

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2014



ROCK ISLAND
ILLINOIS

Prepared by:
Finance Department
Cynthia Parchert, Finance Director



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal	I-VI
Officials	VII
City Organizational Chart	VIII
Certificate of Achievement for Excellence in Financial Reporting	IX-X
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Basic Financial Statements	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Position	1 14-15
Statement of Activities	2 16-17
Fund Financial Statements	
Balance Sheet – Governmental Funds	3 18-19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3-1 20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4 21-22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	4-1 23
Statement of Net Position – Proprietary Funds	5 24-27
Reconciliation of Enterprise Funds Net Position to the Statement of Net Position	5-1 28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	6 29-30
Reconciliation of the Changes in Net Position of Enterprise Funds to the Statement of Activities	6-1 31
Statement of Cash Flows – Proprietary Funds	7 32-35
Statement of Fiduciary Net Position – Fiduciary Funds	8 36
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	9 37
Notes to Financial Statements	38-75

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION (continued)		
Required Supplementary Information		
Schedule of Funding Progress, Retiree Health Plan		76
Schedule of Funding Progress, Illinois Municipal Retirement Plan		77
Schedule of Funding Progress, Police Pension Plan		78
Schedule of Funding Progress, Firefighters' Pension Plan		79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
General Fund		80-81
Public Library Fund		82
TIF Fund		83
Community Economic/Development Fund		84
Riverboat Gaming Fund		85
Note to Required Supplementary Information		86
Combining and Individual Fund Statements		
Nonmajor Governmental Funds		
Combining Balance Sheet	A-1	88-89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	A-2	90-91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
Special Revenue Funds		
Motor Fuel Tax Fund	A-2-1	92
Housing and Community Development Fund	A-2-2	93
Martin Luther King Community Center Operations Fund	A-2-3	94
Foreign Fire Insurance Fund	A-2-4	95
Federal Programs Fund	A-2-5	96
Drug Prevention Fund	A-2-6	97
Neighborhood Stabilization Fund	A-2-7	98
Martin Luther King Facility Improvement Fund	A-2-8	99
Schwiebert Park Boat Dock Fund	A-2-9	100
Ridgewood Business Park Fund	A-2-10	101
Debt Service Fund	A-2-11	102
Capital Projects Fund	A-2-12	103
Nonmajor Enterprise Funds		
Combining Statement of Net Position	B-1	105-106
Combining Statement of Revenues, Expenses, and Changes in Net Position	B-2	107
Combining Statement of Cash Flows	B-3	108-109
Internal Service Funds		
Combining Statement of Net Position	C-1	111-112
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)	C-2	113-114
Combining Statement of Cash Flows	C-3	115-118
Fiduciary Funds		
Combining Statement of Fiduciary Net Position – Pension Trust Funds	D-1	120
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	D-2	121
Statement of Changes in Assets and Liabilities – Agency Fund	D-3	122

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Contents	123
Comments Relative to Statistical Section	124
Net Position by Component	125-126
Changes in Net Position	127-132
Program Revenues by Function/Program	133-134
Fund Balances of Governmental Funds	135-136
Changes in Fund Balances of Governmental Funds	137-138
General Governmental Tax Revenues by Source	139-140
Assessed Value and Estimated Actual Value of Taxable Property	141-142
Direct and Overlapping Governmental Property Tax Rates	143-144
Principal Property Taxpayers	145
Property Tax Levies and Collections	146-147
Ratios of Net General Bonded Debt Outstanding by Type	148-149
Direct and Overlapping Governmental Activities Debt	150
Pledged–Revenue Coverage	151
Demographic and Economic Statistics	152
Principal Employers (Within the City Limits of Rock Island)	153
Full-Time Equivalent City Government Employees by Function/Program	154-156
Operating Indicators by Function/Program	157-158
Capital Assets Statistics by Function/Program	159-160

**INFORMATION PROVIDED TO COMPLY WITH THE SINGLE AUDIT
ACT OF 1996 AND OFFICE OF MANAGEMENT AND BUDGET CIRCULAR
A-133 (SINGLE AUDIT SECTION)**

Schedule of Expenditures of Federal Awards	161-162
Notes to the Schedule of Expenditures of Federal Awards	163
Summary Schedule of Prior Audit Findings	164
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	165-166
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	167-168
Schedule of Findings and Questioned Costs	169-172
Corrective Action Plan	173



ROCK ISLAND
ILLINOIS



August 11, 2014

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

We are pleased to present the 2013-2014 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 twelfth 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, 2014.

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, 2014. 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 1841. 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 456 full-time equivalent employees. The City's police department, with 83 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 December 31, 2018); Fire Fighters (58 employees, contract expired 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 Economic Condition

Local Economy

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, and 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 Recording Studio, which provides complementary audio recording support. Services for district patrons and residents have expanded with nationally known eating establishments like Subway and Bennigan's complementing more unique local restaurants like LeFigaro, Huckleberry's, Alanté, 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 Company, Bituminous Insurance Companies, and Cleaveland Insurance Group.

Housing in The District has also been an area of major focus and investment. To provide both ownership and rental opportunities, Rock Island Economic Growth Corporation (GROWTH) has been instrumental in creating over 150 units of housing in the downtown area. Completed projects such as the \$1.6 million Clipper Condos, the \$5 million Voss Lofts, the \$5 million Salsa Flats, the \$6 million McKesson Lofts redevelopment, the \$8.5 million Jackson Square and the \$1 million rehab of the Goldman Block (creating 5 residential units above commercial space) have greatly increased downtown housing opportunities, expanded the downtown resident population, and helped achieve the goal of creating a downtown neighborhood.

A major change came to The District and to the City in late 2008 with the opening of the new Jumer's Casino and Hotel. The casino operation moved from its Mississippi River waterfront location in The District to a new 110-acre site in southwest Rock Island at the intersection of Interstate 280 and Illinois Route 92. At \$150 million, the project represents the largest single private development project in the City's history. The casino complex includes a 205-room hotel, four restaurants, a 700-seat multi-purpose conference center, a gaming area of 40,000 square feet, and various support facilities.

Relocation of the casino allowed the City to reclaim a key piece of downtown waterfront for public use and allowed for the development of Schwiebert Riverfront Park. This \$10 million project fulfilled a long standing City goal of providing greater access to one of the area's most well known attractions - the Mississippi River and stimulating additional downtown investment. The park is a multi-use facility allowing for passive viewing of the river from a variety of vantage points as well as active uses associated with a performance pavilion, a playground, river walk promenade, large open green areas and an interactive water feature.

Two major geographic areas of activity currently undergoing major transformation, with plans for more in the future, 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 the old International Harvester Farmall Tractor manufacturing property into a mixed-use development. When completed, Columbia Park will blend a mix of residential, commercial, and recreational uses. Its 80-acre waterfront location is mid-point between downtown Rock Island and downtown Moline, adjacent to the Augustana College campus and the Quad City Botanical Center.

In the northwestern part of the City, the New Old Chicago Neighborhood redevelopment continues to move forward as planned. The City of Rock Island has demolished about 70 dilapidated structures and invested in infrastructure improvements. The New Old Chicago Redevelopment Plan was adopted by the City of Rock Island in 2006. Objectives identified in that plan continue to be implemented throughout the New Old Chicago neighborhood, with the New Old Chicago area seeing more than \$9 million in improvements from 2006 to 2014. Rock Island Economic Growth Corporation has built eight new construction homes in the 600 block of 10th Street and rehabilitated one adjacent home on 7th Avenue. Additional development efforts in the neighborhood include, the new Martin Luther King, Jr. Park and expansion of the Martin Luther King, Jr. Community Center.

Over the past decade in the City's southwest area, several projects have been completed that build on an already strong warehouse / distribution sector. For example, Performance Food Group - TPC expanded their 240,000-square-foot distribution facility by adding 200,000 square feet of freezer space. Employment to the company has reached 500 and sales continue to grow. Also in the southwest, ThermoKing refrigeration completed construction of a 35,000-square-foot facility and Steel Warehouse Company added 40,000 square feet to their existing 80,000-square-foot steel processing plant. These companies complement major existing warehousing, production, and transportation facilities operated by Miller Container, USF Holland, CCS, Group O, Valspar, and Export Packaging.

From a growth standpoint, Rock Island 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 at very reasonable costs.

