513,242</u>	<u>\$ 49,269,051</u>

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2010

Exhibit 3-1

Total governmental fund balances	\$ 29,087,275
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	\$ 7,774,896
Construction in progress	3,795,713
Equipment	3,021,173
Buildings and other improvements	70,125,085
Accumulated depreciation	<u>(37,634,081)</u>
	47,082,786
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.	16,853,808
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.	6,103,948
Internal service funds allocated to business-type activities	49,317
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	(16,353,200)
Bond discounts	101,043
Bond premiums	(16,106)
Accrued interest on the bonds	(402,494)
Compensated absences	(3,283,404)
Accrued pension contribution	(4,232,203)
Net pension obligation	(357,703)
Other postemployment benefits	<u>(1,531,509)</u>
	<u>(26,075,576)</u>
Net assets of governmental activities	<u>\$ 73,101,558</u>

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH, 31 2010

	Special Revenue Funds		
	General Fund	Public Library Fund	TIF Fund
REVENUES			
Property taxes	\$ 7,125,692	\$ 1,898,461	\$ 3,065,482
Other taxes	13,100,516	-	-
Fines and fees	420,062	53,268	-
Intergovernmental	146,148	48,010	-
Charges for services	5,744,143	224,739	-
Interest	43,714	8,948	17,410
Licenses and permits	719,378	-	-
Contributions	5,689	8,196	-
Other	43,804	1,656	2,354
Total revenues	<u>27,349,146</u>	<u>2,243,278</u>	<u>3,085,246</u>
EXPENDITURES			
Current			
General government	5,032,251	-	1,098,513
Police and fire	19,442,894	-	-
Electrical maintenance	587,492	-	-
Municipal vehicle parking system	181,204	-	-
Highways and streets	4,029,412	-	-
Refuse disposal	1,675,429	-	-
Libraries	-	2,203,791	-
Capital outlay	-	2,000	125,104
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>30,948,682</u>	<u>2,205,791</u>	<u>1,223,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,599,536)</u>	<u>37,487</u>	<u>1,861,629</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	1,840,000
Premium on bonds sold	-	-	-
Discount on bonds sold	-	-	(8,881)
Transfers from other funds	2,469,835	-	-
Transfers to other funds	(68,175)	-	(646,205)
Total Other Financing Sources (Uses)	<u>2,401,660</u>	<u>-</u>	<u>1,184,914</u>
NET CHANGE IN FUND BALANCES	(1,197,876)	37,487	3,046,543
FUND BALANCES, BEGINNING	<u>9,652,462</u>	<u>836,574</u>	<u>1,454,743</u>
FUND BALANCES, ENDING	<u>\$ 8,454,586</u>	<u>\$ 874,061</u>	<u>\$ 4,501,286</u>

See notes to financial statements.

Riverboat Gaming Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 232,884	\$ 12,322,519
4,955,625	-	1,327,422	19,383,563
-	-	12,000	485,330
-	128,085	1,570,753	1,892,996
-	16,255	208,279	6,193,416
37,603	126,047	116,899	350,621
-	-	-	719,378
-	456,452	9,343	479,680
-	171,430	6,970	226,214
<u>4,993,228</u>	<u>898,269</u>	<u>3,484,550</u>	<u>42,053,717</u>
-	2,144	3,793,238	9,926,146
-	-	-	19,442,894
-	-	-	587,492
-	-	-	181,204
-	-	660,973	4,690,385
-	-	-	1,675,429
-	-	-	2,203,791
-	7,607,218	651,319	8,385,641
-	-	1,104,400	1,104,400
-	-	334,016	334,016
<u>-</u>	<u>7,609,362</u>	<u>6,543,946</u>	<u>48,531,398</u>
<u>4,993,228</u>	<u>(6,711,093)</u>	<u>(3,059,396)</u>	<u>(6,477,681)</u>
-	5,920,000	-	7,760,000
-	10,594	-	10,594
-	(2,017)	-	(10,898)
-	594,755	2,878,406	5,942,996
(2,763,168)	(495,000)	(1,973,698)	(5,946,246)
<u>(2,763,168)</u>	<u>6,028,332</u>	<u>904,708</u>	<u>7,756,446</u>
2,230,060	(682,761)	(2,154,688)	1,278,765
<u>2,728,953</u>	<u>6,003,834</u>	<u>7,131,944</u>	<u>27,808,510</u>
<u>\$ 4,959,013</u>	<u>\$ 5,321,073</u>	<u>\$ 4,977,256</u>	<u>\$ 29,087,275</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, 2010**

Net change in fund balances - total governmental funds \$ 1,278,765

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	\$ 9,047,748	
Loss on disposal	(5,805)	
Depreciation expense	<u>(1,466,508)</u>	
		7,575,435

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:

3,584,342

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, proceeds exceeded payments by:

(6,655,600)

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	281,958	
Bond discounts	8,577	
Compensated absences	(46,908)	
Accrued pension contribution	728,073	
Net pension obligation	(339,402)	
Other postemployment benefits	<u>764,956</u>	
Total additional expenses		(1,397,254)

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.

1,727

Change in internal service fund allocation to business-type activities

(79,762)

Change in net assets of governmental activities on the statement of activities

\$ 4,307,653

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
PROPRIETARY FUNDS
MARCH 31, 2010

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 816	\$ 4,583,263
Receivables, net		
Taxes	-	-
Accounts, net of allowance for uncollectibles of \$423,233	485,648	442,294
Estimated unbilled usage	773,989	1,035,501
Accrued interest	1,042	17,947
Current portion of notes receivable, net of allowance for uncollectibles of \$175,863	-	-
Other, net of allowance for uncollectibles of \$48,384	-	-
Due from other funds	-	-
Due from other governmental agencies	-	-
Inventories	-	-
Assets held for resale	-	-
	<u>1,261,495</u>	<u>6,079,005</u>
Total Current Assets		
NONCURRENT ASSETS		
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$1,094,631	<u>-</u>	<u>-</u>
Capital assets		
Land	39,426	94,450
Buildings and improvements	36,161	-
Equipment	180,015	143,517
Infrastructure	30,840,696	34,072,198
Construction in progress	328,456	2,629,496
Accumulated depreciation	<u>(19,384,616)</u>	<u>(22,508,646)</u>
Net Capital Assets	<u>12,040,138</u>	<u>14,431,015</u>
Total Noncurrent Assets	<u>12,040,138</u>	<u>14,431,015</u>
Total Assets	<u>\$ 13,301,633</u>	<u>\$ 20,510,020</u>

<u>type Activities - Enterprise Funds</u>			
<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,950,349	\$ 751,287	\$ 10,285,715	\$ 4,087,461
1,691,404	-	1,691,404	-
66,411	177,804	1,172,157	-
-	216,871	2,026,361	-
1,132	1,348	21,469	6,678
-	280,732	280,732	-
-	-	-	14,809
-	6,595	6,595	33,500
-	40	40	4,905
26,767	-	26,767	411,341
-	23,800	23,800	10,793
<u>6,736,063</u>	<u>1,458,477</u>	<u>15,535,040</u>	<u>4,569,487</u>
-	1,960,429	1,960,429	-
1,452,600	-	1,586,476	17,500
11,708,278	837,142	12,581,581	1,478,361
1,642,747	588,536	2,554,815	9,988,108
5,378,782	5,622,032	75,913,708	481,971
2,119,411	-	5,077,363	321,542
<u>(9,599,951)</u>	<u>(3,639,472)</u>	<u>(55,132,685)</u>	<u>(6,445,212)</u>
<u>12,701,867</u>	<u>3,408,238</u>	<u>42,581,258</u>	<u>5,842,270</u>
<u>12,701,867</u>	<u>5,368,667</u>	<u>44,541,687</u>	<u>5,842,270</u>
<u>\$ 19,437,930</u>	<u>\$ 6,827,144</u>	<u>\$ 60,076,727</u>	<u>\$ 10,411,757</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
PROPRIETARY FUNDS
MARCH 31, 2010

	Waterworks Fund	Business - Wastewater Treatment Fund
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 186,686	\$ 668,196
Retainage payable	-	-
Deposits payable	-	-
Claims payable	-	-
Accrued wages and benefits	49,614	31,324
Compensated absences	168,072	71,101
Accrued interest payable	53,908	90,082
Due to other funds	-	-
Unearned revenue	-	-
General obligation bonds	515,000	479,700
Total Current Liabilities	<u>973,280</u>	<u>1,340,403</u>
LONG-TERM LIABILITIES		
General obligation bonds	3,625,000	6,837,100
Bond discounts and issuance costs	(34,176)	(69,419)
Unamortized premiums	5,955	-
Advance from other funds	736,000	-
Other postemployment benefits	139,600	50,709
Compensated absences	155,773	168,970
Total Long-term Liabilities	<u>4,628,152</u>	<u>6,987,360</u>
Total Liabilities	<u>5,601,432</u>	<u>8,327,763</u>
NET ASSETS		
Invested in capital assets, net of related debt	7,928,359	9,613,616
Unrestricted	(228,158)	2,568,641
Total Net Assets	<u>7,700,201</u>	<u>12,182,257</u>
Total Liabilities and Net Assets	<u>\$ 13,301,633</u>	<u>\$ 20,510,020</u>

See notes to financial statements.

type Activities - Enterprise Funds			
<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 862,114	\$ 64,001	\$ 1,780,997	\$ 854,157
180,347	-	180,347	-
150	-	150	-
-	-	-	871,280
63,703	19,414	164,055	50,762
105,930	58,501	403,604	158,016
96,239	9,813	250,042	22,063
-	6,595	6,595	33,500
359,450	160,295	519,745	-
160,000	105,000	1,259,700	106,667
<u>1,827,933</u>	<u>423,619</u>	<u>4,565,235</u>	<u>2,096,445</u>
3,060,000	885,000	14,407,100	2,115,000
(10,506)	-	(114,101)	(40,109)
-	-	5,955	-
-	-	736,000	-
124,900	30,332	345,541	-
300,665	41,500	666,908	129,349
<u>3,475,059</u>	<u>956,832</u>	<u>16,047,403</u>	<u>2,204,240</u>
<u>5,302,992</u>	<u>1,380,451</u>	<u>20,612,638</u>	<u>4,300,685</u>
10,840,854	2,418,238	30,801,067	3,660,712
3,294,084	3,028,455	8,663,022	2,450,360
<u>14,134,938</u>	<u>5,446,693</u>	<u>39,464,089</u>	<u>6,111,072</u>
<u>\$ 19,437,930</u>	<u>\$ 6,827,144</u>	<u>\$ 60,076,727</u>	<u>\$ 10,411,757</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit 5-1

**RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS
MARCH 31, 2010**

Total enterprise funds net assets	\$ 39,464,089
Amounts reported for enterprise activities in the statement of net assets 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	7,124
Internal Service Funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the equipment maintenance, engineering, self-insurance, and employee health benefit activities internal service funds are included in governmental activities in the statement of net assets.	<u>(49,317)</u>
Net assets of business-type activities	<u>\$ 39,421,896</u>

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	Waterworks Fund	Business - Wastewater Treatment Fund
OPERATING REVENUES		
Charges for services	\$ 5,669,996	\$ 6,684,640
Sales of merchandise	-	-
Interest	-	-
Other	2,067	2,423
Total Operating Revenues	<u>5,672,063</u>	<u>6,687,063</u>
OPERATING EXPENSES		
Personnel	1,995,662	1,165,528
Cost of sales	-	-
Supplies	807,773	152,546
Services	1,799,448	1,733,638
Programs	-	-
Provision for uncollectible accounts	53,822	14,065
Depreciation	631,973	538,313
Other	38,341	532,991
Total Operating Expenses	<u>5,327,019</u>	<u>4,137,081</u>
OPERATING INCOME (LOSS)	<u>345,044</u>	<u>2,549,982</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	-
Intergovernmental	-	-
Contributions	-	-
Interest income	8,403	81,822
Interest expense	(184,877)	(321,624)
Net Nonoperating Revenues (Expenses)	<u>(176,474)</u>	<u>(239,802)</u>
INCOME BEFORE TRANSFERS	168,570	2,310,180
TRANSFERS FROM OTHER FUNDS	-	103,375
TRANSFERS TO OTHER FUNDS	(41,944)	(47,432)
CHANGE IN NET ASSETS	126,626	2,366,123
NET ASSETS, BEGINNING	<u>7,573,575</u>	<u>9,816,134</u>
NET ASSETS, ENDING	<u>\$ 7,700,201</u>	<u>\$ 12,182,257</u>

See notes to financial statements.

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 2,362,097	\$ 2,382,813	\$ 17,099,546	\$ 10,503,739
836,362	4,447	840,809	7,124
-	159,739	159,739	-
37,539	8,571	50,600	114,282
<u>3,235,998</u>	<u>2,555,570</u>	<u>18,150,694</u>	<u>10,625,145</u>
2,798,735	768,959	6,728,884	1,987,227
256,281	184,452	440,733	57,166
545,394	35,767	1,541,480	979,221
1,808,334	1,127,944	6,469,364	6,571,826
2,602	47,302	49,904	-
35	100,717	168,639	35,690
612,660	192,042	1,974,988	664,617
45,742	10,076	627,150	109,045
<u>6,069,783</u>	<u>2,467,259</u>	<u>18,001,142</u>	<u>10,404,792</u>
<u>(2,833,785)</u>	<u>88,311</u>	<u>149,552</u>	<u>220,353</u>
1,689,383	-	1,689,383	-
3,545	-	3,545	53,464
2,012,178	-	2,012,178	-
42,000	7,814	140,039	33,319
(111,607)	(35,440)	(653,548)	(67,736)
<u>3,635,499</u>	<u>(27,626)</u>	<u>3,191,597</u>	<u>19,047</u>
801,714	60,685	3,341,149	239,400
140,000	-	243,375	94,000
(119,749)	-	(209,125)	(125,000)
821,965	60,685	3,375,399	208,400
<u>13,312,973</u>	<u>5,386,008</u>	<u>36,088,690</u>	<u>5,902,672</u>
<u>\$ 14,134,938</u>	<u>\$ 5,446,693</u>	<u>\$ 39,464,089</u>	<u>\$ 6,111,072</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, 2010

Exhibit 6-1

Net change in net assets of enterprise funds	\$ 3,375,399
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	206,673
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>79,762</u>
Change in net assets of business-type activities	<u>\$ 3,661,834</u>

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	Business -	
	Waterworks Fund	Wastewater Treatment Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,623,707	\$ 6,490,914
Interest received on notes receivable	-	-
Notes receivable issued for cash	-	-
Cash payments to suppliers for goods and services	(2,612,428)	(2,036,449)
Cash payments to employees for services	(1,903,418)	(1,114,336)
Other operating revenue	2,067	2,423
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,109,928</u>	<u>3,342,552</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	103,375
Transfers to other funds	(41,944)	(47,432)
Interfund loan or loan repayments received (paid)	(450,000)	60,889
Property tax receipts	-	-
Contributions	-	-
Intergovernmental	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(491,944)</u>	<u>116,832</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of property and equipment	(288,674)	(3,236,007)
Proceeds from issuance of general obligation bonds	-	1,082,400
Payment of general obligation bonds	(481,523)	(1,537,330)
Interest paid	(190,794)	(326,819)
Intergovernmental grant proceeds	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(960,991)</u>	<u>(4,017,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and investments	7,361	89,440
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(335,646)</u>	<u>(468,932)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>336,462</u>	<u>5,052,195</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 816</u>	<u>\$ 4,583,263</u>

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 3,171,674	\$ 2,186,463	\$ 17,472,758	\$ 10,557,513
-	159,739	159,739	-
-	(90,016)	(90,016)	-
(1,817,537)	(1,444,964)	(7,911,378)	(7,308,387)
(2,706,933)	(742,653)	(6,467,340)	(1,975,793)
<u>37,539</u>	<u>8,571</u>	<u>50,600</u>	<u>109,797</u>
<u>(1,315,257)</u>	<u>77,140</u>	<u>3,214,363</u>	<u>1,383,130</u>
140,000	-	243,375	94,000
(119,749)	-	(209,125)	(125,000)
-	(60,889)	(450,000)	-
1,689,331	-	1,689,331	-
2,012,178	-	2,012,178	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>53,464</u>
<u>3,721,760</u>	<u>(60,889)</u>	<u>3,285,759</u>	<u>22,464</u>
(4,137,020)	-	(7,661,701)	(1,044,876)
-	-	1,082,400	-
2,404,494	(105,000)	280,641	(104,307)
(23,052)	(37,929)	(578,594)	(70,096)
<u>7,215</u>	<u>(20)</u>	<u>7,195</u>	<u>-</u>
<u>(1,748,363)</u>	<u>(142,949)</u>	<u>(6,870,059)</u>	<u>(1,219,279)</u>
<u>68,867</u>	<u>11,635</u>	<u>177,303</u>	<u>42,883</u>
727,007	(115,063)	(192,634)	229,198
<u>4,223,342</u>	<u>866,350</u>	<u>10,478,349</u>	<u>3,858,263</u>
<u>\$ 4,950,349</u>	<u>\$ 751,287</u>	<u>\$ 10,285,715</u>	<u>\$ 4,087,461</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	Business -	
	Waterworks Fund	Wastewater Treatment Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 345,044	\$ 2,549,982
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	631,973	538,313
Changes in assets and liabilities		
(Increase) decrease in receivables	7,533	(179,661)
(Increase) decrease in inventories	-	-
Increase in assets held for resale	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	33,134	382,726
Increase (decrease) in accrued liabilities	92,244	51,192
Increase in unearned revenue	-	-
Total Adjustments	<u>764,884</u>	<u>792,570</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,109,928</u>	<u>\$ 3,342,552</u>

See notes to financial statements.

