

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED MARCH 31, 2013



ROCK ISLAND  
ILLINOIS

Prepared by:  
Finance Department  
Cynthia Parchert, Finance Director



ROCK ISLAND  
ILLINOIS

# CITY OF ROCK ISLAND, ILLINOIS

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ROCK ISLAND  
ILLINOIS



August 16, 2013

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

We are pleased to present the 2012-2013 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and the residents of Rock Island on the status of the City's financial position and results of operations for the past fiscal year. This report is the eleventh 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, 2013.

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

Bohnsack and Frommelt LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Rock Island's financial statements for the year ended March 31, 2013. The independent auditor's report is located at the front of the financial section of this report.

#### Profile Of The City

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

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

The City has unified its administrative functions through the appointment a City Manager (the position was created by the action of the City Council on July 1, 1952), who is responsible for the day to day operations of the City and its 453 full-time equivalent employees. The City's police department, with 82 sworn police officers, is housed at City Hall. 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 (66 employees, contract expires March 27, 2016); Police Command (16 employees, contract expires March 16, 2014); Fire Fighters (54 employees, contract expires March 30, 2014);

Library (18 full-time employees and 25 part-time employees, UAW contract expires March 29, 2015); Public Works (64 employees, AFSME A contract expires March 29, 2015), and Office/Professional 71 employees, AFSME B contract expires March 29, 2015). The City considers its employee relations to be good.

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

### Factors Affecting Financial Condition

#### Economic Activity and Outlook

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

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

Housing in the District has also been an area of major focus and investment. To provide both ownership and rental opportunities, the Rock Island Economic Growth Corporation (GROWTH) has been instrumental in creating over 150 units of housing in the downtown. Projects such as the \$1.6 million Clipper condos, the \$5 million Voss Lofts, the \$5 million Sala Flats and the newest project to be completed, the \$6 million McKesson redevelopment, have greatly increased downtown housing opportunities, expanded the downtown resident population and helped achieve the goal of creating a downtown neighborhood. GROWTH completed an \$8.5 million construction in the spring of 2012 to convert a former petroleum products distribution facility into 30 units of housing referred to as the Jackson square redevelopment. In addition, GROWTH completed a \$1million rehab of the Goldman Block creating 5 residential units above commercial space on the ground floor. They have started construction on a 36 new residential unit development known as the Locks. This \$6.2 million project is expected to be complete in the fall of 2014. GROWTH is also in the process of completing a rehab of the historic Star Block into 8 rental units for \$1.7 million.

Jumer's Casino completed its fourth full year of operation in December 2012. The casino operation moved from its Mississippi River waterfront location in the District to a 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. This area has become known as Jumer's Crossing. The City has completed a marketing study on this are to use for future development.

#### Financial planning

The budget preparation process for FY 2013/2013 was triggered by the annual strategic planning process conducted in September. This process allowed City Council to establish priorities. Below are the highest ranked items from this 2012/2013 Policy Agenda:

##### Top priorities

- Make budget decisions for FY 12-13 with regard to the tax levy, fees and service levels.
- Review policy on allocation of gaming revenue and make decisions.
- Support Columbia Park Development in collaboration with MetroLink, LRC Developers and McLaughlin Body.
- Target the revitalization of 11<sup>th</sup> Street.
- Promote the I-280/IL92 Parkway Development.
- Complete the Southwest Ridgewood Road Business Park.

##### High priorities

- Make decisions on services and programs funded with Community Development Block grant (CDBG) in view of reduced funding.
- Support continuation of the Rental Housing Inspection Program.
- Examine the possible addition of an Economic Development position in the Community and Economic Development department.
- Conduct planning for the Arsenal Gateway to encourage the growth of businesses contracting with the federal government.

The 2012/2013 budget incorporated the Capital Improvement Program, the Community Development Block Grant Program and other City funds and included the following important features:

Municipal Services retained at a high level of quality.

It included the first year funding of the Five Year Capital Improvement Plan. \$32,272,115 was budgeted for the first year for capital and infrastructure maintenance and \$ 74,856,000 for the remaining four years. The primary fiscal 2013 capital and maintenance projects were:

• Long-Term Control Plan – Wet Weather Treatment	\$19,633,000
• Transient boat dock	2,095,000
• Ridgewood Road Sustainable Business Park	3,000,000
• 11 <sup>th</sup> Street Sidewalk improvements	415,000
• 24 <sup>th</sup> Street Resurfacing	1,000,000
• 5 <sup>th</sup> Street Resurfacing	445,000
• 44 <sup>th</sup> Street Reconstruction	430,000
• FY 2013 Construction Program	570,000
• 3 <sup>rd</sup> Avenue Reconstruction	480,000
• Various Bicycle Path construction	1,153,040
• Reservoir Tower Rehabilitation	500,000
	\$29,721,040

The City's assessed value has historically continued to grow. The valuation before exemptions was expected to increase 0.83% from the prior year. Property values have continued to increase each year since 1989, with the exception of a slight downturn in 2005. This reflects the success the city has had in encouraging new development as well as the improving values of real estate in the community.

The City's tax rate remained at \$2.41 per \$100 of assessed value. This rate was 42% less than the 1991 property tax rate of \$4.13. The 2012/2013 property tax levy was 11,460,972. This was an increase \$88,703 from the 2011/2012 fiscal year property tax extensions.

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

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

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

#### Financial policies

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

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

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

#### Major initiatives

Planning for new growth and redevelopment is critically important as the City looks to the future. Two major geographic areas of activity with plans in place and undergoing major transformation are located at the northeastern and northwestern corners of the City; Columbia Park and the New Old Chicago Neighborhood. The Columbia Park project entails conversion of an old International Harvester Farmall Tractor manufacturing property (currently known as the Quad Cities Industrial Center) into a mixed use development. The first phase of redevelopment has been completed with one million square feet of obsolete building structures demolished. In addition, Phase I and II environmental assessments have

been completed and plans are proceeding for remediation work. In fall of 2011 Metro, the Illinois Quad Cities mass transit service provider began construction of a \$25 million operations/maintenance facility on a ten acre site adjacent to and east of the industrial center property. The New Old Chicago Neighborhood has benefited from over \$13 million in funding provided by the Department of Housing and Urban Development through the Neighborhood Stabilization Program (NSP). NSP funds will greatly help implementation of New Old Chicago Redevelopment Plan by supporting the construction on new owner-occupied housing in the neighborhood. This work has complimented two city projects; a planned \$3.5 million expansion of the Martin Luther King Jr. community center and a new neighborhood park. Additionally, 5 new homes have been constructed with three additional to be constructed.

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. The City is currently working with Walmart to locate a store in the former Watchtower Plaza. It is expected this redevelopment project will be constructed in 2014.

#### 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, 2012. This was the thirty-second 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 2012/2013. This was the twenty-sixth consecutive year that the City of Rock Island received this award. In order to qualify for the Distinguished Budget Presentation Award, the City of Rock Island's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,



Thomas E. Thomas  
City Manager



Cynthia L. Parchert  
Finance Director

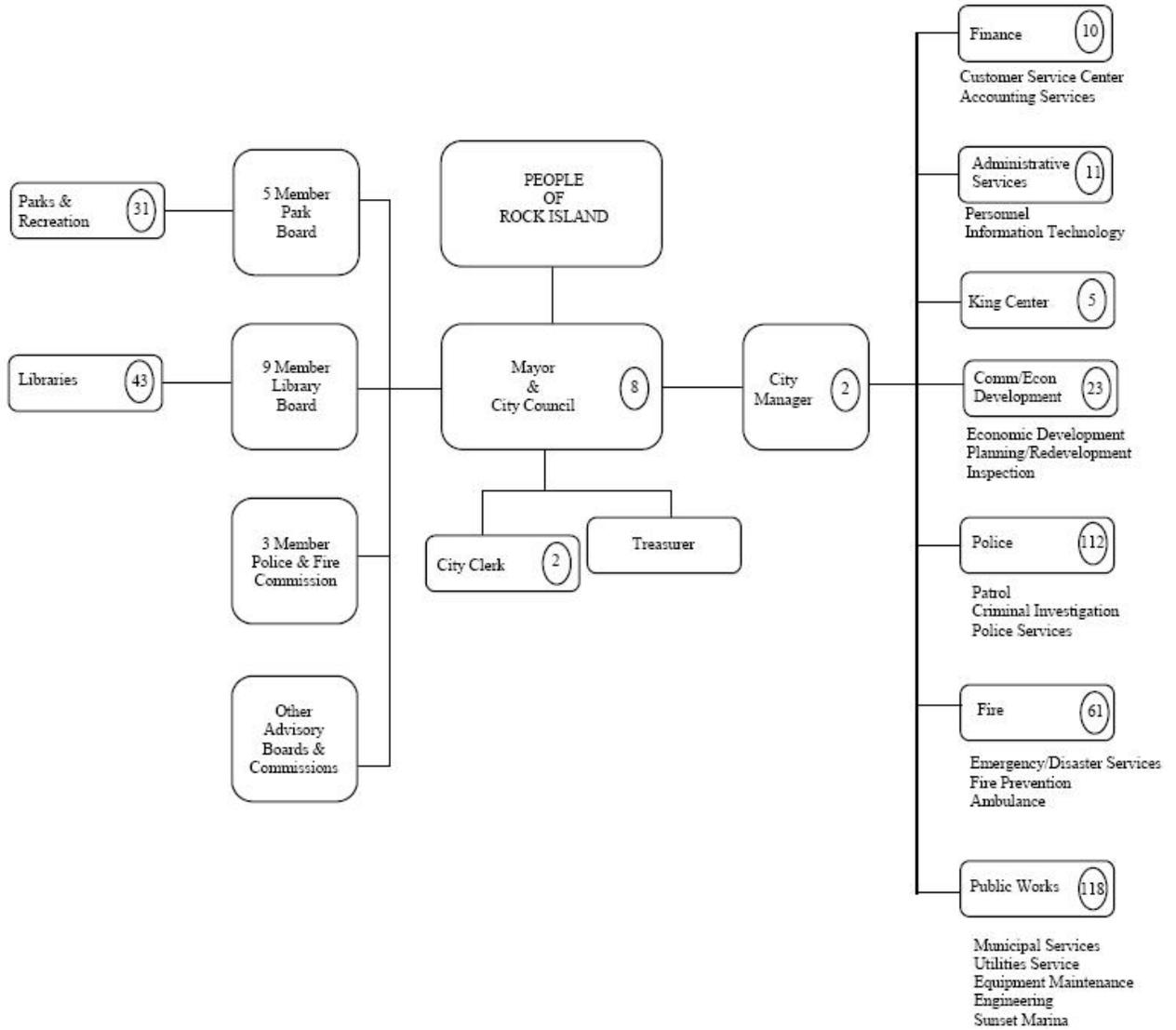
**CITY OF ROCK ISLAND, ILLINOIS  
OFFICIALS**

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A Home Rule City Council/Manager – Form of Government

	<u>Term Expiration Date of Elected Officials</u>
<b>MAYOR:</b> Dennis Pauley	May 1, 2017
<b>CITY MANAGER:</b> Thomas E. Thomas	Not Applicable
<b>COUNCIL MEMBERS:</b> Ivory D. Clark David A. Conroy Paul Foley Stephen L. Tollenaer Kate Hotle Joy Murphy Charles Austin III	May 1, 2017 May 1, 2015 May 1, 2017 May 1, 2015 May 1, 2017 May 1, 2015 May 1, 2017

# 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, 2012. 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.



Government Finance Officers Association

**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, 2012**

Executive Director/CEO



ROCK ISLAND  
ILLINOIS

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Rock Island, Illinois, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rock Island Public Library Foundation which represents 2 percent, 3 percent, and 1 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units and remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rock Island Public Library Foundation, is based solely 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 from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the 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, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Rock Island, Illinois, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter***

As discussed in Note 16 to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended March 31, 2013. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information, on pages 4–13 and 76–85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rock Island's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information, including the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013 on our consideration of the City of Rock Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rock Island's internal control over financial reporting and compliance.

*Bohnsack & Frommelt LLP*

Taylor Ridge, Illinois  
August 16, 2013



ROCK ISLAND  
ILLINOIS

## Management's 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, 2013. 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, 2013, by \$134,287,658. Of this amount \$35,983,419 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 position increased by \$4,334,246.
- At the close of the fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$33,012,061, an increase of \$6,447,429 in comparison with the prior year. Of this total amount, approximately 26 percent is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,145,921, or 33 percent of total General Fund expenditures of \$33,805,476.
- The City of Rock Island's total long-term liabilities, including compensated absences, increased by \$22,238,186 (49 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 position* presents information on all of the City of Rock Island's assets and liabilities, with the difference between assets and liabilities reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rock Island is improving or deteriorating.

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

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

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

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

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

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

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

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

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

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

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

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

### Government-Wide Financial Analysis

As noted previously, net position 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 \$134,287,658 at the close of the fiscal year ended March 31, 2013.

City of Rock Island's Net Assets  
March 31, 2013 and 2012

	Government Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	58,146,337	51,176,210	18,223,315	19,564,700	76,369,652	70,740,910
Capital assets	64,829,406	63,422,605	74,574,633	55,381,766	139,404,039	118,804,371
Total assets	122,975,743	114,598,815	92,797,948	74,946,466	215,773,691	189,545,281
Current and other liabilities	15,812,429	10,511,910	6,997,174	5,390,687	22,809,603	15,902,597
Long-term liabilities	20,022,310	18,543,374	38,654,120	25,145,898	58,676,430	43,689,272
Total liabilities	35,834,739	29,055,284	45,651,294	30,536,585	81,486,033	59,591,869
Net position:						
Invested in capital assets	52,918,208	51,178,766	38,472,481	33,220,808	91,390,689	84,399,574
Restricted	6,913,550	6,738,901	-	-	6,913,550	6,738,901
Unrestricted	27,309,246	27,625,864	8,674,173	11,189,073	35,983,419	38,814,937
Total net position	87,141,004	85,543,531	47,146,654	44,409,881	134,287,658	129,953,412

By far the largest portion of the City of Rock Island's net assets is its investment in capital assets. This represents 68% of Net Position and consists of land, buildings, machinery, equipment and infrastructure less any related outstanding debt used to acquire these assets. The City of Rock Island uses these capital assets to provide services to the residents; consequently, these assets are *not* available for future spending. Although the City of Rock Island's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The \$35,983,419 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 position, 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 position increased by \$4,334,246. Governmental activities increased \$1,597,473 and business-type activities increased by \$2,736,773. The increase in net position of governmental activities was due primarily to the receipt of debt proceeds in Community Economic Development and Ridgewood Business Park Funds related to projects that have not been finished. The increase in net position of business-type activities was mainly because of favorable operating results in the Wastewater Treatment Fund.

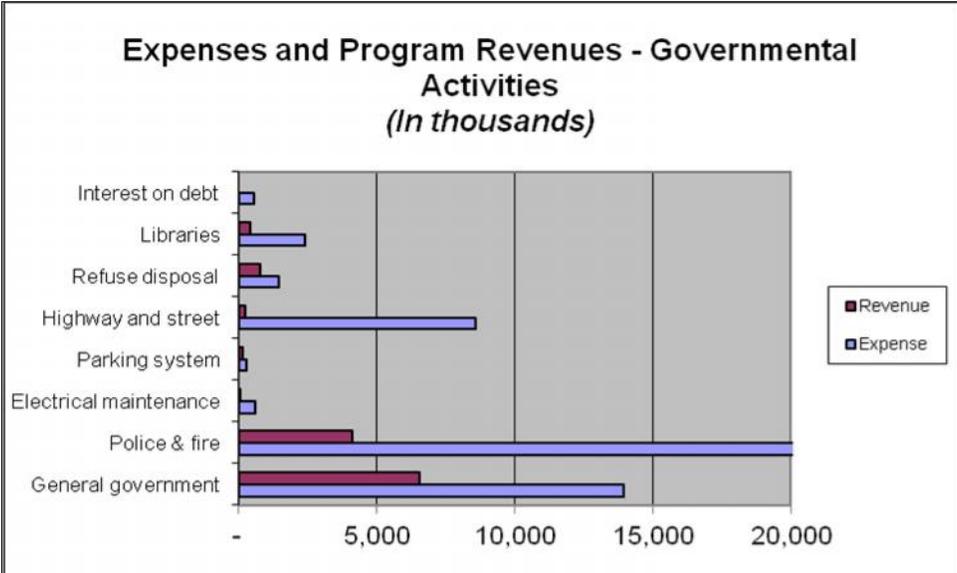
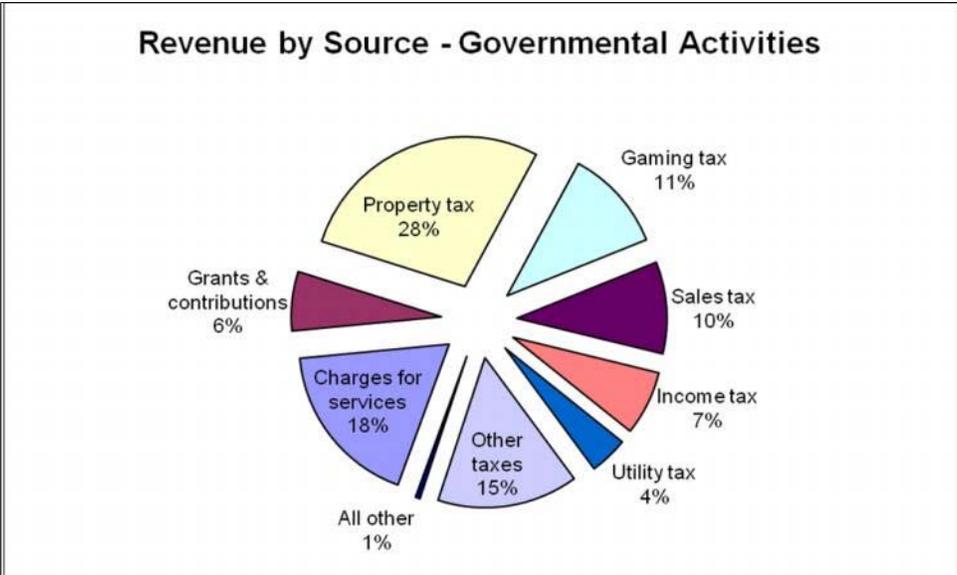
**Governmental Activities.** The net position attributed to governmental activities increased 2 percent or \$1,597,473. Key elements of this increase are the following:

- General fund revenue exceeded budgeted revenue by \$857,740. Sales and income taxes exceeded budgeted revenue by \$221,347 and \$621,030 respectively.
- Actual expenditures were less than budgeted expenditures. General fund expenditures were \$1,717,951 less than budget with the greatest differences in refuse disposal (\$198,042), police (\$606,057) and highway and streets (\$516,825) departments. Library fund expenditures were \$159,999 less than budget and TIF fund expenditures were \$700,187 less than budget.
- Housing and Community Development Fund actual revenue was \$487,328 less than budget. In addition, Housing and Community Development Fund actual expenditures were \$349,029 less than budget.
- Capital Projects fund intergovernmental revenue was \$808,390 less than budget and capital outlay expenditures were \$3,191,864 less than budget.
- Gaming Fund revenue from gaming taxes decreased by \$136,603 from the previous fiscal year.
- Schwiebert Park and Ridgewood Business Park grants were deferred until fiscal year 2014 as were the project related expenses.

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

City of Rock Island's Changes in Net Assets						
For the years ending March 31, 2013 and 2012						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	9,061,880	8,741,778	19,991,208	20,071,489	29,053,088	28,813,267
Operating grants and contributions	2,721,939	3,506,526	341,975	257,384	3,063,914	3,763,910
Capital grants and contributions	507,112	91,770	-	2,628,879	507,112	2,720,649
General revenues						
Property tax	14,138,304	14,931,405	1,752,884	1,751,391	15,891,188	16,682,796
Gaming tax	5,576,018	5,712,621	-	-	5,576,018	5,712,621
Sales tax	5,008,704	4,978,042	-	-	5,008,704	4,978,042
Income tax	3,516,323	3,184,753	-	-	3,516,323	3,184,753
Utility tax	2,089,790	2,010,828	-	-	2,089,790	2,010,828
Other taxes	7,657,440	7,504,239	-	-	7,657,440	7,504,239
Investment income	121,958	121,859	27,985	201,135	149,943	322,994
Other	129,781	86,444	-	-	129,781	86,444
Total revenues	50,529,249	50,870,265	22,114,052	24,910,278	72,643,301	75,780,543
Expenses						
General government	13,943,857	12,657,949	-	-	13,943,857	12,657,949
Police and fire	20,847,960	20,830,554	-	-	20,847,960	20,830,554
Electrical maintenance	595,066	602,202	-	-	595,066	602,202
Municipal vehicle parking system	274,917	281,012	-	-	274,917	281,012
Highway and street	8,585,805	7,267,676	-	-	8,585,805	7,267,676
Refuse disposal	1,440,900	1,457,974	-	-	1,440,900	1,457,974
Libraries	2,400,381	2,559,060	-	-	2,400,381	2,559,060
Interest on long-term debt	557,361	596,127	-	-	557,361	596,127
Waterworks	-	-	6,232,948	6,074,685	6,232,948	6,074,685
Wastewater	-	-	4,732,170	4,530,716	4,732,170	4,530,716
Park and recreation	-	-	6,294,865	6,133,119	6,294,865	6,133,119
Stormwater	-	-	1,409,651	1,546,392	1,409,651	1,546,392
Sunset Marina	-	-	757,879	716,337	757,879	716,337
Housing and community development loans	-	-	235,295	309,965	235,295	309,965
Total expenses	48,646,247	46,252,554	19,662,808	19,311,214	68,309,055	65,563,768
Increase(decrease) in net assets before transfers	1,883,002	4,617,711	2,451,244	5,599,064	4,334,246	10,216,775
Transfers	(285,529)	4,688,312	285,529	(4,688,312)	-	-
Increase(decrease) in net assets	1,597,473	9,306,023	2,736,773	910,752	4,334,246	10,216,775
Net assets, beginning of year	85,543,531	76,237,508	44,409,881	43,499,129	129,953,412	119,736,637
Net assets, end of year	87,141,004	85,543,531	47,146,654	44,409,881	134,287,658	129,953,412



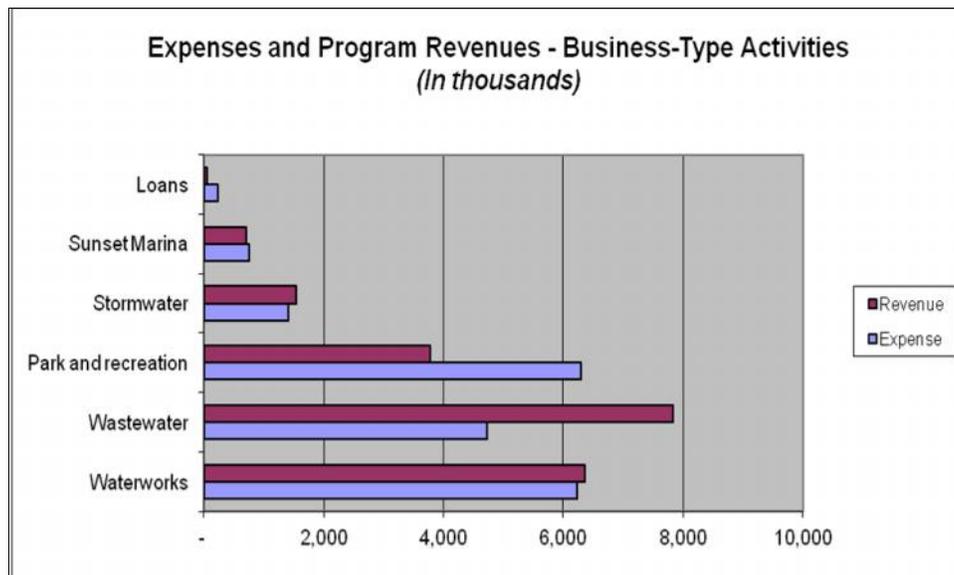
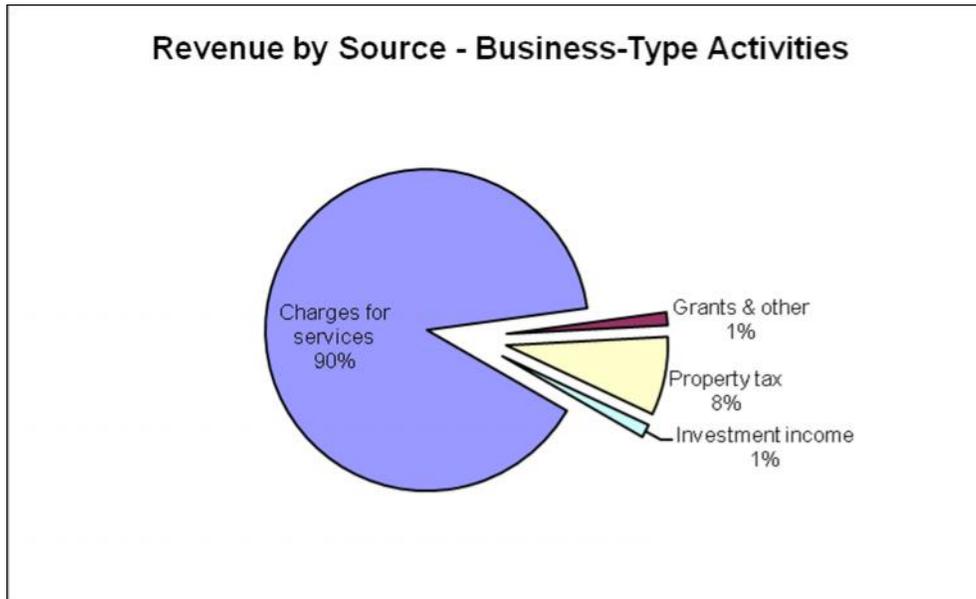
**Business-type activities.** Business-type activities increased the City of Rock Island's net assets by \$2,736,773. Following are the key elements:

- Increase in net position in the Waterworks fund of \$144,727. Actual charges for services increased by \$211,735. Unrestricted net position are reported as \$759,018.

Increase in net position in the Wastewater Utility of \$3,257,578. This was due to slower than anticipated spending on improvement projects. Unrestricted net position are reported as \$2,445,079. Significant future capital improvements are associated with the consent decree issued by the United States Environmental Protection Agency (Note 14). By the time construction is completed in 2018, the City will have invested over \$70 million.

- Increase in the net position of the Storm Water Fund of \$132,649.

Decrease in the net position of the Sunset Marina Fund of \$45,784. Unrestricted net position is reported as negative \$146,869.



## Financial Analysis of the City of Rock Island's Funds

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

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

At the end of the current fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$33,012,061, an increase of \$6,447,429 from the prior year. Approximately, 26 percent or \$8,698,212 is

designated as unassigned funds; \$13,786,810 or 42 percent is classified as either assigned or committed which includes \$7,883,150 from the Riverboat Gaming Fund and \$410,178 from the Capital Projects Fund. The remainder of fund balance is classified as restricted which includes major funds such as TIF (\$3,454,851), Public Library (\$1,149,250), and Capital Projects (\$2,018,579).

The General Fund is the chief operating fund of the City of Rock Island. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,145,921 and total fund balance was \$11,419,229. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33 percent of total General Fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of the City of Rock Island's General Fund increased \$506,078 during the fiscal year. Key factors in this increase are explained in the General Fund Budgetary Highlights below but are comprised of increased revenue from certain taxes and decreased expenses in the Police and Highway and Streets expenditures.

The Riverboat Gaming Fund has a total fund balance of \$7,883,150 all of which is available for economic development, capital improvement projects and contract maintenance in accordance with the City of Rock Island's policy on the use of riverboat gaming revenues. Any changes in fund balance are the result of uncompleted projects which are re-budgeted in subsequent year, or project costs differing from the budgeted amounts. Any remaining funds from completed projects are available for other qualified expenses.

The Public Library Fund has a total fund balance of \$1,149,250. The fund reported a net change in fund balance of \$138,752.

The Tax Increment Financing District Fund continues to show growth in property tax revenue. The decrease in fund balance of \$244,337 is attributed primarily to the transfers for TIF related projects.

The Capital Projects fund has a total fund balance of \$2,428,757. The fund reported a net change in fund balance of negative \$767,674.

**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 position of the funds at the end of the year amounted to \$759,018 for the Waterworks, \$2,445,079 for the Wastewater Treatment, \$2,406,746 for Park and Recreation and \$3,259,556 for all other funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Rock Island's business-type activities.

### **General Fund Budgetary Highlights**

Overall General Fund revenue was \$857,740 more than the revised budget and expenditures were \$1,717,951 less than the revised budget. Specific highlights of General Fund revenue and expenditures are as follows:

- Sales tax revenues were \$221,347 higher than the revised budget. The City budgeted sales tax conservatively due to anticipated slow economic growth.
- Income tax revenues were \$621,030 higher than the revised budget due to the receipt of an additional month's reimbursement from the State of Illinois. At the beginning of fiscal year 2013, the State was 5 months behind and is now 4 months behind.
- License and permits were \$150,049 more than the final budget. Permit activity was greater than expected because of the start of a few large projects in the City.
- Police department and Highways and Streets expenditures were \$606,057 and \$516,825 less than budgeted expenditures, respectively. Both were primarily due to an increase in retirements and thus the hiring of replacements at a lower wage. In addition, each department had less fleet repairs than anticipated.

## 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, 2013, amounts to \$139,404,039 (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 \$20,599,668.