Financial planning

The budget preparation process for FY 2013/2014 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 2013/2014 Policy Agenda:

2013

1. Infrastructure
 - a. Adopt an annual edition of the 5 year Capital Improvement Plan (CIP)
 - b. Evaluate long-term utility rates that allow continued implementation of utility replacement/ rehabilitation plans
 - c. Complete street condition inventory
 - d. Evaluate bonding to accelerate street improvement program
 - e. Initiate project management activities for new Police facility
2. Financial Stability
 - a. Integrate a review of strategic initiatives into on-going compliance with City Council's Fiscal Policy of a balanced budget in the General Fund
 - b. Develop incentive program for cost cutting ideas
 - c. Identify alternative revenue streams
3. Economic Development
 - a. Create a Comprehensive Commercial/Retail Strategy
 - b. Studies within overall strategy:
 - c. Blackhawk Corridor
 - d. South portion of 11th St
 - e. Columbia Park/Illinois 92
 - f. College Hill
4. Redevelopment

- a. SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis conducted in three target areas
 - b. Identify an acquisition policy and plan for retail development
5. High Quality Services
- a. Review and revise current performance measures
 - b. Review all areas covered by current community survey and adjust to fit new strategic plan

The 2013/2014 budget incorporated the Capital Improvement Program, the Community Development Block Grant Program and other City funds and included the following important features:

1. Municipal Services will be retained at a high level of quality
2. The budget also includes the first funding of the Five Year Capital Improvement Plan to be approved by the City Council. This fiscal year includes \$32,250,657 for capital and infrastructure maintenance projects and a total of \$60,311,000 is planned for the remaining four years. The primary fiscal 2014 capital and maintenance projects are:
 - Police Facility Construction – First Year \$1,000,000
 - Long-Term Control Plan – Wet Weather Treatment \$21,779,407
 - Water System Improvements \$622,000
 - Underground Combined Sewer Storage Tank \$2,090,000
 - Contract Street Maintenance \$1,225,000
 - Sewer Improvements \$466,000
 - 23rd Avenue Reconstruction \$1,529,000

The City's assessed value has declined this year for the first time since 2008. The valuation before exemptions is expected to decrease 3.64 from last year. This is indicative of the values in surrounding cities as well. Because the local economy continues to maintain strength, it is anticipated this pattern will not continue into the future.

The City's tax rate dropped slightly to at \$2.40 per \$100 of assessed value. This rate was 42% less than the 1991 property tax rate of \$4.13. The 2013/2014 property tax levy was 11,005,492. This was a decrease \$457,050 from the 2012/2013 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. Downtown Rock Island development continues with several ongoing projects. GROWTH has 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 Winter of 2014. GROWTH is starting rehab the historic Star Block phase 1 into 8 rental units for \$1.7 million. Star Block phase 2 is in predevelopment phase and will include residential above commercial/retail space. Additionally, a private developer is redeveloping the former VanderGinst building into the Riverview Lofts a \$5 million plus 44 unit market rate residential property with commercial/retail ground floor. This development is expected to be complete by June 2015. The Transient Boat Docks located in Schwiebert Park was also completed in Summer 2014.

Trinity Hospital is under construction for its \$61 million, 90,000 sq. ft. expansion to its Rock Island Campus. The expansion will house space for cardiac, emergency room and psychiatric patient services. This project is expected to be completed in the summer 2015. Metrolink's new \$30 million operations and maintenance facility at 46th Street and 4th Avenue will be completed in mid 2014. Metrolink completed its transit station at 19th Street and 2nd Avenue in January 2014, improving public waiting services and enhancing transit connections into downtown Rock Island. FedEx is constructing an 189,000 sq. ft. package delivery facility which is set to be completed in late 2014/early 2015. This new facility is being constructed in the Southwest Business Park.

The City has been working to prepare the Watchtower Plaza site for redevelopment into a Walmart. This outdated and deteriorating shopping center was home to a number of businesses, many of which have been successfully relocated within Rock Island. The final demolition will take place in late 2014 with construction of the new facility to follow.

The Rock Island/ Milan School District demolished the former Audubon School located along 18th Avenue in a highly trafficked commercial corridor. The school district is working with a commercial developer to sell the property. This 3 plus acre site is very attractive for commercial development.

The City of Rock Island has acquired land at the Northwest corner of I-280 and IL-92 with the intent of developing it into a destination shopping and commercial district called Jumer's Crossing. Jumer's Crossing is being designed to complement Jumer's Casino and Hotel which is located on the Southeast corner of I-280 and IL-92. This development will include over 200,000 sq. ft. of retail, restaurant and other commercial space. The City is working to complete the required levee modification to allow direct access to IL-92. Once the Levee modification starts a development partner will be engaged to facilitate the development. This is a long term project which likely will take several years to implement.

Another significant project within the City is work on the Long Term Control Plan (LTCP). The largest portion of the project, the Wet Weather Treatment Plant (WWTP) is nearing completion. Three of the large wet weather pumps are on site and the remaining three pumps are scheduled for delivery in February. The facility is expected to be fully operational this summer. The entire project is scheduled for completion in 2018.

Rock Island has a long tradition of providing superior municipal services to residents. The proposed budget will allow us to continue this tradition. It will be our goal to maintain this standard in the years ahead.

Awards and Acknowledgments

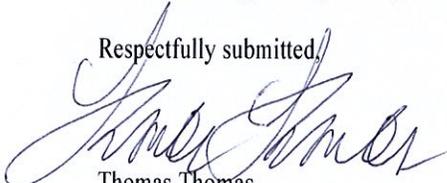
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island for its comprehensive annual financial report for the fiscal year ended March 31, 2013. This was the thirty-third consecutive year that the City of Rock Island has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Rock Island also received the GFOA Award for Distinguished Budget Presentation for its annual budget for fiscal 2013/2014. This was the twenty-seventh 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 Thomas
City Manager



Cynthia Parchert
Finance Director

**CITY OF ROCK ISLAND, ILLINOIS
OFFICIALS**

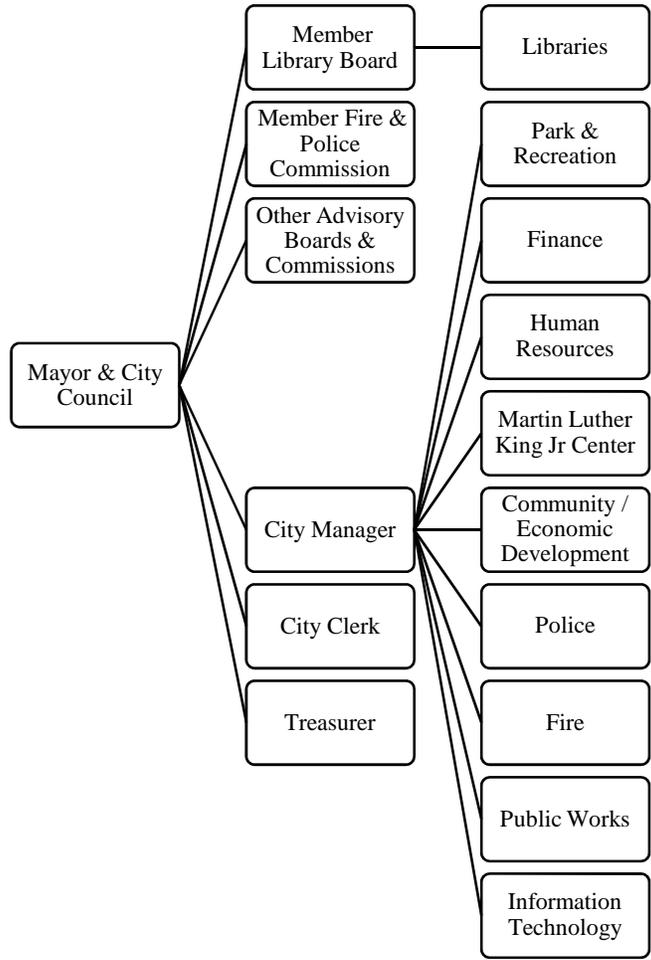
A Home Rule City Council/Manager – Form of Government

	<u>Term Expiration Date of Elected Officials</u>
MAYOR: Dennis Pauley	May 1, 2017
CITY MANAGER: Thomas E. Thomas	Not Applicable
COUNCIL MEMBERS: 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



ROCK ISLAND
ILLINOIS

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, 2013. 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, 2013

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, 2014, 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, 2014, 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.