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ (2,833,785)	\$ 88,311	\$ 149,552	\$ 220,353
612,660	192,042	1,974,988	664,617
(51,742)	(34,894)	(258,764)	84,769
4,792	-	4,792	(9,378)
-	-	-	(7,124)
836,024	(39,423)	1,212,461	418,249
91,802	(128,896)	106,342	11,644
24,992	-	24,992	-
<u>1,518,528</u>	<u>(11,171)</u>	<u>3,064,811</u>	<u>1,162,777</u>
\$ (1,315,257)	\$ 77,140	\$ 3,214,363	\$ 1,383,130

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2010

Exhibit 8

	Pension Trust Funds	Agency Fund Section 125 Cafeteria Plan Fund
ASSETS		
Cash and equivalents	\$ 827,278	\$ -
Investments	45,679,069	-
Receivables		
Accounts	-	3,593
Accrued interest	293,728	-
Employer contributions	4,232,203	-
Total Assets	<u>51,032,278</u>	<u>3,593</u>
LIABILITIES		
Outstanding checks in excess of bank balance	1,072,105	-
Accounts payable	411,475	794
Due to other funds	-	2,799
Total Liabilities	<u>1,483,580</u>	<u>3,593</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 49,548,698</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

Exhibit 9

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Plan members	\$ 859,833
Employer	4,209,947
Total Contributions	<u>5,069,780</u>
Net investment income	
Net increase in fair value of investments	6,254,376
Interest	1,281,415
Net Investment Income	<u>7,535,791</u>
Total Additions	<u>12,605,571</u>
DEDUCTIONS	
Benefits	5,847,909
Administrative expenses	130,195
Total Deductions	<u>5,978,104</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	6,627,467
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>42,921,231</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 49,548,698</u>

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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, 2009, the Foundation distributed \$25,930 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, 2010

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 are 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, 2010

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, 2010

Agency funds function primarily as a clearing mechanism for cash resources which are collected by a governmental unit, 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 two external investment pools not SEC registered, the Illinois Funds Money Market Fund and the Illinois Municipal Investment Fund. The Illinois Funds Money Market Fund is regulated by the State Treasurer's Office. A board of directors, which includes investment advisors regulated by the SEC, provides administrative oversight for the Illinois Municipal Investment Fund. The fair value of the position in both external investment pools is the same as the value of the pool shares.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

Property Taxes – Property taxes receivable represent the 2009 levy which is due and collectible in the 2010-2011 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, 2010

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. 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	\$ 3,692,982	2,000,000
Workers’ compensation	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.

CITY OF ROCK ISLAND, ILLINOIS
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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 2010 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 fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2010:

Governmental			
Federal Programs Fund		\$	5,520
Lead Grant Fund			15,201
Neighborhood Stabilization Fund			637,900
Enterprise			
Sunset Marina Fund		\$	96,389
Internal Service			
Self-Insurance Fund		\$	13,616

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	\$ 36,355,498	\$ 512,035	\$ 94,094
Investments, primarily pension funds	46,506,345	-	1,612,162
Petty cash	12,740	-	-
	<u>\$ 82,874,583</u>	<u>\$ 512,035</u>	<u>\$ 1,706,256</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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	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	\$ 37,440,341	\$ 512,035	\$ 1,706,256
Statement of fiduciary net assets:			
Outstanding checks in excess of bank balance	(1,072,105)	-	-
Cash and investments, pension trust funds	46,506,347	-	-
	<u>\$ 82,874,583</u>	<u>\$ 512,035</u>	<u>\$ 1,706,256</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, and (d) Illinois Funds Money Market Fund. 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.

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)	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Funds (IMET)	\$ 14,859,594	\$ 3,238,460	\$ 11,621,134	\$ -	\$ -
Illinois Funds Money Market American Bank & Trust Money Market Funds	4,566,650	4,566,650	-	-	-
American Bank & Trust Certificates of Deposit	4,289,203	4,289,203	-	-	-
	<u>8,025,146</u>	<u>6,025,146</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 31,740,593</u>	<u>\$ 18,119,459</u>	<u>\$ 13,621,134</u>	<u>\$ -</u>	<u>\$ -</u>

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.

CITY OF ROCK ISLAND, ILLINOIS
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As of March 31, 2010, 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 Funds Money Market	Not rated	AAAm

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, 2010, 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 – 59 percent
- Equities – 40 percent
 - ✓ Real estate – 5 percent
 - ✓ Small cap stocks – 6 percent
 - ✓ Large cap growth stocks – 5 percent
 - ✓ Large cap blend stocks – 8 percent
 - ✓ Large cap value stocks – 16 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.

The Firefighters' Pension Fund had the following investments as of March 31, 2010:

<u>Firefighter's Pension Fund</u>	<u>Fair Value</u>	<u>Investment 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	\$ 233,914	\$ 233,914	\$ -	\$ -	\$ -
Taxable Bonds	12,436,781	438,754	6,580,251	3,361,272	2,056,504
Stocks	<u>8,299,236</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>\$ 20,969,931</u>	<u>\$ 672,668</u>	<u>\$ 6,580,251</u>	<u>\$ 3,361,272</u>	<u>\$ 2,056,504</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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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, 2010, 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	Not Rated	AAAm
Taxable Bonds:		
U.S. Treasury Notes	Aaa	AAA
Fed Home Ln Mtg Corp Med Term Note	Aaa	AAA
Fed Natl Mtg Assn Med Term Note	Aaa	AAA
Fed Natl Mtg Assn	Aaa	AAA
Fed Natl Mtg Assn Partn Cert	Aaa	AAA
Govt Natl Mtg Assn II Pass	Aaa	AAA
Govt Natl Mtg Assn Pass Thru Cert	Aaa	AAA
Bank of America Corp	A2	A
Citibank N.A.	A1	A+
Deere Capital Corp	A2	A
General Electric Capital Corp	Aaa	AA+
Goldman Sachs Group	A1	A
JPMorgan Chase & Co	Aa1	A+
Rock Island, Illinois Ser C	A1	A+
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 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 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.

(continued on next page)

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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The deposits and investments held for the Firefighters' Pension Fund were not exposed to custodial credit risk as of March 31, 2010.

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.

- Cash – 1 percent
- Fixed income – 59 percent
- Equities – 40 percent
 - ✓ Real estate – 1 percent
 - ✓ Small cap stocks – 5 percent
 - ✓ International – 5 percent
 - ✓ Large cap blend stocks – 5 percent
 - ✓ Large cap value stocks – 24 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, 2010:

<u>Police Pension Fund</u>	<u>Fair Value</u>	<u>Investment 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	\$ 573,365	\$ 573,365	\$ -	\$ -	\$ -
Taxable Bonds	15,030,448	529,561	8,080,913	4,020,463	2,399,511
Stocks	9,932,602	N/A	N/A	N/A	N/A
	<u>\$ 25,536,415</u>	<u>\$ 1,102,926</u>	<u>\$ 8,080,913</u>	<u>\$ 4,020,463</u>	<u>\$ 2,399,511</u>

CITY OF ROCK ISLAND, ILLINOIS
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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, 2010, 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	Not Rated	AAAm
Taxable Bonds:		
U.S. Treasury Notes	Aaa	AAA
Fed Home Ln Mtg Corp Med Term Note	Aaa	AAA
Fed Natl Mtg Assn Med Term Note	Aaa	AAA
Fed Farm Credit Bank	Aaa	AAA
Fed Natl Mtg Assn	Aaa	AAA
Fed Natl Mtg Assn Partn Cert	Aaa	AAA
Govt Natl Mtg Assn Pass Thru Cert	Aaa	AAA
Bank of America Corp	A2	A
Citibank N.A.	A1	A+
Deere Capital Corp	A2	A
General Electric Capital Corp	Aaa	AA+
Goldman Sachs Group	A1	A
JPMorgan Chase & Co	Aa1	A+
Rock Island, Illinois Ser C	A1	A+
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.

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Custodial credit risk: Custodial credit 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 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, 2010

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

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, 2009, are as follows:

	<u>Fair Value</u>
Current assets:	
Equity mutual funds	\$ 253,057
Fixed income mutual funds	<u>165,372</u>
Total investments in current assets	<u>418,429</u>
Endowment assets:	
Equity mutual funds	714,414
Fixed income mutual funds	<u>479,319</u>
Total investments in endowment assets	<u>1,193,733</u>
Total investments	<u>\$ 1,612,162</u>

CITY OF ROCK ISLAND, ILLINOIS
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MARCH 31, 2010

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at March 31, 2010, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General	\$ 904,490	\$ 13,977
TIF	4,516	4,516
Nonmajor Governmental Funds	44,627	935,140
Nonmajor Enterprise Funds	6,595	6,595
Internal Service Funds	<u>33,500</u>	<u>33,500</u>
	<u>\$ 993,728</u>	<u>\$ 993,728</u>

All of the above balances represent short-term loans to cover deficit cash balances at March 31, 2010. All the balances are expected to be repaid within one year.

	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Governmental Funds:		
General	\$ 736,000	\$ -
Major Enterprise Funds:		
Waterworks	<u>-</u>	<u>736,000</u>
	<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, 2010. All the balances are expected to be repaid after one year.

Interfund transfers for the year ended March 31, 2010, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 2,469,835	\$ 68,175
TIF Fund	-	646,205
Riverboat Gaming Fund	-	2,763,168
Capital Projects Fund	594,755	495,000
Nonmajor Governmental Funds	2,878,406	1,973,698
Major Enterprise Funds:		
Waterworks Fund	-	41,944
Wastewater Treatment Fund	103,375	47,432
Park and Recreation Fund	140,000	119,749
Internal Service Funds	<u>94,000</u>	<u>125,000</u>
	<u>\$ 6,280,371</u>	<u>\$ 6,280,371</u>

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.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – NOTES RECEIVABLE – GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS

As of March 31, 2010, 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%	\$ 1,722,042
Less allowance for uncollectible amounts	<u>(1,394,833)</u>
Total governmental funds	<u>327,209</u>

Enterprise Funds:

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	2,406,830
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.	433,266
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>671,559</u>
	3,511,655
Less allowance for uncollectible amounts	<u>(1,270,494)</u>
Total enterprise funds	<u>2,241,161</u>
Total notes receivable	<u>\$ 2,568,370</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2010, 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	\$ 7,666,846	\$ 125,550	\$ -	\$ 7,792,396
Construction in progress	<u>1,346,145</u>	<u>3,291,951</u>	<u>842,383</u>	<u>3,795,713</u>
Total capital assets not being depreciated	<u>9,012,991</u>	<u>3,417,501</u>	<u>842,383</u>	<u>11,588,109</u>

CITY OF ROCK ISLAND, ILLINOIS
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	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 12,245,884	\$ 2,332,093	\$ -	\$ 14,577,977
Machinery and equipment	12,062,562	723,334	-	12,785,896
Infrastructure	<u>51,612,978</u>	<u>4,140,536</u>	<u>58,045</u>	<u>55,695,469</u>
Total capital assets being depreciated	<u>75,921,424</u>	<u>7,195,963</u>	<u>58,045</u>	<u>83,059,342</u>
Less accumulated depreciation for				
Buildings and improvements	7,341,090	327,031	-	7,668,121
Machinery and equipment	7,051,899	756,596	-	7,808,495
Infrastructure	<u>27,566,151</u>	<u>996,613</u>	<u>52,240</u>	<u>28,510,524</u>
Total accumulated depreciation	<u>41,959,140</u>	<u>2,080,240</u>	<u>52,240</u>	<u>43,987,140</u>
Total capital assets being depreciated, net	<u>33,962,284</u>	<u>5,115,723</u>	<u>5,805</u>	<u>39,072,202</u>
Governmental activities capital assets, net	<u>\$ 42,975,275</u>	<u>\$ 8,533,224</u>	<u>\$ 848,188</u>	<u>\$ 50,660,311</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 266,476	\$ 1,320,000	\$ -	\$ 1,586,476
Construction in progress	<u>1,339,893</u>	<u>4,108,911</u>	<u>49,899</u>	<u>5,398,905</u>
Total capital assets not being depreciated	<u>1,606,369</u>	<u>5,428,911</u>	<u>49,899</u>	<u>6,985,381</u>
Capital assets being depreciated				
Buildings and improvements	13,231,581	680,000	-	13,911,581
Machinery and equipment	2,778,200	-	-	2,778,200
Infrastructure	<u>74,471,447</u>	<u>1,924,232</u>	<u>-</u>	<u>76,395,679</u>
Total capital assets being depreciated	<u>90,481,228</u>	<u>2,604,232</u>	<u>-</u>	<u>93,085,460</u>
Less accumulated depreciation for				
Buildings and improvements	4,327,169	366,248	-	4,693,417
Machinery and equipment	2,056,497	141,672	-	2,198,169
Infrastructure	<u>46,815,300</u>	<u>1,517,952</u>	<u>-</u>	<u>48,333,252</u>
Total accumulated depreciation	<u>53,198,966</u>	<u>2,025,872</u>	<u>-</u>	<u>55,224,838</u>
Total capital assets being depreciated, net	<u>37,282,262</u>	<u>578,360</u>	<u>-</u>	<u>37,860,622</u>
Business-type activities capital assets, net	<u>\$ 38,888,631</u>	<u>\$ 6,007,271</u>	<u>\$ 49,899</u>	<u>\$ 44,846,003</u>

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CITY OF ROCK ISLAND, ILLINOIS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 125,441
Police and fire	74,059
Highways and streets, including depreciation of general infrastructure assets	986,793
Municipal vehicle parking system	170,101
Libraries	109,766
Park and recreation	347
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>613,733</u>
Total depreciation expense – governmental activities	<u>\$ 2,080,240</u>
Business-type activities	
Waterworks	\$ 631,973
Wastewater treatment	538,313
Park and recreation	612,660
Stormwater	128,494
Sunset Marina	63,548
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>50,884</u>
Total depreciation expense – business-type activities	<u>\$ 2,025,872</u>

NOTE 7 – LONG-TERM DEBT

General obligation bonds outstanding as of March 31, 2010, consist of the following individual issues:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General obligation bonds			
\$8,025,000, 2001 Aquatic Center (\$1,300,000), Sunset Marina (\$830,000), resurfacing streets (\$1,340,000), water refunding (\$4,350,000), other capital improvements (\$205,000) due in annual installments of \$405,000 to \$625,000 through December 1, 2017; interest at 4.350% to 4.375%	\$ 4,285,000	\$ 315,000	\$ 3,970,000
\$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%	300,000	300,000	-
\$3,080,000, 2003 Wastewater Treatment (\$1,915,000), Sunset Marina (\$820,000), special assessments (\$345,000) due in annual installments of \$190,000 to \$235,000 through December 15, 2018; interest at 1.00% to 4.20%	1,970,000	160,000	1,810,000

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CITY OF ROCK ISLAND, ILLINOIS
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	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$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%	\$ 2,225,000	\$ 885,000	\$ 1,340,000
\$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%	1,855,000	-	1,855,000
\$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%	4,155,000	980,000	3,175,000
\$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%	3,225,000	1,610,000	1,615,000
\$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%	2,480,000	1,463,200	1,016,800
\$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%	606,667	-	606,667
\$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%	2,880,000	2,880,000	-
\$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%	5,440,000	5,440,000	-

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CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$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%	\$ 3,380,000	\$ 880,000	\$ 2,500,000
\$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%	<u>1,440,000</u>	<u>1,440,000</u>	<u>-</u>
Total general obligation bonds	<u>\$ 34,241,667</u>	<u>\$ 16,353,200</u>	<u>\$ 17,888,467</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>
2011	\$ 1,440,300	\$ 824,432	\$ 1,366,367	\$ 713,593
2012	1,643,250	580,486	1,483,417	604,828
2013	1,531,200	505,714	1,545,467	570,304
2014	1,479,150	455,590	1,587,517	513,968
2015	1,312,100	406,742	1,464,567	455,392
2016-2020	5,612,200	1,404,396	6,611,131	1,418,842
2021-2025	2,675,000	428,122	2,940,001	509,718
2026-2030	<u>660,000</u>	<u>100,590</u>	<u>890,000</u>	<u>69,350</u>
	<u>\$ 16,353,200</u>	<u>\$ 4,706,072</u>	<u>\$ 17,888,467</u>	<u>\$ 4,855,995</u>

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On March 31, 2010, \$98,995 of bonds outstanding are considered defeased.