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

- LTCP – Wet Weather Treatment (\$20,561,140)
- 24<sup>th</sup> Street Reconstruction (\$887,674)
- 42<sup>nd</sup> Street Reconstruction (\$530,190)
- Three Ford Medtec Amulances (\$475,986)
- 46<sup>th</sup> Street Reconstruction (\$401,781)

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	7,830,011	7,837,789	1,586,476	1,586,476	9,416,487	9,424,265
Construction-in-progress	1,099,926	2,502,030	33,336,833	13,648,351	34,436,759	16,150,381
Buildings	17,653,055	18,305,926	12,380,285	12,860,690	30,033,340	31,166,616
Machinery and equipment	5,609,122	5,745,446	613,845	583,677	6,222,967	6,329,123
Infrastructure	32,637,292	29,031,414	26,657,194	26,702,572	59,294,486	55,733,986
Total net capital assets	64,829,406	63,422,605	74,574,633	55,381,766	139,404,039	118,804,371

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 \$35,296,667 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.

City of Rock Island's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Compensated Absences	3,730,372	3,399,027	961,254	938,342	4,691,626	4,337,369
General obligation bonds	15,188,450	14,727,021	20,108,217	21,896,315	35,296,667	36,623,336
Unamortized discounts	-	(101,375)	-	(279,747)	-	(381,122)
Unamortized premiums	102,371	54,947	137,178	157,224	239,549	212,171
Line of Credit	3,022,538	-	-	-	3,022,538	-
Notes Payable	-	-	18,892,687	4,100,381	18,892,687	4,100,381
Other postemployment benefits	3,639,805	2,890,327	821,219	652,120	4,461,024	3,542,447
Net pension obligation	965,717	997,420	-	-	965,717	997,420
Total	26,649,253	21,967,367	40,920,555	23,364,254	67,569,808	45,331,621

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

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

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

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

### **Economic Factors and Next Year's Budgets and Rates**

- The March 2013 unemployment rate for the City of Rock Island was 8.3 percent. This is a 0.4% change from a year ago. The Illinois and U.S. unemployment rates increased to 9.4 percent (a 4% increase from last year) and decreased to 7.6 percent (a 17% decrease from a year ago), respectively.
- The equalized assessed value increased at an average rate of 1.8 percent annually for the past 10 years. However, this rate of increase has slowed to 0.2 percent over the past 5 years and decreased 4 percent in fiscal year 2013. The City of Rock Island remains aggressive in encouraging new business development and encouraging new housing construction. Also, the extreme devaluation in housing values experienced in other areas of the country has not occurred in Rock Island.
- The potential reduction in state shared revenue from the income and replacement taxes due to the State of Illinois poor financial condition may present significant budgetary challenges for management, if the State legislature elects to reduce the distribution of these funds to solve the State's budget issues.

All of these factors were considered in preparing the City of Rock Island's balanced budget for the 2014 fiscal year. Management anticipates that actual revenue and expenditures will closely approximate budgeted revenue and expenditures for fiscal 2014.

### **Contacting the City's Financial Management**

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



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

**Exhibit 1**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Martin	Rock Island
	Activities	Activities		Luther King Center	Public Library Foundation
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 29,955,896	\$ 11,129,713	\$ 41,085,609	\$ 32,223	\$ 1,975,757
Receivables, net					
Taxes	15,352,687	1,744,122	17,096,809	-	-
Accounts, net of allowance for uncollectibles of \$3,134,195	1,036,742	1,567,605	2,604,347	-	-
Estimated unbilled usage	120,467	1,987,335	2,107,802	-	-
Accrued interest	35,685	11,798	47,483	217	6
Current portion of notes receivable	2,532	270,842	273,374	-	-
Special assessments	374,515	-	374,515	-	-
Other	16,734	-	16,734	-	-
Assets held for resale	6,615,762	10,590	6,626,352	-	-
Due from other governmental agencies	3,958,461	11,869	3,970,330	97,392	-
Inventories	403,520	25,318	428,838	-	-
Prepaid items	-	-	-	-	1,049
Total Current Assets	<u>57,873,001</u>	<u>16,759,192</u>	<u>74,632,193</u>	<u>129,832</u>	<u>1,976,812</u>
<b>NONCURRENT ASSETS</b>					
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$2,678,380	<u>272,533</u>	<u>1,423,485</u>	<u>1,696,018</u>	-	-
Capital Assets					
Land	7,830,011	1,586,476	9,416,487	-	-
Buildings and improvements	26,697,539	18,482,113	45,179,652	-	-
Equipment	13,802,040	2,975,778	16,777,818	-	3,984
Infrastructure	64,500,355	79,041,978	143,542,333	-	-
Construction in progress	1,099,926	33,336,833	34,436,759	-	-
Accumulated depreciation	<u>(49,100,465)</u>	<u>(60,848,545)</u>	<u>(109,949,010)</u>	-	<u>(3,984)</u>
Net capital assets	<u>64,829,406</u>	<u>74,574,633</u>	<u>139,404,039</u>	-	-
Total Noncurrent Assets	<u>65,101,939</u>	<u>75,998,118</u>	<u>141,100,057</u>	-	-
Total Assets	<u>122,974,940</u>	<u>92,757,310</u>	<u>215,732,250</u>	<u>129,832</u>	<u>1,976,812</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	<u>803</u>	<u>40,638</u>	<u>41,441</u>	-	-
Total deferred outflows of resources	<u>803</u>	<u>40,638</u>	<u>41,441</u>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>122,975,743</u>	<u>92,797,948</u>	<u>215,773,691</u>	<u>129,832</u>	<u>1,976,812</u>

(continued)

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

**Exhibit 1**  
**(continued)**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 2,358,882	\$ 2,639,797	\$ 4,998,679	\$ 4,363	\$ -
Retainage payable	-	1,150,000	1,150,000	-	-
Deposits payable	254,490	1,300	255,790	-	-
Claims payable	588,637	-	588,637	-	-
Accrued wages and benefits	911,177	212,666	1,123,843	20,044	-
Compensated absences	1,845,255	475,491	2,320,746	-	-
Accrued pension contribution	4,332,225	-	4,332,225	-	-
Accrued interest payable	182,505	342,594	525,099	232	-
Unearned revenue	557,570	384,382	941,952	-	-
Notes payable	-	13,427	13,427	-	-
General obligation bonds	1,759,150	1,777,517	3,536,667	-	-
Line of credit	3,022,538	-	3,022,538	-	-
Total Current Liabilities	<u>15,812,429</u>	<u>6,997,174</u>	<u>22,809,603</u>	<u>24,639</u>	<u>-</u>
<b>NONCURRENT LIABILITIES</b>					
Notes payable	-	18,879,260	18,879,260	-	-
General obligation bonds	13,531,671	18,467,878	31,999,549	-	-
Net pension obligation	965,717	-	965,717	-	-
Other postemployment benefits	3,639,805	821,219	4,461,024	-	-
Compensated absences	1,885,117	485,763	2,370,880	-	-
Total Noncurrent Liabilities	<u>20,022,310</u>	<u>38,654,120</u>	<u>58,676,430</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>35,834,739</u>	<u>45,651,294</u>	<u>81,486,033</u>	<u>24,639</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	52,918,208	38,472,481	91,390,689	-	-
Restricted for					
Library, nonexpendable	-	-	-	-	1,882,732
Library, expendable	-	-	-	-	72,996
Tax increment financing	3,119,240	-	3,119,240	-	-
Motor fuel taxes	371,440	-	371,440	-	-
Debt service	1,213,732	-	1,213,732	-	-
Other	2,209,138	-	2,209,138	-	-
Unrestricted	<u>27,309,246</u>	<u>8,674,173</u>	<u>35,983,419</u>	<u>105,193</u>	<u>21,084</u>
Total Net Position	<u>\$ 87,141,004</u>	<u>\$ 47,146,654</u>	<u>\$ 134,287,658</u>	<u>\$ 105,193</u>	<u>\$ 1,976,812</u>

See notes to financial statements

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 13,943,857	\$ 3,634,169	\$ 2,399,271	\$ 507,112
Police and fire	20,847,960	4,025,783	99,192	-
Electrical maintenance	595,066	17,597	-	-
Municipal vehicle parking system	274,917	169,272	-	-
Highways and streets	8,585,805	211,332	43,850	-
Refuse disposal	1,440,900	781,637	-	-
Libraries	2,400,381	222,090	179,626	-
Interest on long-term debt	557,361	-	-	-
Total governmental activities	<u>48,646,247</u>	<u>9,061,880</u>	<u>2,721,939</u>	<u>507,112</u>
Business-type activities				
Waterworks	6,232,948	6,362,762	-	-
Wastewater treatment	4,732,170	7,834,599	48,883	-
Park and recreation	6,294,865	3,492,199	281,233	-
Stormwater	1,409,651	1,539,720	-	-
Sunset Marina	757,879	712,057	-	-
Housing and community development loan	235,295	49,871	11,859	-
Total business-type activities	<u>19,662,808</u>	<u>19,991,208</u>	<u>341,975</u>	<u>-</u>
Total primary government	<u>\$ 68,309,055</u>	<u>\$ 29,053,088</u>	<u>\$ 3,063,914</u>	<u>\$ 507,112</u>
<b>Component units</b>				
Martin Luther King Center	\$ 983,557	\$ 4,048	\$ 399,277	\$ 20,000
Rock Island Public Library Foundation	98,052	-	17,684	-
Total component units	<u>\$ 1,081,609</u>	<u>\$ 4,048</u>	<u>\$ 416,961</u>	<u>\$ 20,000</u>
<b>General Revenues</b>				
Property taxes				
Gaming taxes				
Sales taxes				
Income taxes				
Utility taxes				
Replacement taxes				
Telecom infrastructure taxes				
Motor fuel taxes				
Use taxes				
Other taxes				
Investment income				
Other				
Transfers from (to) other funds				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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
\$ (7,403,305)	\$ -	\$ (7,403,305)	\$ -	\$ -
(16,722,985)	-	(16,722,985)	-	-
(577,469)	-	(577,469)	-	-
(105,645)	-	(105,645)	-	-
(8,330,623)	-	(8,330,623)	-	-
(659,263)	-	(659,263)	-	-
(1,998,665)	-	(1,998,665)	-	-
(557,361)	-	(557,361)	-	-
<u>(36,355,316)</u>	<u>-</u>	<u>(36,355,316)</u>	<u>-</u>	<u>-</u>
-	129,814	129,814	-	-
-	3,151,312	3,151,312	-	-
-	(2,521,433)	(2,521,433)	-	-
-	130,069	130,069	-	-
-	(45,822)	(45,822)	-	-
-	(173,565)	(173,565)	-	-
-	670,375	670,375	-	-
<u>\$ (36,355,316)</u>	<u>\$ 670,375</u>	<u>\$ (35,684,941)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (560,232)	\$ -
-	-	-	-	(80,368)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (560,232)</u>	<u>\$ (80,368)</u>
\$ 14,138,304	\$ 1,752,884	\$ 15,891,188	\$ -	\$ -
5,576,018	-	5,576,018	-	-
5,008,704	-	5,008,704	-	-
3,516,323	-	3,516,323	-	-
2,089,790	-	2,089,790	-	-
2,444,370	-	2,444,370	-	-
1,192,561	-	1,192,561	-	-
1,101,454	-	1,101,454	-	-
618,636	-	618,636	-	-
2,300,419	-	2,300,419	-	-
121,958	27,985	149,943	743	219,712
129,781	-	129,781	-	-
(285,529)	285,529	-	-	-
<u>37,952,789</u>	<u>2,066,398</u>	<u>40,019,187</u>	<u>743</u>	<u>219,712</u>
1,597,473	2,736,773	4,334,246	(559,489)	139,344
85,543,531	44,409,881	129,953,412	664,682	1,837,468
<u>\$ 87,141,004</u>	<u>\$ 47,146,654</u>	<u>\$ 134,287,658</u>	<u>\$ 105,193</u>	<u>\$ 1,976,812</u>

# CITY OF ROCK ISLAND, ILLINOIS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

MARCH 31, 2013

	Special Revenue Funds		
	General Fund	Public Library Fund	TIF Fund
<b>ASSETS</b>			
Cash and investments	\$ 8,754,079	\$ 1,240,766	\$ 2,088,776
Receivables, net			
Taxes	8,341,333	1,960,426	4,817,924
Accounts, net of allowance for uncollectibles of \$2,612,931	1,021,166	-	-
Estimated unbilled usage	120,467	-	-
Accrued interest	10,623	1,853	6,477
Notes, net of allowance for uncollectibles of \$1,163,862	-	-	275,065
Special assessments	-	-	-
Assets held for resale	-	-	1,240,926
Due from other funds	-	-	175
Due from other governmental agencies	2,595,584	-	-
Total Assets	<u>\$ 20,843,252</u>	<u>\$ 3,203,045</u>	<u>\$ 8,429,343</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 672,123	\$ 37,558	\$ 152,177
Interest payable	20	-	-
Deposits payable	-	-	-
Accrued wages and benefits	766,888	55,811	4,217
Due to other funds	-	-	175
Unearned revenue	34,880	-	-
Total Liabilities	<u>1,473,911</u>	<u>93,369</u>	<u>156,569</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	7,020,296	1,960,426	4,817,923
Unavailable revenue-grants	-	-	-
Unavailable revenue-other taxes	929,816	-	-
Unavailable revenue-special assessments	-	-	-
Total deferred inflows of resources	<u>7,950,112</u>	<u>1,960,426</u>	<u>4,817,923</u>
<b>FUND BALANCES</b>			
Restricted	273,308	1,149,250	3,454,851
Committed	-	-	-
Assigned	-	-	-
Unassigned	11,145,921	-	-
Total Fund Balances	<u>11,419,229</u>	<u>1,149,250</u>	<u>3,454,851</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,843,252</u>	<u>\$ 3,203,045</u>	<u>\$ 8,429,343</u>

See notes to the financial statements.

Riverboat Gaming Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,663,494	\$ 2,672,625	\$ 3,930,460	\$ 24,350,200
-	-	233,004	15,352,687
-	-	15,576	1,036,742
-	-	-	120,467
10,656	-	1,520	31,129
-	-	-	275,065
-	-	374,515	374,515
-	-	5,374,836	6,615,762
1,518,274	-	-	1,518,449
690,726	-	670,871	3,957,181
\$ 7,883,150	\$ 2,672,625	\$ 10,600,782	\$ 53,632,197
\$ -	\$ 243,778	\$ 508,157	\$ 1,613,793
-	90	6,355	6,465
-	-	254,490	254,490
-	-	19,561	846,477
-	-	1,518,274	1,518,449
-	-	522,690	557,570
-	243,868	2,829,527	4,797,244
-	-	228,169	14,026,814
-	-	491,747	491,747
-	-	-	929,816
-	-	374,515	374,515
-	-	1,094,431	15,822,892
-	2,018,579	3,631,051	10,527,039
7,883,150	410,178	5,374,836	13,668,164
-	-	118,646	118,646
-	-	(2,447,709)	8,698,212
7,883,150	2,428,757	6,676,824	33,012,061
\$ 7,883,150	\$ 2,672,625	\$ 10,600,782	\$ 53,632,197



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

**Exhibit 3-1**

Total governmental fund balances	\$ 33,012,061
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	\$ 7,812,511
Construction in progress	1,099,926
Equipment	2,852,425
Buildings and other improvements	91,049,533
Accumulated depreciation	<u>(42,124,224)</u>
	60,690,171
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.	
	15,822,892
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.	
	8,490,062
Gains and losses on debt refunding are capitalized and amortized at the government wide level	803
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	(15,188,450)
Bond premiums	(102,371)
Accrued interest on the bonds	(175,668)
Line of credit	(3,022,538)
Compensated absences	(3,448,211)
Accrued pension contribution	(4,332,225)
Net pension obligation	(965,717)
Other postemployment benefits	<u>(3,639,805)</u>
	<u>(30,874,985)</u>
Net position of governmental activities	<u>\$ 87,141,004</u>

See notes to the financial statements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH, 31 2013**

	Special Revenue Funds		
	General Fund	Public Library Fund	TIF Fund
<b>REVENUES</b>			
Property taxes	\$ 7,554,898	\$ 1,969,440	\$ 5,164,298
Other taxes	17,253,725	-	-
Fines and fees	385,852	53,815	-
Intergovernmental	70,166	41,513	-
Charges for services	6,792,807	220,580	-
Interest	39,510	6,878	24,546
Licenses and permits	1,125,729	-	-
Contributions	9,062	138,313	-
Other	62,986	3,423	2,470
Total revenues	<u>33,294,735</u>	<u>2,433,962</u>	<u>5,191,314</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	6,042,999	-	3,746,188
Police and fire	20,788,783	-	-
Electrical maintenance	604,893	-	-
Municipal vehicle parking system	190,179	-	-
Highway and street	4,502,720	-	-
Refuse disposal	1,541,430	-	-
Libraries	-	2,296,800	-
Capital outlay	134,472	-	15,000
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>33,805,476</u>	<u>2,296,800</u>	<u>3,761,188</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(510,741)</u>	<u>137,162</u>	<u>1,430,126</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Payment of refunding debt	-	-	-
Premium on bonds sold	-	-	-
Discount on bonds sold	-	-	-
Loan Proceeds	-	-	-
Transfers from other funds	3,007,736	1,590	38,586
Transfers to other funds	(1,990,917)	-	(1,713,049)
Total Other Financing Sources (Uses)	<u>1,016,819</u>	<u>1,590</u>	<u>(1,674,463)</u>
<b>NET CHANGE IN FUND BALANCES</b>	506,078	138,752	(244,337)
<b>FUND BALANCES, BEGINNING</b>	<u>10,913,151</u>	<u>1,010,498</u>	<u>3,699,188</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 11,419,229</u>	<u>\$ 1,149,250</u>	<u>\$ 3,454,851</u>

See notes to financial statements.

Riverboat Gaming Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 237,970	\$ 14,926,606
5,576,018	-	1,221,454	24,051,197
-	-	400	440,067
-	43,850	2,323,313	2,478,842
-	12,195	107,306	7,132,888
37,836	5,120	235,666	349,556
-	-	-	1,125,729
-	-	511,823	659,198
-	13,950	7,539	90,368
5,613,854	75,115	4,645,471	51,254,451
-	-	2,643,617	12,432,804
-	-	-	20,788,783
-	-	-	604,893
-	-	-	190,179
-	-	686	4,503,406
-	-	-	1,541,430
-	-	-	2,296,800
-	4,589,490	344,156	5,083,118
-	-	1,666,965	1,666,965
-	-	566,000	566,000
-	4,589,490	5,221,424	49,674,378
5,613,854	(4,514,375)	(575,953)	1,580,073
-	625,000	1,895,000	2,520,000
-	-	(391,606)	(391,606)
-	51,751	9,014	60,765
-	(51,281)	(9,653)	(60,934)
-	-	3,022,538	3,022,538
-	3,381,231	2,921,229	9,350,372
(4,659,268)	(260,000)	(1,010,545)	(9,633,779)
(4,659,268)	3,746,701	6,435,977	4,867,356
954,586	(767,674)	5,860,024	6,447,429
6,928,564	3,196,431	816,800	26,564,632
\$ 7,883,150	\$ 2,428,757	\$ 6,676,824	\$ 33,012,061



ROCK ISLAND  
ILLINOIS

**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, 2013**

Net change in fund balances - total governmental funds \$ 6,447,429

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	\$ 3,474,943	
Transfers of capital assets from enterprise funds	-	
Loss on disposal	(47,571)	
Depreciation expense	<u>(1,921,787)</u>	
		1,505,585

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: (2,330,558)

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

Issuance of long-term debt		(2,520,000)
Principal payments		1,666,965
Payment of refunding debt		391,606
Loan Proceeds/Line of Credit		(3,022,538)

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	(10,910)	
Deferred charge on refunding	(803)	
Bond discounts	101,375	
Bond premiums	47,424	
Compensated absences	308,950	
Accrued pension contribution	182,027	
Net pension obligation	(31,703)	
Other postemployment benefits	<u>749,478</u>	
Total additional expenses		(1,345,838)

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. 804,822

Change in net assets of governmental activities on the statement of activities \$ 1,597,473

See notes to financial statements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2013**

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 697,784	\$ 7,048,786
Receivables, net		
Taxes	-	-
Accounts, net of allowance for uncollectibles of \$521,264	672,409	688,792
Estimated unbilled usage	741,399	1,026,113
Accrued interest	384	-
Current portion of notes receivable	-	-
Other	-	-
Due from other funds	103,874	81,616
Due from other governmental agencies	-	-
Inventories	-	-
Assets held for resale	-	-
	<u>2,215,850</u>	<u>8,845,307</u>
Total Current Assets		
<b>NONCURRENT ASSETS</b>		
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$1,514,518	<u>-</u>	<u>-</u>
Capital assets		
Land	39,426	94,450
Buildings and improvements	36,161	-
Equipment	168,422	320,056
Infrastructure	32,256,280	35,037,210
Construction in progress	139,938	33,151,902
Accumulated depreciation	<u>(20,774,559)</u>	<u>(24,182,167)</u>
Net Capital assets	<u>11,865,668</u>	<u>44,421,451</u>
Total Noncurrent Assets	<u>11,865,668</u>	<u>44,421,451</u>
Total Assets	<u>14,081,518</u>	<u>53,266,758</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred amount on refunding	<u>2,350</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>2,350</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,083,868</u>	<u>\$ 53,266,758</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>
\$ 1,955,748	\$ 1,427,395	\$ 11,129,713	\$ 5,605,696
1,744,122	-	1,744,122	-
35,612	170,792	1,567,605	-
-	219,823	1,987,335	-
3,287	5,488	9,159	7,195
-	270,842	270,842	-
-	-	-	16,734
-	56,460	241,950	357,250
-	11,869	11,869	1,280
25,318	-	25,318	403,520
-	-	-	10,590
<u>3,764,087</u>	<u>2,162,669</u>	<u>16,987,913</u>	<u>6,402,265</u>
-	1,423,485	1,423,485	-
1,452,600	-	1,586,476	17,500
15,957,268	837,142	16,830,571	1,799,903
1,563,121	700,794	2,752,393	11,173,000
5,644,485	5,622,032	78,560,007	481,971
44,993	-	33,336,833	-
<u>(11,412,588)</u>	<u>(4,210,318)</u>	<u>(60,579,632)</u>	<u>(7,245,154)</u>
<u>13,249,879</u>	<u>2,949,650</u>	<u>72,486,648</u>	<u>6,227,220</u>
<u>13,249,879</u>	<u>4,373,135</u>	<u>73,910,133</u>	<u>6,227,220</u>
<u>17,013,966</u>	<u>6,535,804</u>	<u>90,898,046</u>	<u>12,629,485</u>
-	38,288	40,638	-
-	38,288	40,638	-
<u>\$ 17,013,966</u>	<u>\$ 6,574,092</u>	<u>\$ 90,938,684</u>	<u>\$ 12,629,485</u>

(continued)

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2013**

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 194,746	\$ 2,207,286
Retainage payable	-	1,150,000
Deposits payable	-	-
Claims payable	-	-
Accrued wages and benefits	70,668	38,633
Compensated absences	123,365	104,189
Accrued interest payable	46,521	241,599
Due to other funds	-	-
Unearned revenue	-	-
Notes payable	-	13,427
General obligation bonds	<u>643,058</u>	<u>742,792</u>
Total Current Liabilities	<u>1,078,358</u>	<u>4,497,926</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable	-	18,879,260
General obligation bonds	3,898,688	9,776,856
Other postemployment benefits	331,776	120,516
Compensated absences	<u>126,030</u>	<u>106,439</u>
Total Long-term Liabilities	<u>4,356,494</u>	<u>28,883,071</u>
Total Liabilities	<u>5,434,852</u>	<u>33,380,997</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,889,998	17,440,682
Unrestricted	<u>759,018</u>	<u>2,445,079</u>
Total Net Position	<u>8,649,016</u>	<u>19,885,761</u>
Total Liabilities and Net Position	<u>\$ 14,083,868</u>	<u>\$ 53,266,758</u>

See notes to financial statements.

<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>
\$ 223,871	\$ 13,524	\$ 2,639,427	\$ 745,459
-	-	1,150,000	-
1,300	-	1,300	-
-	-	-	588,637
83,576	19,469	212,346	65,020
211,821	34,062	473,437	141,627
30,415	4,937	323,472	19,494
-	56,460	56,460	542,740
293,123	91,259	384,382	-
-	-	13,427	-
<u>245,000</u>	<u>35,000</u>	<u>1,665,850</u>	<u>111,667</u>
<u>1,089,106</u>	<u>254,711</u>	<u>6,920,101</u>	<u>2,214,644</u>
-	-	18,879,260	-
2,340,878	666,456	16,682,878	1,785,000
296,838	72,089	821,219	-
<u>216,397</u>	<u>34,798</u>	<u>483,664</u>	<u>144,687</u>
<u>2,854,113</u>	<u>773,343</u>	<u>36,867,021</u>	<u>1,929,687</u>
<u>3,943,219</u>	<u>1,028,054</u>	<u>43,787,122</u>	<u>4,144,331</u>
10,664,001	2,286,482	38,281,163	4,330,553
<u>2,406,746</u>	<u>3,259,556</u>	<u>8,870,399</u>	<u>4,154,601</u>
<u>13,070,747</u>	<u>5,546,038</u>	<u>47,151,562</u>	<u>8,485,154</u>
<u>\$ 17,013,966</u>	<u>\$ 6,574,092</u>	<u>\$ 90,938,684</u>	<u>\$ 12,629,485</u>



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**RECONCILIATION OF ENTERPRISE FUNDS NET POSITIONS TO THE STATEMENT**  
**OF NET POSITION**  
**MARCH 31, 2013**

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**Exhibit 5-1**

Total enterprise funds net position	\$	47,151,562
Amounts reported for enterprise activities in the statement of net position 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		<u>(4,908)</u>
Net position of business-type activities	\$	<u><u>47,146,654</u></u>

See notes to financial statements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Waterworks Fund	Business - Wastewater Treatment Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 6,349,351	\$ 7,830,901
Sales of merchandise	-	-
Interest	-	-
Other	13,411	52,581
Total Operating Revenues	<u>6,362,762</u>	<u>7,883,482</u>
<b>OPERATING EXPENSES</b>		
Personnel	2,150,488	1,238,058
Cost of sales	-	-
Supplies	785,688	217,590
Services	2,337,344	1,943,551
Programs	-	-
Provision for uncollectible accounts	20,447	14,305
Depreciation	625,108	566,547
Other	77,932	70,731
Total Operating Expenses	<u>5,997,007</u>	<u>4,050,782</u>
<b>OPERATING INCOME (LOSS)</b>	<u>365,755</u>	<u>3,832,700</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property taxes	-	-
Intergovernmental	-	-
Contributions	-	-
Loss - Sale of asset	-	-
Interest income	7,709	1,420
Interest expense	(228,737)	(681,388)
Net Nonoperating Revenues (Expenses)	<u>(221,028)</u>	<u>(679,968)</u>
<b>INCOME BEFORE TRANSFERS</b>	144,727	3,152,732
<b>TRANSFERS FROM OTHER FUNDS</b>	-	137,454
<b>TRANSFERS TO OTHER FUNDS</b>	<u>-</u>	<u>(32,608)</u>
<b>CHANGE IN NET POSITION</b>	144,727	3,257,578
<b>NET POSITION, BEGINNING</b>	<u>8,504,289</u>	<u>16,628,183</u>
<b>NET POSITION, ENDING</b>	<u>\$ 8,649,016</u>	<u>\$ 19,885,761</u>

See notes to financial statements.