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 76–86 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, individual fund budgetary schedules, 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, individual fund budgetary schedules 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 11, 2014 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.

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

Taylor Ridge, Illinois
August 11, 2014



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, 2014. 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, 2014, by \$129,800,526. Of this amount \$33,277,467 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 decreased by \$4,487,132.
- At the close of the fiscal year, the City of Rock Island's governmental funds reported combined ending fund balances of \$40,677,380, an increase of \$7,665,319 in comparison with the prior year. Of this total amount, approximately 28 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 \$12,106,153, or 36 percent of total General Fund expenditures of 33,882,595.
- The City of Rock Island's total long-term debt, including compensated absences, increased by \$39,805,511 (59 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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets and deferred outflows of resources from liabilities and deferred inflows of resources 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, Capital Projects Fund, and Community/Economic Development Fund all of which are considered to be major funds. Data from the other twelve 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$129,800,526 at the close of the fiscal year ended March 31, 2014.

City of Rock Island's Net Position
March 31, 2014 and 2013

	Government Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	63,955,822	58,146,337	21,676,418	18,223,315	85,632,240	76,369,652
Capital assets	70,888,494	64,829,406	92,406,611	74,574,633	163,295,105	139,404,039
Total assets	134,844,316	122,975,743	114,083,029	92,797,948	248,927,345	215,773,691
Current and other liabilities	24,675,751	15,812,429	6,078,419	6,997,174	30,754,170	22,809,603
Long-term liabilities	29,649,040	20,022,310	58,723,609	38,654,120	88,372,649	58,676,430
Total liabilities	54,324,791	35,834,739	64,802,028	45,651,294	119,126,819	81,486,033
Net position:						
Invested in capital assets	57,092,829	52,918,208	35,448,346	38,472,481	92,541,175	91,390,689
Restricted	3,981,884	6,913,550	-	-	3,981,884	6,913,550
Unrestricted	19,444,812	27,309,246	13,832,655	8,674,173	33,277,467	35,983,419
Total net position	80,519,525	87,141,004	49,281,001	47,146,654	129,800,526	134,287,658

By far the largest portion of the City of Rock Island's net position is its investment in capital assets. This represents 71% 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 \$33,277,467 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 decreased by \$4,487,132. Governmental activities decreased \$6,621,479 and business-type activities increased by \$2,134,347. The decrease in net position of governmental activities was due primarily to Community and Economic Development and TIF related projects. 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 decreased 8 percent or \$6,621,479. Key elements affecting the net position are the following:

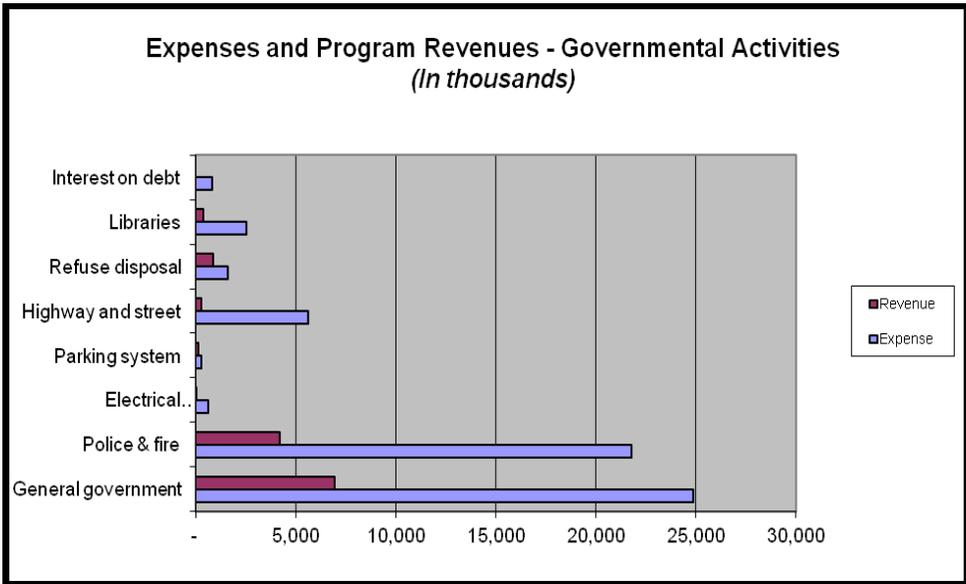
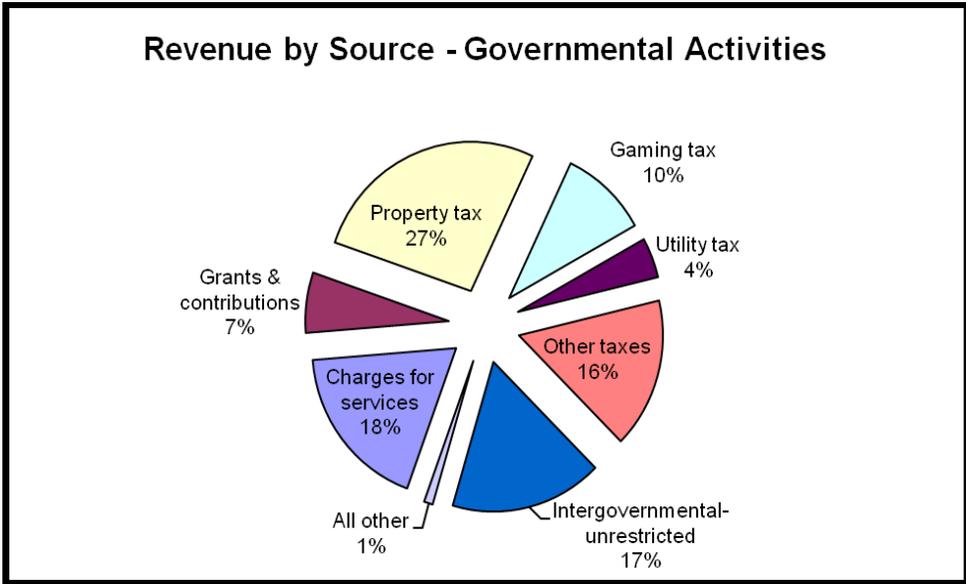
- Revenues were \$144,474 less than last year while expenditures were \$13,527,526 more. The increase in expenditures are related to redevelopment of 11th Street which includes the Wal-Mart project. Also contributing to the rise in expenditures were TIF related projects resulting in \$2,654,717 more expenditures than in the prior year.
- General fund revenue exceeded budgeted revenue by \$788,225. Replacement, sales and income taxes exceeded budgeted revenue by \$400,493, \$226,240 and \$382,583 respectively.
- Gaming Fund revenue from gaming taxes decreased by \$136,603 from the previous fiscal year.
- Capital grants and contributions were \$500,112.
- Revenues were under budget in the following major funds
 - Public Library Fund (\$30,856)
 - TIF Fund (\$375,499)
 - CED Development Fund (\$5,594)
 - Gaming Fund (\$888,317)

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

City of Rock Island's Changes in Net Position
For the years ending March 31, 2014 and 2013