CITY OF ROCK ISLAND, ILLINOIS
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Long-term liability activity for the year ended March 31, 2010, 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	\$ 9,697,600	\$ 7,760,000	\$ 1,104,400	\$16,353,200	\$ 1,440,300
Unamortized discounts	(99,675)	(10,898)	(9,530)	(101,043)	-
Unamortized premiums	6,161	10,594	649	16,106	-
Total bonds payable	9,604,086	7,759,696	1,095,519	16,268,263	1,440,300
Other postemployment benefits	766,553	764,956	-	1,531,509	-
Compensated absences	3,601,098	1,567,142	1,601,211	3,567,029	1,935,794
Net pension obligation	697,105	-	339,402	357,703	-
Governmental activities long-term liabilities	<u>\$14,668,842</u>	<u>\$10,091,794</u>	<u>\$ 3,036,132</u>	<u>\$21,724,504</u>	<u>\$ 3,376,094</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	\$ 16,630,733	\$ 2,500,000	\$ 1,242,266	\$17,888,467	\$ 1,366,367
Unamortized discounts	(155,911)	(10,506)	(12,207)	(154,210)	-
Unamortized premiums	6,655	-	700	5,955	-
Total bonds payable	16,481,477	2,489,494	1,230,759	17,740,212	1,366,367
Other postemployment benefits	172,951	172,590	-	345,541	-
Compensated absences	1,004,860	551,617	482,225	1,074,252	404,378
Business-type activities long-term liabilities	<u>\$17,659,288</u>	<u>\$ 3,213,701</u>	<u>\$ 1,712,984</u>	<u>\$19,160,005</u>	<u>\$ 1,770,745</u>

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, \$287,365 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.

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, with the exception of one health insurance claim, which exceeded the specific stop-loss coverage by \$7,073 during the year ended March 31, 2009.

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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:

	Self-Insurance Fund		Employee Health Benefit Fund	
	2010	2009	2010	2009
Unpaid claims, beginning of year	\$ 510,000	\$ 187,039	\$ 170,317	\$ 168,930
Incurred claims (including IBNR)	886,036	510,000	3,585,586	2,862,776
Claim payments	(725,536)	(187,039)	(3,555,123)	(2,861,389)
Unpaid claims, end of year	\$ 670,500	\$ 510,000	\$ 200,780	\$ 170,317

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.

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The following table shows the components of the City's annual OPEB cost for the year ended March 31, 2010, the amount actually contributed to the Plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 1,416,179
Interest on net OPEB obligation	46,975
Adjustment to annual required contribution	<u>(31,317)</u>
Annual OPEB cost	1,431,837
Contributions made	<u>494,291</u>
Increase in net OPEB obligation	937,546
Net OPEB obligation, beginning of year	<u>939,504</u>
Net OPEB obligation, end of year	<u>\$ 1,877,050</u>

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, 2010.

For the year ended March 31, 2010, the City contributed \$494,291 to the medical plan. Plan members eligible for benefits contributed \$726,402 or 59.5% 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, 2010, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March 31, 2010	\$ 1,431,837	34.5%	\$ 1,877,050
March 31, 2009	\$ 1,431,837	34.5%	\$ 939,504

Funded Status and Funding Progress – As of March 31, 2009, the most recent actuarial valuation date for the period April 1, 2009 through March 31, 2010, the actuarial accrued liability was \$20,109,915, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,109,915. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$18,250,000 and the ratio of the UAAL to covered payroll was 110%. As of March 31, 2010, 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.

CITY OF ROCK ISLAND, ILLINOIS
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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, 2009, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions includes 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 UAAL is being amortized as a level percentage of pay on an open basis over 30 years.

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 rate for calendar year 2009 was 6.87 percent of covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

For March 31, 2010, the City's annual pension cost of \$950,165 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2007, 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 15% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009, was 21 years.

Actuarial Valuation Date	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 950,165	100%	\$ -
12/31/2008	984,037	100	-
12/31/2007	990,190	100	-

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As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 81.99 percent funded. The actuarial accrued liability for benefits was \$49,148,808 and the actuarial value of assets was \$40,298,534, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,850,274. The covered payroll (annual payroll of active employees covered by the plan) was \$13,830,645 and the ratio of the UAAL to the covered payroll was 63.99 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.

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. The City’s payroll for employees covered by the Police Pension Plan for the year ended March 31, 2010, was \$5,123,411 out of a total payroll of \$23,560,354. As of March 31, 2010, the Police Pension Plan’s membership consisted of:

Retirees and beneficiaries receiving benefits	85
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	53
Active nonvested plan members	<u>29</u>
 Total	 <u>167</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.

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 as actuarially determined by an enrolled actuary. By the year 2033, the City’s contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

CITY OF ROCK ISLAND, ILLINOIS
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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	\$ 1,771,959
Interest on net pension obligation	18,657
Adjustments to annual required contribution	<u>(13,559)</u>
Annual pension cost	1,777,057
Annual contributions made	<u>1,761,030</u>
Increase in net pension obligation	16,027
Net pension obligation, beginning of year	<u>233,211</u>
 Net pension obligation, end of year	 <u>\$ 249,238</u>

The annual required contribution for the current year was determined as part of the March 31, 2010, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 8% 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, 2010, was 23 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>
03/31/2010	\$ 1,777,057	99.1%	\$ 249,238
03/31/2009	1,679,646	99.2	233,211
03/31/2008	1,679,826	99.6	220,526

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

As of March 31, 2010, the most recent actuarial valuation date, the Police Pension Plan was 48.6 percent funded. The actuarial accrued liability for benefits was \$55,108,039 and the actuarial value of assets was \$26,776,063, resulting in an underfunded actuarial accrued liability (UAAL) of \$28,331,976. The covered payroll (annual payroll of active employees covered by the plan) was \$5,123,411 and the ratio of the UAAL to the covered payroll was 553 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.

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

ASSETS	
Cash and equivalents	\$ 593,364
Investments	24,943,050
Receivables	
Accrued interest	158,186
Employer contribution	<u>2,172,812</u>
Total Assets	<u>27,867,412</u>
LIABILITIES	
Overdrawn cash	498,804
Accounts payable	<u>191,839</u>
Total Liabilities	<u>690,643</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 27,176,769</u>
The Police Pension Plan's statement of changes in net assets is as follows:	
ADDITIONS	
Contributions	
Plan members	\$ 512,192
Employer	<u>2,161,735</u>
Total Contributions	<u>2,673,927</u>
Net investment income	
Net increase in fair value of investments	3,433,628
Interest	<u>688,346</u>
Net Investment Income	<u>4,121,974</u>
Total Additions	<u>6,795,901</u>
DEDUCTIONS	
Benefits	2,769,984
Administrative expenses	<u>56,517</u>
Total Deductions	<u>2,826,501</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	3,969,400
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>23,207,369</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 27,176,769</u>

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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. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended March 31, 2010, was \$3,602,797 out of a total payroll of \$23,560,354. As of March 31, 2010, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	91
Terminated plan members entitled to but not yet receiving benefits	1
Active vested plan members	31
Active nonvested plan members	<u>27</u>
 Total	 <u>150</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.

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 as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

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	\$ 1,731,523
Interest on net pension obligation	7,656
Adjustments to annual required contribution	<u>(5,564)</u>
Annual pension cost	1,733,615
Annual contributions made	<u>1,720,844</u>
Increase in net pension obligation	12,771
Net pension obligation, beginning of year	<u>95,694</u>
 Net pension obligation, end of year	 <u>\$ 108,465</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

The annual required contribution for the current year was determined as part of the March 31, 2010, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 8% 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, 2010, was 23 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>
03/31/2010	\$ 1,733,615	99.3%	\$ 108,465
03/31/2009	1,462,859	99.4	95,694
03/31/2008	1,462,936	99.9	87,101

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

As of March 31, 2010, the most recent actuarial valuation date, the Firefighters' Pension Plan was 47.2 percent funded. The actuarial accrued liability for benefits was \$46,711,284 and the actuarial value of assets was \$22,044,559, resulting in an underfunded actuarial accrued liability (UAAL) of \$24,666,725. The covered payroll (annual payroll of active employees covered by the plan) was \$3,602,797 and the ratio of the UAAL to the covered payroll was 685 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.

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

ASSETS	
Cash and equivalents	\$ 233,914
Investments	20,736,019
Receivables	
Accrued interest	135,542
Employer contribution	<u>2,059,391</u>
Total Assets	<u>23,164,866</u>
LIABILITIES	
Overdrawn cash	573,301
Accounts payable	<u>219,636</u>
Total Liabilities	<u>792,937</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 22,371,929</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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

ADDITIONS

Contributions	
Plan members	\$ 347,641
Employer	<u>2,048,212</u>
Total Contributions	<u>2,395,853</u>
Net investment income	
Net increase in fair value of investments	2,820,748
Interest	<u>593,069</u>
Net Investment Income	<u>3,413,817</u>
Total Additions	<u>5,809,670</u>

DEDUCTIONS

Benefits	3,077,925
Administrative expenses	<u>73,678</u>
Total Deductions	<u>3,151,603</u>

CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	2,658,067
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>19,713,862</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 22,371,929</u>

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 – OPERATING LEASE COMMITMENTS

The City has been named residual beneficiary of a charitable remainder trust which, upon the occurrence of certain events and subject to certain limitations, will pass ownership of Saukie Golf Course to the City. The Park and Recreation Fund has leased the golf course under a noncancelable operating lease agreement which expires upon the termination of the charitable trust. Annual rentals required under the lease agreement are based on a \$33,940 base rent that is adjusted annually by the consumer price index. The total rentals paid under this agreement amounted to \$68,067 for year ended March 31, 2010. The charitable trust terminated during the fiscal year and property ownership was transferred to the city at a fair market value of \$2,000,000.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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, 2010, 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

The City has financial commitments relating to various economic development projects that are estimated to be approximately \$20,367,000. These projects have all been approved by the City Council as of March 31, 2010.

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 \$20 million which will be paid using tax increments generated by the development per the development agreement.

The City has recognized as a liability only that portion of construction contracts representing construction completed through March 31, 2010. The City has additional commitments for signed construction contracts of approximately \$13,268,049 as of March 31, 2010. 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 require 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 has undertaken 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 \$5,398,664 as of March 31, 2010. The LTCP will yield 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).

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

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 six 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. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the City for the fiscal year ending March 31, 2011. This Statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending March 31, 2011. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending March 31, 2012. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, issued December 2009, will be effective for the fiscal year ending March 31, 2011. This Statement establishes new standards for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the fiscal year ending March 31, 2011. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

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
 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>
2010	3/31/10	\$ -	\$ 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

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded (Over funded) 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>
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	0.0
2007	12/31/06	40,701,639	39,013,698	(1,687,941)	104.33	11,817,123	0.0
2006	12/31/05	37,810,190	37,125,493	(684,697)	101.84	11,381,303	0.0
2005	12/31/04	34,699,187	34,375,486	(323,701)	100.94	10,975,893	0.0

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions (ARC) (a)</u>	<u>Total Contributions (b)</u>	<u>Percentage of ARC Contributed (b/a)</u>
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
3/31/06	888,880	888,880	100.0
3/31/05	566,356	566,356	100.0

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION 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>
2010	3/31/10	\$26,776,063	\$55,108,039	\$28,331,976	48.60%	\$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
2006	3/31/06	24,846,258	47,172,165	22,325,907	52.67	4,343,655	513.99
2005	3/31/05	23,545,272	44,402,651	20,857,379	53.03	4,314,458	483.43

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions (ARC) (a)</u>	<u>Total Contributions (b)</u>	<u>Percentage of ARC Contributed (b/a)</u>
3/31/10	\$ 1,771,959	\$ 1,761,030	99.38%
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
3/31/06	1,465,424	1,373,441	93.72
3/31/05	1,369,121	1,373,421	100.31

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION 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>
2010	3/31/010	\$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
2006	3/31/06	22,762,036	40,989,504	18,227,468	55.53	3,289,090	554.18
2005	3/31/05	22,239,642	38,986,465	16,746,823	57.04	3,242,659	516.45

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions (ARC) (a)</u>	<u>Total Contributions (b)</u>	<u>Percentage of ARC Contributed (b/a)</u>
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
3/31/06	1,320,491	1,237,502	93.72
3/31/05	1,233,612	1,237,709	100.33

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, 2010

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 7,169,918	\$ 7,169,918	\$ 7,125,692	\$ (44,226)
Other taxes				
Replacement taxes	2,483,664	2,483,664	2,450,551	(33,113)
Sales taxes	3,881,792	3,881,792	3,879,261	(2,531)
Use taxes	584,544	584,544	465,283	(119,261)
Income taxes	3,598,460	3,598,460	2,056,466	(1,541,994)
Municipal utility taxes	2,200,000	2,200,000	1,640,892	(559,108)
Gasoline taxes	162,000	162,000	137,171	(24,829)
Hotel taxes	140,000	140,000	140,000	-
Other taxes	2,350,450	2,350,450	2,330,892	(19,558)
Fines and fees	344,130	344,130	420,062	75,932
Intergovernmental	196,799	201,311	146,148	(55,163)
Charges for services				
Public safety	772,629	778,969	777,713	(1,256)
Public works	579,900	579,900	525,154	(54,746)
Ambulance service	1,950,000	2,510,880	2,602,678	91,798
Waterworks department	619,675	619,675	619,675	-
Sunset marina	81,430	81,430	81,430	-
Equipment maintenance department	241,559	241,559	241,559	-
Engineering department	163,628	163,628	163,628	-
Sewer department	346,153	346,153	346,153	-
Stormwater department	230,886	230,886	230,886	-
Other departments	184,192	193,308	155,267	(38,041)
Interest	172,762	172,762	43,714	(129,048)
Licenses and permits	850,030	850,030	719,378	(130,652)
Contributions	-	3,000	5,689	2,689
Other	20,550	26,029	43,804	17,775
Total Revenues	<u>29,325,151</u>	<u>29,914,478</u>	<u>27,349,146</u>	<u>(2,565,332)</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, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
General government				
Mayor and city council	\$ 232,465	\$ 236,054	\$ 232,331	\$ 3,723
General administration	350,041	346,276	344,887	1,389
Personnel	362,670	327,058	298,173	28,885
Legal	160,250	166,250	166,248	2
Finance and accounting	1,355,691	1,024,444	998,686	25,758
Information technology	1,398,615	1,356,506	1,162,120	194,386
Community development	56,198	56,198	85,312	(29,114)
Planning	351,665	362,832	347,802	15,030
Inspection	506,079	449,113	445,232	3,881
Public works administration	566,913	590,377	614,412	(24,035)
Building	599,113	565,325	337,048	228,277
Police and fire				
Police	11,732,749	11,523,199	10,943,621	579,578
Fire	7,770,338	8,491,219	8,492,924	(1,705)
Police and fire commission	15,335	15,335	6,349	8,986
Electrical maintenance	579,355	649,330	587,492	61,838
Municipal vehicle parking system	193,022	188,022	181,204	6,818
Highways and streets	3,987,497	3,863,070	4,029,412	(166,342)
Refuse disposal	1,651,286	1,698,685	1,675,429	23,256
Total Expenditures	<u>31,869,282</u>	<u>31,909,293</u>	<u>30,948,682</u>	<u>960,611</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(2,544,131)</u>	<u>(1,994,815)</u>	<u>(3,599,536)</u>	<u>(1,604,721)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,386,531	2,511,531	2,469,835	(41,696)
Transfers to other funds	<u>(71,500)</u>	<u>(68,175)</u>	<u>(68,175)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,315,031</u>	<u>2,443,356</u>	<u>2,401,660</u>	<u>(41,696)</u>
NET CHANGE IN FUND BALANCE	<u>(229,100)</u>	<u>448,541</u>	<u>(1,197,876)</u>	<u>(1,646,417)</u>
FUND BALANCE, BEGINNING			<u>9,652,462</u>	
FUND BALANCE, ENDING			<u>\$ 8,454,586</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, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,910,247	\$ 1,910,247	\$ 1,898,461	\$ (11,786)
Fines and fees	84,700	84,700	53,268	(31,432)
Intergovernmental	49,986	49,986	48,010	(1,976)
Charges for services	238,824	238,824	224,739	(14,085)
Interest	26,666	26,666	8,948	(17,718)
Contributions	33,510	38,629	8,196	(30,433)
Other	-	-	1,656	1,656
Total Revenues	<u>2,343,933</u>	<u>2,349,052</u>	<u>2,243,278</u>	<u>(105,774)</u>
EXPENDITURES				
Current				
Libraries				
Personnel	1,526,813	1,527,213	1,484,788	42,425
Supplies	61,266	67,005	66,852	153
Services	248,877	268,707	232,518	36,189
Other	488,977	487,637	419,633	68,004
Capital outlay	18,000	20,000	2,000	18,000
Total Expenditures	<u>2,343,933</u>	<u>2,370,562</u>	<u>2,205,791</u>	<u>164,771</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(21,510)</u>	37,487	<u>58,997</u>
FUND BALANCE, BEGINNING			<u>836,574</u>	
FUND BALANCE, ENDING			<u>\$ 874,061</u>	

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, 2010

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 2,792,608	\$ 2,806,518	\$ 3,065,482	\$ 258,964
Fines and fees	220,000	440,011	-	(440,011)
Interest	52,881	52,881	17,410	(35,471)
Contributions	60,000	60,000	-	(60,000)
Other	3,350	3,350	2,354	(996)
Total Revenues	<u>3,128,839</u>	<u>3,362,760</u>	<u>3,085,246</u>	<u>(277,514)</u>
EXPENDITURES				
Current				
General government				
Personnel	164,110	163,833	90,245	73,588
Supplies	-	425	395	30
Services	2,058,248	2,400,293	527,506	1,872,787
Other	773,894	666,011	480,367	185,644
Capital outlay	240,000	253,012	125,104	127,908
Total Expenditures	<u>3,236,252</u>	<u>3,483,574</u>	<u>1,223,617</u>	<u>2,259,957</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(107,413)</u>	<u>(120,814)</u>	<u>1,861,629</u>	<u>1,982,443</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	6,000	6,000	1,840,000	1,834,000
Discount on bonds sold	-	-	(8,881)	(8,881)
Transfers to other funds	(826,127)	(826,127)	(646,205)	179,922
Total Other Financing Sources (Uses)	<u>(820,127)</u>	<u>(820,127)</u>	<u>1,184,914</u>	<u>2,005,041</u>
NET CHANGE IN FUND BALANCE				
	<u>(927,540)</u>	<u>(940,941)</u>	3,046,543	<u>3,987,484</u>
FUND BALANCE, BEGINNING			<u>1,454,743</u>	
FUND BALANCE, ENDING			<u>\$ 4,501,286</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, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 5,910,000	\$ 5,910,000	\$ 4,955,625	\$ (954,375)
Interest	130,960	130,960	37,603	(93,357)
Total Revenues	<u>6,040,960</u>	<u>6,040,960</u>	<u>4,993,228</u>	<u>(1,047,732)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(2,763,168)</u>	<u>(2,763,168)</u>	<u>(2,763,168)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>3,277,792</u>	<u>3,277,792</u>	2,230,060	<u>(1,047,732)</u>
FUND BALANCE, BEGINNING			<u>2,728,953</u>	
FUND BALANCE, ENDING			<u>\$ 4,959,013</u>	

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2010

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, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Amount Over Budget</u>
Special Revenue			
Martin Luther King Community Center Operations Fund	\$ 179,560	\$ 183,525	\$ 3,965
Federal Programs Fund	56,700	72,771	16,071

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:

Public Benefits Fund – Accounts for revenues, expenditures, and transfers out related to the City's portion of the financing of special assessment projects as provided by City regulations. Revenue to the fund is gained through levy of taxes.