## type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 2,428,148	\$ 2,080,485	\$ 18,845,486	\$ 11,245,133
1,012,223	158,880	1,014,502	2,808
-	49,671	49,671	-
51,828	12,612	130,432	258,539
<u>3,492,199</u>	<u>2,301,648</u>	<u>20,040,091</u>	<u>11,506,480</u>
3,016,258	622,864	7,027,668	1,949,270
244,923	149,789	394,712	7,282
556,308	82,443	1,642,029	1,313,182
1,618,892	1,045,476	6,945,263	6,637,026
1,693	30,387	32,080	-
-	186,234	220,986	-
658,221	191,597	2,041,473	584,560
99,635	30,206	278,504	241,800
<u>6,195,930</u>	<u>2,338,996</u>	<u>18,582,715</u>	<u>10,733,120</u>
<u>(2,703,731)</u>	<u>(37,348)</u>	<u>1,457,376</u>	<u>773,360</u>
1,752,884	-	1,752,884	-
238,365	11,859	250,224	71,161
42,868	-	42,868	-
(3,841)	-	(3,841)	-
10,440	6,120	25,689	18,919
(95,094)	(63,829)	(1,069,048)	(61,404)
<u>1,945,622</u>	<u>(45,850)</u>	<u>998,776</u>	<u>28,676</u>
(758,109)	(83,198)	2,456,152	802,036
310,379	-	447,833	-
<u>(29,900)</u>	<u>(99,796)</u>	<u>(162,304)</u>	<u>(2,122)</u>
(477,630)	(182,994)	2,741,681	799,914
<u>13,548,377</u>	<u>5,729,032</u>	<u>44,409,881</u>	<u>7,685,240</u>
<u>\$ 13,070,747</u>	<u>\$ 5,546,038</u>	<u>\$ 47,151,562</u>	<u>\$ 8,485,154</u>



ROCK ISLAND  
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**CITY OF ROCK ISLAND, ILLINOIS**  
**RECONCILIATION OF THE CHANGES IN NET POSITIONS OF ENTERPRISE FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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**Exhibit 6-1**

Net change in net position of enterprise funds	\$ 2,741,681
Amounts reported for proprietary activities in the statement of activities are different because:	
Adjustment to reflect the consolidation of the Hydro-Electric Plant Internal Service Fund activities which are related solely to business-type activities	(4,908)
	<hr/>
Change in net position of business-type activities	<u>\$ 2,736,773</u>

See notes to the financial statements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2013**

	Business-	
	Waterworks	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 6,206,553	\$ 7,760,554
Interest received on Notes receivable	-	-
Cash payments to suppliers for goods and services	(3,584,516)	(373,934)
Cash payments to employees for services	(2,063,330)	(1,203,720)
Other operating revenue	<u>13,411</u>	<u>52,581</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>572,118</u>	<u>6,235,481</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	137,454
Transfer to other funds	-	(32,608)
Interfund loan or loan repayments received	-	721,654
Interfund loan or loan repayments (paid)	(750,702)	-
Property tax receipts	-	-
Contributions	-	-
Intergovernmental	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(750,702)</u>	<u>826,500</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of property and equipment	(392,373)	(20,824,683)
Proceeds from notes payable	-	14,805,567
Payment of general obligation bonds	(1,335,408)	(723,982)
Proceeds from issuance of refunding bonds	700,832	-
Payment of Notes payables	-	(13,261)
Interest paid	(182,160)	(415,477)
Intergovernmental loan proceeds	-	-
Intergovernmental grant proceeds	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,209,109)</u>	<u>(7,171,836)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of assets held for resale	-	-
Interest received on cash and investments	<u>10,086</u>	<u>1,420</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>10,086</u>	<u>1,420</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,377,607)</u>	<u>(108,435)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>2,075,391</u>	<u>7,157,221</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 697,784</u>	<u>\$ 7,048,786</u>

type Activities - Enterprise Funds

Park and Recreation		Internal Service	
Fund	Other Enterprise Funds	Total	Funds
\$ 3,467,927	\$ 2,307,439	\$ 19,742,473	\$ 11,285,764
-	51,178	51,178	-
(2,383,793)	(1,338,795)	(7,681,038)	(7,596,119)
(2,957,639)	(603,373)	(6,828,062)	(1,917,431)
<u>51,828</u>	<u>12,612</u>	<u>130,432</u>	<u>252,960</u>
<u>(1,821,677)</u>	<u>429,061</u>	<u>5,414,983</u>	<u>2,025,174</u>
310,379		447,833	-
(29,900)	(99,796)	(162,304)	(2,122)
-	567,883	1,289,537	370,883
-	(381,470)	(1,132,172)	(270,674)
1,752,412	-	1,752,412	-
42,868	-	42,868	-
<u>238,365</u>	<u>-</u>	<u>238,365</u>	<u>3,430</u>
<u>2,314,124</u>	<u>86,617</u>	<u>2,476,539</u>	<u>101,517</u>
(79,992)	-	(21,297,048)	(426,910)
-	-	14,805,567	-
(245,000)	(782,679)	(3,087,069)	(111,667)
-	701,456	1,402,288	-
-	-	(13,261)	-
(87,612)	(84,678)	(769,927)	(29,716)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(412,604)</u>	<u>(165,901)</u>	<u>(8,959,450)</u>	<u>(568,293)</u>
-	23,800	23,800	-
<u>10,103</u>	<u>9,215</u>	<u>30,824</u>	<u>18,840</u>
<u>10,103</u>	<u>33,015</u>	<u>54,624</u>	<u>18,840</u>
89,946	382,792	(1,013,304)	1,577,238
<u>1,865,802</u>	<u>1,044,603</u>	<u>12,143,017</u>	<u>4,028,458</u>
<u>\$ 1,955,748</u>	<u>\$ 1,427,395</u>	<u>\$ 11,129,713</u>	<u>\$ 5,605,696</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2013**

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	Business-	
	Waterworks	Wastewater
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ <u>365,755</u>	\$ <u>3,832,700</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	625,108	566,547
Changes in assets and liabilities		
(Increase) decrease in receivables	(122,351)	(56,042)
(increase) decrease in inventories	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	(383,552)	1,857,938
Increase (decrease) in accrued liabilities	87,158	34,338
Increase (Decrease) in unearned revenue	<u>-</u>	<u>-</u>
Total Adjustments	<u>206,363</u>	<u>2,402,781</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 572,118</u>	<u>\$ 6,235,481</u>

**Exhibit 7  
(continued)**

type Activities - Enterprise Funds

<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (2,703,731)	\$ (37,348)	\$ 1,457,376	\$ 773,360
658,221	191,597	2,041,473	584,560
73,783	246,132	141,522	32,244
6,790	-	6,790	(867)
129,618	(494)	1,603,510	265,393
58,619	19,491	199,606	370,484
<u>(44,977)</u>	<u>9,683</u>	<u>(35,294)</u>	<u>-</u>
<u>882,054</u>	<u>466,409</u>	<u>3,957,607</u>	<u>1,251,814</u>
<u>\$ (1,821,677)</u>	<u>\$ 429,061</u>	<u>\$ 5,414,983</u>	<u>\$ 2,025,174</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**MARCH 31, 2013**

**Exhibit 8**

	<u>Pension Trust Funds</u>	<u>Agency Fund Section 125 Cafeteria Plan Fund</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 619,823	\$ 674
Equity securities	25,449,740	-
Taxable bonds	26,650,997	-
Receivables		
Accrued interest	206,829	5
Employer contributions	4,332,225	-
Total Assets	<u>57,259,614</u>	<u>679</u>
<b>LIABILITIES</b>		
Outstanding checks in excess of bank balance	1,455,080	-
Accounts payable	13,693	679
Total Liabilities	<u>1,468,773</u>	<u>679</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 55,790,841</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

**Exhibit 9**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Plan members	\$ 946,935
Employer	4,150,198
Total Contributions	<u>5,097,133</u>
Net investment income	
Net increase in fair value of investments	3,143,126
Interest	<u>1,215,666</u>
Net Investment Income	<u>4,358,792</u>
Total Additions	<u>9,455,925</u>
<b>DEDUCTIONS</b>	
Benefits	6,432,387
Administrative expenses	<u>113,009</u>
Total Deductions	<u>6,545,396</u>
<b>CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>2,910,529</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING</b>	<b><u>52,880,312</u></b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING</b>	<b><u>\$ 55,790,841</u></b>

See notes to financial statements.



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**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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**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, 2012, the Foundation distributed \$75,000 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 19<sup>th</sup> Street, Rock Island, Illinois 61201.

*Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for service. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

The City adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a Statement of Net Position format.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

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

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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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.

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

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

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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.

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.

*Cash and Investments*

Cash and 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.

Investments – Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The City invests in four external investment pools not SEC registered, the Illinois Institutional Investors Trust, the Illinois Funds Money Market Fund and the Illinois Municipal Investment Fund 1-3 Year Fund, and the Illinois Municipal Investment Fund – Convenience Fund. The Illinois Funds Money Market Fund is regulated by the State Treasurer's Office. A board of directors provides administrative oversight for the Illinois Institutional Investors Trust and both of the Illinois Municipal Investment Funds. SEC registered investment advisors manage the portfolios of the Illinois institutional Investors Trust and the Illinois Municipal Investment Fund 1-3 Year Fund. The fair value of the positions of the external investment pools are recorded at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Property Taxes – Property taxes receivable represent the 2012 levy which is due and collectible in the 2013-2014 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.

Assets held for Resale – Properties acquired by the City for economic development are recorded at the lower of cost or market value. Therefore, costs incurred which are not recoverable upon resale and permanent declines in market value are charged to expense/expenditure.

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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:

Asset	Years
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)	

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

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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 position. Bond premiums and discounts 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 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.

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

	Losses in Excess of		Policy Limit Per Incident
	Per Incident	Per Year	
General liability	\$ 100,000	No Coverage	\$ 4,000,000
Property	200,000	No Coverage	95,555,391
Health benefits	135,000	\$ 3,862,257	Eliminated
Workers’ compensation - police and fire	550,000	Statute	
Workers’ compensation – all other	650,000	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.

Tax Receipts and Pension Trust Fund Contribution – Property taxes levied for the pension trust funds are reflected as revenue in the General Fund and subsequently transferred (quasi-external) as retirement contributions to the pension trust funds. Since the 2012 tax levy receivable does not meet the revenue recognition criteria for governmental fund types, it is reported as unavailable revenue in the General Fund. However, the contributions

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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 nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director or through the approved budget of the City. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

It is the goal of the City to maintain a General Fund balance at the end of the fiscal year at a level equal to an amount representing 90 days of budgeted operating expenditures for the following fiscal year. This is reported as part of unassigned fund balance.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge of refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenue in the governmental funds balance sheet from three sources: property taxes, special assessments and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption - Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Net Position - In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of

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resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Unspent bond proceeds are \$563,726 in the Waterworks Fund, \$2,431,566 in the Wastewater Treatment Fund, and \$3,378,820 in the Governmental Activities. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$3,119,240 for tax increment financing, \$371,440 for motor fuel taxes, \$1,213,732 for debt service, \$273,308 for public safety, \$1,150,083 for public library, \$416,671 for drug prevention programs and \$369,076 for other programs.

**NOTE 2 – DEFICIT BALANCES**

The following individual funds have a fund balance/net position deficit as of March 31, 2013:

Governmental	
Neighborhood Stabilization Fund	\$ 12,775
Martin Luther King Facility Improvement Fund	513,053
Internal Service	
Engineering Fund	\$ 559,692
Hydro-Electric Plant Fund	4,908

**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	\$ 39,630,529	\$ 32,223	\$ 99,857
Investments, primarily pension funds	52,720,560	-	1,875,900
Petty cash	-	-	-
	<u>\$ 92,351,089</u>	<u>\$ 32,223</u>	<u>\$ 1,975,757</u>

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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 position, cash and other deposits and investments	\$ 41,085,609	\$ 32,223	\$ 1,975,757
Statement of fiduciary net position:			
Outstanding checks in excess of bank balance	(1,455,080)	-	-
Cash and investments, pension trust funds	52,720,560	-	-
	<u>\$ 92,351,089</u>	<u>\$ 32,223</u>	<u>\$ 1,975,757</u>

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

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

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

City of Rock Island Investments  (excluding police and fire)	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Illinois Metropolitan Investment Funds (IMET) 20294-101	4,757,567	1,252,020	3,505,547	-	-
Illinois Metropolitan Investment Funds (IMET) 20294-202	1,173,317	-	1,173,317	-	-
Illinois Metropolitan Investment Funds (IMET) 20294-203	153,665	-	153,665	-	-
Illinois Funds Money Market	7,642,927	7,642,927	-	-	-
Illinois Institutional Investment Trust Consolidated 450432	4,029,493	4,029,493	-	-	-
Illinois Institutional Investment Trust Consolidated 450435	332,234	332,234	-	-	-
Illinois Institutional Investment Trust Consolidated 450433	3,722	3,722	-	-	-

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Illinois Institutional Investment Trust Consolidated 450434	464,442	464,442	-	-	-
American Bank & Trust Money Market Funds	3,953,682	3,953,682	-	-	-
American Bank & Trust Certificates of Deposit	9,000,473	6,000,473	3,000,000	-	-
	<u>31,511,524</u>	<u>23,678,994</u>	<u>7,832,530</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.

As of March 31, 2013, the City’s investments were rated as follows:

<u>City of Rock Island Cash Pool</u>	<u>Moody’s Investors’ Service</u>	<u>Standard &amp; Poor’s</u>
IMET 1-3 year fund	AAAm	Not rated
IMET convenience fund	Not rated	Not rated
Illinois Institutional Investors Trust	Not rated	AAAm
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.

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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, 2013, all of the City's deposits with financial institutions, with the exception of \$500,000 of certificate of deposits which were uninsured and uncollateralized, 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.

**Firefighters' Pension Fund**

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

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

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

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

- Cash – 1 percent
- Fixed income – 49 percent
- Equities – 50 percent
  - ✓ Real estate stocks – 5 percent

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- ✓ Emerging markets stocks – 5 percent
- ✓ International stocks – 10 percent
- ✓ Small/Mid cap stocks – 13 percent
- ✓ Large cap growth stocks – 3 percent
- ✓ Large cap blend stocks – 3 percent
- ✓ Large cap value stocks – 11 percent

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

The Firefighters’ Pension Fund had the following investments as of March 31, 2013:

<b>Firefighter's Pension Fund</b>	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Funds Money Market Fund	\$ 290,709	\$ 290,709	\$ -	\$ -	\$ -
Taxable Bonds	11,926,533	1,809,201	6,540,177	2,833,532	743,623
Stocks	10,307,714	-	-	-	-
	<u>\$ 22,524,956</u>	<u>\$ 2,099,910</u>	<u>\$ 6,540,177</u>	<u>\$ 2,833,532</u>	<u>\$ 743,623</u>

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

As of March 31, 2013, the Firefighters’ Pension investments were rated as follows:

**Rock Island Firefighters Pension - FOA**

**Holdings Report with Ratings**

Description	Minor Asset Type	Moody's	S&P
US Treasury NT 0.250% 4/30/14	US Treasury Bonds and Notes	AAA	n/a
US Treasury NT 2.275% 8/31/14	US Treasury Bonds and Notes	AAA	n/a
US Treasury NT 1.250% 10/31/15	US Treasury Bonds and Notes	AAA	n/a
US Treasury NT 1.000% 9/30/16	US Treasury Bonds and Notes	AAA	n/a
US Treasury NT 2.625% 8/15/20	US Treasury Bonds and Notes	AAA	n/a
US Treasury NT 1.625% 8/15/22	US Treasury Bonds and Notes	AAA	n/a
F N M A M T N 5.250% 9/15/16	US Agencies	AAA	AA+
F N M A D E B 0.875% 10/26/17	US Agencies	AAA	AA+
F H L M C M T N 2.375% 1/13/22	US Agencies	AAA	AA+
G N M A I I #008103 4.000% 2/220/16	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #AH2718 3.500% 1/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #303876 7.000% 5/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #303913 7.000% 5/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a

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G N M A #781328 7.000% 9/15/31	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #AA8265 4.500% 6/01/39	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #AH1560 4.000% 1/01/41	GNMA/FNMA/FHLMC Pools	n/a	n/a
Citigroup Inc 4.875% 5/07/15	Corporate Bonds and Notes	BAA3	BBB+
Morgan Stanley 5.450% 1/09/17	Corporate Bonds and Notes	BAA1	A-
BBT Corporation MTN 2.150% 3/22/17	Corporate Bonds and Notes	A2	A-
Morgan Stanley 4.750% 3/22/17	Corporate Bonds and Notes	BAA1	A-
Bank Of America 5.750% 12/01/17	Corporate Bonds and Notes	BAA2	A-
Wells Fargo Co 5.625% 12/11/17	Corporate Bonds and Notes	A2	A+
Autodesk Inc 1.950% 12/15/17	Corporate Bonds and Notes	BAA2	BBB
Assurant Inc 2.500% 3/15/18	Corporate Bonds and Notes	BAA2	BBB
AT&T INC 5.800% 2/15/19	Corporate Bonds and Notes	A3	A-
Cisco Systems Inc 4.950% 2/15/19	Corporate Bonds and Notes	A1	A+
Anadarko Petroleum 8.700% 3/15/19	Corporate Bonds and Notes	BAA3	BBB-
Bank NY Mellon MTN 5.450% 5/15/19	Corporate Bonds and Notes	AA3	A+
Gen Elec Cap Crp MTN 5.500% 1/08/20	Corporate Bonds and Notes	A1	AA+
Credit Suisse MTN 5.400% 1/14/20	Corporate Bonds and Notes	BAA2	BBB+
Digital Realty LP 5.875% 2/01/20	Corporate Bonds and Notes	BAA2	BBB
Amgen INC 3.450% 10/01/20	Corporate Bonds and Notes	BAA1	A+
Health Care Reit 4.950% 1/15/21	Corporate Bonds and Notes	BAA2	BBB
DirecTV Hldgs FN 4.600% 2/15/21	Corporate Bonds and Notes	BAA2	BBB
Boston Prop LP 4.125% 5/15/21	Corporate Bonds and Notes	BAA2	A-
Capital One FINL 4.750% 5/15/21	Corporate Bonds and Notes	BAA1	BBB
Berkshire Hathwy 3.750% 8/15/21	Corporate Bonds and Notes	AA2	AA
Northern Trust Corp 3.375% 8/23/21	Corporate Bonds and Notes	A1	A+
Newmont Mining Corp 3.500% 3/15/22	Corporate Bonds and Notes	BAA1	BBB+
EBay INC 2.600% 7/15/22	Corporate Bonds and Notes	A2	A
Darden Restaurants 3.350% 11/01/22	Corporate Bonds and Notes	BAA2	BBB
Apple Inc 2.400% 5/03/23	Corporate Bonds and Notes	AA1	AA+
Canada Nova Scotia 1.375% 12/18/17	Other Foreign Corporate Bonds	AA2	A+
HSBC Holdings PLC 5.100% 4/05/21	Other Foreign Corporate Bonds	AA3	A+
BP Capital PLC 3.245% 5/06/22	Other Foreign Corporate Bonds	A2	A
Illinois Money Mkt Fund Firefrs	Other Assets/Investments	n/a	n/a

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

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

The deposits and investments held for the Firefighters' Pension Fund were not exposed to custodial credit risk as of March 31, 2013.

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**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 – 49 percent
- Equities – 50 percent
  - ✓ Real estate stocks – 2 percent
  - ✓ Emerging markets – 3 percent
  - ✓ International stocks – 6 percent
  - ✓ Small/mid cap stocks – 14 percent
  - ✓ Index stocks – 5 percent
  - ✓ Large cap blend stocks – 20 percent

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

The Police Pension Fund had the following investments as of March 31, 2013:

<b>Police Pension Fund</b>	Fair Value	Investment in Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Illinois Funds Money Market Fund	\$ 329,114	\$ 329,114	\$ -	\$ -	\$ -
Taxable Bonds	14,724,464	2,087,328	8,284,231	3,559,017	793,889
Stocks	15,142,026	-	-	-	-
	<u>\$ 30,195,604</u>	<u>\$ 2,416,442</u>	<u>\$ 8,284,231</u>	<u>\$ 3,559,017</u>	<u>\$ 793,889</u>

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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, 2013, the Police Pension investments were rated as follows:

**Rock Island Police Pension - FOA**  
**Holdings Report with Ratings**

Description	Minor Asset Type	Moody's	S&P
U S Treasury NT 4.75% 5/15/14	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 0.500% 8/15/14	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 2.375% 8/31/14	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 1.250% 10/31/15	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 1.000% 9/30/16	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 2.625% 8/15/20	US Treasury Bonds and Notes	AAA	n/a
U S Treasury NT 1.625% 8/15/22	US Treasury Bonds and Notes	AAA	AA+
F N M A M T N 4.625% 10/15/14	US Agencies	AAA	AA+
F N M A M T N 5.250% 9/15/16	US Agencies	AAA	AA+
F N M A M T N 4.875% 12/15/16	US Agencies	AAA	AA+
F N M A M T N 5.000% 2/13/17	US Agencies	AAA	AA+
F N M A D E B 0.875% 10/26/17	US Agencies	AAA	AA+
F H L M C M T N 2.375% 1/13/22	US Agencies	AAA	AA+
F N M A #AH2718 3.500% 1/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #303876 7.000% 5/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #303913 7.000% 5/01/26	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #781328 7.000% 9/15/31	GNMA/FNMA/FHLMC Pools	n/a	n/a
G N M A #781328 7.000% 9/15/31	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #AA8265 4.500% 6/01/39	GNMA/FNMA/FHLMC Pools	n/a	n/a
F N M A #AH1560 4.000% 1/01/41	GNMA/FNMA/FHLMC Pools	n/a	n/a
Citigroup Inc 4/875% 5/07/15	Corporate Bonds and Notes	BAA3	BBB+
Morgan Stanley 5.450% 1/09/17	Corporate Bonds and Notes	BAA1	A-
BBT Corporation Mtn 2.150% 3/22/17	Corporate Bonds and Notes	A2	A-
Morgan Stanley 4.750% 3/22/17	Corporate Bonds and Notes	BAA1	A-
Bank of America 5.750% 12/01/17	Corporate Bonds and Notes	BAA2	A-
Wells Fargo Co 5.625% 12/11/17	Corporate Bonds and Notes	A2	A+
Autodesk Inc 1.950% 12/15/17	Corporate Bonds and Notes	BAA2	BBB
Assurant Inc 2.500% 3/15/18	Corporate Bonds and Notes	BAA2	BBB
AT&T INC 5.800% 2/15/19	Corporate Bonds and Notes	A3	A-

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Cisco Systems Inc 4.950% 2/15/19	Corporate Bonds and Notes	A1	A+
Anadarko Petroleum 8.700% 3/15/19	Corporate Bonds and Notes	BAAA3	BBB-
Bank NY Mellon Mtn 5.450% 5/15/19	Corporate Bonds and Notes	AA3	A+
Gen Elec Cap Cep Mtn 5.450% 5/15/19	Corporate Bonds and Notes	A1	AA+
Credit Suisse Mtn 5.400% 1/14/20	Corporate Bonds and Notes	BAA2	BBB+
Digital Realt LP 5.875% 2/01/20	Corporate Bonds and Notes	BAA2	BBB
Amgen Inc 3.450% 10/01/20	Corporate Bonds and Notes	BAA1	A+
Health Care Reit 4.950% 1/15/21	Corporate Bonds and Notes	BAA2	BBB
DirectTV Hldgs FN 4.600% 2/15/21	Corporate Bonds and Notes	BAA2	BBB
Boston Prob LP 4.125% 5/15/21	Corporate Bonds and Notes	BAA2	A-
Capital One Finl 4.750% 7/15/21	Corporate Bonds and Notes	BAA1	BBB
Berkshire Hathwy 3.750% 8/15/21	Corporate Bonds and Notes	AA2	AA
Northern Trust Corp 3.375% 8/23/21	Corporate Bonds and Notes	A1	A+
Newmont Mining Corp 3.500% 3/15/22	Corporate Bonds and Notes	BAA1	BBB+
EBay Inc 2.600% 7/15/22	Corporate Bonds and Notes	A2	A
Darden Restaurants 3.350% 11/01/22	Corporate Bonds and Notes	BAA2	BBB
Apple Inc 2.400% 5/03/23	Corporate Bonds and Notes	AA1	AA+
Canada Nova Scotia 1.375% 12/18/17	Other Foreign & Corp Bonds	AA2	A+
HSBC Holdings Plc 5.100% 4/05/21	Other Foreign & Corp Bonds	AA3	A+
BP Capital Plc 3.245% 5/06/22	Other Foreign & Corp Bonds	A2	A
Illinois Money Mkt Fd Police	Other Assets/Investments	n/a	n/a

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

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

The deposits and investments held for the Police Pension Fund were not exposed to custodial credit risk as of March 31, 2013

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.

**CITY OF ROCK ISLAND, ILLINOIS**  
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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, 2012, are as follows:

	<u>Fair Value</u>
Current Assets:	
Equity mutual funds	\$ 379,328
Fixed income	<u>167,544</u>
Total investments in current assets	<u>546,782</u>
Endowment assets:	
Equity mutual funds	874,779
Fixed income mutual funds	331,659
Alternative funds	<u>122,590</u>
Total investments in endowment assets	<u>1,329,028</u>
 Total investments	 <u>\$ 1,875,900</u>

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at March 31, 2013 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
TIF	\$ 175	\$ 175
Gaming	1,518,274	-
Nonmajor Governmental Funds	-	1,518,274
Major Enterprise		
Water	103,874	-
Wastewater	81,616	-
Nonmajor Enterprise		
Stormwater	56,460	-
Marina	-	56,460
Internal Service Funds		
Equipment Maintenance	357,250	-
Engineering	-	357,250
Hydro-Electric Plant	-	185,490
	<u>\$ 2,117,649</u>	<u>\$ 2,117,649</u>

All of the above balances represent short-term loans to cover deficit cash balances at March 31, 2013. All the balances are expected to be repaid within one year.

Interfund transfers for the year ended March 31, 2013, consisted of the following:

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	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental funds:		
General Fund	\$ 3,007,736	\$ 1,990,917
Library	1,590	-
TIF Fund	38,586	1,713,049
Gaming	-	4,659,268
Capital	3,381,231	260,000
Nonmajor Governmental Funds	2,921,229	1,010,545
Major Enterprise Funds		
Wastewater	137,454	32,608
Park	310,379	29,900
Nonmajor Enterprise Funds	-	99,796
Internal Service Funds	-	2,122
	<u>\$ 9,798,205</u>	<u>\$ 9,798,205</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.

**NOTE 5 – NOTES RECEIVABLE – GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS**

As of March 31, 2013, 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%	\$ 1,438,928
Less allowance for uncollectible amounts	<u>(1,163,862)</u>
Total governmental funds	<u>275,066</u>

**Enterprise Funds:**

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	2,231,659
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.	347,948
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>629,238</u>
Less allowance for uncollectible amounts	<u>(1,514,518)</u>
Total enterprise funds	<u>1,694,327</u>
Total notes receivable	<u>\$ 1,969,393</u>

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**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government</b>				
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 7,837,789	\$ -	\$ 7,778	\$ 7,830,011
Construction in progress	2,502,030	598,000	2,000,104	1,099,926
Total capital assets not being depreciated	<u>10,339,819</u>	<u>598,000</u>	<u>2,007,882</u>	<u>8,929,937</u>
Capital assets being depreciated:				
Buildings and improvements	26,774,306	-	76,767	26,697,539
Machinery and equipment	14,217,484	534,965	950,409	13,802,040
Infrastructure	59,939,090	4,768,992	207,727	64,500,355
Total capital assets being depreciated	<u>100,930,880</u>	<u>5,303,957</u>	<u>1,234,903</u>	<u>104,999,934</u>
Less accumulated depreciation:				
Buildings and improvements	8,468,380	652,871	76,767	9,044,484
Machinery and equipment	8,472,038	657,798	936,918	8,192,918
Infrastructure	30,907,676	1,136,812	181,425	31,863,063
Total accumulated depreciation	<u>47,848,094</u>	<u>2,447,481</u>	<u>1,195,110</u>	<u>49,100,465</u>
Total capital assets being depreciated, net	<u>53,082,786</u>	<u>2,856,476</u>	<u>39,793</u>	<u>55,899,469</u>
Governmental activities capital assets, net	<u>\$ 63,422,605</u>	<u>\$ 3,454,476</u>	<u>\$ 2,047,675</u>	<u>\$ 64,829,406</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,586,476	\$ -	\$ -	\$ 1,586,476
Construction in progress	13,648,351	20,688,881	1,000,399	33,336,833
Total capital assets not being depreciated	<u>15,234,827</u>	<u>20,688,881</u>	<u>1,000,399</u>	<u>34,923,309</u>
Capital assets being depreciated:				
Buildings and improvements	18,482,113	-	-	18,482,113
Machinery and equipment	2,874,932	131,766	30,920	2,975,778
Infrastructure	77,578,941	1,476,802	13,765	79,041,978
Total capital assets being depreciated	<u>98,935,986</u>	<u>1,608,568</u>	<u>44,685</u>	<u>100,499,869</u>
Less accumulated depreciation:				
Buildings and improvements	5,621,423	480,405	-	6,101,828
Machinery and equipment	2,291,255	101,598	30,920	2,361,933
Infrastructure	50,876,369	1,518,336	9,921	52,384,784
Total accumulated depreciation	<u>58,789,047</u>	<u>2,100,339</u>	<u>40,841</u>	<u>60,848,545</u>
Total capital assets being depreciated, net	<u>40,146,939</u>	<u>-491,774</u>	<u>3,841</u>	<u>39,651,324</u>
Business-type activities capital assets, net	<u>\$ 55,381,766</u>	<u>\$ 20,197,107</u>	<u>\$ 1,004,240</u>	<u>\$ 74,574,633</u>

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

Government activities	
General government	213,745
Police and fire	65,455
Highways and streets, including depreciation of general infrastructure assets	1,311,379
Municipal vehicle parking system	-
Libraries	110,949
Park and recreation	220,259
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>525,694</u>

Total depreciation expense - governmental activities	<u>\$ 2,447,481</u>
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**Business-type activities**

Waterworks	\$ 625,108
Wastewater treatment	566,547
Park and recreation	658,221
Stormwater	133,998
Sunset Marina	57,599
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>58,866</u>

Total depreciation expense - business-type activities	<u>\$ 2,100,339</u>
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**NOTE 7 – LONG-TERM DEBT**

General obligation bonds outstanding as of March 31, 2013, consist of the following individual issues:

	Total	Governmental Activities	Business-Type Activities
\$2,655,000, 2005 refunding, Rock Island Fitness and Activity Center (\$129,887) 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%.	1,355,000	-	1,355,000
\$4,885,000 2007 special assessments (\$1,330,000), wastewater treatment (\$3,555,000) due in annual installments of \$175,000 to \$250,000 through December 1, 2026; interest at 3.62% to 4.10%.	3,345,000	590,000	2,755,000

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\$3,480,000 2008A general obligation bonds for the MLK Center expansion (\$1,015,000), software (\$440,000), special assessment street improvements (\$350,000) and hydroelectric plant improvements (\$1,675,000), due in annual installments of \$100,000 to \$295,000 to December 1, 2028.	2,400,000	970,000	1,430,000
\$2,640,000 2008B general obligation 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.	1,955,000	1,153,450	801,550
\$700,000 2008C clean renewable energy general obligations for hydroelectric plant improvements, due in annual installments of \$46,667 to December 15, 2022.	466,667	-	466,667
\$3,060,000 2008D general obligation bonds for construction of Armory Park, due in annual installments of \$180,000 to \$310,000 to December 1, 2021.	2,310,000	2,310,000	-
\$5,440,000 2009A general obligation bonds for construction of Armory Park due in annual; installments of \$265,000 to \$565,000 to December 1, 2021.	4,380,000	4,380,000	-
\$3,380,000 2009B general obligation bonds for RIFAC expansion, local street improvements and purchase of land due in annual installments of \$185,000 to \$295,000 to December 1, 2024.	2,620,000	465,000	2,155,000
\$1,440,000 2009C taxable general obligation bonds for Columbia Park redevelopment, including capitalized interest in annual installments of \$0 to \$180,000 to December 1, 2028.	1,440,000	1,440,000	-
\$7,270,000 2010A build america bonds for water system improvements and construction of a new street garage as part of the long-term control plan due in annual installments of \$295,000 to \$475,000 to December 1, 2030.	6,700,000	-	6,700,000
\$3,620,000 2010B general obligation refunding bonds and \$960,000 general obligation bonds for refunding of the 2001 general obligation bonds and new special assessment street improvement projects due in annual installments of \$100,000 to \$730,000 to December 1, 2020.	3,000,000	785,000	2,215,000

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\$2,065,000, 2011A refunding bonds (\$1,480,000) for Wastewater Treatment, Sunset Marina, special assessments; and special assessment (\$585,000) for streets; installments of \$260,000 to \$70,000 to December 15, 2021.	1,435,000	575,000	860,000
\$3,890,000, 2012A general obligation bonds for Ridgewood Rd Industrial Park improvements (\$1,505,000), special assessments (\$625,000), refund series 2004 general obligations bonds (\$1,075,000), advance refund a portion of 2010B and 2011A general obligation bonds (\$685,000) due in annual installments of \$560,000 to \$360,000 to December 15, 2032	3,890,000	2,520,000	1,370,000
<b>Total</b>	<b>35,296,667</b>	<b>15,188,450</b>	<b>20,108,217</b>

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,	Governmental Activities		Business-like Activities	
	Principal	Interest	Principal	Interest
2014	1,759,150	540,175	1,777,517	713,118
2015	1,552,100	435,640	1,694,567	724,366
2016	1,413,000	395,569	1,738,667	674,496
2017	1,460,950	350,499	1,815,717	621,231
2018	1,356,850	303,043	1,724,817	563,811
2019-2023	5,856,400	808,788	5,681,933	2,070,886
2024-2028	1,165,000	191,330	4,135,000	1,018,674
2029-2033	625,000	10,800	1,540,000	200,238
	<u>15,188,450</u>	<u>3,035,845</u>	<u>20,108,217</u>	<u>6,586,819</u>

On December 26, 2012, the City of Rock Island, Illinois issued \$3,890,000 of General Obligation Bonds, Series 2012A with an average interest rate of 2.23093%. Of the proceeds, \$1,760,475 was used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to call and redeem \$1,075,000 General Obligation Bonds, Series 2004 on January 28, 2013; advance refund \$260,000 of the General Obligation Bonds, Series 2010B due December 15, 2013-2016; and to advance refund \$370,000 of the General Obligation Bonds, Series 2011A due December 15, 2013-2018. As a result, the General Obligation Bonds, Series 2004 and a portion of the General Obligation Bonds, Series 2010B and Series 2011A are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The current refunding of the General Obligation Bonds, Series 2004 did not result in a difference between the reacquisition price and the net carrying amount of the old debt. The City completed the current refunding to

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reduce its total debt service payments over the next six years by \$46,082 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$43,865.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$41,441. This difference, reported in the accompanying financial statements as a deferred outflow, is being charged to operations through the year 2018. The City completed the advance refunding to reduce debt service payments over the next six years by \$378,226 and extend the debt service payment schedule an additional ten years which increased total debt service payments by \$142,411 over the next fifteen years and resulted in an economic loss of \$38,875.