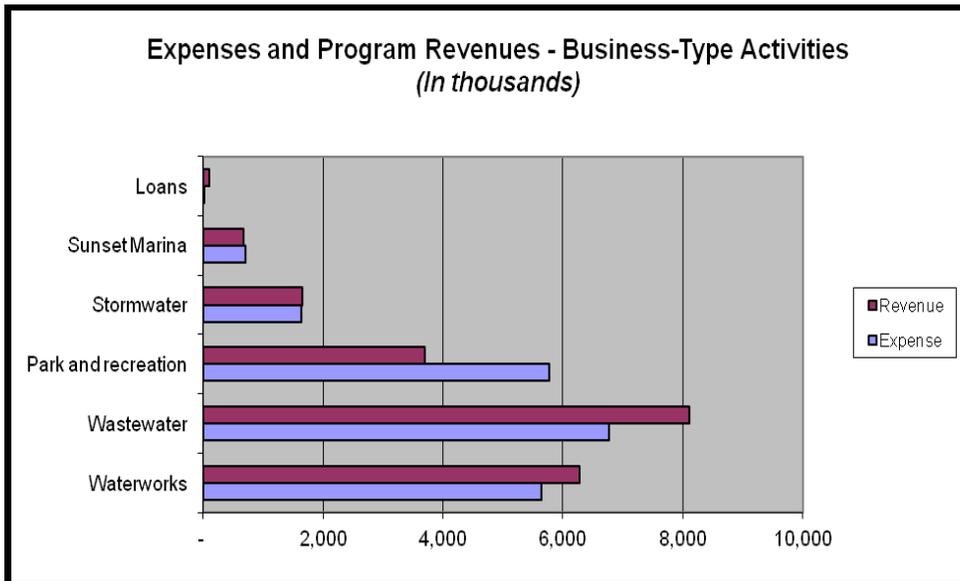
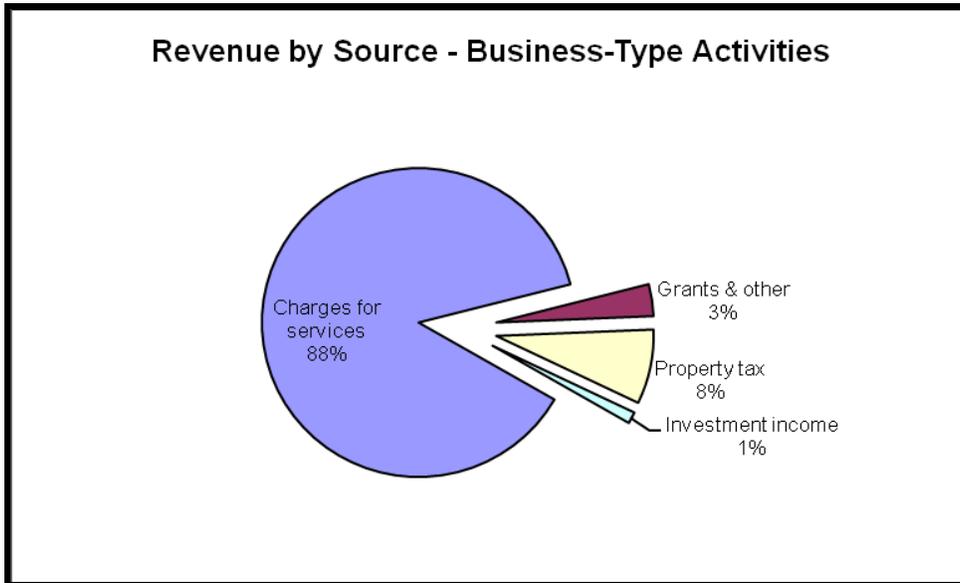
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	9,416,831	9,061,880	19,744,634	19,991,208	29,161,465	29,053,088
Operating grants and contributions	3,379,542	2,721,939	751,158	341,975	4,130,700	3,063,914
Capital grants and contributions	7,000	507,112	-	-	7,000	507,112
General revenues						
Property tax	13,870,933	14,138,304	1,753,400	1,752,884	15,624,333	15,891,188
Gaming tax	5,115,322	5,576,018	-	-	5,115,322	5,576,018
Utility tax	2,244,178	2,089,790	-	-	2,244,178	2,089,790
Other taxes	8,407,329	7,657,440	-	-	8,407,329	7,657,440
Intergovernmental-unrestricted	8,843,026	8,525,027	-	-	-	8,525,027
Investment income	94,752	121,958	50,850	27,985	145,602	149,943
Other	418,279	129,781	-	-	418,279	129,781
Total revenues	51,797,192	50,529,249	22,300,042	22,114,052	65,254,208	72,643,301
Expenses						
General government	24,861,534	13,943,857	-	-	24,861,534	13,943,857
Police and fire	21,771,346	20,847,960	-	-	21,771,346	20,847,960
Electrical maintenance	613,300	595,066	-	-	613,300	595,066
Municipal vehicle parking system	265,338	274,917	-	-	265,338	274,917
Highway and street	5,601,354	8,585,805	-	-	5,601,354	8,585,805
Refuse disposal	1,581,240	1,440,900	-	-	1,581,240	1,440,900
Libraries	2,516,131	2,400,381	-	-	2,516,131	2,400,381
Interest on long-term debt	822,915	557,361	-	-	822,915	557,361
Waterworks	-	-	5,636,469	6,232,948	5,636,469	6,232,948
Wastewater	-	-	6,763,891	4,732,170	6,763,891	4,732,170
Park and recreation	-	-	5,778,743	6,294,865	5,778,743	6,294,865
Stormwater	-	-	1,643,294	1,409,651	1,643,294	1,409,651
Sunset Marina	-	-	709,573	757,879	709,573	757,879
Housing and community development loans	-	-	19,238	235,295	19,238	235,295
Total expenses	58,033,158	48,646,247	20,551,208	19,662,808	78,584,366	68,309,055
Increase(decrease) in net position before transfers	(6,235,966)	1,883,002	1,748,834	2,451,244	(4,487,132)	4,334,246
Transfers	(385,513)	(285,529)	385,513	285,529	-	-
Increase(decrease) in net position	(6,621,479)	1,597,473	2,134,347	2,736,773	(4,487,132)	4,334,246
Net position, beginning of year	87,141,004	85,543,531	47,146,654	44,409,881	134,287,658	129,953,412
Net position, end of year	80,519,525	87,141,004	49,281,001	47,146,654	129,800,526	134,287,658



Business-type activities. Business-type activities increased the City of Rock Island's net assets by \$2,134,347. Following are the key elements:

- Increase in net position in the Waterworks fund of \$561,870. Actual charges for services increased by \$211,735. Unrestricted net position is reported as \$1,259,210.
- Increase in net position in the Wastewater Utility of \$1,416,437. Unrestricted net position are reported as \$7,358,731. 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 and Housing and Community Development Loan Funds of \$12,954 and \$84,523, respectively.

- Decrease in the net position of the Sunset Marina Fund of \$36,690. Unrestricted net position is reported as negative \$159,893.



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 \$40,677,380, an increase of \$7,665,319 from the prior year. Approximately, 28 percent or \$11,434,846 is designated as unassigned funds; \$14,749,092 or 36 percent is classified as either assigned or committed which includes \$8,015,366 from the Riverboat Gaming Fund. The remainder of fund balance is classified as restricted which includes major funds such as TIF (\$355,235), Public Library (\$1,095,220), and Capital Projects (\$9,153,356).

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 \$12,106,153 and total fund balance was \$12,385,211. 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 36 percent of total General Fund expenditures, while total fund balance represents 37 percent of that same amount.

The fund balance of the City of Rock Island's General Fund increased \$965,982 during the fiscal year. Key factors in this increase are explained in the General Fund Budgetary Highlights below.

The Riverboat Gaming Fund has a total fund balance of \$8,015,356 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 \$1,095,220. The fund reported a decrease in fund balance of \$54,030.

The Tax Increment Financing District Fund experienced a decrease in property tax revenue. The decrease in fund balance of \$3,099,616 is attributed primarily to the transfers for TIF related projects.

The Capital Projects fund has a total fund balance of \$9,153,960. The fund reported a net change in fund balance of \$6,725,203 primarily due to unspent bond proceeds related to the construction of the new police facility.

The Community/Economic Development Fund has a total fund balance of \$6,673,182. The fund report a net change in fund balance of \$3,220,227 primarily due to the issuance of loans payable to provide proceeds for economic development expenditures.

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 \$1,259,210 for the Waterworks, \$7,358,731 for the Wastewater Treatment, \$1,748,463 for Park and Recreation and \$3,477,907 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 \$788,225 more than the revised budget and expenditures were \$2,726,801 less than the revised budget. Specific highlights of General Fund revenue and expenditures are as follows:

- Intergovernmental-unrestricted revenues were \$608,823 higher than the revised budget. This includes Sales Tax and Income Tax revenues which make up \$226,240 and \$382,583 of the positive variance, respectively. The City budgeted sales tax conservatively due to anticipated slow economic growth.
- Police department, Fire department and Highways and Streets expenditures were \$497,359, \$478,517, and \$835,148 less than budgeted expenditures, respectively.
- Replacement tax revenues were \$400,493 higher than the revised budget.
- Municipal Utility tax revenues were \$273,089 higher than the revised budget.

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, 2014, amounts to \$163,295,105 (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 \$23,891,066.