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.

Contributions Fund – Accounts for revenues and expenditures of donations.

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.

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, 2010

							Special
	Public Benefits Fund	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	\$ 870,643	\$ -	\$ -	\$ 109,865	\$ 60,310	\$ 1,381,718	\$ -
Receivables, net							
Taxes	-	-	-	-	-	52,163	-
Accounts	-	-	100	829	-	-	-
Accrued interest	1,763	1,608	-	311	94	2,904	45
Special assessments	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	1,425,087	-
Due from other funds	-	-	-	-	-	-	-
Due from other governmental agencies	-	167,471	282,530	-	12,367	19,039	39,902
Total Assets	<u>\$ 872,406</u>	<u>\$ 169,079</u>	<u>\$ 282,630</u>	<u>\$ 111,005</u>	<u>\$ 72,771</u>	<u>\$ 2,880,911</u>	<u>\$ 39,947</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 50,482	\$ 31,040	\$ 6,175	\$ 769	\$ 120,735	\$ -
Interest payable	-	-	75	-	-	-	-
Deposits payable	-	-	-	-	-	-	-
Accrued wages and benefits	-	-	18,757	3,198	-	-	840
Due to other funds	-	112,499	56,261	-	-	-	44,627
Deferred revenue	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-
Other	-	-	8,710	-	-	9,557	-
Total Liabilities	<u>-</u>	<u>162,981</u>	<u>114,843</u>	<u>9,373</u>	<u>769</u>	<u>130,292</u>	<u>45,467</u>
FUND BALANCES							
Reserved for							
Encumbrances	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	1,425,087	-
Unreserved, undesignated							
Special revenue funds	872,406	6,098	167,787	101,632	72,002	1,325,532	(5,520)
Debt service fund	-	-	-	-	-	-	-
Total Fund Balances	<u>872,406</u>	<u>6,098</u>	<u>167,787</u>	<u>101,632</u>	<u>72,002</u>	<u>2,750,619</u>	<u>(5,520)</u>
Total Liabilities and Fund Balances	<u>\$ 872,406</u>	<u>\$ 169,079</u>	<u>\$ 282,630</u>	<u>\$ 111,005</u>	<u>\$ 72,771</u>	<u>\$ 2,880,911</u>	<u>\$ 39,947</u>

EXHIBIT A-1

Revenue Funds

Contributions Fund	Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 94,396	\$ 679,168	\$ -	\$ -	\$ 764,495	\$ 3,960,595	\$ 216,618	\$ 4,177,213
-	-	-	-	-	52,163	253,955	306,118
-	71,386	-	-	-	72,315	-	72,315
194	1,611	-	-	2,146	10,676	15,090	25,766
-	-	-	-	-	-	213,718	213,718
-	-	-	-	-	1,425,087	-	1,425,087
-	44,627	-	-	-	44,627	-	44,627
5,125	-	13,564	708,400	-	1,248,398	-	1,248,398
<u>\$ 99,715</u>	<u>\$ 796,792</u>	<u>\$ 13,564</u>	<u>\$ 708,400</u>	<u>\$ 766,641</u>	<u>\$ 6,813,861</u>	<u>\$ 699,381</u>	<u>\$ 7,513,242</u>
\$ 264	\$ 824	\$ 2,513	\$ -	\$ -	\$ 212,802	\$ 1,323	\$ 214,125
-	-	-	-	-	75	-	75
-	237,682	-	-	-	237,682	-	237,682
872	5,878	-	-	-	29,545	-	29,545
665	-	12,688	708,400	-	935,140	-	935,140
-	-	-	-	-	-	235,968	235,968
-	-	13,564	637,900	-	669,731	213,720	883,451
<u>1,801</u>	<u>244,384</u>	<u>28,765</u>	<u>1,346,300</u>	<u>-</u>	<u>2,084,975</u>	<u>451,011</u>	<u>2,535,986</u>
166	-	-	-	-	166	-	166
-	-	-	-	-	1,425,087	-	1,425,087
97,748	552,408	(15,201)	(637,900)	766,641	3,303,633	-	3,303,633
-	-	-	-	-	-	248,370	248,370
<u>97,914</u>	<u>552,408</u>	<u>(15,201)</u>	<u>(637,900)</u>	<u>766,641</u>	<u>4,728,886</u>	<u>248,370</u>	<u>4,977,256</u>
<u>\$ 99,715</u>	<u>\$ 796,792</u>	<u>\$ 13,564</u>	<u>\$ 708,400</u>	<u>\$ 766,641</u>	<u>\$ 6,813,861</u>	<u>\$ 699,381</u>	<u>\$ 7,513,242</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, 2010

	Special						
	Public Benefits Fund	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	\$ 232,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	93,892	1,001,508	-	-	39,478	174,556	-
Fines and fees	-	-	-	-	-	12,000	-
Intergovernmental	-	-	1,308,328	55,000	-	119,750	39,902
Charges for services	-	-	-	12,136	-	-	-
Interest	7,678	3,889	-	989	503	9,094	79
Contributions	-	-	-	-	-	-	-
Other	-	-	970	-	-	-	-
Total Revenues	334,454	1,005,397	1,309,298	68,125	39,981	315,400	39,981
EXPENDITURES							
Current							
General government	-	-	1,099,287	183,525	21,127	1,422,601	72,771
Highways and streets	-	660,973	-	-	-	-	-
Capital outlay	-	262,569	-	-	-	172,229	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	-	923,542	1,099,287	183,525	21,127	1,594,830	72,771
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	334,454	81,855	210,011	(115,400)	18,854	(1,279,430)	(32,790)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	401,000	-	-	158,905	-	835,000	-
Transfers to other funds	(818,468)	(1,000,000)	(95,730)	(50,000)	-	(9,500)	-
Total Other Financing Sources (Uses)	(417,468)	(1,000,000)	(95,730)	108,905	-	825,500	-
NET CHANGE IN FUND BALANCES	(83,014)	(918,145)	114,281	(6,495)	18,854	(453,930)	(32,790)
FUND BALANCES, BEGINNING	955,420	924,243	53,506	108,127	53,148	3,204,549	27,270
FUND BALANCES (DEFICIT), ENDING	\$ 872,406	\$ 6,098	\$ 167,787	\$ 101,632	\$ 72,002	\$ 2,750,619	\$ (5,520)

EXHIBIT A-2

Revenue Funds							
Contributions Fund	Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,884	\$ -	\$ 232,884
-	-	-	-	-	1,309,434	17,988	1,327,422
-	-	-	-	-	12,000	-	12,000
20,500	-	27,273	-	-	1,570,753	-	1,570,753
810	195,333	-	-	-	208,279	-	208,279
691	6,782	-	-	10,601	40,306	76,593	116,899
9,343	-	-	-	-	9,343	-	9,343
-	-	-	-	6,000	6,970	-	6,970
<u>31,344</u>	<u>202,115</u>	<u>27,273</u>	<u>-</u>	<u>16,601</u>	<u>3,389,969</u>	<u>94,581</u>	<u>3,484,550</u>
50,776	177,190	44,360	637,900	30,362	3,739,899	53,339	3,793,238
-	-	-	-	-	660,973	-	660,973
-	2,449	-	-	214,072	651,319	-	651,319
-	-	-	-	-	-	1,104,400	1,104,400
-	-	-	-	-	-	334,016	334,016
<u>50,776</u>	<u>179,639</u>	<u>44,360</u>	<u>637,900</u>	<u>244,434</u>	<u>5,052,191</u>	<u>1,491,755</u>	<u>6,543,946</u>
<u>(19,432)</u>	<u>22,476</u>	<u>(17,087)</u>	<u>(637,900)</u>	<u>(227,833)</u>	<u>(1,662,222)</u>	<u>(1,397,174)</u>	<u>(3,059,396)</u>
9,500	-	-	-	-	1,404,405	1,474,001	2,878,406
-	-	-	-	-	(1,973,698)	-	(1,973,698)
<u>9,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(569,293)</u>	<u>1,474,001</u>	<u>904,708</u>
(9,932)	22,476	(17,087)	(637,900)	(227,833)	(2,231,515)	76,827	(2,154,688)
<u>107,846</u>	<u>529,932</u>	<u>1,886</u>	<u>-</u>	<u>994,474</u>	<u>6,960,401</u>	<u>171,543</u>	<u>7,131,944</u>
<u>\$ 97,914</u>	<u>\$ 552,408</u>	<u>\$ (15,201)</u>	<u>\$ (637,900)</u>	<u>\$ 766,641</u>	<u>\$ 4,728,886</u>	<u>\$ 248,370</u>	<u>\$ 4,977,256</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-1

PUBLIC BENEFITS FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 234,327	\$ 232,884
Other taxes	150,000	93,892
Interest	35,122	7,678
Total Revenues	<u>419,449</u>	<u>334,454</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	401,000	401,000
Transfers to other funds	<u>(818,468)</u>	<u>(818,468)</u>
Total Other Financing Sources (Uses)	<u>(417,468)</u>	<u>(417,468)</u>
NET CHANGE IN FUND BALANCE	<u>1,981</u>	(83,014)
FUND BALANCE, BEGINNING		955,420
FUND BALANCE, ENDING		<u>\$ 872,406</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-2

MOTOR FUEL TAX FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Motor fuel taxes	\$ 1,043,689	\$ 1,001,508
Interest	15,000	3,889
Total Revenues	<u>1,058,689</u>	<u>1,005,397</u>
EXPENDITURES		
Current		
Highways and streets	1,563,096	660,973
Capital outlay	262,569	262,569
Total Expenditures	<u>1,825,665</u>	<u>923,542</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(766,976)	81,855
OTHER FINANCING USES		
Transfers to other funds	<u>(1,000,000)</u>	<u>(1,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,766,976)</u>	(918,145)
FUND BALANCE, BEGINNING		924,243
FUND BALANCE, ENDING		<u>\$ 6,098</u>

CITY OF ROCK ISLAND, ILLINOIS
HOUSING AND COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2010

Exhibit A-2-3

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,897,562	\$ 1,308,328
Interest	2,595	-
Other	-	970
Total Revenues	<u>1,900,157</u>	<u>1,309,298</u>
EXPENDITURES		
Current		
General government		
Personnel	669,917	662,324
Supplies	9,937	4,958
Services	711,650	139,573
Other	399,775	292,432
Total Expenditures	<u>1,791,279</u>	<u>1,099,287</u>
EXCESS OF REVENUES OVER EXPENDITURES	108,878	210,011
OTHER FINANCING USES		
Transfers to other funds	<u>(100,322)</u>	<u>(95,730)</u>
NET CHANGE IN FUND BALANCE	<u>8,556</u>	114,281
FUND BALANCE, BEGINNING		<u>53,506</u>
FUND BALANCE, ENDING		<u>\$ 167,787</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-4

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, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 55,000	\$ 55,000
Charges for services	12,650	12,136
Interest	4,349	989
Other	3,000	-
Total Revenues	<u>74,999</u>	<u>68,125</u>
EXPENDITURES		
Current		
General government		
Personnel	77,217	83,010
Supplies	3,381	3,406
Services	98,962	97,109
Total Expenditures	<u>179,560</u>	<u>183,525</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(104,561)</u>	<u>(115,400)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	170,905	158,905
Transfers to other funds	(50,000)	(50,000)
Total Other Financing Sources (Uses)	<u>120,905</u>	<u>108,905</u>
NET CHANGE IN FUND BALANCE	<u>16,344</u>	(6,495)
FUND BALANCE, BEGINNING		<u>108,127</u>
FUND BALANCE, ENDING		<u>\$ 101,632</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-5

FOREIGN FIRE INSURANCE FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ 30,000	\$ 39,478
Interest	652	503
Total Revenues	<u>30,652</u>	<u>39,981</u>
EXPENDITURES		
Current		
General government		
Personnel	5,800	345
Supplies	36,700	18,644
Services	-	1,700
Other	500	438
Total Expenditures	<u>43,000</u>	<u>21,127</u>
NET CHANGE IN FUND BALANCE	<u>(12,348)</u>	18,854
FUND BALANCE, BEGINNING		53,148
FUND BALANCE, ENDING		<u>\$ 72,002</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, 2010

Exhibit A-2-6

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Hotel/motel taxes	\$ 190,000	\$ 174,556
Fines and fees	-	12,000
Intergovernmental	852,952	119,750
Interest	44,498	9,094
Contributions	45,480	-
Total Revenues	<u>1,132,930</u>	<u>315,400</u>
EXPENDITURES		
Current		
General government		
Personnel	4,052	1,833
Supplies	619	646
Services	1,543,516	708,132
Other	663,382	711,990
Capital outlay	426,602	172,229
Total Expenditures	<u>2,638,171</u>	<u>1,594,830</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,505,241)</u>	<u>(1,279,430)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	835,000	835,000
Transfers to other funds	(9,500)	(9,500)
Total Other Financing Sources (Uses)	<u>825,500</u>	<u>825,500</u>
NET CHANGE IN FUND BALANCE	<u>(679,741)</u>	(453,930)
FUND BALANCE, BEGINNING		<u>3,204,549</u>
FUND BALANCE, ENDING		<u>\$ 2,750,619</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-7

FEDERAL PROGRAMS FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 56,688	\$ 39,902
Interest	1,854	79
Total Revenues	<u>58,542</u>	<u>39,981</u>
EXPENDITURES		
Current		
General government		
Personnel	15,270	31,144
Supplies	41,430	41,627
Total Expenditures	<u>56,700</u>	<u>72,771</u>
NET CHANGE IN FUND BALANCE	<u>1,842</u>	(32,790)
FUND BALANCE, BEGINNING		27,270
FUND BALANCE (DEFICIT), ENDING		<u>\$ (5,520)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-8

CONTRIBUTIONS FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 20,500	\$ 20,500
Charges for services	750	810
Interest	2,973	691
Contributions	16,800	9,343
Total Revenues	<u>41,023</u>	<u>31,344</u>
EXPENDITURES		
Current		
General government		
Personnel	26,421	29,618
Supplies	4,160	1,772
Services	25,326	12,842
Other	9,851	6,544
Total Expenditures	<u>65,758</u>	<u>50,776</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(24,735)	(19,432)
OTHER FINANCING SOURCES		
Transfers from other funds	<u>9,500</u>	<u>9,500</u>
NET CHANGE IN FUND BALANCE	<u>(15,235)</u>	(9,932)
FUND BALANCE, BEGINNING		107,846
FUND BALANCE, ENDING		<u>\$ 97,914</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-9