On December 6, 2012, the City entered into a line of credit for \$15,000,000 bearing a variable interest rate of 1.8% plus 30 day LIBOR plus .10% fee on unused funds with a minimum interest rate of 2.0%. Interest is required to be paid monthly. Principal on the note is due in full on December 6, 2014. The line of credit was issued for the Walmart Development project.

Long-term liability activity for the year ended March 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 14,727,021	\$ 2,520,000	\$ 2,058,571	\$ 15,188,450	\$ 1,759,150
Unamortized discounts	(101,375)	(60,934)	(162,309)	-	-
Unamortized premiums	54,947	60,765	13,341	102,371	-
Total bonds payable	14,680,593	2,519,831	1,909,603	15,290,821	1,759,150
Line of credit	-	3,022,538	-	3,022,538	3,022,538
Other postemployment benefits	5,890,327	749,478	-	3,639,805	-
Compensated absences	3,393,027	2,069,990	1,732,645	3,730,372	1,845,255
Net pension obligation	997,420	7,774	39,477	965,717	-
	<u>\$ 21,961,367</u>	<u>\$ 8,369,611</u>	<u>\$ 3,681,725</u>	<u>\$ 26,649,253</u>	<u>\$ 6,626,943</u>
<b>Business-type activities</b>					
Bonds payable					
General obligation bonds	\$ 21,896,315	\$ 1,370,000	\$ 3,158,098	\$ 20,108,217	\$ 1,777,517
Unamortized discounts	(279,747)	(32,043)	(311,790)	-	-
Unamortized premiums	157,224	32,288	52,334	137,178	-
Total bonds payable	21,773,792	1,370,245	2,898,642	20,245,395	1,777,517
Note payable	4,100,381	14,805,567	13,261	18,892,687	13,427
Other postemployment benefits	652,120	169,099	-	821,219	-
Compensated absences	938,342	469,387	446,475	961,254	473,437
	<u>\$ 27,464,635</u>	<u>\$ 16,814,298</u>	<u>\$ 3,358,378</u>	<u>\$ 40,920,555</u>	<u>\$ 2,264,381</u>

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The City has the following loan agreements with the Illinois Environmental Protection Agency (IEPA):

- \$532,456 approved October 24, 2011 for modification of the store/treat basins. The loan interest rate is 1.25%. Loan principal of \$128,879 is forgiven by the IEPA. The City is required to make semi-annual payments of the principal and interest through December 6, 2030. The maturity schedule is as follows:

Year Ending March 31:	Principal	Interest	Total
2014	\$ 13,427	\$ 4,672	\$ 18,099
2015	19,477	4,521	23,998
2016	19,721	4,276	23,997
2017	19,968	4,029	23,997
2018	20,219	3,779	23,998
2019-2023	104,961	15,027	119,988
2024-2028	111,707	8,278	119,985
2029-2031	74,563	1,549	76,112
	\$ 384,043	\$ 46,131	\$ 430,174

- \$20,000,000 approved July 25, 2011 for the Mill Street Wastewater Treatment Plant Expansion project. The loan interest rate is 1.25%. Loan principal of \$2,500,000 is forgiven by the IEPA. The City is required to make semi-annual payments of the principal and interest beginning February 1, 2013 through August 1, 2032. The state has not yet established the repayment period.
- \$15,000,000 approved August 1, 2012 for the Mill Street Wastewater Treatment Plant Expansion Phase 2 project. The loan interest rate is 2.2950%. The City is required to make semi-annual payments of the principal and interest beginning March 1, 2014 through September 1, 2033. The state has not yet established the repayment period.

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, \$286,314 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

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

**NOTE 8 – RISK MANAGEMENT**

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

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not

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reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims payable are as follows:

	<u>Self-Insurance Fund</u>		<u>Employee Health Benefit Fund</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 111,000	\$ 332,500	\$ 138,992	\$ 149,318
Incurred claims (including IBNR)	956,862	111,000	3,362,482	2,917,331
Claim payments/settlements	<u>(647,862)</u>	<u>(332,500)</u>	<u>(3,332,837)</u>	<u>(2,927,657)</u>
Unpaid claims, end of year	<u>\$ 420,000</u>	<u>\$ 111,000</u>	<u>\$ 168,637</u>	<u>\$ 138,992</u>

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 327 active and 207 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 CVS Pharmacy. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the City’s annual OPEB cost for the year ended March 31, 2013, the amount actually contributed to the Plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 1,603,272
Interest on net OPEB obligation	141,698
Adjustment to annual required contribution	<u>(118,082)</u>
Annual OPEB cost	1,626,888

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Contributions made	708,312
Increase in net OPEB obligation	918,576
Net OPEB obligation, beginning of year	<u>3,542,448</u>
Net OPEB obligation, end of year	<u>\$ 4,461,024</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, 2013.

For the year ended March 31, 2013, the City contributed \$708,312 to the medical plan. Plan members eligible for benefits contributed \$842,424 or 51.8% 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, 2013, are summarized as follows:

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Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March 31, 2013	\$ 1,626,888	43.5%	\$ 4,461,024
March 31, 2012	\$ 1,634,557	43.3%	\$ 3,542,448
March 31, 2011	\$ 1,447,464	48.9%	\$ 2,616,203

Funded Status and Funding Progress – As of March 31, 2013, the most recent actuarial valuation date for the period April 1, 2011 through March 31, 2013, the actuarial accrued liability was \$24,781,731, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$24,781,731. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$24,158,513 and the ratio of the UAAL to covered payroll was 103%. As of March 31, 2013, there were no trust fund assets.

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

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

As of the March 31, 2013, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual

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medical trend rate is 8%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate medical trend rate. The investment return of 4.0 percent inflation includes a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of pay on an open basis over 30 years.

**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 and disability benefits, post retirement increases and death benefits to plan members and beneficiaries. The City’s plan is affiliated with IMRF an agent multiple-employer pension plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 11.68 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF board of Trustees, while the supplemental retirement benefits rate is set by statute.

For March 31, 2013, the City’s actual contributions for pension cost were \$1,570,803. The required contribution was \$1,531,326. The required contribution was determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan’s unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

<u>Actuarial Valuation Date</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 1,570,803	103%	\$631,688
12/31/2011	1,600,933	79%	671,165
12/31/2010	1,465,155	77%	330,026

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 78.50 percent funded. The actuarial accrued liability for benefits was \$44,103,882 and the actuarial value of assets was \$34,620,528, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,483,354. The covered payroll (annual

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payroll of active employees covered by the plan) was \$13,110,671 and the ratio of the UAAL to the covered payroll was 72 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The City’s payroll for employees covered by the Police Pension Plan for the year ended March 31, 2013, was \$5,233,761 out of a total payroll of \$24,158,513. As of March 31, 2013, the Police Pension Plan’s membership consisted of:

Retirees and beneficiaries receiving benefits	92
Terminated plan members entitled to but not yet receiving benefits	2
Active vested plan members	49
Active nonvested plan members	<u>33</u>
 Total	 <u><u>176</u></u>

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of credited service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 30 years to a maximum of 75% of such monthly salary. Employees are entitled to a minimum benefit of \$1,000 per month. Employees with at least eight years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased 3% annually. Effective July 1, 1993, the 3% increase is compounded annually.

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

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

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:

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Annual required contributions	\$ 2,170,664
Interest on net pension obligation	15,964
Adjustments to annual required contribution	<u>(10,247)</u>
Annual pension cost	2,176,381
Annual contributions made	<u>2,171,239</u>
Increase in net pension obligation	(5,142)
Net pension obligation, beginning of year	<u>212,858</u>
 Net pension obligation, end of year	 <u>\$ 218,000</u>

The annual required contribution for the current year was determined as part of the March 31, 2013, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.5% investment rate of return and (b) projected salary increases of 5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a closed period, level percentage of payroll. The remaining amortization period as of March 31, 2013, was 28 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>
03/31/2013	\$ 2,176,381	99.8%	\$ 218,000
03/31/2012	\$ 2,159,106	101.9%	\$ 212,858
03/31/2011	\$ 2,177,486	99.8%	\$ 254,244

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

As of March 31, 2013, the most recent actuarial valuation date, the Police Pension Plan was 47.3 percent funded. The actuarial accrued liability for benefits was \$67,375,623 and the actuarial value of assets was \$31,856,007, resulting in an underfunded actuarial accrued liability (UAAL) of \$35,519,616. The covered payroll (annual payroll of active employees covered by the plan) was \$5,233,761 and the ratio of the UAAL to the covered payroll was 679 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 Police Pension Plan's statement of net position is as follows:

<b>ASSETS</b>	
Cash and equivalents	\$ 329,114
Investments	29,866,490
Receivables	
Accrued interest	116,756
Employer contribution	<u>2,301,409</u>

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Total Assets	<u>32,613,769</u>
<b>LIABILITIES</b>	
Overdrawn cash	749,899
Accounts payable	<u>7,863</u>
Total Liabilities	<u>757,762</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 31,856,007</u>

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

<b>ADDITIONS</b>	
Contributions	
Plan members	\$ 539,779
Employer	<u>2,171,239</u>
Total Contributions	<u>2,711,018</u>
Net investment income	
Net increase in fair value of investments	1,974,718
Interest	<u>706,906</u>
Net Investment Income	<u>2,681,624</u>
Total Additions	<u>5,392,642</u>
<b>DEDUCTIONS</b>	
Benefits	3,219,919
Administrative expenses	<u>45,892</u>
Total Deductions	<u>3,265,811</u>
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	2,126,831
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>29,729,176</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 31,856,007</u>

Firefighters' Pension – Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a Pension Trust Fund. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended March 31, 2013, was \$3,922,858 out of a total payroll of \$24,158,513. As of March 31, 2013, the Firefighters' Pension Plan membership consisted of:

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Retirees and beneficiaries receiving benefits	89
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	39
Active nonvested plan members	<u>21</u>
 Total	 <u><u>149</u></u>

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

For employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary, the normal retirement age is attainment of age 55 and completion of 10 years of service; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed).

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

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	\$ 1,978,545
Interest on net pension obligation	8,505
Adjustments to annual required contribution	<u>(5,459)</u>
Annual pension cost	1,981,591
Annual contributions made	<u>1,978,959</u>
Increase in net pension obligation	2,632
Net pension obligation, beginning of year	<u>113,397</u>
 Net pension obligation, end of year	 <u><u>\$ 116,029</u></u>

The annual required contribution for the current year was determined as part of the March 31, 2013, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.5% investment rate of return and (b) projected salary increases of 5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3%. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The

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unfunded actuarial accrued liability is being amortized as a closed period, level percentage of payroll. The remaining amortization period as of March 31, 2013, was 28 years.

Fiscal Year Ended	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
03/31/2013	\$ 1,981,591	99.9%	\$ 116,029
03/31/2012	\$ 2,008,978	99.9%	\$ 113,397
03/31/2011	\$ 2,061,486	99.9%	\$ 110,643

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

As of March 31, 2013, the most recent actuarial valuation date, the Firefighters' Pension Plan was 43.6 percent funded. The actuarial accrued liability for benefits was \$54,901,708 and the actuarial value of assets was \$23,934,834 resulting in an underfunded actuarial accrued liability (UAAL) of \$30,966,874. The covered payroll (annual payroll of active employees covered by the plan) was \$3,922,858 and the ratio of the UAAL to the covered payroll was 789 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 position is as follows:

<b>ASSETS</b>	
Cash and equivalents	\$ 290,709
Investments	22,234,247
Receivables	
Accrued interest	90,073
Employer contribution	<u>2,030,816</u>
Total Assets	<u>24,645,845</u>
<b>LIABILITIES</b>	
Overdrawn cash	705,181
Accounts payable	<u>5,830</u>
Total Liabilities	<u>711,011</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 23,934,834</u>

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

<b>ADDITIONS</b>	
Contributions	
Plan members	\$ 407,156
Employer	<u>1,978,959</u>
Total Contributions	<u>2,386,115</u>
Net investment income	
Net increase in fair value of investments	1,168,408
Interest	<u>508,760</u>
Net Investment Income	<u>1,677,168</u>
Total Additions	<u>4,063,283</u>
<b>DEDUCTIONS</b>	
Benefits	3,212,468
Administrative expenses	<u>67,117</u>
Total Deductions	<u>3,279,585</u>
<b>CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	783,698
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING</b>	<u>23,151,136</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING</b>	<u>\$ 23,934,834</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 – FUND BALANCE REPORTING**

Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

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**Components of Fund Balances**

	General Fund	Debt Service	Capital Projects Fund	Special Revenue	Total
<b>Nonspendable:</b>	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
<b>Restricted for:</b>					
Public safety	273,308	-	-	-	273,308
Library programs and projects	-	-	-	1,149,250	1,149,250
TIF improvements	-	-	-	3,454,851	3,454,851
Road improvements	-	-	-	371,440	371,440
Housing and community development	-	-	-	46,649	46,649
Fire services	-	-	-	128,267	128,267
Federal programs	-	-	-	10,635	10,635
Drug enforcement efforts	-	-	-	416,671	416,671
Community economic development	-	-	-	177,068	177,068
Debt service payments	-	1,117,635	-	-	1,117,635
Unspent bond proceeds	-	-	2,018,579	1,362,686	3,381,265
Total restricted	273,308	1,117,635	2,018,579	7,117,517	10,527,039
<b>Committed to:</b>					
Capital improvements and economic development	-	-	-	7,883,150	7,883,150
Capital improvements	-	-	410,178	-	410,178
Community economic development	-	-	-	5,374,836	5,374,836
Total committed	-	-	410,178	13,257,986	13,668,164
<b>Assigned to:</b>					
Encumbrance	-	-	-	-	-
MLK Community Center	-	-	-	118,646	118,646
Community economic development	-	-	-	-	-
Other purposes	-	-	-	-	-
Total assigned	-	-	-	118,646	118,646
<b>Unassigned</b>	11,145,921	-	-	-2,447,709	8,698,212
<b>Total fund balances</b>	11,419,229	1,117,635	2,428,757	18,046,440	33,012,061

**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, 2013, there was one series of Industrial Revenue Bonds outstanding. The original issue amounts totaled \$8,650,000 includes refinancing of Series 2004 (\$4,160,300) and \$4,489,700 for facility improvements. The aggregate principal amount outstanding was \$8,588,242.

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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**NOTE 14 – COMMITMENTS AND CONTINGENCY**

As of March 31, 2013, the City had the following outstanding commitments related to various development projects totaling \$21,871,386. All commitments operate as rebates so that funds are not paid until they are received.

Casino Rock Island – On March 22, 2004, 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 total 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. To date, \$5,007,991 has been reimbursed to the Casino with an estimated \$15 million yet to be paid out.

The Locks – The City Council approved the development agreement between the City and Rock Island Economic Growth Corporation to support this construction project. Estimated outstanding commitments on this contract as of March 31, 2013 are \$1,750,000.

Property Tax Incentives – The City Council has approved agreements with various entities and residents which provide rebates of a portion of the property taxes as incentive for new construction, rehabilitation, and/or development of property in Rock Island. Estimated outstanding commitment for all projects as of March 31, 2013 is \$906,043.

Walmart Project – The City Council has approved multiple agreements involved with the Walmart project that include purchase agreements, lease terminations, moving expenses, and development agreements. The City has \$15 million in the form of a line of credit that will be utilized toward these expenses. As of March 31, 2013, City Council had committed to \$2,897,247 of expenses that had not yet been paid out yet.

Children's Garden Project – The City Council approved the bid award for Brandt Construction to do the construction for this project. The amount outstanding on this contract on March 31, 2013 is \$962,980.

Ridgewood Business Park – The City Council approved the bid award for Missman, Inc. to do design and engineering services for this project. The amount outstanding on this contract on March 31, 2013 is \$292,918.

Schwiebert Park Boat Dock – The Landing – The City Council approved the bid award for Stanley Consultants to perform the post design, bidding, grant and construction phase services for this project. The amount outstanding on this contract on March 31, 2013 is \$62,200.

The City has recognized as a liability only that portion of construction contracts representing construction completed through March 31, 2013. The City has additional commitments for signed construction contracts of approximately \$24,086,658 as of March 31, 2013. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

The City has agreed to a consent decree issued by the United States Environmental Protection Agency (USEPA) to settle a lawsuit in regard to violations incurred by the City's wastewater treatment system. The provisions of the consent decree required the City to complete the "Sylvan Slough Retain the Rain Demonstration Project" at a

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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cost of approximately \$60,000, and complete numerous improvements to the wastewater system. To identify the improvements needed, the City completed a major planning program called a Long Term Control Plan (LTCP). The LTCP was submitted in June 2006 as required at a cost of \$2,878,166 and was subsequently approved by the U.S. Environmental Protection Agency. The City has incurred LTCP costs of \$24,105,322 as of March 31, 2013. The LTCP yielded a USEPA approved construction program intended to enhance the City's ability to treat combined sewerage generated during rainstorms. All of the construction must be completed by 2018. The estimated cost of the construction program is \$71.8 million (without land acquisition costs).

**NOTE 15 – LITIGATION**

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

**NOTE 16 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS**

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

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

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

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013 will be effective for the fiscal year ending March 31, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013 will be effective for the fiscal year ending March 31, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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

The City implemented the following GASB Statements during the current fiscal year:

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

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; issued November 2010. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No.14 and No. 35*; issued November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

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

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources in to the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision- an amendment to GASB Statement No. 53*, issued June 2011. The objective of this Statement is to clarify whether and effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

Statement No 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain item that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The implementation of the above statements did not have a material effect to the City's financial statements other than GASB Statement No. 63 and 65 which required the reporting of new financial statement elements.

**NOTE 17 – SUBSEQUENT EVENTS**

On May 2, 2013 the City received \$2,172,027 in loan proceeds from the \$15,000,000 line of credit established with the American Bank & Trust Company. This brings the total loan disbursement to \$5,194,564. This line of credit is used for the Walmart project that includes purchase agreements, lease terminations, moving expenses, and development agreements.

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

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On May 21, 2013 the City received an additional loan disbursement in the amount of \$5,061,064 from Illinois Environmental Protection Agency (IEPA) for the Mill Street Wastewater Treatment Plant Expansion Project Phase 2. This brings the total loan disbursements to \$6,069,708. The original loan agreement was approved on August 1, 2012. The loan interest rate is 2.295% and the term of the loan is twenty years.

On June 18, 2013 the City purchased property “The LOCKS Project” in the amount of \$1,750,000.

On July 8, 2013 the City received \$2,365,466 in loan proceeds from the \$15,000,000 line of credit established with the American Bank & Trust Company for the Walmart Project. This brings the total loan disbursement to \$7,560,030.

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

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>2013</b>	<b>3/31/13</b>	<b>\$ 0</b>	<b>\$24,781,731</b>	<b>\$24,781,731</b>	<b>0.0%</b>	<b>\$24,158,513</b>	<b>103%</b>
2012	3/31/11	\$ 0	\$23,199,368	\$23,199,368	0.0%	\$18,206,619	127%
2011	3/31/11	\$ 0	\$23,199,368	\$23,199,368	0.0%	\$18,206,619	127%
2010	3/31/09	\$ 0	\$20,109,915	\$20,109,915	0.0%	\$ 18,249,121	110%
2009	3/31/09	\$ 0	\$20,109,915	\$20,109,915	0.0%	\$ 18,249,121	110%

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

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>2013</b>	<b>12/31/12</b>	<b>\$34,620,528</b>	<b>\$44,103,882</b>	<b>\$9,483,354</b>	<b>78.50</b>	<b>\$13,110,671</b>	<b>72.3%</b>
2012	12/31/11	35,407,534	45,053,545	9,646,011	78.59	\$13,430,647	71.8
2011	12/31/10	40,102,870	48,093,457	7,990,587	83.39	13,307,489	60.1
2010	12/31/09	40,298,534	49,148,808	8,850,274	81.99	13,830,645	64.0
2009	12/31/08	39,566,015	45,472,768	5,906,753	87.01	13,155,573	45.0
2008	12/31/07	45,496,800	42,571,242	(2,925,558)	106.87	12,254,828	-23.9

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
<b>03/31/13</b>	<b>\$ 1,531,326</b>	<b>\$ 1,570,803</b>	<b>103.0%</b>
03/31/12	1,600,933	1,259,794	79.0
03/31/11	1,465,155	1,135,129	77.0
03/31/10	950,165	950,165	100.0
03/31/09	984,037	984,037	100.0
03/31/08	990,190	990,190	100.0

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

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>2013</b>	<b>03/31/13</b>	<b>\$31,856,007</b>	<b>\$67,375,623</b>	<b>\$35,519,616</b>	<b>47.3</b>	<b>\$5,233,761</b>	<b>678.7%</b>
2012	03/31/12	29,548,212	64,782,383	35,234,171	45.6	5,201,289	677.4
2011	03/31/11	29,123,415	62,765,455	33,642,040	46.4	5,113,544	657.9
2010	03/31/10	26,776,063	55,108,039	28,331,976	48.6	5,123,411	553.0
2009	3/31/09	23,108,317	52,604,370	29,496,053	43.92	4,988,969	591.2
2008	3/31/08	26,517,764	50,540,266	24,022,502	52.47	4,815,819	498.8

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
<b>3/31/13</b>	<b>\$ 2,170,664</b>	<b>\$ 2,171,239</b>	<b>100.2%</b>
3/31/12	2,151,993	2,200,492	100.3
3/31/11	2,172,477	2,172,477	100.2
3/31/10	1,777,057	1,761,030	99.1
3/31/09	1,674,468	1,666,961	99.6
3/31/08	1,674,468	1,673,809	99.9

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

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>2013</b>	<b>03/31/13</b>	<b>\$23,934,834</b>	<b>\$54,901,708</b>	<b>\$30,966,874</b>	<b>43.6%</b>	<b>3,922,858</b>	<b>789.4%</b>
2012	03/31/12	22,936,386	52,767,379	29,830,993	43.5	3,700,934	806.0
2011	03/31/11	23,318,233	51,909,240	28,591,007	44.9	3,751,608	762.1
2010	03/31/10	22,044,559	46,711,284	24,666,725	47.2	3,602,797	684.7
2009	3/31/09	19,436,394	45,631,768	26,195,374	42.6	3,577,979	732.1
2008	3/31/08	23,062,773	44,937,674	21,874,901	51.3	3,462,194	631.8

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
<b>3/31/13</b>	<b>\$ 1,978,545</b>	<b>\$ 1,978,959</b>	<b>100.0%</b>
3/31/12	\$ 2,005,883	\$ 2,006,224	100.2
3/31/11	2,059,308	2,059,308	100.1
3/31/10	1,731,523	1,720,844	99.4
3/31/09	1,460,814	1,454,266	99.6
3/31/08	1,460,814	1,460,772	99.9

**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, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 7,637,578	\$ 7,637,578	\$ 7,554,898	\$ (82,680)
Other taxes				
Replacement taxes	2,400,000	2,400,000	2,444,370	44,370
Sales taxes	4,806,000	4,806,000	5,027,347	221,347
Use taxes	593,000	593,000	619,887	26,887
Income taxes	3,090,000	3,090,000	3,711,030	621,030
Municipal utility taxes	2,058,000	2,058,000	2,044,178	(13,822)
Gasoline taxes	250,000	250,000	216,733	(33,267)
Hotel taxes	371,000	371,000	365,467	(5,533)
Other taxes	2,607,719	2,741,249	2,824,713	83,464
Fines and fees	405,800	405,800	385,852	(19,948)
Intergovernmental	78,447	120,572	70,166	(50,406)
Charges for services				
Public safety	830,832	833,896	840,455	6,559
Public works	1,267,540	1,267,540	1,161,047	(106,493)
Ambulance service	2,750,000	2,750,000	2,777,839	27,839
Waterworks department	673,387	673,387	673,387	-
Sunset marina	87,817	87,817	87,817	-
Equipment maintenance department	260,507	260,507	260,507	-
Engineering department	176,462	176,462	176,462	-
Sewer department	378,409	378,409	378,409	-
Stormwater department	254,100	254,100	254,100	-
Other departments	188,344	188,344	182,784	(5,560)
Interest	57,703	57,703	39,510	(18,193)
Licenses and permits	975,680	975,680	1,125,729	150,049
Contributions	8,065	11,162	9,062	(2,100)
Other	42,589	48,789	62,986	14,197
Total Revenues	<u>32,248,979</u>	<u>32,436,995</u>	<u>33,294,735</u>	<u>857,740</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, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>EXPENDITURES</b>				
Current				
General government				
Mayor and city council	\$ 251,844	\$ 258,396	\$ 224,608	\$ 33,788
General administration	451,616	477,216	407,603	69,613
Personnel	350,069	469,550	483,116	(13,566)
Legal	155,000	163,373	163,373	-
Finance and accounting	1,635,989	1,266,312	1,123,499	142,813
Information technology	1,259,975	1,321,497	1,209,594	111,903
Community development	58,811	120,868	129,100	(8,232)
Planning	350,053	356,100	375,006	(18,906)
Inspection	579,835	579,835	628,444	(48,609)
Public works administration	532,136	803,324	875,199	(71,875)
Building	364,191	409,546	392,361	17,185
Other	49,498	55,936	31,096	24,840
Police and fire				
Police	11,937,035	11,997,327	11,391,270	606,057
Fire	9,349,116	9,405,203	9,390,517	14,686
Police and fire commission	15,300	15,300	6,996	8,304
Electrical maintenance	642,170	642,170	604,893	37,277
Municipal vehicle parking system	222,927	223,831	190,179	33,652
Highways and streets	4,924,233	5,019,545	4,502,720	516,825
Refuse disposal	1,748,682	1,739,472	1,541,430	198,042
Capital outlay	105,000	198,626	134,472	64,154
Total Expenditures	<u>34,983,480</u>	<u>35,523,427</u>	<u>33,805,476</u>	<u>1,717,951</u>
<b>DEFICIENCY OF REVENUES</b>				
<b>UNDER EXPENDITURES</b>				
	<u>(2,734,501)</u>	<u>(3,086,432)</u>	<u>(510,741)</u>	<u>2,575,691</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	3,030,940	3,298,380	3,007,736	(290,644)
Transfers to other funds	<u>(331,317)</u>	<u>(348,057)</u>	<u>(1,990,917)</u>	<u>(1,642,860)</u>
Total Other Financing Sources (Uses)	<u>2,699,623</u>	<u>2,950,323</u>	<u>1,016,819</u>	<u>(1,933,504)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(34,878)</u>	<u>(136,109)</u>	506,078	<u>642,187</u>
<b>FUND BALANCE, BEGINNING</b>			<u>10,913,151</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 11,419,229</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, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,969,330	\$ 1,969,330	\$ 1,969,440	\$ 110
Fines and fees	50,980	50,980	53,815	2,835
Intergovernmental	40,000	41,500	41,513	13
Charges for services	243,369	243,369	220,580	(22,789)
Interest	7,229	7,229	6,878	(351)
Contributions	102,300	137,254	138,313	1,059
Other	4,800	4,900	3,423	(1,477)
Total Revenues	<u>2,418,008</u>	<u>2,454,562</u>	<u>2,433,962</u>	<u>(20,600)</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Libraries				
Personnel	1,614,806	1,546,991	1,512,393	34,598
Supplies	64,951	83,215	67,954	15,261
Services	227,841	305,688	258,942	46,746
Other	510,410	520,905	457,511	63,394
Total Expenditures	<u>2,418,008</u>	<u>2,456,799</u>	<u>2,296,800</u>	<u>159,999</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>				
	<u>-</u>	<u>(2,237)</u>	<u>137,162</u>	<u>139,399</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>-</u>	<u>1,880</u>	<u>1,590</u>	<u>(290)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>-</u></u>	<u><u>(357)</u></u>	<u>138,752</u>	<u>139,109</u>
<b>FUND BALANCE, BEGINNING</b>			<u>1,010,498</u>	
<b>FUND BALANCE, ENDING</b>			<u><u>\$ 1,149,250</u></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, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,225,574	\$ 5,225,574	\$ 5,164,298	\$ (61,276)
Fines and fees	200,000	273,482	-	(273,482)
Interest	3,125	3,125	24,546	21,421
Other	4,971	4,971	2,470	(2,501)
Total Revenues	<u>5,433,670</u>	<u>5,507,152</u>	<u>5,191,314</u>	<u>(315,838)</u>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel	173,806	172,305	121,688	50,617
Supplies	500	1,098	670	428
Services	3,434,757	3,372,467	2,482,967	889,500
Other	596,678	865,005	1,140,863	(275,858)
Capital outlay	55,000	50,500	15,000	35,500
Total Expenditures	<u>4,260,741</u>	<u>4,461,375</u>	<u>3,761,188</u>	<u>700,187</u>
<b>EXCESS OF REVENUES</b>				
<b>OVER EXPENDITURES</b>				
	<u>1,172,929</u>	<u>1,045,777</u>	<u>1,430,126</u>	<u>384,349</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	38,586	38,586
Transfers to other funds	<u>(2,234,943)</u>	<u>(2,320,049)</u>	<u>(1,713,049)</u>	<u>607,000</u>
Total Other Financing Sources (Uses)	<u>(2,234,943)</u>	<u>(2,320,049)</u>	<u>(1,674,463)</u>	<u>645,586</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>(1,062,014)</u>	<u>(1,274,272)</u>	(244,337)	<u>1,029,935</u>
<b>FUND BALANCE, BEGINNING</b>			<u>3,699,188</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 3,454,851</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, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 6,000,000	\$ 6,000,000	\$ 5,576,018	\$ (423,982)
Interest	44,604	44,604	37,836	(6,768)
Total Revenues	<u>6,044,604</u>	<u>6,044,604</u>	<u>5,613,854</u>	<u>(430,750)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(6,000,000)</u>	<u>(6,421,497)</u>	<u>(4,659,268)</u>	<u>1,762,229</u>
NET CHANGE IN FUND BALANCE	<u>44,604</u>	<u>(376,893)</u>	954,586	<u>1,331,479</u>
FUND BALANCE, BEGINNING			<u>6,928,564</u>	
FUND BALANCE, ENDING			<u>\$ 7,883,150</u>	

**CITY OF ROCK ISLAND, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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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, 2013:

	Budget	Actual	Amount Over Budget
Special Revenue			
Federal Programs Fund	\$ 29,026	\$ 29,074	\$ 48

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

**Ridgewood Business Park Fund** – Accounts for revenue and expenditures related to a \$1.4 million grant award from the U.S. Economic Development Administration to create a small lot business park with access from Ridgewood and Andalusia roads.