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

- LTCP – Wet Weather Treatment (\$19,870,109)
- Police Facility Construction (\$1,591,410)
- Schwiebert Boat Dock (\$1,529,669)
- 5th Street Reconstruction (\$1,036,028)
- 2013 Pierce ArrowXT Aerial (\$835,000)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	7,830,011	7,830,011	1,586,476	1,586,476	9,416,487	9,416,487
Construction-in-progress	6,753,936	1,099,926	52,038,092	33,336,833	58,792,028	34,436,759
Buildings	17,006,898	17,653,055	12,529,999	12,380,285	29,536,897	30,033,340
Machinery and equipment	5,634,739	5,609,122	738,295	613,845	6,373,034	6,222,967
Infrastructure	33,662,910	32,637,292	25,513,749	26,657,194	59,176,659	59,294,486
Total net capital assets	70,888,494	64,829,406	92,406,611	74,574,633	163,295,105	139,404,039

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 \$42,385,000 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.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Compensated Absences	3,564,435	3,730,372	918,604	961,254	4,483,039	4,691,626
General obligation bonds	24,054,300	15,188,450	18,330,700	20,108,217	42,385,000	35,296,667
Unamortized premiums	463,774	102,371	114,729	137,178	578,503	239,549
Line of Credit	12,115,602	3,022,538	-	-	12,115,602	3,022,538
Notes Payable	-	-	41,240,029	18,892,687	41,240,029	18,892,687
Other postemployment benefits	4,626,623	3,639,805	1,043,867	821,219	5,670,490	4,461,024
Net pension obligation	902,656	965,717	-	-	902,656	965,717
Total	45,727,390	26,649,253	61,647,929	40,920,555	107,375,319	67,569,808

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 2014 unemployment rate for the City of Rock Island was 7.9 percent. This is a 0.4% change from a year ago. The Illinois and U.S. unemployment rates decreased to 8.4 percent (a 1% decrease from last year) and decreased to 6.7 percent (a .9% decrease from a year ago), respectively.
- The equalized assessed value increased at an average rate of 1 percent annually for the past 10 years. However, this rate of increase has slowed to 0.8 percent over the past 5 years and decreased 2.5 percent in fiscal year 2014. 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.
- It is expected that during CY 2014 several projects will make significant progress or be completed. For example, the City is completing a new Comprehensive Plan in early 2014. This grant funded document will help the City plan for future projects and redevelopment of our community. The document calls for the City to continue to take bold steps to secure its future.
- There is a concern that future General Fund revenues are predicted to be relatively flat and statewide distributed tax revenue is projected to decline. A five-year General Fund forecast anticipates modest increases in revenues. However, expenditures are anticipated to grow at a faster rate than the increases in revenues.

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



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2014

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 34,823,596	\$ 9,435,357	\$ 44,258,953	\$ 106,513	\$ 2,216,598
Receivables, net					
Taxes	15,046,765	1,744,636	16,791,401	-	-
Accounts, net of allowance for uncollectibles of \$2,862,713	1,165,622	1,680,066	2,845,688	-	-
Estimated unbilled usage	125,866	2,021,057	2,146,923	-	-
Accrued interest	27,812	8,056	35,868	139	2
Current portion of notes receivable	240,032	256,187	496,219	-	-
Special assessments	257,972	-	257,972	-	-
Other	61,241	-	61,241	-	-
Assets held for resale	7,027,029	12,152	7,039,181	-	-
Due from other governmental agencies	4,528,247	5,045,962	9,574,209	462,835	-
Inventories	379,147	15,805	394,952	-	-
Prepaid items	-	-	-	-	1,077
Total Current Assets	<u>63,683,329</u>	<u>20,219,278</u>	<u>83,902,607</u>	<u>569,487</u>	<u>2,217,677</u>
NONCURRENT ASSETS					
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$2,796,135	<u>272,493</u>	<u>1,429,735</u>	<u>1,702,228</u>	-	-
Capital Assets					
Land	7,830,011	1,586,476	9,416,487	-	-
Buildings and improvements	26,697,539	19,069,601	45,767,140	-	-
Equipment	12,956,085	3,073,215	16,029,300	-	1,451
Infrastructure	66,696,940	79,221,311	145,918,251	-	-
Construction in progress	6,753,936	52,038,092	58,792,028	-	-
Accumulated depreciation	<u>(50,046,017)</u>	<u>(62,582,084)</u>	<u>(112,628,101)</u>	-	<u>(1,451)</u>
Net capital assets	<u>70,888,494</u>	<u>92,406,611</u>	<u>163,295,105</u>	-	-
Total Noncurrent Assets	<u>71,160,987</u>	<u>93,836,346</u>	<u>164,997,333</u>	-	-
Total Assets	<u>134,844,316</u>	<u>114,055,624</u>	<u>248,899,940</u>	<u>569,487</u>	<u>2,217,677</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	27,405	27,405	-	-
Total deferred outflows of resources	-	27,405	27,405	-	-
Total assets and deferred outflows of resources	<u>134,844,316</u>	<u>114,083,029</u>	<u>248,927,345</u>	<u>569,487</u>	<u>2,217,677</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2014

Exhibit 1
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,821,981	\$ 840,552	\$ 2,662,533	\$ 8,068	\$ -
Retainage payable	145,302	1,180,964	1,326,266	-	-
Deposits payable	66,385	300	66,685	-	-
Claims payable	664,250	-	664,250	-	-
Accrued wages and benefits	963,999	247,168	1,211,167	25,009	-
Compensated absences	1,930,648	497,555	2,428,203	-	-
Accrued pension contribution	4,607,488	-	4,607,488	-	-
Accrued interest payable	294,776	536,912	831,688	56	-
Unearned revenue	33,220	348,203	381,423	-	-
Notes payable	-	732,198	732,198	-	-
General obligation bonds	2,032,100	1,694,567	3,726,667	-	-
Line of credit	12,115,602	-	12,115,602	-	-
Total Current Liabilities	<u>24,675,751</u>	<u>6,078,419</u>	<u>30,754,170</u>	<u>33,133</u>	<u>-</u>
NONCURRENT LIABILITIES					
Notes payable	-	40,507,831	40,507,831	-	-
General obligation bonds	22,485,974	16,750,862	39,236,836	-	-
Net pension obligation	902,656	-	902,656	-	-
Other postemployment benefits	4,626,623	1,043,867	5,670,490	-	-
Compensated absences	1,633,787	421,049	2,054,836	-	-
Total Noncurrent Liabilities	<u>29,649,040</u>	<u>58,723,609</u>	<u>88,372,649</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>54,324,791</u>	<u>64,802,028</u>	<u>119,126,819</u>	<u>33,133</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	57,092,829	35,448,346	92,541,175	-	-
Restricted for					
Library, expendable	-	-	-	-	147,387
Library, nonexpendable	-	-	-	-	2,035,039
Public Library	1,095,618	-	1,095,618	-	-
Tax increment financing	196,540	-	196,540	-	-
Motor fuel taxes	678,449	-	678,449	-	-
Debt service	997,676	-	997,676	-	-
Drug prevention	468,410	-	468,410	-	-
Other	545,191	-	545,191	-	-
Unrestricted	19,444,812	13,832,655	33,277,467	536,354	35,251
Total Net Position	<u>\$ 80,519,525</u>	<u>\$ 49,281,001</u>	<u>\$ 129,800,526</u>	<u>\$ 536,354</u>	<u>\$ 2,217,677</u>