DRUG PREVENTION FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 25,000	\$ 195,333
Interest	25,245	6,782
Total Revenues	<u>50,245</u>	<u>202,115</u>
EXPENDITURES		
Current		
General government		
Personnel	127,716	139,309
Supplies	66,527	11,176
Services	30,757	26,602
Other	200	103
Capital outlay	18,000	2,449
Total Expenditures	<u>243,200</u>	<u>179,639</u>
NET CHANGE IN FUND BALANCE	<u>(192,955)</u>	22,476
FUND BALANCE, BEGINNING		529,932
FUND BALANCE, ENDING		<u>\$ 552,408</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-10

LEAD GRANT FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 128,400	\$ 27,273
EXPENDITURES		
Current		
General government		
Supplies	500	-
Services	1,500	118
Other	126,400	44,242
Total Expenditures	<u>128,400</u>	<u>44,360</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	(17,087)
FUND BALANCE, BEGINNING		1,886
FUND BALANCE (DEFICIT), ENDING		<u>\$ (15,201)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-11

NEIGHBORHOOD STABILIZATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,951,030	\$ -
EXPENDITURES		
Current		
General government		
Services	<u>1,951,030</u>	<u>637,900</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(637,900)</u>
FUND BALANCE, BEGINNING		-
FUND BALANCE (DEFICIT), ENDING		<u>\$ (637,900)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-12

MARTIN LUTHER KING FACILITY IMPROVEMENT FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 741,000	\$ -
Contributions	1,138,658	-
Interest	56,046	10,601
Other	-	6,000
Total Revenues	<u>1,935,704</u>	<u>16,601</u>
EXPENDITURES		
Current		
General government		
Services	69,500	30,362
Capital outlay	2,875,000	214,072
Total Expenditures	<u>2,944,500</u>	<u>244,434</u>
NET CHANGE IN FUND BALANCE	<u>(1,008,796)</u>	<u>(227,833)</u>
FUND BALANCE, BEGINNING		994,474
FUND BALANCE, ENDING		<u>\$ 766,641</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-13

DEBT SERVICE FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ -	\$ 17,988
Interest	53,062	76,593
Total Revenues	<u>53,062</u>	<u>94,581</u>
EXPENDITURES		
Current		
General government		
Services	53,766	53,339
Debt Service		
Principal	1,104,400	1,104,400
Interest	334,019	334,016
Total Expenditures	<u>1,492,185</u>	<u>1,491,755</u>
DEICIENCY OF REVENUES UNDER EXPENDITURES	(1,439,123)	(1,397,174)
OTHER FINANCING SOURCES		
Transfers from other funds	<u>1,474,001</u>	<u>1,474,001</u>
NET CHANGE IN FUND BALANCE	<u>34,878</u>	76,827
FUND BALANCE, BEGINNING		171,543
FUND BALANCE, ENDING		<u>\$ 248,370</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-14

CAPITAL PROJECTS FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2010

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 200,000	\$ 128,085
Charges for services	35,000	16,255
Interest	341,559	126,047
Contributions	561,672	456,452
Other	-	171,430
Total Revenues	<u>1,138,231</u>	<u>898,269</u>
EXPENDITURES		
Current		
General government		
Services	-	2,144
Capital outlay	14,308,561	7,607,218
Total Expenditures	<u>14,308,561</u>	<u>7,609,362</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(13,170,330)</u>	<u>(6,711,093)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	-	5,920,000
Premium on bonds sold	-	10,594
Discount on bonds sold	-	(2,017)
Transfers from other funds	600,000	594,755
Transfers to other funds	(495,000)	(495,000)
Total Other Financing Sources (Uses)	<u>105,000</u>	<u>6,028,332</u>
NET CHANGE IN FUND BALANCE	<u>(13,065,330)</u>	<u>(682,761)</u>
FUND BALANCE, BEGINNING		<u>6,003,834</u>
FUND BALANCE, ENDING		<u>\$ 5,321,073</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, 2010

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 63,999	\$ 450	\$ 686,838	\$ 751,287
Receivables, net				
Accounts, net of allowance for uncollectibles of \$266,252	123,165	54,639	-	177,804
Estimated unbilled usage	216,871	-	-	216,871
Accrued interest	-	342	1,006	1,348
Current portion of notes receivable, net of allowance for uncollectible of \$175,863	-	-	280,732	280,732
Assets held for resale	-	-	23,800	23,800
Due from other funds	6,595	-	-	6,595
Due from other governmental agencies	40	-	-	40
Total Current Assets	<u>410,670</u>	<u>55,431</u>	<u>992,376</u>	<u>1,458,477</u>
NONCURRENT ASSETS				
Long-term notes receivable net of current portion, net of allowance for uncollectibles of \$1,094,631	-	-	1,960,429	1,960,429
Capital assets				
Buildings and improvements	-	837,142	-	837,142
Equipment	87,029	501,507	-	588,536
Infrastructure	3,585,292	2,036,740	-	5,622,032
Accumulated depreciation	(1,314,235)	(2,325,237)	-	(3,639,472)
Net Capital Assets	<u>2,358,086</u>	<u>1,050,152</u>	<u>-</u>	<u>3,408,238</u>
Total Noncurrent Assets	<u>2,358,086</u>	<u>1,050,152</u>	<u>1,960,429</u>	<u>5,368,667</u>
Total Assets	<u>\$ 2,768,756</u>	<u>\$ 1,105,583</u>	<u>\$ 2,952,805</u>	<u>\$ 6,827,144</u>

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 53,597	\$ 7,115	\$ 3,289	\$ 64,001
Accrued wages and benefits	14,671	4,743	-	19,414
Compensated absences	50,649	7,852	-	58,501
Accrued interest payable	36	9,777	-	9,813
Due to other funds	-	6,595	-	6,595
Unearned revenue	-	160,295	-	160,295
General obligation bonds	-	105,000	-	105,000
Total Current Liabilities	<u>118,953</u>	<u>301,377</u>	<u>3,289</u>	<u>423,619</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	885,000	-	885,000
Other postemployment benefits	23,124	7,208	-	30,332
Compensated absences	33,113	8,387	-	41,500
Total Long-term Liabilities	<u>56,237</u>	<u>900,595</u>	<u>-</u>	<u>956,832</u>
Total Liabilities	<u>175,190</u>	<u>1,201,972</u>	<u>3,289</u>	<u>1,380,451</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,358,086	60,152	-	2,418,238
Unrestricted	235,480	(156,541)	2,949,516	3,028,455
Total Net Assets	<u>2,593,566</u>	<u>(96,389)</u>	<u>2,949,516</u>	<u>5,446,693</u>
Total Liabilities and Net Assets	<u>\$ 2,768,756</u>	<u>\$ 1,105,583</u>	<u>\$ 2,952,805</u>	<u>\$ 6,827,144</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, 2010

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,561,805	\$ 821,008	\$ -	\$ 2,382,813
Sale of merchandise	-	4,447	-	4,447
Interest	-	-	159,739	159,739
Other	-	8,571	-	8,571
Total Operating Revenues	<u>1,561,805</u>	<u>834,026</u>	<u>159,739</u>	<u>2,555,570</u>
OPERATING EXPENSES				
Personnel	569,341	199,618	-	768,959
Cost of sales	-	156,395	28,057	184,452
Supplies	18,167	17,600	-	35,767
Services	745,776	360,162	22,006	1,127,944
Programs	45,915	1,387	-	47,302
Provision for uncollectible accounts	15,885	31,397	53,435	100,717
Depreciation	128,494	63,548	-	192,042
Other	6,946	2,879	251	10,076
Total Operating Expenses	<u>1,530,524</u>	<u>832,986</u>	<u>103,749</u>	<u>2,467,259</u>
OPERATING INCOME	<u>31,281</u>	<u>1,040</u>	<u>55,990</u>	<u>88,311</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	992	2,081	4,741	7,814
Interest expense	-	(35,440)	-	(35,440)
Net Nonoperating Revenues (Expenses)	<u>992</u>	<u>(33,359)</u>	<u>4,741</u>	<u>(27,626)</u>
CHANGE IN NET ASSETS	32,273	(32,319)	60,731	60,685
NET ASSETS (DEFICIT), BEGINNING	<u>2,561,293</u>	<u>(64,070)</u>	<u>2,888,785</u>	<u>5,386,008</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 2,593,566</u>	<u>\$ (96,389)</u>	<u>\$ 2,949,516</u>	<u>\$ 5,446,693</u>

CITY OF ROCK ISLAND, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

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	\$ 1,537,670	\$ 648,793	\$ -	\$ 2,186,463
Interest received on notes receivable	-	-	159,739	159,739
Notes receivable issued for cash	(15,885)	(31,397)	(42,734)	(90,016)
Cash payments to suppliers for goods and services	(836,749)	(541,486)	(66,729)	(1,444,964)
Cash payments to employees for services	(553,447)	(189,206)	-	(742,653)
Other operating revenue	-	8,571	-	8,571
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>131,589</u>	<u>(104,725)</u>	<u>50,276</u>	<u>77,140</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES				
Interfund loan or loan repayments received (paid)	<u>(67,484)</u>	<u>6,595</u>	<u>-</u>	<u>(60,889)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of general obligation bonds	-	(105,000)	-	(105,000)
Interest paid	(1,078)	(36,851)	-	(37,929)
Intergovernmental grant proceeds	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>(20)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,098)</u>	<u>(141,851)</u>	<u>-</u>	<u>(142,949)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Interest received on cash and investments	<u>992</u>	<u>2,399</u>	<u>8,244</u>	<u>11,635</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,999	(237,582)	58,520	(115,063)
CASH AND CASH EQUIVALENTS, BEGINNING	-	238,032	628,318	866,350
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 63,999</u>	<u>\$ 450</u>	<u>\$ 686,838</u>	<u>\$ 751,287</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

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	\$ 31,281	\$ 1,040	\$ 55,990	\$ 88,311
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	128,494	63,548	-	192,042
Changes in assets and liabilities				
(Increase) decrease in receivables	(24,135)	(21,460)	10,701	(34,894)
Decrease in accounts and deposits payable	(19,945)	(3,063)	(16,415)	(39,423)
Increase (decrease) in accrued liabilities	15,894	(144,790)	-	(128,896)
Total Adjustments	<u>100,308</u>	<u>(105,765)</u>	<u>(5,714)</u>	<u>(11,171)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 131,589</u>	<u>\$ (104,725)</u>	<u>\$ 50,276</u>	<u>\$ 77,140</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, 2010

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 1,453,478	\$ 217,298	\$ 713,492	\$ 1,703,193
Receivables, net				
Accrued interest	1,822	-	1,313	3,543
Other, net of allowance for uncollectibles of \$48,384	11,199	-	-	3,610
Due from other funds	33,500	-	-	-
Due from other governmental agencies	-	4,905	-	-
Inventories	411,341	-	-	-
Assets held for resale	-	-	-	-
Total Current Assets	<u>1,911,340</u>	<u>222,203</u>	<u>714,805</u>	<u>1,710,346</u>
CAPITAL ASSETS				
Land	17,500	-	-	-
Buildings and improvements	148,361	-	-	-
Equipment	9,764,723	-	-	-
Infrastructure	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	(6,353,059)	-	-	-
Net Capital Assets	<u>3,577,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,488,865</u>	<u>\$ 222,203</u>	<u>\$ 714,805</u>	<u>\$ 1,710,346</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 335,255	\$ 53,303	\$ 51,852	\$ 386,316
Claims payable	-	-	670,500	200,780
Accrued wages and benefits	22,309	24,769	1,888	1,298
Compensated absences	106,753	45,198	2,046	3,245
Accrued interest payable	-	376	-	-
Due to other funds	-	-	-	-
General obligation bonds	-	-	-	-
Total Current Liabilities	<u>464,317</u>	<u>123,646</u>	<u>726,286</u>	<u>591,639</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	-	-	-
Bond discounts and issuance costs	-	-	-	-
Compensated absences	21,935	98,419	2,135	3,894
Total long-term liabilities	<u>21,935</u>	<u>98,419</u>	<u>2,135</u>	<u>3,894</u>
Total Liabilities	<u>486,252</u>	<u>222,065</u>	<u>728,421</u>	<u>595,533</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,577,525	-	-	-
Unrestricted	1,425,088	138	(13,616)	1,114,813
Total Net Assets	<u>5,002,613</u>	<u>138</u>	<u>(13,616)</u>	<u>1,114,813</u>
Total Liabilities and Net Assets	<u>\$ 5,488,865</u>	<u>\$ 222,203</u>	<u>\$ 714,805</u>	<u>\$ 1,710,346</u>

Hydro-Electric Plant Fund	Total
\$ -	\$ 4,087,461
-	6,678
-	14,809
-	33,500
-	4,905
-	411,341
10,793	10,793
<u>10,793</u>	<u>4,569,487</u>
-	17,500
1,330,000	1,478,361
223,385	9,988,108
481,971	481,971
321,542	321,542
(92,153)	(6,445,212)
<u>2,264,745</u>	<u>5,842,270</u>
<u>\$ 2,275,538</u>	<u>\$ 10,411,757</u>
\$ 27,431	\$ 854,157
-	871,280
498	50,762
774	158,016
21,687	22,063
33,500	33,500
106,667	106,667
<u>190,557</u>	<u>2,096,445</u>
2,115,000	2,115,000
(40,109)	(40,109)
2,966	129,349
<u>2,077,857</u>	<u>2,204,240</u>
<u>2,268,414</u>	<u>4,300,685</u>
83,187	3,660,712
(76,063)	2,450,360
<u>7,124</u>	<u>6,111,072</u>
<u>\$ 2,275,538</u>	<u>\$ 10,411,757</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, 2010

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
OPERATING REVENUES				
Charges for services	\$ 3,068,016	\$ 1,476,739	\$ 1,074,728	\$ 4,407,478
Sales of merchandise	-	-	-	-
Other	39,206	-	-	75,076
Total Operating Revenues	<u>3,107,222</u>	<u>1,476,739</u>	<u>1,074,728</u>	<u>4,482,554</u>
OPERATING EXPENSES				
Personnel	901,537	977,600	63,174	28,493
Cost of sales	-	-	-	-
Supplies	941,453	10,156	-	-
Services	506,235	266,520	1,280,521	4,481,453
Provision for uncollectible accounts	-	-	35,690	-
Depreciation	613,733	-	-	-
Other	58,716	30,014	3	1
Total Operating Expenses	<u>3,021,674</u>	<u>1,284,290</u>	<u>1,379,388</u>	<u>4,509,947</u>
OPERATING INCOME (LOSS)	<u>85,548</u>	<u>192,449</u>	<u>(304,660)</u>	<u>(27,393)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	53,464
Interest income	12,113	-	3,172	18,034
Interest expense	-	-	-	-
Net Nonoperating Revenues (Expenses)	<u>12,113</u>	<u>-</u>	<u>3,172</u>	<u>71,498</u>
INCOME BEFORE TRANSFERS	97,661	192,449	(301,488)	44,105
TRANSFERS FROM OTHER FUNDS	94,000	-	-	-
TRANSFERS TO OTHER FUNDS	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	66,661	192,449	(301,488)	44,105
NET ASSETS (DEFICIT), BEGINNING	4,935,952	(192,311)	287,872	1,070,708
NET ASSETS (DEFICIT), ENDING	<u>\$ 5,002,613</u>	<u>\$ 138</u>	<u>\$ (13,616)</u>	<u>\$ 1,114,813</u>

Hydro-Electric Plant Fund	Total
\$ 476,778	\$ 10,503,739
7,124	7,124
-	114,282
<u>483,902</u>	<u>10,625,145</u>
16,423	1,987,227
57,166	57,166
27,612	979,221
37,097	6,571,826
-	35,690
50,884	664,617
20,311	109,045
<u>209,493</u>	<u>10,404,792</u>
274,409	220,353
-	53,464
-	33,319
<u>(67,736)</u>	<u>(67,736)</u>
<u>(67,736)</u>	<u>19,047</u>
206,673	239,400
-	94,000
-	<u>(125,000)</u>
206,673	208,400
(199,549)	5,902,672
<u>\$ 7,124</u>	<u>\$ 6,111,072</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,063,592	\$ 1,476,739	\$ 1,074,276	\$ 4,466,128
Cash payments to suppliers for goods and services	(1,238,893)	(259,520)	(1,098,620)	(4,409,260)
Cash payments to employees for services	(912,214)	(958,884)	(61,161)	(26,773)
Other operating revenue	39,206	(4,485)	-	75,076
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>951,691</u>	<u>253,850</u>	<u>(85,505)</u>	<u>105,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	94,000	-	-	-
Transfers to other funds	(125,000)	-	-	-
Interfund loan or loan repayments received (paid)	1,627	(35,127)	-	-
Intergovernmental	-	-	-	53,464
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(29,373)</u>	<u>(35,127)</u>	<u>-</u>	<u>53,464</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of property and equipment	(723,333)	-	-	-
Payment of general obligation bonds	-	-	-	-
Interest paid	-	(1,525)	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(723,333)</u>	<u>(1,525)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and investments	12,313	-	8,023	22,547
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	211,298	217,198	(77,482)	181,182
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,242,180</u>	<u>100</u>	<u>790,974</u>	<u>1,522,011</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,453,478</u>	<u>\$ 217,298</u>	<u>\$ 713,492</u>	<u>\$ 1,703,193</u>