### 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, 2013**

					Special	
	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Community/ Economic Development Fund	Federal Programs Fund
<b>ASSETS</b>						
Cash and investments	\$ 225,920	\$ 84,356	\$ 126,738	\$ 95,256	\$ -	\$ 10,652
Receivables, net						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	2,405	-
Accrued interest	-	-	102	113	-	-
Special assessments	-	-	-	-	-	-
Assets held for resale	-	-	-	-	5,374,836	-
Due from other governmental agencies	145,927	181,079	-	33,197	140,424	-
Total Assets	<u>\$ 371,847</u>	<u>\$ 265,435</u>	<u>\$ 126,840</u>	<u>\$ 128,566</u>	<u>\$ 5,517,665</u>	<u>\$ 10,652</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 26,481	\$ 3,838	\$ 299	\$ 406,168	\$ -
Interest payable	407	222	-	-	99	17
Deposits payable	-	-	-	-	-	-
Accrued wages and benefits	-	11,004	4,356	-	-	-
Due to other funds	-	-	-	-	995,329	-
Unearned revenue	-	-	-	-	522,690	-
Total Liabilities	<u>407</u>	<u>37,707</u>	<u>8,194</u>	<u>299</u>	<u>1,924,286</u>	<u>17</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	-	-	-	-	-	-
Unavailable revenue-grants	-	181,079	-	-	140,424	-
Unavailable revenue-special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>181,079</u>	<u>-</u>	<u>-</u>	<u>140,424</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	371,440	46,649	-	128,267	-	10,635
Committed	-	-	-	-	5,374,836	-
Assigned	-	-	118,646	-	-	-
Unassigned	-	-	-	-	(1,921,881)	-
Total Fund Balances	<u>371,440</u>	<u>46,649</u>	<u>118,646</u>	<u>128,267</u>	<u>3,452,955</u>	<u>10,635</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 371,847</u>	<u>\$ 265,435</u>	<u>\$ 126,840</u>	<u>\$ 128,566</u>	<u>\$ 5,517,665</u>	<u>\$ 10,652</u>

Revenue Funds

Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Schweibert Park Boat Dock	Ridgewood Business Park	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 687,982	\$ -	\$ -	\$ -	\$ 176,879	\$ 1,417,348	\$ 2,825,131	\$ 1,105,329	\$ 3,930,460
-	-	-	-	-	-	-	233,004	233,004
-	-	-	-	-	-	2,405	13,171	15,576
635	-	-	-	189	481	1,520	-	1,520
-	-	-	-	-	-	-	374,515	374,515
-	-	-	-	-	-	5,374,836	-	5,374,836
-	-	-	-	110,702	59,542	670,871	-	670,871
<u>\$ 688,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,770</u>	<u>\$ 1,477,371</u>	<u>\$ 8,874,763</u>	<u>\$ 1,726,019</u>	<u>\$ 10,600,782</u>
\$ 13,255	\$ -	\$ -	\$ 1,163	\$ -	\$ 55,143	\$ 506,347	\$ 1,810	\$ 508,157
-	-	315	1,405	-	-	2,465	3,890	6,355
254,490	-	-	-	-	-	254,490	-	254,490
4,201	-	-	-	-	-	19,561	-	19,561
-	-	12,460	510,485	-	-	1,518,274	-	1,518,274
-	-	-	-	-	-	522,690	-	522,690
<u>271,946</u>	<u>-</u>	<u>12,775</u>	<u>513,053</u>	<u>-</u>	<u>55,143</u>	<u>2,823,827</u>	<u>5,700</u>	<u>2,829,527</u>
-	-	-	-	-	-	-	228,169	228,169
-	-	-	-	110,702	59,542	491,747	-	491,747
-	-	-	-	-	-	-	374,515	374,515
-	-	-	-	110,702	59,542	491,747	602,684	1,094,431
416,671	-	-	-	177,068	1,362,686	2,513,416	1,117,635	3,631,051
-	-	-	-	-	-	5,374,836	-	5,374,836
-	-	-	-	-	-	118,646	-	118,646
-	-	(12,775)	(513,053)	-	-	(2,447,709)	-	(2,447,709)
<u>416,671</u>	<u>-</u>	<u>(12,775)</u>	<u>(513,053)</u>	<u>177,068</u>	<u>1,362,686</u>	<u>5,559,189</u>	<u>1,117,635</u>	<u>6,676,824</u>
<u>\$ 688,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,770</u>	<u>\$ 1,477,371</u>	<u>\$ 8,874,763</u>	<u>\$ 1,726,019</u>	<u>\$ 10,600,782</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, 2013**

					Special	
	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Community/ Economic Development Fund	Federal Programs Fund
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,101,454	-	-	74,388	-	-
Fines and fees	-	400	-	-	-	-
Intergovernmental	-	934,901	-	-	8,382	29,026
Charges for services	-	-	11,754	-	9,124	-
Interest	111	5,512	407	431	-	6
Contributions	-	-	-	-	18,661	-
Other	-	39	-	-	1,000	-
Total Revenues	<u>1,101,565</u>	<u>940,852</u>	<u>12,161</u>	<u>74,819</u>	<u>37,167</u>	<u>29,032</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	-	870,594	148,074	33,122	1,291,093	29,074
Highways and streets	686	-	-	-	-	-
Capital outlay	-	-	-	-	16,756	-
<b>Debt service</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>686</u>	<u>870,594</u>	<u>148,074</u>	<u>33,122</u>	<u>1,307,849</u>	<u>29,074</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,100,879</u>	<u>70,258</u>	<u>(135,913)</u>	<u>41,697</u>	<u>(1,270,682)</u>	<u>(42)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Payment of refunding debt	-	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	3,022,538	-
Transfers from other funds	-	-	189,811	-	874,847	-
Transfers to other funds	(920,803)	(39,050)	-	-	(50,692)	-
Total Other Financing Sources (Uses)	<u>(920,803)</u>	<u>(39,050)</u>	<u>189,811</u>	<u>-</u>	<u>3,846,693</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>180,076</u>	<u>31,208</u>	<u>53,898</u>	<u>41,697</u>	<u>2,576,011</u>	<u>(42)</u>
<b>FUND BALANCES (DEFICITS), BEGINNING</b>	<u>191,364</u>	<u>15,441</u>	<u>64,748</u>	<u>86,570</u>	<u>876,944</u>	<u>10,677</u>
<b>FUND BALANCES (DEFICIT), ENDING</b>	<u>\$ 371,440</u>	<u>\$ 46,649</u>	<u>\$ 118,646</u>	<u>\$ 128,267</u>	<u>\$ 3,452,955</u>	<u>\$ 10,635</u>

Revenue Funds

Drug Prevention Fund	Lead Grant Fund	Neighborhood Stabilization	Martin Luther King Facility Improvement Fund	Schwiebert Park Boat Dock	Ridgewood Business Park	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,970	\$ 237,970
-	-	-	-	-	-	1,175,842	45,612	1,221,454
-	-	-	-	-	-	400	-	400
-	-	1,351,004	-	-	-	2,323,313	-	2,323,313
86,428	-	-	-	-	-	107,306	-	107,306
2,441	2	-	-	739	2,446	12,095	223,571	235,666
-	-	-	493,162	-	-	511,823	-	511,823
-	-	6,500	-	-	-	7,539	-	7,539
<u>88,869</u>	<u>2</u>	<u>1,357,504</u>	<u>493,162</u>	<u>739</u>	<u>2,446</u>	<u>4,138,318</u>	<u>507,153</u>	<u>4,645,471</u>
207,438	30	20,037	18,951	-	-	2,618,413	25,204	2,643,617
-	-	-	-	-	-	686	-	686
17,761	-	-	15,283	149,596	144,760	344,156	-	344,156
-	-	-	-	-	-	-	1,666,965	1,666,965
-	-	-	-	-	-	-	566,000	566,000
<u>225,199</u>	<u>30</u>	<u>20,037</u>	<u>34,234</u>	<u>149,596</u>	<u>144,760</u>	<u>2,963,255</u>	<u>2,258,169</u>	<u>5,221,424</u>
(136,330)	(28)	1,337,467	458,928	(148,857)	(142,314)	1,175,063	(1,751,016)	(575,953)
-	-	-	-	-	1,505,000	1,505,000	390,000	1,895,000
-	-	-	-	-	-	-	(391,606)	(391,606)
-	-	-	-	-	-	-	9,014	9,014
-	-	-	-	-	-	-	(9,653)	(9,653)
-	-	-	-	-	-	3,022,538	-	3,022,538
-	15,667	-	-	-	-	1,080,325	1,840,904	2,921,229
-	-	-	-	-	-	(1,010,545)	-	(1,010,545)
-	<u>15,667</u>	-	-	-	<u>1,505,000</u>	<u>4,597,318</u>	<u>1,838,659</u>	<u>6,435,977</u>
(136,330)	15,639	1,337,467	458,928	(148,857)	1,362,686	5,772,381	87,643	5,860,024
<u>553,001</u>	<u>(15,639)</u>	<u>(1,350,242)</u>	<u>(971,981)</u>	<u>325,925</u>	<u>-</u>	<u>(213,192)</u>	<u>1,029,992</u>	<u>816,800</u>
<u>\$ 416,671</u>	<u>\$ -</u>	<u>\$ (12,775)</u>	<u>\$ (513,053)</u>	<u>\$ 177,068</u>	<u>\$ 1,362,686</u>	<u>\$ 5,559,189</u>	<u>\$ 1,117,635</u>	<u>\$ 6,676,824</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-1**

**MOTOR FUEL TAX FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Motor fuel taxes	\$ 1,122,335	\$ 1,101,454
Interest	238	111
Total Revenues	<u>1,122,573</u>	<u>1,101,565</u>
EXPENDITURES		
Current		
Highways and streets	<u>117,089</u>	<u>686</u>
Total Expenditures	<u>117,089</u>	<u>686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,005,484	1,100,879
OTHER FINANCING USES		
Transfers to other funds	<u>(1,122,335)</u>	<u>(920,803)</u>
NET CHANGE IN FUND BALANCE	<u>(116,851)</u>	180,076
FUND BALANCE, BEGINNING		<u>191,364</u>
FUND BALANCE, ENDING		<u>\$ 371,440</u>

**CITY OF ROCK ISLAND, ILLINOIS**

Exhibit A-2-2

**HOUSING AND COMMUNITY DEVELOPMENT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Fines and fees	\$ 5,000	\$ 400
Intergovernmental	1,423,180	934,901
Interest	-	5,512
Other	-	39
Total Revenues	<u>1,428,180</u>	<u>940,852</u>
EXPENDITURES		
Current		
General government		
Personnel	572,333	642,636
Supplies	14,138	10,479
Services	628,352	215,452
Other	4,800	2,027
Total Expenditures	<u>1,219,623</u>	<u>870,594</u>
EXCESS OF REVENUES OVER EXPENDITURES	208,557	70,258
OTHER FINANCING USES		
Transfers to other funds	<u>(142,967)</u>	<u>(39,050)</u>
NET CHANGE IN FUND BALANCE	<u>65,590</u>	31,208
FUND BALANCE, BEGINNING		<u>15,441</u>
FUND BALANCE, ENDING		<u>\$ 46,649</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-3**

**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, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 10,200	\$ 11,754
Interest	946	407
Total Revenues	<u>11,146</u>	<u>12,161</u>
EXPENDITURES		
Current		
General government		
Personnel	94,121	91,920
Supplies	9,197	4,758
Services	53,859	50,685
Other	1,050	711
Total Expenditures	<u>158,227</u>	<u>148,074</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(147,081)</u>	<u>(135,913)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	192,221	189,811
Total Other Financing Sources (Uses)	<u>192,221</u>	<u>189,811</u>
NET CHANGE IN FUND BALANCE	<u>45,140</u>	53,898
FUND BALANCE, BEGINNING		<u>64,748</u>
FUND BALANCE, ENDING		<u>\$ 118,646</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-4**

**FOREIGN FIRE INSURANCE FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ 31,880	\$ 74,388
Interest	174	431
Total Revenues	<u>32,054</u>	<u>74,819</u>
 EXPENDITURES		
Current		
General government		
Personnel	8,240	6,476
Supplies	45,760	23,004
Services	7,000	3,410
Other	880	232
Total Expenditures	<u>61,880</u>	<u>33,122</u>
 NET CHANGE IN FUND BALANCE	 <u>(29,826)</u>	 41,697
 FUND BALANCE, BEGINNING		 <u>86,570</u>
FUND BALANCE, ENDING		<u>\$ 128,267</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-5**

**COMMUNITY/ECONOMIC DEVELOPMENT FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	535,832	8,382
Charges for service	9,124	9,124
Contributions	45,428	18,661
Other	46,433	1,000
Total Revenues	<u>636,817</u>	<u>37,167</u>
EXPENDITURES		
Current		
General government		
Personnel	2,999	-
Services	3,881,304	704,957
Other	511,934	586,136
Capital outlay	979,735	16,756
Total Expenditures	<u>5,375,972</u>	<u>1,307,849</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,739,155)</u>	<u>(1,270,682)</u>
OTHER FINANCING SOURCES (USES)		
Loan Proceeds	3,073,375	3,022,538
Transfers from other funds	1,141,480	874,847
Transfers to other funds	-	(50,692)
Total Other Financing Sources (Uses)	<u>4,214,855</u>	<u>3,846,693</u>
NET CHANGE IN FUND BALANCE	<u>(524,300)</u>	2,576,011
FUND BALANCE, BEGINNING		<u>876,944</u>
FUND BALANCE, ENDING		<u>\$ 3,452,955</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-6**

**FEDERAL PROGRAMS FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 29,026	\$ 29,026
Interest	79	6
Total Revenues	<u>29,105</u>	<u>29,032</u>
EXPENDITURES		
Current		
General government		
Personnel	<u>29,026</u>	<u>29,074</u>
Total Expenditures	<u>29,026</u>	<u>29,074</u>
NET CHANGE IN FUND BALANCE	<u>79</u>	(42)
FUND BALANCE, BEGINNING		<u>10,677</u>
FUND BALANCE, ENDING		<u>\$ 10,635</u>

**CITY OF ROCK ISLAND, ILLINOIS**

Exhibit A-2-7

**DRUG PREVENTION FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 135,000	\$ 86,428
Interest	2,669	2,441
Total Revenues	<u>137,669</u>	<u>88,869</u>
EXPENDITURES		
Current		
General government		
Personnel	199,243	149,918
Supplies	44,687	27,759
Services	32,516	29,381
Other	1,100	380
Capital outlay	17,761	17,761
Total Expenditures	<u>295,307</u>	<u>225,199</u>
NET CHANGE IN FUND BALANCE	<u>(157,638)</u>	(136,330)
FUND BALANCE, BEGINNING		<u>553,001</u>
FUND BALANCE, ENDING		<u>\$ 416,671</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-8**

**LEAD GRANT FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Interest	-	2
Total Revenues	<u>-</u>	<u>2</u>
EXPENDITURES		
Current		
General government		
Other	100	30
Total Expenditures	<u>100</u>	<u>30</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(100)</u>	<u>(28)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	-	15,667
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,667</u>
NET CHANGE IN FUND BALANCE	<u>(100)</u>	15,639
FUND BALANCE, BEGINNING		<u>(15,639)</u>
FUND BALANCE, ENDING		<u>\$ -</u>

**CITY OF ROCK ISLAND, ILLINOIS**

Exhibit A-2-9

**NEIGHBORHOOD STABILIZATION FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,351,004	\$ 1,351,004
Other	-	6,500
Total Revenues	<u>1,351,004</u>	<u>1,357,504</u>
EXPENDITURES		
Current		
General government		
Personnel	608	3,983
Services	24,391	16,054
Total Expenditures	<u>24,999</u>	<u>20,037</u>
NET CHANGE IN FUND BALANCE	<u>1,326,005</u>	1,337,467
FUND BALANCE, BEGINNING		<u>(1,350,242)</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ (12,775)</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit A-2-10**

**MARTIN LUTHER KING FACILITY IMPROVEMENT FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Contributions	-	493,162
Total Revenues	<u>-</u>	<u>493,162</u>
EXPENDITURES		
Current		
General government	12,989	18,076
Services	875	875
Capital outlay	24,136	15,283
Total Expenditures	<u>38,000</u>	<u>34,234</u>
Transfers in	<u>515,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>477,000</u></u>	458,928
FUND BALANCE, BEGINNING		<u>(971,981)</u>
FUND BALANCE, ENDING		<u><u>\$ (513,053)</u></u>

**CITY OF ROCK ISLAND, ILLINOIS**

Exhibit A-2-11

**SCHWIEBERT PARK BOAT DOCK****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2013**

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	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,528,100	\$ -
Interest	-	739
Total Revenues	<u>1,528,100</u>	<u>739</u>
EXPENDITURES		
Capital outlay	<u>1,928,877</u>	<u>149,596</u>
Total Expenditures	<u>1,928,877</u>	<u>149,596</u>
NET CHANGE IN FUND BALANCE	<u>(400,777)</u>	(148,857)
FUND BALANCE, BEGINNING		<u>325,925</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ 177,068</u>

**CITY OF ROCK ISLAND, ILLINOIS**

Exhibit A-2-12

**RIDGEWOOD BUSINESS PARK****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,498,619	\$ -
Interest	-	2,446
Total Revenues	<u>1,498,619</u>	<u>2,446</u>
EXPENDITURES		
Capital outlay	<u>2,997,238</u>	<u>144,760</u>
Total Expenditures	<u>2,997,238</u>	<u>144,760</u>
Issuance of Debt	1,498,619	1,505,000
Transfers from other funds	<u>77,500</u>	-
Total Other Financing Sources (Uses)	<u>1,498,619</u>	<u>1,505,000</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	1,362,686
FUND BALANCE, BEGINNING		-
FUND BALANCE (DEFICIT), ENDING		<u>\$ 1,362,686</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, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 237,858	\$ 237,970
Other taxes	45,936	45,612
Interest	5,510	223,571
Total Revenues	<u>289,304</u>	<u>507,153</u>
EXPENDITURES		
Current		
General government		
Services	36,638	25,204
Debt Service		
Principal	1,664,422	1,666,965
Interest	632,645	566,000
Total Expenditures	<u>2,333,705</u>	<u>2,258,169</u>
DEICIENCY OF REVENUES UNDER EXPENDITURES	(2,044,401)	(1,751,016)
OTHER FINANCING SOURCES (USES)		
Issuance of Debt	-	390,000
Payment of refunding debt	-	(391,606)
Premiums on bonds sold	-	9,014
Discount on bonds sold	-	(9,653)
Transfers from other funds	1,840,904	1,840,904
Total Other Financing Sources (Uses)	<u>1,840,904</u>	<u>1,838,659</u>
NET CHANGE IN FUND BALANCE	<u>(203,497)</u>	87,643
FUND BALANCE, BEGINNING		<u>1,029,992</u>
FUND BALANCE, ENDING		<u>\$ 1,117,635</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, 2013**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 852,240	\$ 43,850
Charges for services	35,000	12,195
Interest	-	5,120
Other	-	13,950
Total Revenues	<u>887,240</u>	<u>75,115</u>
EXPENDITURES		
Capital outlay	<u>7,781,354</u>	<u>4,589,490</u>
Total Expenditures	<u>7,781,354</u>	<u>4,589,490</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(6,894,114)</u>	<u>(4,514,375)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	625,000	625,000
Premium on bonds sold	-	51,751
Discount on bonds sold	-	(51,281)
Transfers from other funds	3,611,399	3,381,231
Transfers to other funds	<u>(260,000)</u>	<u>(260,000)</u>
Total Other Financing Sources (Uses)	<u>3,976,399</u>	<u>3,746,701</u>
NET CHANGE IN FUND BALANCE	<u>(2,917,715)</u>	<u>(767,674)</u>
FUND BALANCE, BEGINNING		<u>3,196,431</u>
FUND BALANCE, ENDING		<u>\$ 2,428,757</u>



ROCK ISLAND  
ILLINOIS

## 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 STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 542,791	\$ 800	\$ 883,804	\$ 1,427,395
Receivables, net				
Accounts, net of allowance for uncollectible of \$368,197	126,643	44,149	-	170,792
Estimated unbilled usage	219,823	-	-	219,823
Accrued interest	697	-	4,791	5,488
Current portion of notes receivable	-	-	270,842	270,842
Due from other funds	56,460	-	-	56,460
Due from other governmental agencies	10	-	11,859	11,869
Total Current Assets	<u>946,424</u>	<u>44,949</u>	<u>1,171,296</u>	<u>2,162,669</u>
<b>NONCURRENT ASSETS</b>				
Long-term notes receivable (net of current portion, net of allowance for uncollectibles of \$1,514,518)	-	-	1,423,485	1,423,485
<b>Capital assets</b>				
Buildings and improvements	-	837,142	-	837,142
Equipment	199,287	501,507	-	700,794
Infrastructure	3,585,292	2,036,740	-	5,622,032
Accumulated depreciation	<u>(1,707,078)</u>	<u>(2,503,240)</u>	-	<u>(4,210,318)</u>
Net Capital assets	<u>2,077,501</u>	<u>872,149</u>	<u>-</u>	<u>2,949,650</u>
Total Noncurrent Assets	<u>2,077,501</u>	<u>872,149</u>	<u>1,423,485</u>	<u>4,373,135</u>
Total Assets	<u>3,023,925</u>	<u>917,098</u>	<u>2,594,781</u>	<u>6,535,804</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred Amount on Refunding	-	38,288	-	38,288
Total Deferred Outflows of Resources	<u>-</u>	<u>38,288</u>	<u>-</u>	<u>38,288</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 3,023,925</u>	<u>\$ 955,386</u>	<u>\$ 2,594,781</u>	<u>\$ 6,574,092</u>

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 159	\$ 4,827	\$ 8,538	\$ 13,524
Accrued wages and benefits	16,045	3,424	-	19,469
Compensated absences	27,246	6,816	-	34,062
Accrued interest payable	-	4,937	-	4,937
Due to other funds	-	56,460	-	56,460
Unearned revenue	-	91,259	-	91,259
General obligation bonds	-	35,000	-	35,000
Total Current Liabilities	<u>43,450</u>	<u>202,723</u>	<u>8,538</u>	<u>254,711</u>
<b>LONG-TERM LIABILITIES</b>				
General obligation bonds	-	666,456	-	666,456
Other postemployment benefits	54,957	17,132	-	72,089
Compensated absences	27,835	6,963	-	34,798
Total Long-term Liabilities	<u>82,792</u>	<u>690,551</u>	<u>-</u>	<u>773,343</u>
Total Liabilities	<u>126,242</u>	<u>893,274</u>	<u>8,538</u>	<u>1,028,054</u>
<b>NET POSITION</b>				
Net Investment in capital assets	2,077,501	208,981	-	2,286,482
Unrestricted	820,182	(146,869)	2,586,243	3,259,556
Total Net Position	<u>2,897,683</u>	<u>62,112</u>	<u>2,586,243</u>	<u>5,546,038</u>
Total Liabilities and Net Position	<u>\$ 3,023,925</u>	<u>\$ 955,386</u>	<u>\$ 2,594,781</u>	<u>\$ 6,574,092</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**Exhibit B-2**

**NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED MARCH 31, 2013**

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,539,720	\$ 540,765	\$ -	\$ 2,080,485
Sale of merchandise	-	158,880	-	158,880
Interest	-	-	49,671	49,671
Other	-	12,412	200	12,612
Total Operating Revenues	<u>1,539,720</u>	<u>712,057</u>	<u>49,871</u>	<u>2,301,648</u>
<b>OPERATING EXPENSES</b>				
Personnel	474,556	148,308	-	622,864
Cost of sales	-	149,789	-	149,789
Supplies	57,778	24,665	-	82,443
Services	718,861	311,078	15,537	1,045,476
Programs	16,973	1,535	11,879	30,387
Provision for uncollectible accounts	2,945	-	183,289	186,234
Depreciation	133,998	57,599	-	191,597
Other	4,540	1,076	24,590	30,206
Total Operating Expenses	<u>1,409,651</u>	<u>694,050</u>	<u>235,295</u>	<u>2,338,996</u>
<b>OPERATING INCOME (LOSS)</b>	<u>130,069</u>	<u>18,007</u>	<u>(185,424)</u>	<u>(37,348)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	-	11,859	11,859
Interest income	2,580	38	3,502	6,120
Interest expense	-	(63,829)	-	(63,829)
Net Nonoperating Revenues (Expenses)	<u>2,580</u>	<u>(63,791)</u>	<u>15,361</u>	<u>(45,850)</u>
<b>TRANSFERS TO OTHER FUNDS</b>	-	-	(99,796)	(99,796)
<b>CHANGE IN NET POSITION</b>	132,649	(45,784)	(269,859)	(182,994)
<b>NET POSITION, BEGINNING</b>	<u>2,765,034</u>	<u>107,896</u>	<u>2,856,102</u>	<u>5,729,032</u>
<b>NET POSITION, ENDING</b>	<u>\$ 2,897,683</u>	<u>\$ 62,112</u>	<u>\$ 2,586,243</u>	<u>\$ 5,546,038</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2013**

Exhibit B-3

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing and Community Development Loan Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	1,575,788	731,651	-	2,307,439
Interest received on notes receivable	-	-	51,178	51,178
Notes receivable issued for cash	-	-	-	-
Cash payments to suppliers for goods and services	(800,021)	(492,573)	(46,201)	(1,338,795)
Cash payments to employees for services	(455,856)	(147,517)	-	(603,373)
Other operating revenue	-	12,412	200	12,612
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>319,911</u>	<u>103,973</u>	<u>5,177</u>	<u>429,061</u>
<b>CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers (to) from other funds	-	-	(99,796)	(99,796)
Interfund loan or loan repayments received	-	56,460	511,423	567,883
Interfund loan or loan repayments (paid)	(56,460)	-	(325,010)	(381,470)
<b>NET CASH PROVIDE (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(56,460)</u>	<u>56,460</u>	<u>86,617</u>	<u>86,617</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payment of general obligation bonds	-	(782,679)	-	(782,679)
Payment of refunding bonds	-	-	-	-
Proceeds from issuance of refunding bonds, including \$16,456 premium	-	701,456	-	701,456
Interest paid	-	(84,678)	-	(84,678)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(165,901)</u>	<u>-</u>	<u>(165,901)</u>
<b>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES</b>				
Proceeds from sale of assets for resale	-	-	23,800	23,800
Interest received on cash and investments	2,048	3,665	3,502	9,215
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>2,048</u>	<u>3,665</u>	<u>27,302</u>	<u>33,015</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	265,499	(1,803)	119,096	382,792
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>277,292</u>	<u>2,603</u>	<u>764,708</u>	<u>1,044,603</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 542,791</u>	<u>\$ 800</u>	<u>\$ 883,804</u>	<u>\$ 1,427,395</u>