See notes to financial statements

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 24,861,534	\$ 3,940,813	\$ 2,977,297	\$ 7,000
Police and fire	21,771,346	4,029,954	155,522	-
Electrical maintenance	613,300	18,331	-	-
Municipal vehicle parking system	265,338	141,122	-	-
Highways and streets	5,601,354	178,801	114,714	-
Refuse disposal	1,581,240	885,723	-	-
Libraries	2,516,131	222,087	132,009	-
Interest on long-term debt	822,915	-	-	-
Total governmental activities	<u>58,033,158</u>	<u>9,416,831</u>	<u>3,379,542</u>	<u>7,000</u>
Business-type activities				
Waterworks	5,636,469	6,271,366	-	-
Wastewater treatment	6,763,891	7,833,530	268,877	-
Park and recreation	5,778,743	3,249,990	445,164	-
Stormwater	1,643,294	1,619,310	34,880	-
Sunset Marina	709,573	669,717	2,237	-
Housing and community development loan	19,238	100,721	-	-
Total business-type activities	<u>20,551,208</u>	<u>19,744,634</u>	<u>751,158</u>	<u>-</u>
Total primary government	<u>\$ 78,584,366</u>	<u>\$ 29,161,465</u>	<u>\$ 4,130,700</u>	<u>\$ 7,000</u>
Component units				
Martin Luther King Center	\$ 541,994	\$ 4,721	\$ 919,205	\$ 49,089
Rock Island Public Library Foundation	63,332	-	49,828	-
Total component units	<u>\$ 605,326</u>	<u>\$ 4,721</u>	<u>\$ 969,033</u>	<u>\$ 49,089</u>
General Revenues				
Property taxes				
Gaming taxes				
Utility taxes				
Replacement taxes				
Telecom infrastructure taxes				
Motor fuel taxes				
Use taxes				
Other taxes				
Intergovernmental - unrestricted				
Investment income				
Other				
Transfers from (to) other funds				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Martin Luther King Center	Rock Island Public Library Foundation
\$ (17,936,424)	\$ -	\$ (17,936,424)	\$ -	\$ -
(17,585,870)	-	(17,585,870)	-	-
(594,969)	-	(594,969)	-	-
(124,216)	-	(124,216)	-	-
(5,307,839)	-	(5,307,839)	-	-
(695,517)	-	(695,517)	-	-
(2,162,035)	-	(2,162,035)	-	-
(822,915)	-	(822,915)	-	-
<u>(45,229,785)</u>	<u>-</u>	<u>(45,229,785)</u>	<u>-</u>	<u>-</u>
-	634,897	634,897	-	-
-	1,338,516	1,338,516	-	-
-	(2,083,589)	(2,083,589)	-	-
-	10,896	10,896	-	-
-	(37,619)	(37,619)	-	-
-	81,483	81,483	-	-
-	(55,416)	(55,416)	-	-
<u>\$ (45,229,785)</u>	<u>\$ (55,416)</u>	<u>\$ (45,285,201)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 431,021	\$ -
-	-	-	-	(13,504)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,021</u>	<u>\$ (13,504)</u>
\$ 13,870,933	\$ 1,753,400	\$ 15,624,333	\$ -	\$ -
5,115,322	-	5,115,322	-	-
2,244,178	-	2,244,178	-	-
2,800,493	-	2,800,493	-	-
1,067,754	-	1,067,754	-	-
1,264,855	-	1,264,855	-	-
683,231	-	683,231	-	-
2,590,996	-	2,590,996	-	-
8,843,026	-	8,843,026	-	-
94,752	50,850	145,602	140	254,369
418,279	-	418,279	-	-
(385,513)	385,513	-	-	-
<u>38,608,306</u>	<u>2,189,763</u>	<u>40,798,069</u>	<u>140</u>	<u>254,369</u>
(6,621,479)	2,134,347	(4,487,132)	431,161	240,865
<u>87,141,004</u>	<u>47,146,654</u>	<u>134,287,658</u>	<u>105,193</u>	<u>1,976,812</u>
<u>\$ 80,519,525</u>	<u>\$ 49,281,001</u>	<u>\$ 129,800,526</u>	<u>\$ 536,354</u>	<u>\$ 2,217,677</u>

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2014

	<u>General Fund</u>	<u>Public Library Fund</u>	<u>TIF Fund</u>
ASSETS			
Cash and investments	\$ 9,618,578	\$ 1,213,713	\$ 364,973
Receivables, net			
Taxes	8,117,530	1,960,825	4,659,230
Accounts, net of allowance for uncollectibles of \$2,308,406	1,165,289	-	-
Estimated unbilled usage	125,866	-	-
Accrued interest	7,135	965	576
Notes, net of allowance for uncollectibles of \$1,284,799	-	-	275,025
Special assessments	-	-	-
Assets held for resale	-	-	229,724
Due from other funds	-	-	-
Due from other governmental agencies	2,982,819	-	-
Total Assets	<u>\$ 22,017,217</u>	<u>\$ 3,175,503</u>	<u>\$ 5,529,528</u>
LIABILITIES			
Accounts payable	\$ 531,143	\$ 52,606	\$ 28,396
Retainage payable	-	-	-
Interest payable	17	-	10
Deposits payable	-	-	-
Accrued wages and benefits	771,607	66,853	4,101
Due to other funds	1,907	-	482,558
Unearned revenue	33,220	-	-
Total Liabilities	<u>1,337,894</u>	<u>119,459</u>	<u>515,065</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	6,738,332	1,960,824	4,659,228
Unavailable revenue-grants	-	-	-
Unavailable revenue-other taxes	1,555,780	-	-
Unavailable revenue-special assessments	-	-	-
Total deferred inflows of resources	<u>8,294,112</u>	<u>1,960,824</u>	<u>4,659,228</u>
FUND BALANCES			
Restricted	279,058	1,095,220	355,235
Committed	-	-	-
Assigned	-	-	-
Unassigned	12,106,153	-	-
Total Fund Balances	<u>12,385,211</u>	<u>1,095,220</u>	<u>355,235</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,017,217</u>	<u>\$ 3,175,503</u>	<u>\$ 5,529,528</u>

See notes to the financial statements.

Exhibit 3

<u>Riverboat Gaming Fund</u>	<u>Capital Projects Fund</u>	<u>Community/ Economic Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,258,706	\$ 9,455,366	\$ -	\$ 3,141,676	\$ 30,053,012
-	-	-	309,180	15,046,765
-	-	-	333	1,165,622
-	-	-	-	125,866
4,739	7,656	79	2,547	23,697
-	-	237,500	-	512,525
-	-	-	257,972	257,972
-	-	6,797,305	-	7,027,029
1,160,435	-	13,800	317,396	1,491,631
591,476	-	40,611	912,861	4,527,767
<u>\$ 8,015,356</u>	<u>\$ 9,463,022</u>	<u>\$ 7,089,295</u>	<u>\$ 4,941,965</u>	<u>\$ 60,231,886</u>
\$ -	\$ 309,062	\$ 228,989	\$ 93,514	\$ 1,243,710
-	-	-	145,302	145,302
-	-	-	645	672
-	-	-	66,385	66,385
-	-	-	34,677	877,238
-	-	171,513	835,653	1,491,631
-	-	-	-	33,220
<u>-</u>	<u>309,062</u>	<u>400,502</u>	<u>1,176,176</u>	<u>3,858,158</u>
-	-	-	302,148	13,660,532
-	-	15,611	206,455	222,066
-	-	-	-	1,555,780
<u>-</u>	<u>-</u>	<u>-</u>	<u>257,970</u>	<u>257,970</u>
<u>-</u>	<u>-</u>	<u>15,611</u>	<u>766,573</u>	<u>15,696,348</u>
-	9,153,960	-	3,609,969	14,493,442
8,015,356	-	6,673,182	-	14,688,538
-	-	-	60,554	60,554
-	-	-	(671,307)	11,434,846
<u>8,015,356</u>	<u>9,153,960</u>	<u>6,673,182</u>	<u>2,999,216</u>	<u>40,677,380</u>
<u>\$ 8,015,356</u>	<u>\$ 9,463,022</u>	<u>\$ 7,089,295</u>	<u>\$ 4,941,965</u>	<u>\$ 60,231,886</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2014

Exhibit 3-1

Total governmental fund balances	\$	40,677,380
Amounts reported for governmental activities in the statement of net position 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		6,753,936
Equipment		2,940,136
Buildings and improvements		26,549,178
Infrastructure		66,696,940
Accumulated depreciation		<u>(43,991,926)</u>
		66,760,775
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 unavailable in the funds.		
		15,696,348
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 position.		
		7,716,039
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		(24,054,300)
Bond premiums		(463,774)
Accrued interest on the bonds		(293,519)
Line of credit		(12,115,602)
Compensated absences		(3,267,055)
Accrued pension contribution		(4,607,488)
Net pension obligation		(902,656)
Other postemployment benefits		<u>(4,626,623)</u>
		<u>(50,331,017)</u>
Net position of governmental activities	<u>\$</u>	<u>80,519,525</u>