Hydro-Electric Plant Fund	Total
\$ 476,778	\$ 10,557,513
(302,094)	(7,308,387)
(16,761)	(1,975,793)
-	109,797
157,923	1,383,130
-	94,000
-	(125,000)
33,500	-
-	53,464
33,500	22,464
(321,543)	(1,044,876)
(104,307)	(104,307)
(68,571)	(70,096)
(494,421)	(1,219,279)
-	42,883
(302,998)	229,198
302,998	3,858,263
\$ -	\$ 4,087,461

(continued)

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 85,548	\$ 192,449	\$ (304,660)	\$ (27,393)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	613,733	-	-	-
Changes in assets and liabilities				
(Increase) decrease in receivables	(4,424)	(4,695)	35,238	58,650
Increase in inventories	(9,378)	-	-	-
Increase in assets held for resale	-	-	-	-
Increase (decrease) in accounts and claims payable	276,889	47,170	181,904	72,194
Increase (decrease) in accrued liabilities	(10,677)	18,926	2,013	1,720
Total Adjustments	<u>866,143</u>	<u>61,401</u>	<u>219,155</u>	<u>132,564</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 951,691</u>	<u>\$ 253,850</u>	<u>\$ (85,505)</u>	<u>\$ 105,171</u>

<u>Hydro-Electric Plant Fund</u>	<u>Total</u>
\$ 274,409	\$ 220,353
50,884	664,617
-	84,769
-	(9,378)
(7,124)	(7,124)
(159,908)	418,249
<u>(338)</u>	<u>11,644</u>
<u>(116,486)</u>	<u>1,162,777</u>
<u>\$ 157,923</u>	<u>\$ 1,383,130</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, 2010

EXHIBIT D-1

	Police Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and equivalents	\$ 593,364	\$ 233,914	\$ 827,278
Investments	24,943,050	20,736,019	45,679,069
Receivables			
Accrued interest	158,186	135,542	293,728
Employer contributions	2,172,812	2,059,391	4,232,203
 Total Assets	 <u>27,867,412</u>	 <u>23,164,866</u>	 <u>51,032,278</u>
LIABILITIES			
Outstanding checks in excess of bank balance	498,804	573,301	1,072,105
Accounts payable	191,839	219,636	411,475
 Total Liabilities	 <u>690,643</u>	 <u>792,937</u>	 <u>1,483,580</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 27,176,769</u>	<u>\$ 22,371,929</u>	<u>\$ 49,548,698</u>

CITY OF ROCK ISLAND, ILLINOIS

EXHIBIT D-2

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED MARCH, 31, 2010

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions			
Plan members	\$ 512,192	\$ 347,641	\$ 859,833
Employer	2,161,735	2,048,212	4,209,947
Total Contributions	<u>2,673,927</u>	<u>2,395,853</u>	<u>5,069,780</u>
Net investment income			
Net increase in fair value of investments	3,433,628	2,820,748	6,254,376
Interest	688,346	593,069	1,281,415
Net Investment Income	<u>4,121,974</u>	<u>3,413,817</u>	<u>7,535,791</u>
Total Additions	<u>6,795,901</u>	<u>5,809,670</u>	<u>12,605,571</u>
DEDUCTIONS			
Benefits	2,769,984	3,077,925	5,847,909
Administrative expenses	56,517	73,678	130,195
Total Deductions	<u>2,826,501</u>	<u>3,151,603</u>	<u>5,978,104</u>
CHANGE IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	3,969,400	2,658,067	6,627,467
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>23,207,369</u>	<u>19,713,862</u>	<u>42,921,231</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 27,176,769</u>	<u>\$ 22,371,929</u>	<u>\$ 49,548,698</u>

CITY OF ROCK ISLAND, ILLINOIS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT D-3

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
Section 125 Cafeteria Plan				
ASSETS				
Cash and investments	\$ -	\$ 83,899	\$ (83,899)	\$ -
Receivables				
Accounts	4,579	90,950	(91,936)	3,593
Total Assets	<u>\$ 4,579</u>	<u>\$ 174,849</u>	<u>\$ (175,835)</u>	<u>\$ 3,593</u>
LIABILITIES				
Accounts payable	\$ 698	\$ 794	\$ (698)	\$ 794
Due to other funds	3,881	2,799	(3,881)	2,799
Total Liabilities	<u>\$ 4,579</u>	<u>\$ 3,593</u>	<u>\$ (4,579)</u>	<u>\$ 3,593</u>

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 in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
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.	101
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).	109
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	113
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.	116
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.	118

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

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

The Legal Debt Margin Information table recommended by the National Council of 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.

CITY OF ROCK ISLAND, ILLINOIS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
MARCH 31, 2010
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

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

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

2006	2007	2008	2009	2010
\$ 35,871,239	\$ 37,070,744	\$ 39,756,019	\$ 38,536,816	\$ 40,129,365
6,212,479	6,647,989	5,867,481	2,550,529	4,755,754
<u>24,753,989</u>	<u>25,977,855</u>	<u>26,295,567</u>	<u>27,706,560</u>	<u>28,216,439</u>
<u>\$ 66,837,707</u>	<u>\$ 69,696,588</u>	<u>\$ 71,919,067</u>	<u>\$ 68,793,905</u>	<u>\$ 73,101,558</u>
\$ 30,267,499	\$ 30,541,517	\$ 30,482,589	\$ 26,844,821	\$ 30,884,254
2,446,933	2,845,532	3,915,610	8,915,241	8,537,642
<u>32,714,432</u>	<u>33,387,049</u>	<u>34,398,199</u>	<u>35,760,062</u>	<u>39,421,896</u>
\$ 66,138,738	\$ 67,612,261	\$ 70,238,608	\$ 65,381,637	\$ 71,013,619
6,212,479	6,647,989	5,867,481	2,550,529	4,755,754
<u>27,200,922</u>	<u>28,823,387</u>	<u>30,211,177</u>	<u>36,621,801</u>	<u>36,754,081</u>
<u>\$ 99,552,139</u>	<u>\$ 103,083,637</u>	<u>\$ 106,317,266</u>	<u>\$ 104,553,967</u>	<u>\$ 112,523,454</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
MARCH 31, 2010
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005
Primary Government Expenses			
Governmental activities:			
General government	\$ 6,902,478	\$ 7,760,930	\$ 9,216,294
Police and fire	13,636,101	14,369,188	15,374,191
Electrical maintenance	667,433	719,081	729,766
Municipal vehicle parking system	334,379	389,117	423,277
Highways and streets	6,348,764	5,659,629	6,308,347
Refuse disposal	1,215,970	1,160,005	1,193,383
Libraries	1,800,343	1,842,799	2,028,097
Community development	-	-	233,072
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>
Business-type activities:			
Waterworks	4,257,342	4,338,325	4,317,988
Wastewater	4,574,175	4,662,926	4,021,722
Centennial Bridge	1,305,005	899,430	976,422
Park and recreation	4,234,373	4,751,181	4,942,773
Stormwater	951,880	946,226	1,008,710
Sunset Marina	-	779,639	1,202,102
Housing/community development loans	-	236,378	686,063
Total business-type activities expenses	<u>15,322,775</u>	<u>16,614,105</u>	<u>17,155,780</u>
Total primary government expenses	<u>46,524,133</u>	<u>48,772,919</u>	<u>52,662,207</u>
Primary Government Program Revenues			
Governmental activities:			
Charges for services:			
General government	2,003,994	2,420,609	2,705,401
Police and fire	1,354,071	1,604,852	2,608,497
Electrical maintenance	30,530	29,422	29,958
Municipal vehicle parking system	381,117	455,509	416,348
Highways and streets	470,147	197,699	418,117
Refuse disposal	81,307	66,563	54,581
Libraries	177,198	187,064	222,212
Operating grants and contributions:			
General government	2,132,664	1,578,151	1,930,613
Police and fire	256,847	184,441	491,630
Highways and streets	9,789	-	-
Refuse disposal	-	4,850	-
Libraries	85,608	88,191	121,292
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>

	2006	2007	2008	2009	2010
\$	10,754,191	\$ 10,313,028	\$ 11,439,119	\$ 16,858,777	\$ 11,305,249
	16,811,183	16,635,503	17,272,974	17,764,363	19,608,468
	749,871	693,952	650,687	603,178	585,374
	447,709	373,217	341,308	181,743	350,756
	9,392,489	6,361,422	7,774,998	6,975,777	5,914,981
	1,902,190	1,267,734	1,350,580	1,433,656	1,661,963
	2,122,341	2,371,814	2,286,176	2,185,185	2,319,225
	234,499	-	-	-	-
	-	200,078	183,765	280,358	616,283
	<u>42,414,473</u>	<u>38,216,748</u>	<u>41,299,607</u>	<u>46,283,037</u>	<u>42,362,299</u>
	4,880,350	5,516,896	5,342,035	5,432,620	5,381,733
	4,409,557	4,036,906	3,278,239	3,926,401	4,303,243
	573,606	-	-	-	-
	5,358,909	5,191,258	5,252,128	5,968,430	6,169,575
	1,643,662	1,340,031	1,042,504	1,639,184	1,528,442
	734,565	731,088	734,403	863,714	881,513
	90,582	248,328	75,975	85,608	103,749
	<u>17,691,231</u>	<u>17,064,507</u>	<u>15,725,284</u>	<u>17,915,957</u>	<u>18,368,255</u>
	<u>60,105,704</u>	<u>55,281,255</u>	<u>57,024,891</u>	<u>64,198,994</u>	<u>60,730,554</u>
	3,024,452	3,008,024	1,118,464	3,207,592	3,056,182
	2,571,667	2,818,459	3,257,362	3,447,520	3,578,985
	41,535	38,725	26,274	3,601	24,152
	373,516	286,429	225,358	219,188	207,623
	293,913	314,630	169,367	165,724	131,511
	57,000	72,914	79,374	109,907	182,614
	253,721	232,449	226,361	222,008	212,397
	2,310,189	1,480,324	1,101,764	1,364,287	2,102,695
	371,470	238,838	1,209,857	818,528	191,659
	-	150,000	-	-	128,085
	-	-	-	-	-
	99,094	157,030	156,445	124,449	56,206
	-	176,739	1,121,054	-	1,631,814
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,396,557</u>	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
MARCH 31, 2010
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005
Business-type activities:			
Charges for services:			
Waterworks	\$ 4,014,526	\$ 4,193,568	\$ 4,219,005
Wastewater	3,405,891	3,722,725	3,685,110
Centennial Bridge	3,312,816	300,299	6,206
Park and recreation	2,884,110	3,123,082	3,098,679
Stormwater	836,685	1,400,865	1,315,795
Sunset Marina	-	668,994	499,994
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
Stormwater	-	-	-
Other programs	64,449	-	-
Sunset Marina	-	-	1,564
Housing/community development loans	-	-	29,998
Capital grants and contributions			
Waterworks	-	-	80,457
Wastewater	-	-	126,933
Centennial Bridge	550,900	544,456	-
Park and recreation	133,325	108,511	467,333
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>
Total primary government program revenues	<u>22,501,608</u>	<u>21,155,805</u>	<u>22,687,444</u>
Primary government net expense			
Governmental activities	(23,924,856)	(25,320,927)	(26,499,493)
Business-type activities	(97,669)	(2,296,187)	(3,475,270)
Total primary government net expense	<u>(24,022,525)</u>	<u>(27,617,114)</u>	<u>(29,974,763)</u>
General revenues and other changes in net assets			
Governmental activities:			
Taxes			
Property taxes	9,016,184	9,751,960	11,005,942
Gaming taxes	4,729,389	4,692,886	4,550,501
Sales taxes	3,669,576	3,613,032	3,756,932
Utility taxes	2,251,572	2,398,341	2,186,164
Income taxes	2,712,951	2,188,380	2,686,593
Other taxes	4,031,848	5,122,480	5,922,547
Investment earnings	686,016	588,683	597,197
Miscellaneous	32,897	91,154	12,624
Transfers	(209,711)	(33,035)	(206,243)
Total governmental activities	<u>26,920,722</u>	<u>28,413,881</u>	<u>30,512,257</u>

	2006	2007	2008	2009	2010
\$	4,535,853	\$ 4,921,769	\$ 5,189,174	\$ 5,492,376	\$ 5,670,815
	3,883,344	4,195,871	4,994,983	5,825,018	6,687,063
	-	-	-	-	-
	3,215,321	3,582,675	3,113,840	3,326,601	3,235,998
	1,259,829	1,307,083	1,439,598	1,518,520	1,561,805
	821,919	846,562	829,506	695,671	834,026
	-	-	80,908	76,526	159,739
	-	-	-	-	-
	35,759	17,089	22,946	129,812	15,723
	-	-	-	77,493	-
	-	-	-	-	-
	-	-	-	119,071	-
	48,747	99,400	-	-	-
	-	-	-	-	-
	2,634	1,847	-	-	-
	-	-	-	-	-
	5,000	-	-	-	2,000,000
	-	-	-	-	-
	<u>13,808,406</u>	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>
	<u>23,204,963</u>	<u>23,946,857</u>	<u>24,362,635</u>	<u>26,943,892</u>	<u>31,669,092</u>
	(33,017,916)	(29,242,187)	(32,607,927)	(36,600,233)	(30,858,376)
	<u>(3,882,825)</u>	<u>(2,092,211)</u>	<u>(54,329)</u>	<u>(654,869)</u>	<u>1,796,914</u>
	<u>(36,900,741)</u>	<u>(31,334,398)</u>	<u>(32,662,256)</u>	<u>(37,255,102)</u>	<u>(29,061,462)</u>
	11,035,736	11,049,737	11,593,383	12,329,857	14,363,101
	4,580,442	4,291,728	3,712,282	3,679,842	4,955,625
	3,690,341	3,748,672	3,936,082	4,046,545	3,866,877
	2,508,223	2,178,733	2,312,387	2,314,220	1,752,772
	3,032,338	3,344,704	3,653,838	3,615,800	3,151,854
	6,704,149	6,803,324	7,326,715	7,108,060	6,703,234
	1,038,782	1,183,573	1,174,061	510,487	347,183
	136,060	166,514	344,133	26,899	59,633
	<u>1,780,763</u>	<u>(665,917)</u>	<u>777,525</u>	<u>(156,639)</u>	<u>(34,250)</u>
	<u>34,506,834</u>	<u>32,101,068</u>	<u>34,830,406</u>	<u>33,475,071</u>	<u>35,166,029</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
MARCH 31, 2010
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

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

	2006	2007	2008	2009	2010
\$	1,510,260	\$ 1,652,230	\$ 1,276,505	\$ 1,691,929	\$ 1,689,383
	346,291	418,457	566,499	168,164	140,039
	45,509	28,224	-	-	1,248
	(30,779,461)	-	-	-	-
	(1,780,763)	665,917	(777,525)	156,639	34,250
	(30,658,164)	2,764,828	1,065,479	2,016,732	1,864,920
	3,848,670	34,865,896	35,895,885	35,491,803	37,030,949
	1,488,918	2,858,881	2,222,479	(3,125,162)	4,307,653
	(34,540,989)	672,617	1,011,150	1,361,863	3,661,834
\$	(33,052,071)	\$ 3,531,498	\$ 3,233,629	\$ (1,763,299)	\$ 7,969,487

CITY OF ROCK ISLAND, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
MARCH 31, 2010
(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
\$	4,488,348	\$ 2,220,228	\$ 4,571,879	\$ 5,158,877
	3,057,297	4,467,219	4,266,048	3,770,644
	38,725	26,274	3,601	24,152
	286,429	225,358	219,188	207,623
	641,369	1,290,421	165,724	1,891,410
	72,914	79,374	109,907	182,614
	389,479	382,806	346,457	268,603
	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>
	4,921,769	5,189,174	5,492,376	5,670,815
	4,197,718	4,994,983	5,825,018	6,687,063
	-	-	-	-
	3,599,764	3,136,786	3,456,413	5,251,721
	1,307,083	1,439,598	1,596,013	1,561,805
	846,562	829,506	814,742	834,026
	99,400	80,908	76,526	159,739
	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>
\$	<u>23,946,857</u>	<u>\$ 24,362,635</u>	<u>\$ 26,943,892</u>	<u>\$ 31,669,092</u>

CITY OF ROCK ISLAND, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2010
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2001	2002	2003	2004
General fund				
Reserved	\$ 1,005,509	\$ 888,196	\$ 645,795	\$ 849,360
Unreserved	<u>4,988,927</u>	<u>3,968,068</u>	<u>4,005,710</u>	<u>4,892,155</u>
Total general fund	<u>\$ 5,994,436</u>	<u>\$ 4,856,264</u>	<u>\$ 4,651,505</u>	<u>\$ 5,741,515</u>
All other governmental funds				
Reserved	\$ 1,041,272	\$ 770,328	\$ 4,050,381	\$ 3,208,754
Unreserved, reported in:				
Special revenue funds	6,596,068	8,962,284	7,284,588	9,760,834
Debt service funds	1,213,418	1,218,046	1,451,047	1,502,707
Capital projects funds	<u>3,822,815</u>	<u>3,679,457</u>	<u>890,203</u>	<u>1,698,407</u>
Total all other governmental funds	<u>\$ 12,673,573</u>	<u>\$ 14,630,115</u>	<u>\$ 13,676,219</u>	<u>\$ 16,170,702</u>