(continued)

**CITY OF ROCK ISLAND, ILLINOIS**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2013**

**Exhibit B-3**  
**(continued)**

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing and Community Development Loan Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 130,069	\$ 18,007	\$ (185,424)	\$ (37,348)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	133,998	57,599	-	191,597
Changes in assets and liabilities	-	-	-	-
(Increase) decrease in receivables	39,013	22,323	184,796	246,132
(increase) decrease in inventories	-	-	-	-
Decrease in assets held for resale	-	-	-	-
(Decrease) in accounts, retainage, deposits, and claims payable	(1,869)	(4,430)	5,805	(494)
Increase (decrease) in accrued liabilities	18,700	791	-	19,491
(Decrease) in unearned revenue	-	9,683	-	9,683
Total Adjustments	<u>189,842</u>	<u>85,966</u>	<u>190,601</u>	<u>466,409</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 319,911</u>	<u>\$ 103,973</u>	<u>\$ 5,177</u>	<u>\$ 429,061</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 STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 955,958	\$ 100	\$ 1,003,210	\$ 3,646,428
Receivables, net				
Accrued interest	396	-	901	3,259
Other	10,889	-	-	5,845
Due from other funds	357,250	-	-	-
Due from other governmental agencies	-	1,280	-	-
Inventories	403,520	-	-	-
Assets held for resale	-	-	-	-
Total Current Assets	<u>1,728,013</u>	<u>1,380</u>	<u>1,004,111</u>	<u>3,655,532</u>
<b>CAPITAL ASSETS</b>				
Land	17,500	-	-	-
Buildings and improvements	148,361	-	-	-
Equipment	10,949,615	-	-	-
Infrastructure	-	-	-	-
Accumulated depreciation	<u>(6,976,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Capital assets	<u>4,139,235</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,867,248</u>	<u>\$ 1,380</u>	<u>\$ 1,004,111</u>	<u>\$ 3,655,532</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 95,536	\$ 4,940	\$ 184,555	\$ 460,058
Claims payable	-	-	420,000	168,637
Accrued wages and benefits	28,481	32,195	2,924	1,100
Compensated absences	49,568	82,269	3,913	3,823
Accrued interest payable	-	372	-	-
Due to other funds	-	357,250	-	-
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>173,585</u>	<u>477,026</u>	<u>611,392</u>	<u>633,618</u>
<b>LONG-TERM LIABILITIES</b>				
General obligation bonds	-	-	-	-
Compensated absences	<u>50,639</u>	<u>84,046</u>	<u>3,997</u>	<u>3,906</u>
Total long-term liabilities	<u>50,639</u>	<u>84,046</u>	<u>3,997</u>	<u>3,906</u>
Total Liabilities	<u>224,224</u>	<u>561,072</u>	<u>615,389</u>	<u>637,524</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,139,235	-	-	-
Unrestricted	<u>1,503,789</u>	<u>(559,692)</u>	<u>388,722</u>	<u>3,018,008</u>
Total Net Position	<u>5,643,024</u>	<u>(559,692)</u>	<u>388,722</u>	<u>3,018,008</u>
Total Liabilities and Net Position	<u>\$ 5,867,248</u>	<u>\$ 1,380</u>	<u>\$ 1,004,111</u>	<u>\$ 3,655,532</u>

Hydro-Electric Plant Fund	Total
\$ -	\$ 5,605,696
2,639	7,195
-	16,734
-	357,250
-	1,280
-	403,520
<u>10,590</u>	<u>10,590</u>
<u>13,229</u>	<u>6,402,265</u>
-	17,500
1,651,542	1,799,903
223,385	11,173,000
481,971	481,971
<u>(268,913)</u>	<u>(7,245,154)</u>
<u>2,087,985</u>	<u>6,227,220</u>
<u>\$ 2,101,214</u>	<u>\$ 12,629,485</u>
\$ 370	\$ 745,459
-	588,637
320	65,020
2,054	141,627
19,122	19,494
185,490	542,740
<u>111,667</u>	<u>111,667</u>
<u>319,023</u>	<u>2,214,644</u>
1,785,000	1,785,000
<u>2,099</u>	<u>144,687</u>
<u>1,787,099</u>	<u>1,929,687</u>
<u>2,106,122</u>	<u>4,144,331</u>
191,318	4,330,553
<u>(196,226)</u>	<u>4,154,601</u>
<u>(4,908)</u>	<u>8,485,154</u>
<u>\$ 2,101,214</u>	<u>\$ 12,629,485</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**(DEFICIT)**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,410,976	\$ 988,047	\$ 1,304,914	\$ 5,343,929
Sales of merchandise	-	-	-	-
Other	<u>71,557</u>	<u>191</u>	<u>24,242</u>	<u>162,549</u>
Total Operating Revenues	<u>3,482,533</u>	<u>988,238</u>	<u>1,329,156</u>	<u>5,506,478</u>
<b>OPERATING EXPENSES</b>				
Personnel	825,239	1,006,149	78,346	29,880
Cost of sales	-	-	-	-
Supplies	1,269,398	36,216	42	99
Services	496,580	237,696	1,373,875	4,512,146
Depreciation	525,694	-	-	-
Other	<u>191,608</u>	<u>2,619</u>	<u>-</u>	<u>197</u>
Total Operating Expenses	<u>3,308,519</u>	<u>1,282,680</u>	<u>1,452,263</u>	<u>4,542,322</u>
OPERATING INCOME (LOSS)	<u>174,014</u>	<u>(294,442)</u>	<u>(123,107)</u>	<u>964,156</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	-	-	71,161
Interest income	497	-	3,519	12,607
Interest expense	<u>-</u>	<u>(1,461)</u>	<u>-</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>497</u>	<u>(1,461)</u>	<u>3,519</u>	<u>83,768</u>
INCOME (LOSS) BEFORE TRANSFERS	174,511	(295,903)	(119,588)	1,047,924
TRANSFERS FROM OTHER FUNDS	-	-	-	-
TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(2,122)</u>	<u>-</u>
CHANGE IN NET POSITION	174,511	(295,903)	(121,710)	1,047,924
NET POSITION (DEFICIT), BEGINNING	<u>5,468,513</u>	<u>(263,789)</u>	<u>510,432</u>	<u>1,970,084</u>
NET POSITION (DEFICIT), ENDING	<u>\$ 5,643,024</u>	<u>\$ (559,692)</u>	<u>\$ 388,722</u>	<u>\$ 3,018,008</u>

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<u>Hydro-Electric Plant Fund</u>	<u>Total</u>
\$ 197,267	\$ 11,245,133
2,808	2,808
-	258,539
200,075	11,506,480
9,656	1,949,270
7,282	7,282
7,427	1,313,182
16,729	6,637,026
58,866	584,560
47,376	241,800
147,336	10,733,120
52,739	773,360
-	71,161
2,296	18,919
(59,943)	(61,404)
(57,647)	28,676
(4,908)	802,036
-	-
-	(2,122)
(4,908)	799,914
-	7,685,240
\$ (4,908)	\$ 8,485,154

**CITY OF ROCK ISLAND, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2013**

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,448,799	\$ 988,047	\$ 1,304,914
Cash payments to suppliers for goods and services	(1,877,739)	(274,416)	(896,926)
Cash payments to employees for services	(815,352)	(986,487)	(76,357)
Other operating revenue	<u>71,557</u>	<u>191</u>	<u>24,242</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>827,265</u>	<u>(272,665)</u>	<u>355,873</u>
<b>CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Transfer to other funds	-	-	(2,122)
Interfund loan or loan repayments received	-	270,674	-
Interfund loan or loan repayments (paid)	(270,674)	-	-
Payments received from governmental agencies	<u>-</u>	<u>3,430</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(270,674)</u>	<u>274,104</u>	<u>(2,122)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of property and equipment	(426,910)	-	-
Payment of general obligation bonds	-	-	-
Interest paid	<u>-</u>	<u>(1,439)</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(426,910)</u>	<u>(1,439)</u>	<u>-</u>
<b>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES</b>			
Interest received on cash and investments	<u>101</u>	<u>-</u>	<u>3,360</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	129,782	-	357,111
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>826,176</u>	<u>100</u>	<u>646,099</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 955,958</u>	<u>\$ 100</u>	<u>\$ 1,003,210</u>

Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 5,343,929	\$ 200,075	\$ 11,285,764
(4,464,948)	(82,090)	(7,596,119)
(29,850)	(9,385)	(1,917,431)
<u>156,970</u>	<u>-</u>	<u>252,960</u>
<u>1,006,101</u>	<u>108,600</u>	<u>2,025,174</u>
-	-	-
-	-	(2,122)
71,161	29,048	370,883
-	-	(270,674)
<u>-</u>	<u>-</u>	<u>3,430</u>
<u>71,161</u>	<u>29,048</u>	<u>101,517</u>
-	-	(426,910)
-	(111,667)	(111,667)
<u>-</u>	<u>(28,277)</u>	<u>(29,716)</u>
<u>-</u>	<u>(139,944)</u>	<u>(568,293)</u>
<u>13,083</u>	<u>2,296</u>	<u>18,840</u>
1,090,345	-	1,577,238
<u>2,556,083</u>	<u>-</u>	<u>4,028,458</u>
<u>\$ 3,646,428</u>	<u>\$ -</u>	<u>\$ 5,605,696</u>

(continued)

**CITY OF ROCK ISLAND, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2013**

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	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 174,014	\$ (294,442)	\$ (123,107)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	525,694		
Changes in assets and liabilities			
(Increase) decrease in receivables	37,823		
(Increase) decrease in inventories	1,941		
Increase (decrease) in accounts, retainage, deposits, and claims payable	77,906	2,115	167,991
Increase (decrease) in accrued liabilities	9,887	19,662	310,989
Total Adjustments	<u>653,251</u>	<u>21,777</u>	<u>478,980</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 827,265</u>	<u>\$ (272,665)</u>	<u>\$ 355,873</u>

**Exhibit C-3  
(continued)**

Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
<u>\$ 964,156</u>	<u>\$ 52,739</u>	<u>\$ 773,360</u>
	58,866	584,560
(5,579)		32,244
	(2,808)	(867)
17,849	(468)	265,393
<u>29,675</u>	<u>271</u>	<u>370,484</u>
<u>41,945</u>	<u>55,861</u>	<u>1,251,814</u>
<u><u>\$ 1,006,101</u></u>	<u><u>\$ 108,600</u></u>	<u><u>\$ 2,025,174</u></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 POSITION**  
**PENSION TRUST FUNDS**  
**MARCH 31, 2013**

**EXHIBIT D-1**

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 329,114	\$ 290,709	\$ 619,823
Investments	14,724,464	11,926,533	26,650,997
Equity securities	15,142,026	10,307,714	25,449,740
Receivables			
Accrued interest	116,756	90,073	206,829
Employer contributions	<u>2,301,409</u>	<u>2,030,816</u>	<u>4,332,225</u>
 Total Assets	 <u>32,613,769</u>	 <u>24,645,845</u>	 <u>57,259,614</u>
<b>LIABILITIES</b>			
Outstanding checks in excess of bank balance	749,899	705,181	1,455,080
Accounts payable	<u>7,863</u>	<u>5,830</u>	<u>13,693</u>
 Total Liabilities	 <u>757,762</u>	 <u>711,011</u>	 <u>1,468,773</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 31,856,007</u>	<u>\$ 23,934,834</u>	<u>\$ 55,790,841</u>

**CITY OF ROCK ISLAND, ILLINOIS**

**EXHIBIT D-2**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**PENSION TRUST FUNDS**

**FOR THE YEAR ENDED MARCH, 31, 2013**

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
<b>ADDITIONS</b>			
Contributions			
Plan members	\$ 539,779	\$ 407,156	\$ 946,935
Employer	<u>2,171,239</u>	<u>1,978,959</u>	<u>4,150,198</u>
Total Contributions	<u>2,711,018</u>	<u>2,386,115</u>	<u>5,097,133</u>
Net investment income			
Net increase in fair value of investments	1,974,718	1,168,408	3,143,126
Interest	<u>706,906</u>	<u>508,760</u>	<u>1,215,666</u>
Net Investment Income	<u>2,681,624</u>	<u>1,677,168</u>	<u>4,358,792</u>
Total Additions	<u>5,392,642</u>	<u>4,063,283</u>	<u>9,455,925</u>
<b>DEDUCTIONS</b>			
Benefits	3,219,919	3,212,468	6,432,387
Administrative expenses	<u>45,892</u>	<u>67,117</u>	<u>113,009</u>
Total Deductions	<u>3,265,811</u>	<u>3,279,585</u>	<u>6,545,396</u>
<b>CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	2,126,831	783,698	2,910,529
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING</b>	<u>29,729,176</u>	<u>23,151,136</u>	<u>52,880,312</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING</b>	<u>\$ 31,856,007</u>	<u>\$ 23,934,834</u>	<u>\$ 55,790,841</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**YEAR ENDED MARCH 31, 2013**

**Exhibit D-3**

	Balance			Balance
	<u>March 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2013</u>
<b><u>Section 125 Cafeteria Plan</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,306	\$ 77,056	\$ 79,362	\$ 674
Receivables				-
Accounts	-			-
Accrued Interest	<u>13</u>	<u>20</u>	<u>33</u>	<u>5</u>
Total Assets	<u>\$ 2,319</u>	<u>\$ 77,076</u>	<u>\$ 79,362</u>	<u>\$ 679</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 2,319</u>	<u>\$ 679</u>	<u>\$ 2,319</u>	<u>\$ 679</u>
Total Liabilities	<u>\$ 2,319</u>	<u>\$ 679</u>	<u>\$ 2,319</u>	<u>\$ 679</u>



ROCK ISLAND  
ILLINOIS

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

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	126-139
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	140-148
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	149-152
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	153-154
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	155-161

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.



ROCK ISLAND  
ILLINOIS

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

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

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

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

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 34,308,397	\$ 34,327,784	\$ 35,871,239	\$ 37,070,744
Restricted	-	1,515,356	6,212,479	6,647,989
Unrestricted	<u>27,137,618</u>	<u>29,505,649</u>	<u>24,753,989</u>	<u>25,977,855</u>
<b>Total governmental activities net position</b>	<u>\$ 61,446,015</u>	<u>\$ 65,348,789</u>	<u>\$ 66,837,707</u>	<u>\$ 69,696,588</u>
Business-type activities				
Net investment in capital assets	\$ 57,165,214	\$ 62,369,107	\$ 30,267,499	\$ 30,541,517
Unrestricted	<u>11,947,490</u>	<u>4,886,314</u>	<u>2,446,933</u>	<u>2,845,532</u>
<b>Total business-type activities net position</b>	<u>\$ 69,112,704</u>	<u>\$ 67,255,421</u>	<u>\$ 32,714,432</u>	<u>\$ 33,387,049</u>
Primary government				
Net investment in capital assets	\$ 91,473,611	\$ 96,696,891	\$ 66,138,738	\$ 67,612,261
Restricted	-	1,515,356	6,212,479	6,647,989
Unrestricted	<u>39,085,108</u>	<u>34,391,963</u>	<u>27,200,922</u>	<u>28,823,387</u>
<b>Total primary government net position</b>	<u>\$ 130,558,719</u>	<u>\$ 132,604,210</u>	<u>\$ 99,552,139</u>	<u>\$ 103,083,637</u>

Source: City records

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2008	2009	2010	2011	2012	2013
\$ 39,756,019	\$ 38,536,816	\$ 40,129,365	\$ 43,490,571	\$ 51,178,766	\$ <b>52,918,208</b>
5,867,481	2,550,529	4,755,754	7,719,598	6,738,901	<b>6,913,550</b>
<u>26,295,567</u>	<u>27,706,560</u>	<u>28,216,439</u>	<u>25,027,339</u>	<u>27,625,864</u>	<u><b>27,309,246</b></u>
<u>\$ 71,919,067</u>	<u>\$ 68,793,905</u>	<u>\$ 73,101,558</u>	<u>\$ 76,237,508</u>	<u>\$ 85,543,531</u>	<u>\$ <b>87,141,004</b></u>
\$ 30,482,589	\$ 26,844,821	\$ 30,884,254	\$ 34,209,461	\$ 33,220,808	\$ <b>38,472,481</b>
3,915,610	8,915,241	8,537,642	9,289,668	11,189,073	<b>8,674,173</b>
<u>\$ 34,398,199</u>	<u>\$ 35,760,062</u>	<u>\$ 39,421,896</u>	<u>\$ 43,499,129</u>	<u>\$ 44,409,881</u>	<u>\$ <b>47,146,654</b></u>
\$ 70,238,608	\$ 65,381,637	\$ 71,013,619	\$ 77,700,032	\$ 84,399,574	\$ <b>91,390,689</b>
5,867,481	2,550,529	4,755,754	7,719,598	6,738,901	<b>6,913,550</b>
<u>30,211,177</u>	<u>36,621,801</u>	<u>36,754,081</u>	<u>34,317,007</u>	<u>38,814,937</u>	<u><b>35,983,419</b></u>
<u>\$ 106,317,266</u>	<u>\$ 104,553,967</u>	<u>\$ 112,523,454</u>	<u>\$ 119,736,637</u>	<u>\$ 129,953,412</u>	<u>\$ <b>134,287,658</b></u>

# CITY OF ROCK ISLAND, ILLINOIS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

MARCH 31, 2013

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2004	2005	2006	2007
<b>Primary Government Expenses</b>				
Governmental activities:				
General government	\$ 7,760,930	\$ 9,216,294	\$ 10,754,191	\$ 10,313,028
Police and fire	14,369,188	15,374,191	16,811,183	16,635,503
Electrical maintenance	719,081	729,766	749,871	693,952
Municipal vehicle parking system	389,117	423,277	447,709	373,217
Highways and streets	5,659,629	6,308,347	9,392,489	6,361,422
Refuse disposal	1,160,005	1,193,383	1,902,190	1,267,734
Libraries	1,842,799	2,028,097	2,122,341	2,371,814
Community development	-	233,072	234,499	-
Interest on long-term debt	258,065	-	-	200,078
<b>Total governmental activities expenses</b>	<b>32,158,814</b>	<b>35,506,427</b>	<b>42,414,473</b>	<b>38,216,748</b>
Business-type activities:				
Waterworks	4,338,325	4,317,988	4,880,350	5,516,896
Wastewater	4,662,926	4,021,722	4,409,557	4,036,906
Centennial Bridge	899,430	976,422	573,606	-
Park and recreation	4,751,181	4,942,773	5,358,909	5,191,258
Stormwater	946,226	1,008,710	1,643,662	1,340,031
Sunset Marina	779,639	1,202,102	734,565	731,088
Housing/community development loans	236,378	686,063	90,582	248,328
<b>Total business-type activities expenses</b>	<b>16,614,105</b>	<b>17,155,780</b>	<b>17,691,231</b>	<b>17,064,507</b>
<b>Total primary government expenses</b>	<b>48,772,919</b>	<b>52,662,207</b>	<b>60,105,704</b>	<b>55,281,255</b>
<b>Primary Government Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	2,420,609	2,705,401	3,024,452	3,008,024
Police and fire	1,604,852	2,608,497	2,571,667	2,818,459
Electrical maintenance	29,422	29,958	41,535	38,725
Municipal vehicle parking system	455,509	416,348	373,516	286,429
Highways and streets	197,699	418,117	293,913	314,630
Refuse disposal	66,563	54,581	57,000	72,914
Libraries	187,064	222,212	253,721	232,449
Operating grants and contributions:				
General government	1,578,151	1,930,613	2,310,189	1,480,324
Police and fire	184,441	491,630	371,470	238,838
Highways and streets	-	-	-	150,000
Refuse disposal	4,850	-	-	-
Libraries	88,191	121,292	99,094	157,030
Capital grants and contributions,				
general government	-	-	-	-
Capital grants and contributions,				
highways and streets	-	8,285	-	176,739
Capital grants and contributions,				
libraries	20,536	-	-	-
<b>Total governmental activities program revenue</b>	<b>6,837,887</b>	<b>9,006,934</b>	<b>9,396,557</b>	<b>8,974,561</b>

2008	2009	2010	2011	2012	2013
\$ 11,439,119	\$ 16,858,777	\$ 11,305,249	\$ 16,417,739	\$ 12,657,949	\$ 13,943,857
17,272,974	17,764,363	19,608,468	19,976,357	20,830,554	20,847,960
650,687	603,178	585,374	597,462	602,202	595,066
341,308	181,743	350,756	328,550	281,012	274,917
7,774,998	6,975,777	5,914,981	7,879,571	7,267,676	8,585,805
1,350,580	1,433,656	1,661,963	1,602,467	1,457,974	1,440,900
2,286,176	2,185,185	2,319,225	1,966,454	2,559,060	2,400,381
-	-	-	-	-	-
183,765	280,358	616,283	615,878	596,127	557,361
41,299,607	46,283,037	42,362,299	49,384,478	46,252,554	48,646,247
5,342,035	5,432,620	5,381,733	5,159,034	6,074,685	6,232,948
3,278,239	3,926,401	4,303,243	4,305,904	4,530,716	4,732,170
-	-	-	-	-	-
5,252,128	5,968,430	6,169,575	5,169,656	6,133,119	6,294,865
1,042,504	1,639,184	1,528,442	1,530,430	1,546,392	1,409,651
734,403	863,714	881,513	658,526	716,337	757,879
75,975	85,608	103,749	296,616	309,965	235,295
15,725,284	17,915,957	18,368,255	17,120,166	19,311,214	19,662,808
57,024,891	64,198,994	60,730,554	66,504,644	65,563,768	68,309,055
1,118,464	3,207,592	3,056,182	3,335,724	3,678,321	3,634,169
3,257,362	3,447,520	3,578,985	3,633,014	3,994,407	4,025,783
26,274	3,601	24,152	23,611	30,788	17,597
225,358	219,188	207,623	204,369	173,721	169,272
169,367	165,724	131,511	185,692	144,680	211,332
79,374	109,907	182,614	505,964	492,807	781,637
226,361	222,008	212,397	224,432	227,054	222,090
1,101,764	1,364,287	2,102,695	4,891,932	2,096,150	2,399,271
1,209,857	818,528	191,659	255,264	302,105	99,192
-	-	128,085	-	1,056,163	43,850
-	-	-	-	-	-
156,445	124,449	56,206	101,045	52,108	179,626
-	-	-	400,000	91,770	507,112
1,121,054	-	1,631,814	837,814	-	-
-	-	-	-	-	-
8,691,680	9,682,804	11,503,923	14,598,861	12,340,074	12,290,931

# CITY OF ROCK ISLAND, ILLINOIS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

MARCH 31, 2013

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Waterworks	\$ 4,193,568	\$ 4,219,005	\$ 4,535,853	\$ 4,921,769
Wastewater	3,722,725	3,685,110	3,883,344	4,195,871
Centennial Bridge	300,299	6,206	-	-
Park and recreation	3,123,082	3,098,679	3,215,321	3,582,675
Stormwater	1,400,865	1,315,795	1,259,829	1,307,083
Sunset Marina	668,994	499,994	821,919	846,562
Housing/community development loans	201,242	77,165	-	-
Operating grants and contributions				
Centennial Bridge	-	2,000	-	-
Park and recreation	46,038	70,271	35,759	17,089
Stormwater	-	-	-	-
Other programs	-	-	-	-
Sunset Marina	-	1,564	-	-
Housing/community development loans	-	29,998	48,747	99,400
Wastewater Treatment	-	-	-	-
Capital grants and contributions				
Waterworks	-	80,457	-	-
Wastewater	-	126,933	2,634	1,847
Centennial Bridge	544,456	-	-	-
Park and recreation	108,511	467,333	5,000	-
Sunset Marina	8,138	-	-	-
<b>Total business-type activities program revenues</b>	<u>14,317,918</u>	<u>13,680,510</u>	<u>13,808,406</u>	<u>14,972,296</u>
<b>Total primary government program revenues</b>	<u>21,155,805</u>	<u>22,687,444</u>	<u>23,204,963</u>	<u>23,946,857</u>
Primary government net expense				
Governmental activities	(25,320,927)	(26,499,493)	(33,017,916)	(29,242,187)
Business-type activities	(2,296,187)	(3,475,270)	(3,882,825)	(2,092,211)
<b>Total primary government net expense</b>	<u>(27,617,114)</u>	<u>(29,974,763)</u>	<u>(36,900,741)</u>	<u>(31,334,398)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property taxes	9,751,960	11,005,942	11,035,736	11,049,737
Gaming taxes	4,692,886	4,550,501	4,580,442	4,291,728
Sales taxes	3,613,032	3,756,932	3,690,341	3,748,672
Utility taxes	2,398,341	2,186,164	2,508,223	2,178,733
Income taxes	2,188,380	2,686,593	3,032,338	3,344,704
Other taxes	5,122,480	5,922,547	6,704,149	6,803,324
Investment earnings	588,683	597,197	1,038,782	1,183,573
Miscellaneous	91,154	12,624	136,060	166,514
Transfers	(33,035)	(206,243)	1,780,763	(665,917)
<b>Total governmental activities</b>	<u>28,413,881</u>	<u>30,512,257</u>	<u>34,506,834</u>	<u>32,101,068</u>

	2008	2009	2010	2011	2012	2013
\$	5,189,174	\$ 5,492,376	\$ 5,670,815	\$ 5,821,792	\$ 6,152,049	\$ <b>6,362,762</b>
	4,994,983	5,825,018	6,687,063	7,395,538	7,995,233	<b>7,834,599</b>
	-	-	-	-	-	-
	3,113,840	3,326,601	3,235,998	3,300,041	3,445,286	<b>3,492,199</b>
	1,439,598	1,518,520	1,561,805	1,589,808	1,645,864	<b>1,539,720</b>
	829,506	695,671	834,026	800,474	769,993	<b>712,057</b>
	80,908	76,526	159,739	72,036	63,064	<b>49,871</b>
	-	-	-	-	-	-
	22,946	129,812	15,723	42,177	34,144	<b>281,233</b>
	-	77,493	-	-	-	-
	-	-	-	13,538	-	-
	-	119,071	-	-	-	-
	-	-	-	100,000	223,240	<b>11,859</b>
	-	-	-	-	-	<b>48,883</b>
	-	-	-	-	-	-
	-	-	-	-	2,628,879	-
	-	-	-	-	-	-
	-	-	2,000,000	-	-	-
	-	-	-	-	-	-
	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>	<u><b>20,333,183</b></u>
	<u>24,362,635</u>	<u>26,943,892</u>	<u>31,669,092</u>	<u>33,734,265</u>	<u>35,297,826</u>	<u><b>32,624,114</b></u>
	(32,607,927)	(36,600,233)	(30,858,376)	(34,785,617)	(33,912,480)	<b>(36,355,316)</b>
	<u>(54,329)</u>	<u>(654,869)</u>	<u>1,796,914</u>	<u>2,015,238</u>	<u>3,646,538</u>	<u><b>670,375</b></u>
	<u>(32,662,256)</u>	<u>(37,255,102)</u>	<u>(29,061,462)</u>	<u>(32,770,379)</u>	<u>(30,265,942)</u>	<u><b>(35,684,941)</b></u>
	11,593,383	12,329,857	14,363,101	14,886,144	14,931,405	<b>14,138,304</b>
	3,712,282	3,679,842	4,955,625	5,441,339	5,712,621	<b>5,576,018</b>
	3,936,082	4,046,545	3,866,877	4,689,611	4,978,042	<b>5,008,704</b>
	2,312,387	2,314,220	1,752,772	2,090,368	2,010,828	<b>2,089,790</b>
	3,653,838	3,615,800	3,151,854	3,094,030	3,184,753	<b>3,516,323</b>
	7,326,715	7,108,060	6,703,234	7,503,529	7,504,239	<b>7,657,440</b>
	1,174,061	510,487	347,183	266,892	121,859	<b>121,958</b>
	344,133	26,899	59,633	213,972	86,444	<b>129,781</b>
	<u>777,525</u>	<u>(156,639)</u>	<u>(34,250)</u>	<u>(264,318)</u>	<u>4,688,312</u>	<u><b>(285,529)</b></u>
	<u>34,830,406</u>	<u>33,475,071</u>	<u>35,166,029</u>	<u>37,921,567</u>	<u>43,218,503</u>	<u><b>37,952,789</b></u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	2004	2005	2006	2007
Business-type activities:				
Property taxes	\$ 1,378,435	\$ 1,413,884	\$ 1,510,260	\$ 1,652,230
Investment earnings	388,905	209,637	346,291	418,457
Miscellaneous	-	88,206	45,509	28,224
Special item: loss on transfer of Centennial Bridge to states	-	-	(30,779,461)	-
Transfers	33,035	206,243	(1,780,763)	665,917
<b>Total business-type activities</b>	<u>1,800,375</u>	<u>1,917,970</u>	<u>(30,658,164)</u>	<u>2,764,828</u>
<b>Total primary government</b>	<u>30,214,256</u>	<u>32,430,227</u>	<u>3,848,670</u>	<u>34,865,896</u>
Changes in net position				
Governmental activities	3,092,954	4,012,764	1,488,918	2,858,881
Business-type activities	(495,812)	(1,557,300)	(34,540,989)	672,617
<b>Total primary government</b>	<u>\$ 2,597,142</u>	<u>\$ 2,455,464</u>	<u>\$ (33,052,071)</u>	<u>\$ 3,531,498</u>