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH, 31 2014

	General Fund	Public Library Fund	TIF Fund	Riverboat Gaming Fund
REVENUES				
Property taxes	\$ 7,186,047	\$ 1,970,227	\$ 4,851,624	\$ -
Other taxes	17,605,753	-	-	5,115,322
Fines and fees	347,347	48,784	-	-
Intergovernmental	97,677	261,438	-	-
Charges for services	6,791,855	20,410	-	-
Interest	30,042	3,972	3,440	16,732
Licenses and permits	1,172,228	-	-	-
Contributions	65,417	71,736	-	-
Other	61,532	1,157	1,524	-
Total revenues	33,357,898	2,377,724	4,856,588	5,132,054
EXPENDITURES				
Current				
General government	5,566,040	75,910	6,400,905	-
Police and fire	21,343,536	-	-	-
Electrical maintenance	621,642	-	-	-
Municipal vehicle parking system	194,694	-	-	-
Highway and street	4,270,551	-	-	-
Refuse disposal	1,684,440	-	-	-
Libraries	-	2,401,209	-	-
Capital outlay	201,692	-	27,500	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	33,882,595	2,477,119	6,428,405	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(524,697)	(99,395)	(1,571,817)	5,132,054
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds sold	-	-	-	-
Issuance of loan payable	-	-	-	-
Transfers from other funds	3,912,049	45,365	175	-
Transfers to other funds	(2,421,370)	-	(1,527,974)	(4,999,848)
Total Other Financing Sources (Uses)	1,490,679	45,365	(1,527,799)	(4,999,848)
NET CHANGE IN FUND BALANCES	965,982	(54,030)	(3,099,616)	132,206
FUND BALANCES, BEGINNING	11,419,229	1,149,250	3,454,851	7,883,150
FUND BALANCES, ENDING	\$ 12,385,211	\$ 1,095,220	\$ 355,235	\$ 8,015,356

See notes to financial statements

Capital Projects Fund	Community/ Economic Development Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 229,315	\$ 14,237,213
-	-	1,379,363	24,100,438
-	-	-	396,131
114,250	763,114	2,100,574	3,337,053
5,443	322,210	253,544	7,393,462
19,508	(4,333)	135,181	204,542
-	-	-	1,172,228
-	37,500	7,000	181,653
770	21,125	1,149	87,257
<u>139,971</u>	<u>1,139,616</u>	<u>4,106,126</u>	<u>51,109,977</u>
-	8,080,354	1,390,518	21,513,727
-	-	-	21,343,536
-	-	-	621,642
-	-	-	194,694
-	-	-	4,270,551
-	-	-	1,684,440
-	-	-	2,401,209
5,824,703	851,489	1,679,906	8,585,290
-	-	1,759,150	1,759,150
110,652	11,950	705,063	827,665
<u>5,935,355</u>	<u>8,943,793</u>	<u>5,534,637</u>	<u>63,201,904</u>
<u>(5,795,384)</u>	<u>(7,804,177)</u>	<u>(1,428,511)</u>	<u>(12,091,927)</u>
9,625,000	1,000,000	-	10,625,000
370,408	-	-	370,408
-	9,093,064	-	9,093,064
3,750,906	932,481	2,164,816	10,805,792
(1,225,727)	(1,141)	(960,958)	(11,137,018)
<u>12,520,587</u>	<u>11,024,404</u>	<u>1,203,858</u>	<u>19,757,246</u>
6,725,203	3,220,227	(224,653)	7,665,319
<u>2,428,757</u>	<u>3,452,955</u>	<u>3,223,869</u>	<u>33,012,061</u>
<u>\$ 9,153,960</u>	<u>\$ 6,673,182</u>	<u>\$ 2,999,216</u>	<u>\$ 40,677,380</u>



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, 2014**

Net change in fund balances - total governmental funds \$ 7,665,319

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	\$	8,135,801	
Loss on disposal		(27,460)	
Depreciation expense		<u>(2,037,737)</u>	
			6,070,604

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 inflows of resources in the governmental funds. (126,544)

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 position and does not affect the statement of activities. The City had bond proceeds and principal payments:

Issuance of long-term debt			(10,625,000)
Issuance of line of credit			(9,093,064)
Principal payments			1,759,150

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		(117,851)	
Bond premiums		(361,403)	
Deferred charge on refunding		(803)	
Compensated absences		181,156	
Accrued pension contribution		(275,263)	
Net pension obligation		63,061	
Other postemployment benefits		<u>(986,818)</u>	
Total additional expenses			(1,497,921)

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. (774,023)

Change in net position of governmental activities on the statement of activities \$ (6,621,479)

See notes to financial statements

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2014

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 1,067,531	\$ 5,740,197
Receivables, net		
Taxes	-	-
Accounts, net of allowance for uncollectibles of \$554,307	717,766	758,103
Estimated unbilled usage	755,450	1,040,793
Accrued interest	849	1,544
Current portion of notes receivable	-	-
Other	-	-
Due from other funds	-	32,709
Due from other governmental agencies	-	4,674,744
Inventories	-	-
Assets held for resale	-	-
	<u>2,541,596</u>	<u>12,248,090</u>
Total Current Assets		
NONCURRENT ASSETS		
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$1,511,336	<u>-</u>	<u>-</u>
Capital assets		
Land	39,426	94,450
Buildings and improvements	36,161	-
Equipment	168,422	320,056
Infrastructure	32,529,360	35,037,210
Construction in progress	217,355	51,820,737
Accumulated depreciation	<u>(21,422,312)</u>	<u>(24,750,518)</u>
Net Capital assets	<u>11,568,412</u>	<u>62,521,935</u>
Total Noncurrent Assets	<u>11,568,412</u>	<u>62,521,935</u>
Total Assets	<u>14,110,008</u>	<u>74,770,025</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding	<u>1,880</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>1,880</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,111,888</u>	<u>\$ 74,770,025</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>
\$ 889,587	\$ 1,738,042	\$ 9,435,357	\$ 4,770,584
1,744,636	-	1,744,636	-
50,505	153,692	1,680,066	-
-	224,814	2,021,057	-
678	4,985	8,056	4,113
-	256,187	256,187	-
-	-	-	61,241
-	-	32,709	660,376
371,218	-	5,045,962	480
15,805	-	15,805	379,147
-	-	-	12,152
<u>3,072,429</u>	<u>2,377,720</u>	<u>20,239,835</u>	<u>5,888,093</u>
-	1,429,735	1,429,735	-
1,452,600	-	1,586,476	17,500
16,544,756	837,142	17,418,059	1,799,903
1,660,558	700,794	2,849,830	10,239,334
5,550,738	5,622,032	78,739,340	481,971
-	-	52,038,092	-
<u>(11,690,328)</u>	<u>(4,391,147)</u>	<u>(62,254,305)</u>	<u>(6,381,870)</u>
<u>13,518,324</u>	<u>2,768,821</u>	<u>90,377,492</u>	<u>6,156,838</u>
<u>13,518,324</u>	<u>4,198,556</u>	<u>91,807,227</u>	<u>6,156,838</u>
<u>16,590,753</u>	<u>6,576,276</u>	<u>112,047,062</u>	<u>12,044,931</u>
-	25,525	27,405	-
-	25,525	27,405	-
<u>\$ 16,590,753</u>	<u>\$ 6,601,801</u>	<u>\$ 112,074,467</u>	<u>\$ 12,044,931</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2014