2005	2006	2007	2008	2009	2010
\$ 873,800	\$ 1,301,833	\$ 1,123,268	\$ 827,312	\$ 1,455,903	\$ 737,694
<u>5,771,995</u>	<u>6,020,845</u>	<u>6,973,846</u>	<u>8,484,627</u>	<u>8,196,559</u>	<u>7,716,892</u>
<u>\$ 6,645,795</u>	<u>\$ 7,322,678</u>	<u>\$ 8,097,114</u>	<u>\$ 9,311,939</u>	<u>\$ 9,652,462</u>	<u>\$ 8,454,586</u>
\$ 6,782,902	\$ 6,688,701	\$ 5,991,570	\$ 2,699,964	\$ 4,070,939	\$ 3,063,439
9,231,888	9,769,059	10,414,324	10,686,521	8,204,905	11,999,807
1,515,356	1,608,484	1,306,835	1,308,302	171,543	248,370
<u>211,091</u>	<u>(1,489,471)</u>	<u>(669,188)</u>	<u>653,267</u>	<u>5,708,661</u>	<u>5,321,073</u>
<u>\$ 17,741,237</u>	<u>\$ 16,576,773</u>	<u>\$ 17,043,541</u>	<u>\$ 15,348,054</u>	<u>\$ 18,156,048</u>	<u>\$ 20,632,689</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2010
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2001	2002	2003	2004
Revenues				
Property taxes	\$ 9,201,775	\$ 7,967,580	\$ 8,521,133	\$ 9,203,389
Other taxes	18,488,546	17,726,643	17,395,336	18,015,119
Fines and fees	84,375	71,588	75,178	117,669
Intergovernmental	1,830,847	2,655,207	590,522	3,770,510
Charges for services	3,772,424	3,468,525	3,775,730	4,238,747
Use of money and property	1,249,137	928,260	681,953	588,683
Licenses and permits	566,999	597,985	523,317	575,527
Special assessments	-	-	149,291	71,893
Contributions	376,694	211,795	128,401	164,874
Other	206,801	161,458	36,960	125,691
Total revenues	<u>35,777,598</u>	<u>33,789,041</u>	<u>31,877,821</u>	<u>36,872,102</u>
Expenditures				
Current:				
General government	6,301,528	6,926,918	6,485,173	7,293,018
Police and Fire	11,403,486	11,862,182	13,223,957	13,242,298
Electrical maintenance	622,997	703,383	635,603	696,540
Motor Vehicle Parking System	244,617	200,635	210,484	248,744
Highways and streets	2,653,232	3,633,241	3,560,869	3,583,272
Refuse disposal	1,156,371	1,291,406	1,248,538	1,145,370
Libraries	1,437,833	1,476,614	1,666,321	1,685,813
Recreation	1,509,761	-	-	-
Capital outlay	4,470,273	3,062,577	6,109,155	4,230,762
Debt Service:				
Principal	1,270,073	1,185,207	1,261,033	1,288,655
Interest	403,199	325,584	312,517	265,311
Bond Issuance costs	-	-	-	-
Total expenditures	<u>31,473,370</u>	<u>30,667,747</u>	<u>34,713,650</u>	<u>33,679,783</u>
Excess of revenues (under) expenditures	<u>4,304,228</u>	<u>3,121,294</u>	<u>(2,835,829)</u>	<u>3,192,319</u>
Other financing sources (uses)				
Issuance of long-term debt	-	1,178,033	995,000	345,000
Bond discount	-	-	-	-
Bond premium	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Transfers in	6,380,915	6,051,551	7,412,487	6,506,258
Transfers out	(6,827,644)	(8,274,777)	(7,622,198)	(6,459,084)
Total other financing sources (uses)	<u>(446,729)</u>	<u>(1,045,193)</u>	<u>785,289</u>	<u>392,174</u>
Net change in fund balances	<u>\$ 3,857,499</u>	<u>\$ 2,076,101</u>	<u>\$ (2,050,540)</u>	<u>\$ 3,584,493</u>
Debt service as a percentage of noncapital expenditures	6.20%	5.47%	5.50%	5.28%

GASB Statement No. 34 implemented in fiscal year 2003

Source: City records

	2005	2006	2007	2008	2009	2010
\$	9,971,645	\$ 10,981,350	\$ 10,942,864	\$ 11,057,085	\$ 11,471,164	\$ 12,322,519
	19,083,272	20,530,101	20,349,952	20,949,799	20,777,465	19,383,563
	240,027	229,343	294,354	324,401	694,817	485,330
	2,302,779	2,633,043	2,077,471	2,364,724	2,079,869	1,892,996
	4,680,145	4,747,641	4,942,121	4,016,137	6,027,371	6,193,416
	712,183	780,663	1,081,282	1,174,061	510,487	350,621
	568,047	985,299	673,077	762,022	708,877	719,378
	-	-	-	-	-	-
	149,338	89,202	62,126	103,342	131,798	479,680
	12,163	19,928	75,136	276,265	35,309	226,214
	<u>37,719,599</u>	<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>
	8,504,732	10,021,626	9,642,529	10,696,556	13,450,852	9,926,146
	14,959,882	16,065,401	16,284,239	17,476,908	18,144,315	19,442,894
	726,042	744,937	690,957	659,805	612,471	587,492
	270,646	300,385	226,491	191,111	183,996	181,204
	3,788,199	4,961,394	4,508,711	5,469,273	5,882,079	4,690,385
	1,190,372	1,906,294	1,207,288	1,380,584	1,516,897	1,675,429
	1,903,201	1,995,886	2,255,921	2,194,964	2,207,697	2,203,791
	-	-	-	-	-	-
	3,005,021	5,103,593	3,531,463	3,518,066	2,570,128	8,385,641
	1,474,206	1,357,045	1,064,165	688,145	681,829	1,104,400
	240,936	245,856	174,498	183,765	211,351	334,016
	-	5,235	-	-	-	-
	<u>36,063,237</u>	<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>1,656,362</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>
	2,382,702	225,483	1,330,000	-	6,422,600	7,760,000
	9,082	(372)	-	-	(92,986)	(10,898)
	-	-	-	-	-	10,594
	(757,702)	(205,000)	-	-	-	-
	7,220,195	9,273,896	6,349,799	8,365,594	8,238,999	5,942,996
	<u>(7,600,036)</u>	<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>1,254,241</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>2,910,603</u>	<u>\$ (487,581)</u>	<u>\$ 1,241,204</u>	<u>\$ (480,662)</u>	<u>\$ 3,148,517</u>	<u>\$ 1,278,765</u>
	5.19%	4.28%	3.44%	2.15%	2.05%	2.96%

CITY OF ROCK ISLAND, ILLINOIS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
MARCH 31, 2010
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Replacement Tax	Sales Tax	Use Tax	Income Tax	Utility Tax
2001	\$ 9,201,775	\$ 1,940,876	\$ 3,600,061	\$ 521,510	\$ 3,215,936	\$ 3,308,203
2002	7,967,580	1,827,426	3,785,855	424,203	2,753,476	2,511,266
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
Change 2001-2010	33.91%	26.26%	7.76%	-10.78%	-36.05%	-47.56%

Source: City records

Gasoline Tax	Other Tax	Wagering Tax	Motor Fuel Tax	Foreign Fire Insurance Tax	Hotel/Motel Tax	Total
\$ 160,962	\$ 447,698	\$ 3,958,085	\$ 1,178,441	\$ 19,487	\$ 137,287	\$ 27,690,321
167,658	467,075	4,535,431	1,113,853	26,116	114,284	25,694,223
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
-14.78%	424.66%	25.20%	-15.01%	102.59%	129.12%	14.50%

CITY OF ROCK ISLAND, ILLINOIS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Property
2001	\$ 235,908,970	\$ 61,678,052	\$ 35,807,596	\$ 386,550
2002	253,404,665	64,944,570	41,092,460	480,709
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

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	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
\$ 508,603	\$ 334,289,771	6.1%	2.6084	\$ 1,002,869,313	33.3%
499,931	360,422,335	7.8%	2.5420	1,081,267,005	33.3%
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%

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Tax Collection Year	City Direct Rates							Total Direct
	General Fund	Fire Pension Fund	Police Pension Fund	Public Benefit Fund	Debt Service Fund	Public Library Fund	Park Fund	
2001	1.23920	0.22500	0.27160	0.05020	0.05600	0.39240	0.37400	2.60840
2002	1.16440	0.24860	0.29360	0.05100	0.05220	0.38260	0.34960	2.54200
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

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
5.07400	0.74100	0.31200	0.04000	0.13500	0.33800
5.06700	0.80000	0.30000	0.06700	0.13300	0.36600
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

CITY OF ROCK ISLAND, ILLINOIS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
MARCH 31, 2010
(UNAUDITED)

Taxpayer	2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Rock Island Boatworks Inc	\$ 22,077,890	1	4.7%
Modern Woodmen of America	9,543,326	2	2.0%
PFG Thoms Proestler	5,532,763	3	1.2%
Mid-American Energy Co.	5,180,793	4	1.1%
Barjan Products LLC	3,182,263	5	0.7%
Friendship Manor Prop LLC	3,097,671	6	0.7%
First Equity Management	2,615,660	7	0.6%
Illinois Housing Development Authority	2,140,549	8	0.5%
Eye Surgeons Facilities	1,649,666	9	0.4%
Ameritech	1,636,499	10	0.4%
Total	\$ 56,657,080		11.9%

Notes:

1. Valuation as of January 1, 2009, for taxes collected in 2010.
2. Total City assessed valuation of \$ 472,460,100

Taxpayer	2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Thoms-Proestler Co.	\$ 4,935,964	1	1.6%
Mid-American Energy Co.	3,212,051	2	1.0%
Modern Woodmen of America	2,733,811	3	0.9%
Friendship Manor	2,665,667	4	0.9%
Miller Container Corp.	2,123,359	5	0.7%
Pinnacle-Stanrick Corporation	1,495,950	6	0.5%
17 & 2/Ackerman/RI Bank	1,409,628	7	0.5%
LRC Developers, Inc.	1,373,627	8	0.4%
Quad Cities Steel Warehouse	1,370,761	9	0.4%
Careplus Management	1,292,735	10	0.4%
Total	\$ 22,613,553		6.9%

Notes:

1. Valuation as of January 1, 2000, for taxes collected in 2001.
2. Total City assessed valuation of \$ 311,508,220.

Source: County records

CITY OF ROCK ISLAND, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
MARCH 31, 2010
(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
2001	2000	\$ 8,995,536	\$ 8,609,311	95.71%
2002	2001	9,512,710	9,094,442	95.60%
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	-	-

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
\$ 386,225	\$ 8,995,536	100.00%
418,268	9,512,710	100.00%
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%

CITY OF ROCK ISLAND, ILLINOIS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Fiscal Year	Governmental Activities			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt		
2001	\$ 4,588,809	\$ 1,213,408	\$ 3,375,401	0.3%	85.06
2002	5,164,604	1,218,046	3,946,558	0.4%	99.45
2003	5,238,563	1,451,047	3,787,516	0.3%	95.44
2004	4,631,908	1,502,707	3,129,201	0.3%	78.85
2005	5,097,702	1,515,356	3,582,346	0.3%	90.27
2006	4,016,140	1,608,484	2,407,656	0.2%	60.67
2007	4,484,975	1,306,835	3,178,140	0.2%	80.09
2008	3,886,830	1,308,302	2,578,528	0.2%	64.98
2009	9,697,600	171,543	9,526,057	0.7%	240.05
2010	16,353,200	230,382	16,122,818	1.1%	406.28

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

Business-Type Activities		Total Primary Government	Percentage of Per Capita Income	Per Capita
General Obligation Bonds				
\$ 14,786,239	\$ 18,161,640	523%	457.66	
15,935,472	19,882,030	572%	501.01	
14,332,469	18,119,985	522%	456.61	
15,617,222	18,746,423	540%	472.39	
13,942,298	17,524,644	505%	441.60	
12,948,860	15,356,516	442%	386.97	
15,395,025	18,573,165	535%	468.03	
14,268,170	16,846,698	485%	424.52	
16,630,733	26,156,790	753%	659.13	
17,888,466	34,011,284	979%	857.05	

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED MARCH 31, 2010
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Schools			
Rock Island School District No. 41	\$ 41,000,000	81.850%	\$ 33,558,500
Rockridge School district No. 300	1,622,610	18.520%	300,507
Blackhawk College	8,272,275	14.200%	<u>1,174,663</u>
			35,033,670
Other Than Schools			
Rock Island County (1)	8,750,000	20.860%	1,825,250
Rock Island County Forest Preserve District	6,125,000	20.860%	1,277,675
Rock Island County Nursing Home	19,885,000	20.860%	4,148,011
Metropolitan Airport Authority	18,115,000	25.610%	<u>4,639,252</u>
			11,890,188
Subtotal, overlapping debt			46,923,858
City Direct Debt			<u>9,697,600</u>
Total direct and overlapping debt			<u>\$ 56,621,458</u>

Sources:

(1) City and County records

Sources: Assessed value data used to estimate applicable percentages provided by the 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
MARCH 31, 2010
(UNAUDITED)

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2001	\$ 537,000	\$ 2,040,000	\$ 406,971	0.2	
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	

CITY OF ROCK ISLAND, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2001	39,684	NA	34,729	36.4	7,245	5.3%
2002	39,684	NA	34,729	36.4	7,225	6.0%
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%

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, 2010
(UNAUDITED)

Employer	2009		
	Employees	Rank	Percent
Trinity Regional Health System	1,500	1	8%
Rock Island School District No. 41	900	2	5%
Rock Island County	510	3	3%
Augustana College	500	4	3%
Jumer's Casino Rock Island	450	5	3%
Performance Food Group	450	6	3%
Modern Woodmen of America	440	7	2%
YRC (Roadway Express)	400	8	2%
Dohn Transfer Company	300	9	2%
Norcross Safety Products	300	10	2%
	5,750		33%
Total City Employment	17,695		

Employer	2000		
	Employees	Rank	Percent
Trinity Medical Center	2,348	1	13%
Rock Island School District No. 41	925	2	5%
Augustana College	490	3	3%
Rock Island County	485	4	3%
Thoms-Proestler	438	5	2%
Jumer's Casino Rock Island	410	6	2%
Norcross Safety Products	398	7	2%
Modern Woodmen of America	385	8	2%
City of Rock Island	355	9	2%
Seaford Clothing Company	300	10	2%
	6,534		36%
Total City Employment	18,108		

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, 2010
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Mayor and Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
City Clerk	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
General administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00
Personnel										
Administration	2.20	2.20	2.20	2.20	2.20	2.20	3.32	4.00	4.00	4.00
Personnel services	0.40	0.40	0.40	0.40	0.40	0.40	0.50	1.00	1.00	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	5.00	5.00
Finance										
Administration	1.00	2.00	2.00	2.00	2.00	2.00	1.60	2.00	1.75	1.75
Customer service	4.00	4.00	4.00	4.00	4.00	4.00	3.96	5.35	5.80	4.00
Accounting	5.00	4.00	4.00	4.00	4.00	4.00	4.02	3.65	4.45	5.25
	10.00	10.00	10.00	10.00	10.00	10.00	9.58	11.00	12.00	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	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	7.00	7.00
Community/Economic Development										
Administration	0.50	0.60	0.60	1.27	1.27	1.27	1.27	1.35	1.29	1.29
Economic development	2.80	2.60	2.60	2.63	2.49	2.49	2.49	2.35	1.74	1.74
Planning/zoning/historic										
Preservation	6.26	6.43	6.43	6.58	6.15	5.90	5.65	5.65	5.65	5.65
Neighborhood redevelopment	1.90	2.80	2.80	2.95	2.09	2.34	2.59	2.65	3.32	3.32
Inspection	5.85	5.85	5.85	6.00	7.25	7.00	7.00	7.00	7.00	7.00
Rental inspection	4.15	4.15	4.15	4.00	2.75	-	-	-	-	-
	21.46	22.43	22.43	23.43	22.00	19.00	19.00	19.00	19.00	19.00
Martin Luther King Jr. Center										
Administration	1.15	1.10	1.10	1.70	1.70	1.70	1.40	1.40	1.00	1.40
Sponsored programs	3.85	4.90	4.90	4.30	4.30	5.30	5.60	6.41	6.81	5.41
	5.00	6.00	6.00	6.00	6.00	7.00	7.00	7.81	7.81	6.81
Police										
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.27	3.27	3.27	3.27
Patrol	58.48	58.80	58.80	58.80	57.80	57.80	62.80	63.80	61.80	61.80
Community services	3.45	3.45	3.45	3.40	3.40	3.40	3.27	3.27	3.27	3.27
Auxiliary police	0.17	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Resource services	2.53	2.53	2.53	3.08	3.08	3.08	2.56	2.56	2.56	2.56
Communication	13.16	13.16	13.16	12.84	12.84	12.84	13.16	13.16	13.16	13.16
Technical services	2.38	2.38	2.38	2.44	2.44	2.44	2.03	3.53	3.53	3.53
Records	5.48	5.48	5.48	5.24	5.24	5.24	2.71	3.21	3.21	3.21
Major crime	10.40	10.25	10.25	10.25	10.25	10.25	10.25	9.25	9.25	10.15
Narcotics/vice	5.40	5.30	5.30	5.30	6.30	6.30	5.30	5.30	5.30	5.30
Juvenile	7.55	7.45	7.45	7.45	7.45	7.45	8.45	8.45	8.45	7.55
	112.00	112.00	112.00	112.00	112.00	112.00	114.00	116.00	114.00	114.00