	2008	2009	2010	2011	2012	2013
\$	1,276,505	\$ 1,691,929	\$ 1,689,383	\$ 1,700,328	\$ 1,751,391	\$ <b>1,752,884</b>
	566,499	168,164	140,039	97,349	201,135	<b>27,985</b>
	-	-	1,248	-	-	-
	-	-	-	-	-	-
	<u>(777,525)</u>	<u>156,639</u>	<u>34,250</u>	<u>264,318</u>	<u>(4,688,312)</u>	<u><b>285,529</b></u>
	<u>1,065,479</u>	<u>2,016,732</u>	<u>1,864,920</u>	<u>2,061,995</u>	<u>(2,735,786)</u>	<u><b>2,066,398</b></u>
	<u>35,895,885</u>	<u>35,491,803</u>	<u>37,030,949</u>	<u>39,983,562</u>	<u>40,482,717</u>	<u><b>40,019,187</b></u>
	2,222,479	(3,125,162)	4,307,653	3,135,950	9,306,023	<b>1,597,473</b>
	<u>1,011,150</u>	<u>1,361,863</u>	<u>3,661,834</u>	<u>4,077,233</u>	<u>910,752</u>	<u><b>2,736,773</b></u>
\$	<u>3,233,629</u>	<u>\$ (1,763,299)</u>	<u>\$ 7,969,487</u>	<u>\$ 7,213,183</u>	<u>\$ 10,216,775</u>	<u><b>\$ 4,334,246</b></u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

Function / Program	2004	2005	2006	2007
<b>Governmental activities:</b>				
General government	\$ 3,998,760	\$ 4,644,299	\$ 5,334,641	\$ 4,488,348
Police and fire	1,789,293	3,100,127	2,943,137	3,057,297
Electrical maintenance	29,422	29,958	41,535	38,725
Municipal vehicle parking system	455,509	416,348	373,516	286,429
Highways and streets	197,699	418,117	293,913	641,369
Refuse disposal	71,413	54,581	57,000	72,914
Libraries	295,791	343,504	352,815	389,479
<b>Total governmental activities</b>	<u>6,837,887</u>	<u>9,006,934</u>	<u>9,396,557</u>	<u>8,974,561</u>
<b>Business-type activities:</b>				
Water	4,193,568	4,299,462	4,535,853	4,921,769
Wastewater treatment	3,722,725	3,812,043	3,885,978	4,197,718
Centennial Bridge	844,755	8,206	-	-
Park and recreation	3,277,631	3,636,283	3,256,080	3,599,764
Stormwater	1,400,865	1,315,795	1,259,829	1,307,083
Sunset Marina	677,132	501,558	821,919	846,562
Housing and community development loan	201,242	107,163	48,747	99,400
<b>Total business-type activities</b>	<u>14,317,918</u>	<u>13,680,510</u>	<u>13,808,406</u>	<u>14,972,296</u>
<b>Total government</b>	<u>\$ 21,155,805</u>	<u>\$ 22,687,444</u>	<u>\$ 23,204,963</u>	<u>\$ 23,946,857</u>

Source: City records

	2008	2009	2010	2011	2012	2013
\$	2,220,228	\$ 4,571,879	\$ 5,158,877	\$ 8,627,656	\$ 5,866,241	\$ <b>6,540,552</b>
	4,467,219	4,266,048	3,770,644	3,888,278	4,296,512	<b>4,124,975</b>
	26,274	3,601	24,152	23,611	30,788	<b>17,597</b>
	225,358	219,188	207,623	204,369	173,721	<b>169,272</b>
	1,290,421	165,724	1,891,410	1,023,506	1,200,843	<b>255,182</b>
	79,374	109,907	182,614	505,964	492,807	<b>781,637</b>
	382,806	346,457	268,603	325,477	279,162	<b>401,716</b>
	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>	<u>14,598,861</u>	<u>12,340,074</u>	<u><b>12,290,931</b></u>
	5,189,174	5,492,376	5,670,815	5,821,792	6,152,049	<b>6,362,762</b>
	4,994,983	5,825,018	6,687,063	7,395,538	10,624,112	<b>7,883,482</b>
	-	-	-	-	-	-
	3,136,786	3,456,413	5,251,721	3,342,218	3,479,430	<b>3,773,432</b>
	1,439,598	1,596,013	1,561,805	1,603,346	1,645,864	<b>1,539,720</b>
	829,506	814,742	834,026	800,474	769,993	<b>712,057</b>
	80,908	76,526	159,739	172,036	286,304	<b>61,730</b>
	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>	<u><b>20,333,183</b></u>
\$	<u>24,362,635</u>	<u>\$ 26,943,892</u>	<u>\$ 31,669,092</u>	<u>\$ 33,734,265</u>	<u>\$ 35,297,826</u>	<u>\$ <b>32,624,114</b></u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	2004	2005	2006	2007
General fund				
Reserved	\$ 849,360	\$ 873,800	\$ 1,301,833	\$ 1,123,268
Unreserved	4,892,155	5,771,995	6,020,845	6,973,846
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total general fund</b>	<u>\$ 5,741,515</u>	<u>\$ 6,645,795</u>	<u>\$ 7,322,678</u>	<u>\$ 8,097,114</u>
All other governmental funds				
Reserved	\$ 3,208,754	\$ 6,782,902	\$ 6,688,701	\$ 5,991,570
Unreserved, reported in:				
Special revenue funds	9,760,834	9,231,888	9,769,059	10,414,324
Debt service funds	1,502,707	1,515,356	1,608,484	1,306,835
Capital projects funds	1,698,407	211,091	(1,489,471)	(669,188)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 16,170,702</u>	<u>\$ 17,741,237</u>	<u>\$ 16,576,773</u>	<u>\$ 17,043,541</u>

GASB Statement No. 54 implemented in fiscal year 2011

2008	2009	2010	2011	2012	2013
\$ 827,312	\$ 1,455,903	\$ 737,694	\$ -	\$ -	\$ -
8,484,627	8,196,559	7,716,892	-	-	-
-	-	-	1,336	1,336	-
-	-	-	128,455	157,611	273,308
-	-	-	640	-	-
-	-	-	238,643	378,509	-
-	-	-	9,443,347	10,375,695	11,145,921
<u>\$ 9,311,939</u>	<u>\$ 9,652,462</u>	<u>\$ 8,454,586</u>	<u>\$ 9,812,421</u>	<u>\$ 10,913,151</u>	<u>\$ 11,419,229</u>
\$ 2,699,964	\$ 4,070,939	\$ 3,063,439	\$ -	\$ -	\$ -
10,686,521	8,204,905	11,999,807	-	-	-
1,308,302	171,543	248,370	-	-	-
653,267	5,708,661	5,321,073	-	-	-
-	-	-	-	-	-
-	-	-	7,591,142	6,626,079	10,253,731
-	-	-	9,699,484	11,762,242	13,668,164
-	-	-	335,451	64,748	118,646
-	-	-	(1,908,876)	(2,801,588)	(2,447,709)
<u>\$ 15,348,054</u>	<u>\$ 18,156,048</u>	<u>\$ 20,632,689</u>	<u>\$ 15,717,201</u>	<u>\$ 15,651,481</u>	<u>\$ 21,592,832</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**(UNAUDITED)**

	2004	2005	2006	2007
<b>Revenues</b>				
Property taxes	\$ 9,203,389	\$ 9,971,645	\$ 10,981,350	\$ 10,942,864
Other taxes	18,015,119	19,083,272	20,530,101	20,349,952
Fines and fees	117,669	240,027	229,343	294,354
Intergovernmental	3,770,510	2,302,779	2,633,043	2,077,471
Charges for services	4,238,747	4,680,145	4,747,641	4,942,121
Use of money and property	588,683	712,183	780,663	1,081,282
Licenses and permits	575,527	568,047	985,299	673,077
Special assessments	71,893	-	-	-
Contributions	164,874	149,338	89,202	62,126
Other	125,691	12,163	19,928	75,136
<b>Total revenues</b>	<u>36,872,102</u>	<u>37,719,599</u>	<u>40,996,570</u>	<u>40,498,383</u>
<b>Expenditures</b>				
Current:				
General government	7,293,018	8,504,732	10,021,626	9,642,529
Police and Fire	13,242,298	14,959,882	16,065,401	16,284,239
Electrical maintenance	696,540	726,042	744,937	690,957
Motor Vehicle Parking System	248,744	270,646	300,385	226,491
Highways and streets	3,583,272	3,788,199	4,961,394	4,508,711
Refuse disposal	1,145,370	1,190,372	1,906,294	1,207,288
Libraries	1,685,813	1,903,201	1,995,886	2,255,921
Capital outlay	4,230,762	3,005,021	5,103,593	3,531,463
Debt Service:				
Principal	1,288,655	1,474,206	1,357,045	1,064,165
Interest	265,311	240,936	245,856	174,498
Bond Issuance costs	-	-	5,235	-
<b>Total expenditures</b>	<u>33,679,783</u>	<u>36,063,237</u>	<u>42,707,652</u>	<u>39,586,262</u>
<b>Excess of revenues (under) expenditures</b>	<u>3,192,319</u>	<u>1,656,362</u>	<u>(1,711,082)</u>	<u>912,121</u>
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	345,000	2,382,702	225,483	1,330,000
Bond discount	-	9,082	(372)	-
Bond premium	-	-	-	-
Loan Proceeds	-	-	-	-
Payment to bond escrow agent	-	(757,702)	(205,000)	-
Transfers in	6,506,258	7,220,195	9,273,896	6,349,799
Transfers out	(6,459,084)	(7,600,036)	(8,070,506)	(7,350,716)
<b>Total other financing sources (uses)</b>	<u>392,174</u>	<u>1,254,241</u>	<u>1,223,501</u>	<u>329,083</u>
<b>Net change in fund balances</b>	<u>\$ 3,584,493</u>	<u>\$ 2,910,603</u>	<u>\$ (487,581)</u>	<u>\$ 1,241,204</u>
Debt service as a percentage of noncapital expenditures	5.28%	5.19%	4.28%	3.44%

Source: City records

	2008	2009	2010	2011	2012	2013
\$	11,057,085	\$ 11,471,164	\$ 12,322,519	\$ 14,569,113	\$ 14,814,509	\$ <b>14,926,606</b>
	20,949,799	20,777,465	19,383,563	22,910,039	23,591,116	<b>24,051,197</b>
	324,401	694,817	485,330	426,868	504,812	<b>440,067</b>
	2,364,724	2,079,869	1,892,996	4,355,646	3,163,924	<b>2,478,842</b>
	4,016,137	6,027,371	6,193,416	6,657,901	6,971,289	<b>7,132,888</b>
	1,174,061	510,487	350,621	374,704	186,852	<b>349,556</b>
	762,022	708,877	719,378	863,006	901,395	<b>1,125,729</b>
	-	-	-	-	-	<b>-</b>
	103,342	131,798	479,680	533,194	760,863	<b>659,198</b>
	276,265	35,309	226,214	267,101	65,848	<b>90,368</b>
	<u>41,027,836</u>	<u>42,437,157</u>	<u>42,053,717</u>	<u>50,957,572</u>	<u>50,960,608</u>	<u><b>51,254,451</b></u>
	10,696,556	13,450,852	9,926,146	13,911,083	12,871,649	<b>12,432,804</b>
	17,476,908	18,144,315	19,442,894	20,255,984	20,704,873	<b>20,788,783</b>
	659,805	612,471	587,492	592,644	580,692	<b>604,893</b>
	191,111	183,996	181,204	181,243	185,157	<b>190,179</b>
	5,469,273	5,882,079	4,690,385	4,065,960	3,959,920	<b>4,503,406</b>
	1,380,584	1,516,897	1,675,429	1,704,845	1,553,325	<b>1,541,430</b>
	2,194,964	2,207,697	2,203,791	2,268,601	2,336,234	<b>2,296,800</b>
	3,518,066	2,570,128	8,385,641	9,973,140	5,501,375	<b>5,083,118</b>
	688,145	681,829	1,104,400	1,440,300	1,728,250	<b>1,666,965</b>
	183,765	211,351	334,016	824,430	584,816	<b>566,000</b>
	-	-	-	-	-	<b>-</b>
	<u>42,459,177</u>	<u>45,461,615</u>	<u>48,531,398</u>	<u>55,218,230</u>	<u>50,006,291</u>	<u><b>49,674,378</b></u>
	<u>(1,431,341)</u>	<u>(3,024,458)</u>	<u>(6,477,681)</u>	<u>(4,260,658)</u>	<u>954,317</u>	<u><b>1,580,073</b></u>
	-	6,422,600	7,760,000	960,000	585,000	<b>2,520,000</b>
	-	(92,986)	(10,898)	-	(16,492)	<b>(60,934)</b>
	-	-	10,594	29,477	40,887	<b>60,765</b>
	-	-	-	-	-	<b>3,022,538</b>
	-	-	-	-	-	<b>(391,606)</b>
	8,365,594	8,238,999	5,942,996	8,001,391	9,376,020	<b>9,350,372</b>
	<u>(7,414,915)</u>	<u>(8,395,638)</u>	<u>(5,946,246)</u>	<u>(8,287,863)</u>	<u>(9,904,721)</u>	<u><b>(9,633,779)</b></u>
	<u>950,679</u>	<u>6,172,975</u>	<u>7,756,446</u>	<u>703,005</u>	<u>80,694</u>	<u><b>4,867,356</b></u>
\$	<u>(480,662)</u>	<u>\$ 3,148,517</u>	<u>\$ 1,278,765</u>	<u>\$ (3,557,653)</u>	<u>\$ 1,035,011</u>	<u><b>\$ 6,447,429</b></u>
	2.15%	2.05%	3.16%	4.65%	5.05%	<b>4.83%</b>

**CITY OF ROCK ISLAND, ILLINOIS**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

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Fiscal Year	Property Tax	Replacement Tax	Sales Tax	Use Tax	Income Tax	Utility Tax
2004	\$ 9,203,389	\$ 1,658,663	\$ 3,613,032	\$ 385,979	\$ 2,398,341	\$ 2,188,375
2005	9,971,645	1,895,267	3,748,734	406,216	2,686,593	2,186,164
2006	10,981,350	2,438,447	3,677,610	479,842	3,032,339	2,391,029
2007	10,942,864	2,650,986	3,746,709	505,459	3,344,704	2,074,929
2008	11,057,085	3,021,952	3,925,609	556,412	3,653,838	2,312,387
2009	11,471,164	2,766,980	4,042,435	585,092	3,615,800	2,314,220
2010	12,322,519	2,450,551	3,879,261	465,283	2,056,466	1,734,784
2011	14,569,113	2,725,111	4,582,230	566,748	3,395,729	2,032,070
2012	14,814,509	2,466,745	4,970,577	569,066	3,423,316	1,957,597
<b>2013</b>	<b>14,926,606</b>	<b>2,444,370</b>	<b>5,027,347</b>	<b>619,887</b>	<b>3,711,030</b>	<b>2,044,178</b>
Change 2004-2013	62%	47%	39%	61%	55%	-7%

Source: City records

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Gasoline Tax	Other Tax	Wagering Tax	Motor Fuel Tax	Foreign Fire Insurance Tax	Hotel/Motel Tax	Total
\$ 146,081	\$ 1,620,845	\$ 4,692,886	\$ 1,135,422	\$ 36,343	\$ 139,152	\$ 27,218,508
179,315	2,118,095	4,550,501	1,151,082	32,673	128,632	29,054,917
175,328	2,324,936	4,580,442	1,238,354	31,055	160,719	31,511,451
152,571	2,264,644	4,291,728	1,151,445	31,515	135,262	31,292,816
158,669	2,315,722	3,712,282	1,122,474	31,330	139,124	32,006,884
141,055	2,373,582	3,679,842	1,020,980	29,461	208,018	32,248,629
137,171	2,348,880	4,955,625	1,001,508	39,478	314,556	31,706,082
252,970	2,353,219	5,441,339	1,176,269	40,588	343,766	37,479,152
257,220	2,690,653	5,712,621	1,138,203	42,273	362,845	38,405,625
<b>216,733</b>	<b>2,870,325</b>	<b>5,576,018</b>	<b>1,101,454</b>	<b>74,388</b>	<b>365,467</b>	<b>38,977,803</b>
48%	77%	19%	-3%	105%	163%	43%

**CITY OF ROCK ISLAND, ILLINOIS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Property
2004	\$ 289,836,219	\$ 70,606,364	\$ 45,764,229	\$ 433,880
2005	281,061,930	71,707,722	46,193,455	452,072
2006	297,296,248	73,967,953	50,351,852	457,018
2007	307,710,810	77,070,123	52,470,854	348,638
2008	325,002,566	79,206,138	50,181,800	361,695
2009	330,336,634	82,881,302	51,663,392	373,402
2010	334,234,771	84,908,535	51,987,674	382,903
2011	336,600,874	85,399,438	51,483,914	364,329
2012	338,533,938	86,157,275	51,038,902	379,853
<b>2013</b>	<b>324,124,044</b>	<b>80,313,679</b>	<b>50,786,603</b>	<b>398,366</b>

**Source:** County records

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

Railway Property	Assessed Value	Percent Growth	Total Direct Tax Rate	Taxable Value	Percentage of Actual Value
\$ 470,344	\$ 407,111,036	5.6%	2.4932	\$ 1,221,333,108	33.3%
489,658	399,904,837	-1.8%	2.5730	1,199,714,511	33.3%
447,978	422,521,049	5.7%	2.4382	1,267,563,147	33.3%
565,136	438,165,561	3.7%	2.3652	1,314,496,683	33.3%
719,106	455,471,305	3.9%	2.3502	1,366,413,915	33.3%
843,858	466,098,588	2.3%	2.3638	1,398,295,764	33.3%
946,217	472,460,100	1.4%	2.3852	1,417,380,300	33.3%
1,220,693	475,069,248	0.6%	2.4092	1,425,207,744	33.3%
1,512,339	477,622,307	0.5%	2.4084	1,432,866,921	33.3%
<b>3,007,939</b>	<b>458,630,631</b>	-4.0%	<b>2.4002</b>	<b>1,367,004,776</b>	33.6%

**CITY OF ROCK ISLAND, ILLINOIS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

City Direct Rates								
Tax Collection Year	General Fund	Fire Pension Fund	Police Pension Fund	Public Benefit Fund	Debt Service Fund	Public Library Fund	Park Fund	Total Direct
2004	1.05540	0.30580	0.33040	0.05020	0.04440	0.36580	0.34120	2.49320
2005	1.06760	0.31180	0.34600	0.05060	0.04460	0.39600	0.35640	2.57300
2006	0.95160	0.31620	0.35100	0.05060	-	0.41420	0.35460	2.43820
2007	0.85840	0.30380	0.36500	0.05020	-	0.41620	0.37160	2.36520
2008	0.82100	0.32080	0.36780	0.04800	-	0.41940	0.37320	2.35020
2009	0.78680	0.37160	0.38020	0.05040	-	0.41000	0.36480	2.36380
2010	0.66100	0.43940	0.46360	0.05060	-	0.40780	0.36280	2.38520
2011	0.68920	0.42500	0.45600	0.05060	-	0.41720	0.37120	2.40920
2012	0.70440	0.41580	0.45620	0.05000	-	0.41380	0.36820	2.40840
<b>2013</b>	<b>0.59380</b>	<b>0.44280</b>	<b>0.50180</b>	<b>0.05000</b>	<b>-</b>	<b>0.42960</b>	<b>0.38220</b>	<b>2.40020</b>

**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.

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Overlapping Rates

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Rock Island School District	Rock Island County	Township	Airport Authority	Transit	Blackhawk Community College
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	0.37960	0.07160	0.17420	0.50160
5.05580	0.84800	0.38160	0.07340	0.17680	0.53560
5.06100	0.85420	0.39840	0.07400	0.18120	0.53370
5.11480	0.85740	0.41480	0.07340	0.18220	0.53240
5.12000	0.86840	0.41080	0.07500	0.18720	0.53690
<b>5.25900</b>	<b>0.88720</b>	<b>0.42960</b>	<b>0.07500</b>	<b>0.19480</b>	<b>0.54030</b>

**CITY OF ROCK ISLAND, ILLINOIS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND TEN YEARS AGO**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Taxpayer	2012		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value
Rock Island Boatworks, Inc	\$ 21,956,462	1	4.82%
Modern Woodmen of America	8,293,405	2	1.82%
PFG Thoms Proestler Co	4,631,691	3	1.02%
Friendship Manor	3,036,840	4	0.67%
Mid American Energy Co.	5,070,135	5	1.11%
First Equality Management	2,564,295	6	0.56%
ATI Products / John Deere	2,333,405	7	0.51%
Illinois Housing Development Authority	2,050,339	8	0.45%
LRC Developers	1,971,337	9	0.43%
Eye Surgeons Facilities	1,617,271	10	0.35%
<b>Total</b>	<b>\$ 53,525,180</b>		<b>11.74%</b>

Notes:

1. Valuation as of January 1, 2012, for taxes collected in 2013.
2. Total City assessed valuation of \$ 455,622,692

Taxpayer	2003		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value
Mid American Energy Co.	\$ 4,738,809	1	1.2%
Thoms-Proestler Co.	4,631,048	2	1.2%
Barjan Products LLC	4,255,666	3	1.1%
Modern Woodmen of America	3,908,741	4	1.0%
Friendship Manor	2,668,760	5	0.7%
Miller Container Corp.	2,540,645	6	0.6%
LRC Developers, Inc.	2,063,615	7	0.5%
Pinnacle-Stanrick Corporation	1,793,694	8	0.5%
Kinseth Hospitality Corp	1,758,980	9	0.4%
Quad Cities Steel Warehouse	1,605,343	10	0.4%
<b>Total</b>	<b>\$ 29,965,301</b>		<b>7.6%</b>

Notes:

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

Source: County records



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Fiscal Year Ended March 31	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
2003	2002	9,980,897	9,602,780	96.21%
2004	2003	10,180,325	9,455,089	92.88%
2005	2004	10,181,544	9,977,368	97.99%
2006	2005	10,183,702	10,170,980	99.88%
2007	2006	10,299,869	10,018,023	97.26%
2008	2007	10,701,964	10,654,478	99.56%
2009	2008	11,017,638	10,915,238	99.07%
2010	2009	11,177,394	11,068,018	99.02%
2011	2010	11,368,745	11,285,730	99.27%
2012	2011	11,460,972	11,348,093	99.02%
<b>2013</b>	<b>2012</b>	<b>11,005,492</b>	-	-

**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.

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
378,117	9,980,897	100.00%
-	9,455,089	92.88%
-	9,977,368	97.99%
-	10,170,980	99.88%
-	10,018,023	97.26%
-	10,654,478	99.56%
-	10,915,238	99.07%
-	11,068,018	99.02%
-	11,285,730	99.27%
-	11,348,093	99.02%
-	-	-

**CITY OF ROCK ISLAND, ILLINOIS**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Fiscal Year	Governmental Activities				Other Governmental Activities Debt	
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita	Line of Credit
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	-
2011	15,872,900	926,460	\$ 14,946,440	1.0%	383.07	-
2012	14,727,021	738,441	\$ 13,988,580	1.0%	358.52	-
<b>2013</b>	<b>15,188,450</b>	<b>834,053</b>	<b>\$ 14,354,397</b>	<b>1.1%</b>	<b>367.89</b>	<b>3,022,538</b>

**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

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Business-Type Activities

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Loan Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Per Capita Income	Per Capita
-	\$ 15,617,222	\$ -	\$ 18,746,423	539.79 %	472.39
-	13,942,298	-	17,524,644	504.61 %	441.60
-	12,948,860	-	15,356,516	442.18 %	386.97
-	15,395,025	-	18,573,165	534.80 %	468.03
-	14,268,170	-	16,846,698	485.09 %	424.52
-	16,630,733	-	26,156,790	753.17 %	659.13
-	17,888,466	-	34,011,284	979.33 %	857.05
-	23,727,100	-	38,673,540	887.86 %	991.17
4,100,381	21,896,315	-	39,985,276	917.98 %	1,024.79
<b>18,892,687</b>	<b>20,108,217</b>	-	<b>56,377,839</b>	<b>1294.32 %</b>	<b>1,444.92</b>

**CITY OF ROCK ISLAND, ILLINOIS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2013**  
**(Unaudited)**

<b>Governmental Unit</b>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Schools</b>			
Rock Island School District No. 41	\$ 38,435,000	81.850%	\$ 31,459,048
Rockridge School district No. 300	870,000	18.520%	161,124
Blackhawk College	17,740,000	14.200%	<u>2,519,080</u>
			34,139,252
<b>Other Than Schools</b>			
Rock Island County (1)	6,750,000	20.860%	1,408,050
Rock Island County Forest Preserve District	5,490,000	20.860%	1,145,214
Rock Island County Nursing Home	18,650,000	20.860%	3,890,390
Metropolitan Airport Authority	24,585,000	25.610%	<u>6,296,219</u>
			12,739,873
<b>Subtotal, overlapping debt</b>			46,879,124
City Direct Debt			15,188,450
<b>Total direct and overlapping debt</b>			<u>\$ 62,067,574</u>

**Sources:**

(1) City and County records

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

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

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2004	337,000	933,000	125,643	0.3	
2005	315,000	618,000	71,405	0.5	
2006	255,000	363,000	34,981	0.6	
2007	224,331	160,000	13,650	1.3	
2008	99,485	70,000	4,165	1.3	
2009	74,165	-	-	0.0	
2010	-	-	-	0.0	
2011	-	-	-	0.0	
2012	-	-	-	0.0	
<b>2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	

**CITY OF ROCK ISLAND, ILLINOIS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2003	39,684	NA	34,729	36.4	7,225	6.0%
2004	39,684	NA	34,729	36.4	7,715	5.9%
2005	39,684	NA	34,729	36.4	6,618	4.6%
2006	39,684	NA	34,729	36.4	7,215	4.6%
2007	39,684	NA	34,729	36.4	7,215	4.6%
2008	39,684	NA	34,729	36.4	7,215	5.2%
2009	39,684	NA	34,729	36.4	6,122	8.2%
2010	39,684	NA	34,729	36.4	6,122	11.8%
2011	39,018	NA	43,558	37.0	6,979	8.7%
2012	39,018	NA	43,558	37.0	6,979	8.7%
<b>2013</b>	<b>39,018</b>	<b>NA</b>	<b>43,558</b>	<b>37.0</b>	<b>6,269</b>	<b>8.3%</b>

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, 2013**  
**(UNAUDITED)**

<b>Employer</b>	<b>2013</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percent</b>
Trinity Medical Center	1,700	1	10%
Rock Island County Government	802	2	5%
Rock Island-Milan School District	795	3	4%
City of Rock Island Government	632	4	4%
Jumer's Casino Rock Island	550	5	3%
Augustana College	550	6	3%
Performance Food Group (Thoms Proestler Co.)	530	7	3%
Modern Woodmen of America	435	8	2%
US Post Office	300	9	2%
Royal Neighbors of America	257	10	1%
	<b>6,551</b>		<b>33%</b>
<b>Total City Employment</b>	<b>17,766</b>		

<b>Employer</b>	<b>2004</b>		
	<b>Employees</b>	<b>Rank</b>	
Trinity Medical Center	2,500	1	14%
Rock Island School District No. 41	950	2	5%
Augustana College	652	3	4%
Thoms-Proestler	503	4	3%
Jumer's Casino Rock Island	425	5	2%
City of Rock Island	419	6	2%
Modern Woodmen of America	405	7	2%
Rock Island County	350	8	2%
Seaford Clothing Company	315	9	2%
Norcross Safety Products	310	10	2%
	<b>6,829</b>		<b>37%</b>
<b>Total City Employment</b>	<b>18,503</b>		

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, 2013**  
**(UNAUDITED)**

Function/Program	Full-Time Equivalent Employees as of March 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Mayor and Council	<u>8.00</u>	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
City Clerk	<u>1.00</u>	1.45	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
General administration	<u>3.00</u>	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Administrative Services</b>										
Administration	<u>3.40</u>	3.10	3.00	-	-	-	-	-	-	-
Personnel Services	<u>0.40</u>	0.70	1.00	-	-	-	-	-	-	-
Insurance	<u>1.60</u>	1.60	1.00	-	-	-	-	-	-	-
IT Services	<u>5.35</u>	5.35	6.00	-	-	-	-	-	-	-
GIS	<u>0.25</u>	0.25	-	-	-	-	-	-	-	-
	<u>11.00</u>	11.00	11.00	-	-	-	-	-	-	-
<b>Personnel</b>										
Administration	-	-	-	2.20	2.20	2.20	2.20	2.20	2.20	3.32
Personnel services	-	-	-	0.40	0.40	0.40	0.40	0.40	0.40	0.50
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
<b>Finance</b>										
Administration	<u>1.00</u>	1.25	1.25	1.00	2.00	2.00	2.00	2.00	2.00	1.60
Customer service	<u>4.00</u>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.96
Accounting	<u>5.00</u>	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.02
	<u>10.00</u>	10.25	10.25	10.00	10.00	10.00	10.00	10.00	10.00	9.58
<b>Information Technology</b>										
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
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
<b>Community/Economic Development</b>										
Administration	<u>0.50</u>	0.50	0.50	0.50	0.60	0.60	1.27	1.27	1.27	1.27
Economic development	<u>1.88</u>	2.70	2.80	2.80	2.60	2.60	2.63	2.49	2.49	2.49
Planning/zoning/historic Preservation	<u>5.72</u>	6.62	6.52	6.26	6.43	6.43	6.58	6.15	5.90	5.65
Neighborhood redevelopment	<u>1.90</u>	1.90	1.90	1.90	2.80	2.80	2.95	2.09	2.34	2.59
Inspection	<u>4.95</u>	4.85	5.85	5.85	5.85	5.85	6.00	7.25	7.00	7.00
Rental inspection	<u>5.05</u>	5.15	5.15	4.15	4.15	4.15	4.00	2.75	-	-
	<u>20.00</u>	21.72	22.72	21.46	22.43	22.43	23.43	22.00	19.00	19.00
<b>Martin Luther King Jr. Center</b>										
Administration	<u>2.20</u>	2.00	1.15	1.15	1.10	1.10	1.70	1.70	1.70	1.40
Sponsored programs	<u>7.56</u>	9.58	6.68	3.85	4.90	4.90	4.30	4.30	5.30	5.60
	<u>9.76</u>	11.58	7.83	5.00	6.00	6.00	6.00	6.00	7.00	7.00