(continued)
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CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (continued)
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire										
Administration	9.16	10.16	10.16	9.16	9.27	9.27	9.38	9.38	9.38	9.49
Fire prevention	7.16	7.16	7.16	7.16	7.27	7.27	7.38	7.38	7.38	7.49
Emergency/disaster services	21.28	21.28	21.28	21.28	21.66	21.66	22.04	22.64	23.04	22.42
Ambulance	23.40	22.40	22.40	23.40	23.80	23.80	24.20	23.60	23.20	23.60
	<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>	<u>63.00</u>	<u>63.00</u>
Public Works										
Administration	20.65	20.70	20.70	21.39	19.61	19.62	19.62	18.62	19.27	15.44
Street maintenance & repair	8.22	9.00	9.00	7.40	7.53	7.86	14.24	15.76	14.35	10.96
Snow & ice control	0.68	0.73	0.73	0.65	0.69	0.75	0.79	0.79	0.74	0.78
Refuse collection	8.02	8.02	8.02	6.97	9.62	9.62	9.85	10.10	9.77	10.77
Levee/ROW maintenance	6.52	7.78	7.78	7.60	7.30	6.74	6.74	7.65	7.45	6.65
Water distribution	14.28	14.03	14.03	14.25	14.60	14.60	13.06	14.08	13.93	14.29
Wastewater collection	2.87	2.90	2.90	2.79	2.80	4.24	4.24	4.07	4.66	2.91
Motor vehicle parking	1.53	1.58	1.58	2.83	2.96	2.82	2.40	2.40	3.30	3.10
Water treatment	11.08	10.98	10.98	11.12	11.12	10.62	10.64	10.64	10.62	10.12
Wastewater treatment	9.68	9.58	9.58	9.72	9.72	9.72	9.70	9.69	10.10	10.32
Fleet services	9.15	9.20	9.20	9.25	9.25	9.34	9.40	9.80	9.80	9.65
Electrical maintenance	2.45	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering services	10.98	10.98	9.25	9.51	10.54	10.33	5.22	3.14	2.75	8.73
Building maintenance	1.95	1.20	1.20	1.70	1.55	1.45	1.45	1.45	-	-
Sunset Marina	1.24	1.24	1.24	1.86	2.31	2.39	2.39	2.39	4.26	4.28
Hydroelectric	0.30	0.25	0.25	-	-	-	-	-	-	-
Stormwater	7.13	6.56	6.56	5.96	4.40	4.40	2.92	2.92	2.50	2.50
Centennial Bridge	-	-	-	-	-	-	0.84	5.16	7.17	14.00
	<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>	<u>123.67</u>	<u>127.50</u>
Parks & Recreation										
Administration	3.50	3.50	3.50	3.50	3.28	3.36	3.00	3.44	3.33	3.33
Park maintenance	18.02	19.16	19.16	17.03	13.46	13.46	16.37	16.87	17.15	16.15
Recreation programs	15.88	16.63	16.63	16.47	17.60	17.03	15.00	15.76	25.60	24.24
Highland Springs Golf	14.41	14.41	14.41	14.45	13.93	13.75	16.24	15.23	12.45	12.45
Saukie Golf	10.28	10.28	10.28	10.34	10.11	10.14	11.36	10.97	9.65	9.65
Golf Pro Shop	0.26	0.26	0.26	0.26	0.57	0.57	0.50	0.43	0.10	0.10
Whitewater Junction	8.57	8.25	8.25	8.06	7.35	6.47	6.60	5.43	0.08	2.20
RI Fitness Center	15.80	14.67	14.67	14.43	13.56	16.12	14.79	13.62	16.28	14.58
	<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>	<u>84.64</u>	<u>82.70</u>
Library										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Main library	22.08	21.38	21.38	21.38	21.38	21.05	21.80	21.80	21.70	20.19
30/31 library	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	3.50	2.50
Southwest library	3.25	3.87	3.87	2.75	2.75	2.75	4.25	4.25	4.25	3.50
	<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>	<u>31.45</u>	<u>29.19</u>
Total	<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>	<u>479.57</u>	<u>476.20</u>

CITY OF ROCK ISLAND, ILLINOIS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Function/Program	Calendar Year			
	2000	2001	2002	2003
Police				
Calls for service	49,259	44,880	47,135	47,693
Adult arrest	4,876	4,583	4,603	4,842
Juvenile arrest	807	814	1,068	1,031
Speeding citations only	3,697	2,361	2,082	1,744
Traffic citations	11,612	9,003	9,508	9,875
Fire				
Total fire runs	1,741	1,227	1,291	1,184
Total rescue runs	2,942	3,201	2,888	2,979
Property loss	\$ 940,750	\$ 392,800	\$ 1,134,750	\$ 866,500
Public Works				
Garbage collected (ton)	16,253	16,868	18,260	17,214
Other collected (ton)	4,553	4,430	4,483	4,102
Water average daily treatment (millions of gallons)	5.35	5.23	5.13	5.11
Wastewater average daily treatment (millions of gallons)	8.00	7.69	8.59	8.58
Library, volumes in collection	197,991	205,757	199,365	207,512
Parks and Recreation				
RIFAC memberships	2,650	2,850	2,950	2,863
Aquatics program attendance	12,209	-	-	-
Golf rounds played	75,825	70,591	74,500	66,716
Recreation programs offered	368	350	390	412
Park maintenance hours	41,500	41,500	41,500	39,420

Source: City records

Note: ** Indicator not available

Calendar Year					
2004	2005	2006	2007	2008	2009
44,826	47,050	44,563	47,200	47,317	47,317
4,625	4,444	4,381	4,738	4,299	4,299
1,038	973	994	876	937	937
1,659	1,539	1,255	1,255	1,884	1,884
8,566	7,393	6,515	8,750	8,857	8,857
1,194	1,311	1,339	1,487	1,550	1,617
3,123	3,367	3,179	4,068	4,898	4,798
\$ 882,752	\$ 700,520	\$ 429,350	\$ 429,350	\$ 670,009	\$ 1,385,260
19,207	18,719	17,978	16,800	18,900	18,900
2,626	3,137	1,622	1,953	2,761	2,761
5.11	4.82	5.33	5.30	5.12	5.28
7.09	8.22	6.14	7.45	8.85	10.64
205,669	215,594	227,512	241,113	254,126	254,126
2,727	2,678	2,748	2,670	2,650	2,554
39,107	26,027	37,929	29,839	29,222	29,222
65,508	67,788	66,967	56,000	48,000	50,918
350	173	203	217	287	304
39,420	40,000	41,500	41,500	41,500	**

CITY OF ROCK ISLAND, ILLINOIS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2010
(UNAUDITED)

Function/Program	2001	2002	2003	2004
Police and fire				
Police stations	1	1	1	1
Fire stations	4	4	4	4
Electrical maintenance				
Traffic signaled intersections	57	57	60	60
Warning lights	15	17	17	17
Street lights	944	992	992	1,103
Mobile radios	221	224	225	225
Municipal vehicle parking system				
Parking lot/ramp spaces	1,262	1,262	1,262	1,352
On-street parking	1,249	1,249	1,249	1,350
Parking meters	153	150	150	148
Highways and streets				
Miles of streets	165	165	165	166
Refuse disposal				
Refuse trucks	6	6	6	6
Libraries				
Facilities	3	3	3	3
Volumes	217,613	263,514	272,000	214,235
Waterworks				
Storage capacity (MGPD)	12	12	12	12
Average water treated (MGPD)	5.23	5.35	5.30	4.82
Miles of water main	221	221	221	222
Fire hydrants	1,778	1,778	1,778	1,899
Control valves	4,160	4,170	4,180	4,225
Wastewater treatment				
Storage capacity (MGPD)	9.50	9.50	9.50	9.50
Average wastewater treated (MGPD)	7.69	8.52	8.40	8.22
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	n/a	n/a	99
Stormwater catch basins	n/a	n/a	n/a	4,678
Total raingardens	n/a	n/a	n/a	4
Total raingardens (sq ft)	n/a	n/a	n/a	1,486
Parks & recreation				
Acreage	900	900	900	900
Playgrounds	21	21	23	23
Golf course	2	2	2	2
Swimming pools	1	1	2	2
Sunset marina				
Summer slips available	467	465	465	473
Winter storage available	250	250	250	250
Housing and community development loans				
CIRLF Loans	17	15	15	9
TIF District Projects	7	16	16	15
Agencies receiving funding	15	13	15	14

Source: City records

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
4	4	4	4	4	4
60	62	62	62	62	64
17	17	17	17	17	16
1,103	1,157	1,157	1,157	1,157	1,204
225	225	225	225	225	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
144	140	140	140	140	100
166	166	166	166	166	166
5	5	6	6	6	6
3	3	3	3	3	3
223,265	222,755	225,000	231,188	238,805	254,126
12	12	12	12	12	12
5.33	5.00	5.00	5.00	5.12	5.35
224	224	226	226	228	228
1,899	1,902	1,915	1,915	1,928	1,932
4,225	4,230	4,251	4,251	4,315	4,327
9.50	9.50	9.50	9.50	9.50	17.50
6.14	6.41	7.10	8.60	8.85	10.90
250	250	250	250	250	250
95	95	95	95	95	95
3,667	3,667	3,667	3,667	3,667	3,667
103	104	104	104	115	115
4,929	4,931	4,956	4,956	4,947	4,947
21	88	159	46	156	192
14,494	34,245	55,119	71,674	57,610	69,428
900	900	900	900	900	900
23	23	23	23	23	23
2	2	2	2	2	2
2	2	2	2	2	2
473	473	473	473	473	473
250	250	250	250	250	250
14	12	12	8	10	8
12	14	25	25	22	15
11	11	12	12	9	9



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, as of and for the year ended March 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 21, 2010. 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

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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and an other deficiency that we consider to be a significant deficiency.

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 deficiencies in internal control described in Part II of the accompanying schedule of findings and questioned costs as items II-A-10 and II-B-10 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II the accompany schedule of findings and questioned costs as item II-C-10 to be a significant deficiency.

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*.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Rock Island, Illinois, and other parties to whom the City of Rock Island, Illinois, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Rock Island, Illinois, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
September 21, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
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, with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2010. 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 grant agreements 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 on the City's compliance with those requirements.

In our opinion, the City of Rock Island, Illinois, complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10.

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 requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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, non-compliance 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 non-compliance 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.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the City's response, 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, 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
September 21, 2010

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Agriculture:			
Pass-through program from:			
Illinois State Board of Education			
Summer Food Service Program for			
Children	10.559	49-0810-19P-00	\$ <u>18,691</u>
U.S. Department of Housing and Urban Development:			
Direct Program			
Community Development Block Grants/ Entitlement Grants	14.218	B-09-MC-17-0021	1,742,588
ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-17-0021	32,334
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	ILLHBO298-05	44,361
Pass-through program from:			
Illinois Housing Development Authority			
Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (State-Administered Small Cities Program)	14.228	PID# 75013	<u>637,900</u>
Total U.S. Department of Housing and Urban Development			<u>2,457,183</u>
U.S. Department of the Interior			
Direct Program			
Save America’s Treasures	15.929	17-06-PA-2011	8,225
Pass-through program from:			
Illinois Historic Preservation Agency			
Historic Preservation Fund Grants-In-Aid	15.904	CL20080156	<u>859</u>
Total U.S. Department of the Interior			<u>9,084</u>
U.S. Department of Justice:			
Direct Program			
Part E – Developing, Testing and Demonstrating			
Promising New Programs	16.541	2008-JL-FX-0145	57,442
Bulletproof Vest Partnership Program	16.607	none	3,600
Public Safety Partnership and Community Policing Grants	16.710	2006CKWX0154	41,421

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
U.S. Department of Justice: (continued)			
Direct Program (continued)			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0153	\$ 31,143
Total U.S. Department of Justice			<u>133,606</u>
U.S. Department of Transportation			
Pass-through program from:			
Illinois Department of Transportation			
State and Community Highway Safety	20.600	OP8-4970-580	15,306
State and Community Highway Safety	20.600	AL9-4970-548	<u>6,625</u>
			<u>21,931</u>
Alcohol Impaired Driving Counter- measures Incentive Grants	20.601	ALO-4970-153	239
Occupant Protection Incentive Grants	20.602	SP8-4970-187	<u>13,919</u>
			<u>14,158</u>
Total U.S. Department of Transportation			<u>36,089</u>
U.S. Environmental Protection Agency:			
Direct Program			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF00E13501	<u>75,715</u>
U.S. Department of Energy:			
Direct Program			
ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0001958	<u>39,450</u>
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	86,932
Block Grants for Prevention and Treatment of Substance Abuse	93.959	K11GK335562	<u>64,162</u>
Total U.S. Department of Health and Human Services			<u>151,094</u>
Total			<u>\$ 2,920,912</u>

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

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 on 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/ Entitlement Grants	14.218	\$ 244,434

**CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010**

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 Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant deficiency None reported

Type of auditor's report issued on compliance for the 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>
Cluster	
• 14.218	Community Development Block Grants/ Entitlements Grants
• 14.253	ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)
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

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES

II-A-10 Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010

Part II: Findings Related to the Financial Statements: (continued)

Condition – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect – The effect of this condition is that the financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Response – The City is in the process of updating financial software. The new financial software includes a CAFR module that is used to prepare the financial statements. Setup and implementation training for this software is scheduled in October 2010. The goal of the City is to have a functioning CAFR module for the fiscal year ended March 31, 2011.

Conclusion – Response accepted.

II-B-10 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 auditors, we were requested to draft the financial statements from schedules supplied by City personnel. As a result of our audit procedures, we were required to propose material adjustments in the areas of receivables, unearned revenue, 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 finance department acknowledges that a number of subsidiary ledger transactions were not reconciled to the general ledger at year end. The City converted to a new financial accounting system on January 1, 2010. The additional workload associated with the software conversion took staff time away from audit presentation and review. The department will continue work to strengthen accounting functions.

Conclusion – Response accepted.

**CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010**

Part II: Findings Related to the Financial Statements: (continued)

SIGNIFICANT DEFICIENCY

II-C-10 Compliance with Investment Policy

Criteria – The City’s investment policy specifically states no institution shall hold more than 20% of the City’s investment portfolio, exclusive of U.S. Treasury securities.

Condition – At year end March 31, 2010, the majority of the City’s investments were held in two institutions – Illinois Metropolitan Investment Funds (IMET) and American Bank.

Cause – The City had a difficult time finding investments during the year which would yield interest rates worthy of investment.

Effect – The City was not in compliance with their investment policy during the year.

Recommendation – We recommend that those responsible for investment of funds take adequate steps to align their investment activities within the confines of their investment policy.

Response – The City contracts with American Bank and Trust for banking services. This includes a cash concentration account and sweep services for several checking accounts. The City also invests with the Illinois Metropolitan Investment Funds (IMET), the state managed Illinois Funds investment pool. IMET provides arbitrage services for City bond issues in addition to investments. The City maintains an investment ladder of certificates of deposit that are bid and mature monthly. The certificates of deposit are restricted to Quad-City area banks per City Council policy.

Subsequent to March 31, 2010, the City surveyed Quad-City area banks in an effort to increase competition, investment returns, and diversify the investment ladder. As a result, the City changed the monthly certificate of deposit bid process from a single 16 month \$500,000 certificate to two \$250,000 certificates maturing in 12 and 24 months. The change resulted in increased earnings and diversification.

Additional steps need to be considered for investments to comply with City policy. The City will modify the investment section of the Monthly Management Report to disclose compliance with the investment policy. The City will also review IMET balances to minimize amounts held that are not required for arbitrage reporting requirements. In addition, the City will consider disqualifying banks from the monthly bid process if assets held exceed policy limits. The City will also consider expanding the pool of financial institutions that are solicited for monthly certificate bids to institutions located outside of the Quad-City area.

Conclusion – Response accepted.

**CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010**

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

CFDA Number 14.253: ARRA – Community Development Block Grants ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)

Agency Number: B-09-MY-17-0021

Department of Housing and Urban Development

III-A-10 Reporting

Criteria – The quarterly reports submitted for ARRA funded grants (1512 reporting) are required to report expenditures on a cumulative basis.

Condition – The report filed for the quarter ended March 31, 2010, reported expenditures for that quarter only, rather than cumulatively.

Cause – City personnel misunderstood the filing instructions.

Effect – The City was not in compliance with all of the 1512 reporting requirements.

Recommendation – Going forward the City should report expenditures for ARRA funded grants on a cumulative basis when submitting quarterly 1512 reporting.

Response – The City will report expenditures for ARRA funded grants on a cumulative basis when submitting quarterly 1512 reports.

Conclusion – Response accepted.