**CITY OF ROCK ISLAND, ILLINOIS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Function/Program	Full-Time Equivalent Employees as of March 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police</b>										
Administration	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.27
Patrol	56.00	56.00	56.00	58.48	58.80	58.80	58.80	57.80	57.80	62.80
Community services	2.45	2.45	3.45	3.45	3.45	3.45	3.40	3.40	3.40	3.27
Auxiliary police	-	-	-	0.17	0.20	0.20	0.20	0.20	0.20	0.20
Resource services	2.53	2.53	2.53	2.53	2.53	2.53	3.08	3.08	3.08	2.56
Communication	13.16	13.16	13.16	13.16	13.16	13.16	12.84	12.84	12.84	13.16
Technical services	2.38	2.38	2.38	2.38	2.38	2.38	2.44	2.44	2.44	2.03
Records	5.48	5.48	5.48	5.48	5.48	5.48	5.24	5.24	5.24	2.71
Major crime	10.20	10.10	10.40	10.40	10.25	10.25	10.25	10.25	10.25	10.25
Narcotics/vice	7.30	7.30	7.30	5.40	5.30	5.30	5.30	6.30	6.30	5.30
Juvenile	6.50	6.60	7.30	7.55	7.45	7.45	7.45	7.45	7.45	8.45
	<u>110.00</u>	<u>110.00</u>	<u>112.00</u>	<u>114.00</u>						
<b>Fire</b>										
Administration	8.94	8.98	9.16	9.16	10.16	10.16	9.16	9.27	9.27	9.38
Fire prevention	6.94	6.98	7.16	7.16	7.16	7.16	7.16	7.27	7.27	7.38
Emergency/disaster services	20.52	20.65	21.28	21.28	21.28	21.28	21.28	21.66	21.66	22.04
Ambulance	22.60	22.74	23.40	23.40	22.40	22.40	23.40	23.80	23.80	24.20
	<u>59.00</u>	<u>59.35</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>62.00</u>	<u>62.00</u>	<u>63.00</u>
<b>Public Works</b>										
Administration	20.46	21.11	19.98	20.65	20.70	20.70	21.39	19.61	19.62	19.62
Street maintenance & repair	8.32	7.69	7.57	8.22	9.00	9.00	7.40	7.53	7.86	14.24
Snow & ice control	0.64	0.64	0.64	0.68	0.73	0.73	0.65	0.69	0.75	0.79
Refuse collection	8.02	8.02	8.02	8.02	8.02	8.02	6.97	9.62	9.62	9.85
Levee/ROW maintenance	5.92	5.92	6.01	6.52	7.78	7.78	7.60	7.30	6.74	6.74
Water distribution	13.75	13.68	14.28	14.28	14.03	14.03	14.25	14.60	14.60	13.06
Wastewater collection	3.02	3.67	2.87	2.87	2.90	2.90	2.79	2.80	4.24	4.24
Motor vehicle parking	1.88	1.38	1.53	1.53	1.58	1.58	2.83	2.96	2.82	2.40
Water treatment	10.63	10.68	10.98	11.08	10.98	10.98	11.12	11.12	10.62	10.64
Wastewater treatment	9.68	9.68	9.08	9.68	9.58	9.58	9.72	9.72	9.72	9.70
Fleet services	9.15	9.15	9.15	9.15	9.20	9.20	9.25	9.25	9.34	9.40
Electrical maintenance	3.00	2.55	2.45	2.45	3.00	3.00	3.00	3.00	3.00	3.00
Engineering services	10.62	10.28	10.55	10.98	10.98	9.25	9.51	10.54	10.33	5.22
Building maintenance	1.70	2.00	2.10	1.95	1.20	1.20	1.70	1.55	1.45	1.45
Sunset Marina	1.24	1.24	1.24	1.24	1.24	1.24	1.86	2.31	2.39	2.39
Hydroelectric	-	0.15	0.15	0.30	0.25	0.25	-	-	-	-
Stormwater	5.75	5.95	7.13	7.13	6.56	6.56	5.96	4.40	4.40	2.92
Centennial Bridge	-	-	-	-	-	-	-	-	-	0.84
	<u>113.78</u>	<u>113.79</u>	<u>113.73</u>	<u>116.73</u>	<u>117.73</u>	<u>116.00</u>	<u>116.00</u>	<u>117.00</u>	<u>117.50</u>	<u>116.50</u>
<b>Parks &amp; Recreation</b>										
Administration	2.45	2.20	2.25	3.50	3.50	3.50	3.50	3.28	3.36	3.00
Park maintenance	14.77	16.08	15.17	18.02	19.16	19.16	17.03	13.46	13.46	16.37
Recreation programs	12.17	14.02	11.23	15.88	16.63	16.63	16.47	17.60	17.03	15.00
Highland Springs Golf	14.12	13.98	14.18	14.41	14.41	14.41	14.45	13.93	13.75	16.24
Saukie Golf	8.73	9.64	9.66	10.28	10.28	10.28	10.34	10.11	10.14	11.36
Golf Pro Shop	0.14	0.14	0.14	0.26	0.26	0.26	0.26	0.57	0.57	0.50
Whitewater Junction	7.09	7.09	7.09	8.57	8.25	8.25	8.06	7.35	6.47	6.60
RI Fitness Center	14.92	15.66	17.01	15.80	14.67	14.67	14.43	13.56	16.12	14.79
Riverfront Park	2.27	2.17	1.77	-	-	-	-	-	-	-
	<u>76.66</u>	<u>80.98</u>	<u>78.50</u>	<u>86.72</u>	<u>87.16</u>	<u>87.16</u>	<u>84.54</u>	<u>79.86</u>	<u>80.90</u>	<u>83.86</u>

**CITY OF ROCK ISLAND, ILLINOIS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

Function/Program	Full-Time Equivalent Employees as of March 31									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Library										
Administration	<b>2.00</b>	1.91	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Main library	<b>21.98</b>	21.28	22.36	22.08	21.38	21.38	21.38	21.38	21.05	21.80
30/31 library	<b>4.00</b>	3.82	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50
Southwest library	<b>3.25</b>	3.10	3.25	3.25	3.87	3.87	2.75	2.75	2.75	4.25
	<b><u>31.23</u></b>	<u>30.11</u>	<u>31.61</u>	<u>31.33</u>	<u>31.25</u>	<u>31.25</u>	<u>30.13</u>	<u>30.13</u>	<u>29.80</u>	<u>31.55</u>
Total	<b><u>453.43</u></b>	<u>460.23</u>	<u>460.14</u>	<u>466.74</u>	<u>470.57</u>	<u>468.84</u>	<u>466.10</u>	<u>460.99</u>	<u>460.20</u>	<u>467.49</u>



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Police</b>				
Calls for service	44,826	47,050	44,563	47,200
Adult arrest	4,625	4,444	4,381	4,738
Juvenile arrest	1,038	973	994	876
Speeding citations only	1,659	1,539	1,255	1,255
Traffic citations	8,566	7,393	6,515	8,750
<b>Fire</b>				
Total fire runs	1,194	1,311	1,339	1,487
Total rescue runs	3,123	3,367	3,179	4,068
Property loss	\$ 882,752	\$ 700,520	\$ 429,350	\$ 429,350
<b>Public Works</b>				
Garbage collected (ton)	19,207	18,719	17,978	16,800
Other collected (ton)	2,626	3,137	1,622	1,953
Water average daily treatment (millions of gallons)	5.11	4.82	5.33	5.30
Wastewater average daily treatment (millions of gallons)	7.09	8.22	6.14	7.45
Library, volumes in collection	205,669	215,594	227,512	241,113
<b>Parks and Recreation</b>				
RIFAC memberships	2,727	2,678	2,748	2,670
Aquatics program attendance	39,107	26,027	37,929	29,839
Golf rounds played	65,508	67,788	66,967	56,000
Recreation programs offered	350	173	203	217
Park maintenance hours	39,420	40,000	41,500	41,500

**Source:** City records

**Note:** \*\* Indicator not available

Calendar Year					
2008	2009	2010	2011	2012	<b>2013</b>
47,317	47,317	32,897	28,032	28,227	<b>29,826</b>
4,299	4,299	3,069	2,903	3,978	<b>3,716</b>
937	937	800	617	678	<b>403</b>
1,884	1,884	1,536	849	919	<b>1,079</b>
8,857	8,857	7,105	5,990	6,190	<b>5,726</b>
1,550	1,617	1,420	1,482	1,525	<b>1,543</b>
4,898	4,798	4,973	4,562	4,666	<b>4,516</b>
\$ 670,009	\$ 1,385,260	\$ 5,609,267	\$ 1,652,466	\$ 1,298,231	\$ <b>791,177</b>
18,900	18,900	17,750	15,778	14,858	<b>14,800</b>
2,761	2,761	2,298	2,200	2,207	<b>2,250</b>
5.12	5.28	5.00	5.50	5.69	<b>5.20</b>
8.85	10.64	12.00	11.14	9.72	<b>7.75</b>
254,126	254,126	247,414	249,218	250,014	<b>243,412</b>
2,650	2,554	2,685	2,717	2,641	<b>2,830</b>
29,222	29,222	29,415	29,451	32,177	<b>32,000</b>
48,000	50,918	55,586	52,196	51,527	<b>58,000</b>
287	304	417	395	281	<b>276</b>
41,500	**	**	**	**	<b>**</b>

**CITY OF ROCK ISLAND, ILLINOIS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**MARCH 31, 2013**  
**(UNAUDITED)**

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Police and fire				
Police stations	1	1	1	1
Fire stations	4	4	4	4
Electrical maintenance				
Traffic signaled intersections	60	60	62	62
Warning lights	17	17	17	17
Street lights	1,103	1,103	1,157	1,157
Mobile radios	225	225	225	225
Municipal vehicle parking system				
Parking lot/ramp spaces	1,352	1,352	1,352	1,352
On-street parking	1,350	1,375	1,375	1,375
Parking meters	148	144	140	140
Highways and streets				
Miles of streets	166	166	166	166
Refuse disposal				
Refuse trucks	6	5	5	6
Libraries				
Facilities	3	3	3	3
Volumes	205,669	215,594	227,512	241,113
Waterworks				
Storage capacity (MGPD)	10.85	10.85	10.85	10.85
Average water treated (MGPD)	4.82	5.33	5.00	5.00
Miles of water main	222	224	224	226
Fire hydrants	1,899	1,899	1,902	1,915
Control valves	4,225	4,225	4,230	4,251
Wastewater treatment				
Storage capacity (MGPD)	9.50	9.50	9.50	9.50
Average wastewater treated (MGPD)	7.09	8.22	6.14	7.45
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)	99	103	104	104
Stormwater catch basins	4,678	4,929	4,931	4,956
Total raingardens	4	21	88	88
Total raingardens (sq ft)	1,486	14,494	34,245	34,245
Parks & recreation				
Acreage	900	900	900	900
Playgrounds	23	23	23	23
Golf course	2	2	2	2
Swimming pools	2	2	2	2
Sunset marina				
Summer slips available	473	473	473	473
Winter storage available	250	250	250	250
Housing and community development loans				
CIRLF Loans	9	14	12	14
TIF District Projects	15	12	14	23
Agencies receiving funding	14	11	11	12
<b>Source:</b> City records	160			

2008	2009	2010	2011	2012	2013
1	1	1	1	1	<b>1</b>
4	4	4	4	4	<b>4</b>
62	62	64	64	64	<b>64</b>
17	17	16	16	18	<b>18</b>
1,157	1,157	1,204	1,204	1,204	<b>1,204</b>
225	225	214	214	214	<b>120</b>
1,352	1,352	1,352	1,352	1,352	<b>1,352</b>
1,375	1,375	1,375	1,375	1,375	<b>1,375</b>
140	140	100	92	92	<b>104</b>
166	166	166	166	166	<b>166</b>
6	6	6	6	6	<b>6</b>
3	3	3	3	3	<b>3</b>
254,126	254,126	247,414	249,218	250,014	<b>243,412</b>
10.85	10.85	10.85	10.85	10.85	<b>10.85</b>
5.00	5.12	5.35	5.50	5.69	<b>5.20</b>
226	228	228	228	228	<b>228</b>
1,915	1,928	1,932	1,928	1,929	<b>1,929</b>
4,251	4,315	4,327	4,315	4,322	<b>4,330</b>
9.50	9.50	17.50	18.00	17.50	<b>17.50</b>
8.85	10.64	12.00	11.14	9.72	<b>7.75</b>
250	250	250	185	185	<b>185</b>
95	95	95	95	95	<b>95</b>
3,667	3,667	3,667	3,667	3,667	<b>3,667</b>
104	115	115	115	115	<b>115</b>
4,956	4,947	4,947	4,947	4,947	<b>5,011</b>
131	155	192	210	231	<b>244</b>
50,800	57,855	67,926	73,510	80,812	<b>83,995</b>
900	900	900	900	900	<b>860</b>
23	23	23	24	25	<b>25</b>
2	2	2	2	2	<b>2</b>
2	2	2	2	2	<b>2</b>
473	473	473	473	473	<b>473</b>
250	250	250	250	250	<b>250</b>
8	5	10	11	8	<b>10</b>
18	14	15	17	50	<b>50</b>
12	9	9	9	9	<b>9</b>



ROCK ISLAND  
ILLINOIS

**CITY OF ROCK ISLAND, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: Community Development Block Grants/Entitlement Grants (Direct)	14.218	B12MC170021	\$ 1,182,217
Indirect Programs, Pass-Through Programs From: Illinois Housing Development Authority: Neighborhood Stabilization Program (NSP)	14.228	B-08-DN-17-0001	18,858
Neighborhood Stabilization Program 2 (NSP2) (ARRA)	14.256	B-09-CN-IL-0027	2,557
Illinois Department of Commerce & Economic Opportunity: IKE Public Infrastructure Program	14.228	08-354083	<u>57,747</u>
Total U.S. Department of Housing and Urban Development			<u>1,261,379</u>
U.S. Department of Justice: Direct Programs: 2012 Byrne Justice Assistance Grant Program	16.738	2012-H1369-IL-DJ	29,026
Bulletproof Vest Partnership Program	16.607	N/A	<u>3,546</u>
Total U.S. Department of Justice			<u>32,572</u>
U.S. Environmental Protection Agency Brownfield Revolving Loan Fund (Direct)	66.818	BF-00E00386-0	11,859
Indirect Program, Pass-Through Programs From: Illinois Environmental Protection Agency: Capitalization Grants for Clean Water State Revolving Funds	66.458	L17136700	<u>7,643,263</u>
Total U.S. Environmental Protection Agency			<u>7,655,122</u>
U.S. Department of Commerce Economic Development Administration (Direct)	11.307	06-79-05699	<u>59,542</u>
U.S. Department of Interior / National Park Service Indirect Programs, Pass-Through Programs From: Illinois Historic Preservation Agency (IHPA): Certified Local Government Grants Program	15.904	CL20110191	4,309
Certified Local Government Grants Program	15.904	IL20110004	1,000
U.S. Fish and Wildlife Service/ Illinois Department of Natural Resources (ILDNR): Boating Infrastructure Grant Program (BIG-P)	15.622	F13AP00149	<u>110,702</u>
Total U.S. Department of Interior / National Park Service			<u>116,011</u>

(continued)

**CITY OF ROCK ISLAND, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED MARCH 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation			
Indirect Programs, Pass-Through Programs From:			
Illinois Department of Transportation:			
State and Community Highway Safety	20.601	AL2-4970-086	26,411
State and Community Highway Safety	20.601	AL-13-083	8,401
Federal Highway Administration/ Illinois Department of Transportation:			
2005 National Scenic Byway Grant	20.205	SBIL-IL05 (009)	<u>12,985</u>
Total U.S. Department of Transportation			<u>47,797</u>
U.S. Department of Health and Human Services			
Indirect Programs, Pass-Through Programs From:			
Illinois Department of Human Services:			
Temporary Assistance for Needy Families	93.558	K11GK335860	17,251
Temporary Assistance for Needy Families	93.558	K11GK335860	78,702
Prevention and Treatment of Substance Abuse	93.959	K11GK335562	10,456
Prevention and Treatment of Substance Abuse	93.959	K11GK335562	87,120
Teen Pregnancy Prevention Prep	93.092	FCSRE01839	<u>44,668</u>
Total U.S. Department of Health and Human Services			<u>238,197</u>
Total			<u>\$ 9,410,620</u>

\*See Notes to Schedule of Expenditures of Federal Awards.

**City of Rock Island, Illinois**

**Notes to the Schedule of Expenditures of Federal Awards  
Year Ended March 31, 2013**

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**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Rock Island, Illinois under programs of the federal government for the year ended March 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual or accrual basis of accounting based on the fund type of the program. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles of State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3. 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	14.218	\$3,363

City of Rock Island, Illinois

Summary Schedule of Prior Audit Findings  
Year Ended March 31, 2013

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	Findings	Status	Corrective Action Plan or Other Explanation
<b>Material Weakness Related to the Basic Financial Statements:</b>			
<b>II-A-12</b>	Material audit adjustments were proposed for accounts receivable and capital assets.	Corrected	
<b>Significant Deficiencies over Federal Awards:</b>			
<b>III-A-12</b>	The City did not complete the CAPER or HUD Form 60002 for the year ended March 31, 2012 in the required timeframe.	Partially Corrected	See corrective action plan at 2013-006
<b>III-B-12</b>	The City did not file all requests for reimbursement of grant expenditures on a timely basis and some requests for reimbursement were for improper amounts.	Corrected	

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Rock Island, Illinois as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Rock Island, Illinois's basic financial statements, and have issued our report thereon dated August 16, 2013. Our report includes a reference to other auditors who audited the financial statements of the Rock Island Public Library Foundation, a discretely presented component unit, as described in our report on City of Rock Island, Illinois's financial statements. 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 of the financial statements, we considered City of Rock Island, Illinois's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Rock Island, Illinois's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rock Island, Illinois's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2013-001, 2013-002 and 2013-003 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **City of Rock Island, Illinois's Response to Findings**

City of Rock Island, Illinois's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Bohnsack & Frommelt LLP*

Taylor Ridge, Illinois  
August 16, 2013

**Independent Auditor's Report on Compliance For  
Each Major Federal Program and On Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Rock Island, Illinois's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Rock Island, Illinois's major federal programs for the year ended March 31, 2013. City of Rock Island, Illinois's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

***Opinion on Each Major Federal Program***

In our opinion, City of Rock Island, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

## Report on Internal Control Over Compliance

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-005 and 2013-006 to be significant deficiencies.

City of Rock Island, Illinois's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Rock Island, Illinois's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Bohnsack & Frommelt LLP*

Taylor Ridge, Illinois  
August 16, 2013

**City of Rock Island, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013**

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

- a) Unmodified opinions were issued on the financial statements.
- b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) A material weakness in internal control over major programs was disclosed. Significant deficiencies in internal control over major programs were disclosed.
- e) Unmodified opinions were issued on compliance with requirements applicable to each major program.
- f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds

- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) City of Rock Island, Illinois did not qualify as a low-risk auditee.

(Continued)

Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013

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**Part II: Findings Related to the Basic Financial Statements**

**Instances of noncompliance:**

None reported.

**Significant Deficiencies:**

**2013-001**

Finding: The Parks and Recreation Department of the City has inadequate segregation of duties over cash receipts.

Condition: The Office Manager has access to cash, prepares the deposit, makes adjustments to the cash receipt system, and reconciles receipts to system reporting. Cashiers have access to void transactions and the software does not provide a report of void transactions for monitoring or approval.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: A limited number of personnel are involved in the cash receipt function.

Recommendation: We recommend the cashiers count and balance their tills to the cash receipt system daily. Cashiers would then prepare the deposit and place all cash and checks into a sealed deposit bag for the courier. Cashiers should not be provided access to void transactions within the software. An employee without access to cash receipts should reconcile the deposits to the system reports detailing cash receipts each day. Any adjustments to transactions would be prepared by the employee reconciling and then reviewed and approved by a supervisor prior to posting.

Response and Corrective Action Plan: Cashiers will count and balance their tills to the cash receipt system (referred to as the Reset Slip) as recommended. The Shift Supervisor will then review totals for accuracy and sign off on the balance form as confirmation. The Cashier will then complete the deposit slip and place slip and deposited funds into a secure bank deposit bag. This sealed bag, along with a copy of the deposit slip, will be forwarded to the Parks and Recreation bookkeeper who will reconcile deposit to CLASS system.

Void transactions are not allowed after a receipt has been generated. Cancellation of payments are allowed, but are tracked by the cash receipt system. Cancellations are only allowed by appointed managers. These managers also have access to cash receipt. Managers are not to cancel a transaction that they have cash receipted. To watch for this, the City Auditor will generate a cancel payments report monthly for review.

**City of Rock Island, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013**

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**2013-002**

Finding: The City has insufficient segregation of duties over the payroll process.

Condition: One individual at the City has the ability to change the employee master file, including entering new employees, modifying pay rates and adding deductions; has the ability to edit time entered into the payroll system and processes the bi-weekly payroll.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: A limited number of personnel are involved in the payroll function.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from the position with the ability to make employee master file changes. The City should evaluate the payroll software to determine if password protections within applications in regard to the master file could be limited to another position in Human Resources Department. The Human Resources Department should make all changes to the employee master file including, adding new employees, terminating employees, and pay rate changes.

Ideally, changes and edits to an employees' time sheet should be completed by the timekeeper in each department. Alternatively, along with the manual paychecks or Notice of Deposit slips, the timekeeper should receive a listing of all hours paid from their respective department. They should compare the hours in total to total submitted for payroll processing through the Attendance Enterprise system.

Currently, the Finance Director receives a Payroll Register. The Finance Director should specifically review the Fiscal Technician's and the timekeepers' hours and rate of pay. In addition, the total pay per the payroll register should be agreed to the sum of the total of the ACH file submitted to the financial institution and manual check listing.

PSS should always deliver the checks and Notice of Deposits to Human Resources Department. In addition, PSS should send a paper copy of the payroll file. Human Resources should randomly compare employees' checks to the file scanning for unusual payees or amounts.

Response and Corrective Action Plan: Limited staffing and lack of software functionality make it difficult to apply segregation of duties as recommended. To compensate for this, the Finance Director will specifically review the Fiscal Technician's and timekeepers' hours and rate of pay when reviewing the Payroll Register. Currently Human Resource personnel is notified when all the payroll maintenance is completed every pay period and verifies the changes made in payroll match the maintenance received. The total pay per the register will be reviewed to the ACH file submitted by individual approving the file submission. PSS will deliver checks and deposit notices to the Human Resources Department. Changes and edits are made by the time keepers in Attendance Enterprise. On some occasions payroll does make some adjustments to time cards when requested by the time

**City of Rock Island, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013**

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keeper due to software issues. These changes will be requested in writing and documented with the pay maintenance files for that period.

**2013-003**

Finding: The City has insufficient segregation of duties over the cash disbursement transaction cycle.

Condition: One individual at the City has the ability to change the vendor master file, has access to the purchase order and requisition module, access to the check processor files and access to positive pay file for the financial institution, has the ability to void and reissue a check and files invoices. This individual is also responsible for preparing the bank reconciliation.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Cause: A limited number of personnel are involved in the cash disbursement function.

Recommendation: Ideally, the position responsible for processing disbursements should be segregated from the position with the ability to make vendor master file changes. The City should evaluate the software to determine if password protections within applications in regard to the master file could be limited to another position. Check register edit reports should be reviewed by an employee outside of the processing duties. When checks are processed, the system should identify the next check in sequence instead of a manual entry by staff. Ideally, the bank reconciliation would be prepared by someone other than the position responsible for cash disbursements.

Response and Corrective Action Plan: Several changes will be instituted to address this issue. The Accountant's security access will be revised for inquiry only of vendor master file as well as in the purchase order and requisition module. The ability to add or update the vendor master file will continue to be performed by the Junior Accountant. The financial system has the ability to assign the next check number automatically. This function will be instituted.

**Part III: Findings and Questioned Costs for Federal Awards**

**Material Weakness and Significant Deficiencies over Federal Awards:**

**2013-004**

**U.S. Department of Housing and Urban Development  
Community Development Block Grant-Entitlement (Direct)(CFDA 14.218)  
Federal Award Year 2013**

Finding: The City does not have adequate documentation to support payroll costs of the program.

**City of Rock Island, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013**

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Criteria: The Office of Management and Budget (OMB) Circular A-87 requires the following:

When an employee works solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. The certifications must be prepared at least semi-annually and will be signed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5)...(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
  - (b) They must account for the total activity for which each employee is compensated,
  - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
  - (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
- (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
  - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
  - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Condition: The City does not have the signed semi-annual certifications that state the federal award the employee worked on for the employees that worked 100% on a single federal award program or employee-signed timesheets for split-funded employees that support the percentage of an employee's compensation charged to the program as required by OMB Circular A-87.

Context: There are approximately 20 employees paid from the program.

Effect: The City is not in compliance with the allowable costs/cost principles requirement of OMB Circular A-87.

**City of Rock Island, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013**

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Cause: The City currently does not have a process in place for signed certifications for fully funded employees or signed timesheets for split-funded employees.

Recommendation: We recommend implementing employee-signed certifications or timesheets as required by the OMB.

Response and Corrective Action Plan: The City will obtain signed certifications for all employees that work 100% on a federal program. Employees that are split-funded will review and sign their timesheets each pay period. The City will charge split-funded employees to the program based on actual timesheet allocations.

**2013-005**

**U.S. Department of Housing and Urban Development  
Community Development Block Grant-Entitlement (Direct)(CFDA 14.218)  
Federal Award Year 2013**

Finding: The City does not have adequate documentation to support allocations for self-insurance to the program.

Criteria: Per the Office of Management and Budget A-87, costs charged to the program must be adequately documented.

Condition: The City has not documented the rationale for the percentages used to allocate self-insurance costs to the program. The City uses a budget allocation that is not documented.

Context: The program is charged approximately \$29,000 for general liability and workers compensation self-insurance.

Effect: The City is not in compliance with the allowable costs/cost principles requirement of OMB Circular A-87.

Cause: The City has not established a systematic rationale for charging federal programs for self-insurance.

Recommendation: We recommend the City implement a process that allocates self-insurance costs to the program based on a systematic method that directly relates to the program and documents the process each year.

Response and Corrective Action Plan: Self-insurance premiums are established based upon historical claims. The City will continue to establish these premiums based upon historical claims, but will also develop a method that then directly links these to Community Development Block Grant.

City of Rock Island, Illinois

Schedule of Findings and Questioned Costs  
Year Ended March 31, 2013

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**2013-006**

**U.S. Department of Housing and Urban Development  
Community Development Block Grant-Entitlement (Direct)(CFDA 14.218)  
Federal Award Year 2012 and 2013**

Finding: The City has not completed HUD report Form HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons* and submitted the required report within 90 days of the City's year-end.

Criteria: The Office of Management and Budget Compliance Supplement states that for each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public constructions, the prime recipient must submit Form HUD 60002.

Condition: The City has not completed and submitted the required report for fiscal years 2012 and 2013.

Context: Form HUD 60002 is to be completed annually.

Effect: The City is not in compliance with the reporting requirements of the program.

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

Recommendation: We recommend the City implement a reporting calendar for the program that lists each required report, the date each required report is due, the grant personnel assigned to prepare the report, the grant personnel assigned to approve the report, and dates of actual submission.

Response and Corrective Action Plan: A reporting calendar has been established to include the Section 3 report. This calendar lists all required Federal reports associated with CDBG, due dates, City personnel assigned to prepare the report, personnel assigned to approve the report, and actual submittal date listing. Both FY2012 & FY2013 Form HUD 60002 have been submitted online on July 23, 2013 by the City's Housing Loan Officer.

**Instances of Noncompliance:**

None Reported.

City of Rock Island, Illinois

Corrective Action Plan

Year Ended March 31, 2013

	Findings	Corrective Action Plan	Anticipated Date of Completion
<b>Significant Deficiencies Over Basic Financial Statements:</b>			
<b>2013-001</b>	The City has inadequate segregation of duties over the Parks and Recreation Department cash receipts.	See response and corrective action plan at 2013-001	Fiscal Year 2014
<b>2013-002</b>	The City has insufficient segregation of duties over the payroll process.	See response and corrective action plan at 2013-002	Fiscal Year 2014
<b>2013-003</b>	The City has insufficient segregation of duties over the cash disbursement transaction cycle.	See response and corrective action plan at 2013-003	Fiscal Year 2014
<b>Material Weakness and Significant Deficiency over Federal Awards:</b>			
<b>2013-004</b>	The City does not have adequate documentation to support payroll costs of the program.	See response and corrective action plan at 2013-004	Fiscal Year 2014
<b>2013-005</b>	The City does not have adequate documentation to support allocations for self insurance to the program.	See response and corrective action plan at 2013-005	Fiscal Year 2014
<b>2013-006</b>	The City has not completed a required HUD report and submitted the required report within 90 days of the City's year-end.	See response and corrective action plan at 2013-005	Fiscal Year 2014