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 230,883	\$ 445,512
Retainage payable	-	1,180,964
Deposits payable	-	-
Claims payable	-	-
Accrued wages and benefits	79,758	52,958
Compensated absences	130,006	98,096
Accrued interest payable	41,774	444,061
Due to other funds	-	-
Unearned revenue	-	-
Notes payable	-	732,198
General obligation bonds	<u>529,550</u>	<u>758,350</u>
Total Current Liabilities	<u>1,011,971</u>	<u>3,712,139</u>
LONG-TERM LIABILITIES		
Notes payable	-	40,507,831
General obligation bonds	3,357,288	9,011,655
Other postemployment benefits	421,727	153,190
Compensated absences	<u>110,016</u>	<u>83,012</u>
Total Long-term Liabilities	<u>3,889,031</u>	<u>49,755,688</u>
Total Liabilities	<u>4,901,002</u>	<u>53,467,827</u>
NET POSITION		
Net investment in capital assets	7,951,676	13,943,467
Unrestricted	<u>1,259,210</u>	<u>7,358,731</u>
Total Net Position	<u>9,210,886</u>	<u>21,302,198</u>
Total Liabilities and Net Position	<u>\$ 14,111,888</u>	<u>\$ 74,770,025</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>
\$ 126,632	\$ 37,164	\$ 840,191	\$ 578,630
-	-	1,180,964	-
300	-	300	-
-	-	-	664,250
92,039	21,822	246,577	87,352
228,556	38,518	495,176	163,453
28,358	4,255	518,448	19,049
-	32,709	32,709	660,376
277,351	70,852	348,203	-
-	-	732,198	-
<u>255,000</u>	<u>35,000</u>	<u>1,577,900</u>	<u>116,667</u>
<u>1,008,236</u>	<u>240,320</u>	<u>5,972,666</u>	<u>2,289,777</u>
-	-	40,507,831	-
2,083,158	630,428	15,082,529	1,668,333
377,317	91,633	1,043,867	-
<u>193,413</u>	<u>32,595</u>	<u>419,036</u>	<u>138,319</u>
<u>2,653,888</u>	<u>754,656</u>	<u>57,053,263</u>	<u>1,806,652</u>
<u>3,662,124</u>	<u>994,976</u>	<u>63,025,929</u>	<u>4,096,429</u>
11,180,166	2,128,918	35,204,227	4,371,838
<u>1,748,463</u>	<u>3,477,907</u>	<u>13,844,311</u>	<u>3,576,664</u>
<u>12,928,629</u>	<u>5,606,825</u>	<u>49,048,538</u>	<u>7,948,502</u>
<u>\$ 16,590,753</u>	<u>\$ 6,601,801</u>	<u>\$ 112,074,467</u>	<u>\$ 12,044,931</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS

Exhibit 5-1

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

MARCH 31, 2014

Total enterprise funds net position	\$	49,048,538
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>232,463</u>
Net position of business-type activities	\$	<u><u>49,281,001</u></u>

See notes to financial statements

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES FUND IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
OPERATING REVENUES		
Charges for services	\$ 6,174,408	\$ 7,720,497
Sales of merchandise	-	-
Interest	-	-
Other	123,614	175,231
Total Operating Revenues	<u>6,298,022</u>	<u>7,895,728</u>
OPERATING EXPENSES		
Personnel	2,162,389	1,315,385
Cost of sales	-	-
Supplies	763,310	136,624
Services	2,094,928	3,669,327
Programs	-	-
Provision for uncollectible accounts	21,739	14,711
Depreciation	647,753	568,351
Other	63,207	72,523
Total Operating Expenses	<u>5,753,326</u>	<u>5,776,921</u>
OPERATING INCOME (LOSS)	<u>544,696</u>	<u>2,118,807</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	-
Intergovernmental	-	206,679
Contributions	-	-
Loss - Sale of asset	-	-
Interest income	3,254	16,301
Interest expense	(123,773)	(986,970)
Net Nonoperating Revenues (Expenses)	<u>(120,519)</u>	<u>(763,990)</u>
INCOME BEFORE TRANSFERS	424,177	1,354,817
TRANSFERS FROM OTHER FUNDS	137,693	104,498
TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>(42,878)</u>
CHANGE IN NET POSITION	561,870	1,416,437
NET POSITION, BEGINNING	<u>8,649,016</u>	<u>19,885,761</u>
NET POSITION, ENDING	<u>\$ 9,210,886</u>	<u>\$ 21,302,198</u>

See notes to financial statements

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 2,358,110	\$ 2,169,052	\$ 18,422,067	\$ 11,487,840
845,270	118,107	963,377	2,327
-	90,239	90,239	-
46,038	12,350	357,233	288,405
<u>3,249,418</u>	<u>2,389,748</u>	<u>19,832,916</u>	<u>11,778,572</u>
3,030,720	614,332	7,122,826	2,023,104
220,308	121,363	341,671	2,181
598,228	123,514	1,621,676	1,302,895
1,264,038	1,246,992	8,275,285	7,925,617
2,873	21,287	24,160	-
-	31,083	67,533	-
494,237	180,829	1,891,170	627,739
79,152	5,775	220,657	41,746
<u>5,689,556</u>	<u>2,345,175</u>	<u>19,564,978</u>	<u>11,923,282</u>
<u>(2,440,138)</u>	<u>44,573</u>	<u>267,938</u>	<u>(144,710)</u>
1,753,400	-	1,753,400	-
412,563	37,117	656,359	63,348
33,173	-	33,173	-
-	-	-	(351,256)
1,871	6,027	27,453	7,442
(89,187)	(26,930)	(1,226,860)	(57,189)
<u>2,111,820</u>	<u>16,214</u>	<u>1,243,525</u>	<u>(337,655)</u>
(328,318)	60,787	1,511,463	(482,365)
239,043	-	481,234	24,120
(52,843)	-	(95,721)	(78,407)
(142,118)	60,787	1,896,976	(536,652)
<u>13,070,747</u>	<u>5,546,038</u>	<u>47,151,562</u>	<u>8,485,154</u>
<u>\$ 12,928,629</u>	<u>\$ 5,606,825</u>	<u>\$ 49,048,538</u>	<u>\$ 7,948,502</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF THE CHANGES IN NET POSITION OF ENTERPRISE FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

Exhibit 6-1

Net change in net position of enterprise funds	\$ 1,896,976
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	<u>237,371</u>
Change in net positions of business-type activities	<u>\$ 2,134,347</u>

See notes to the financial statements

CITY OF ROCK ISLAND, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED MARCH 31, 2014

	Waterworks	Wastewater	Business-type Park & Recreation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,093,260	\$ 7,621,796	\$ 3,074,476
Interest received on notes receivable	-	-	-
Cash payments to suppliers for goods and services	(2,885,308)	(5,609,284)	(2,155,092)
Cash payments to employees for services	(2,072,721)	(1,297,906)	(2,948,033)
Other operating revenue	123,614	175,231	46,037
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,258,845	889,837	(1,982,612)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	137,693	104,498	239,043
Transfer to other funds	-	(42,878)	(52,843)
Interfund loan or loan repayments received	103,874	48,907	-
Interfund loan or loan repayments (paid)	-	-	-
Property tax receipts	-	-	1,752,886
Contributions	-	-	33,173
Intergovernmental	-	-	412,563
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	241,567	110,527	2,384,822
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property and equipment	(350,497)	(18,668,836)	(762,679)
Proceeds from issuance of general obligation bonds	-	-	-
Payment of general obligation bonds	(643,058)	(742,792)	(245,000)
Proceeds from issuance of refunding bonds	-	-	-
Payment of notes payables	-	(422,320)	-
Interest paid	(139,899)	(791,359)	(93,964)
Intergovernmental loan proceeds	-	18,301,597	-
Intergovernmental grant proceeds	-	-	(371,208)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,133,454)	(2,323,710)	(1,472,851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on cash and investments	2,789	14,757	4,480
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	369,747	(1,308,589)	(1,066,161)
CASH AND CASH EQUIVALENTS, BEGINNING	697,784	7,048,786	1,955,748
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,067,531	\$ 5,740,197	\$ 889,587

Activities Enterprise Funds

Other Enterprise Funds	Total	Internal Service Funds
\$ 2,261,522	\$ 19,051,054	\$ 11,445,660
90,239	90,239	-
(1,496,675)	(12,146,359)	(9,340,844)
(590,182)	(6,908,842)	(1,985,972)
-	344,882	288,405
264,904	430,974	407,249
-	481,234	24,120
-	(95,721)	(78,407)
68,047	220,828	-
(26,933)	(26,933)	(185,490)
-	1,752,886	-
-	33,173	-
48,976	461,539	64,148
90,090	2,827,006	(175,629)
-	(19,782,012)	(908,613)
-	-	-
(35,000)	(1,665,850)	(111,667)
-	-	-
-	(422,320)	-
(15,886)	(1,041,108)	(63,827)
-	18,301,597	-
-	(371,208)	-
(50,886)	(4,980,901)	(1,084,107)
6,539	28,565	17,375
310,647	(1,694,356)	(835,112)
1,427,395	11,129,713	5,605,696
\$ 1,738,042	\$ 9,435,357	\$ 4,770,584

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2014

	<u>Waterworks</u>	<u>Wastewater</u>	<u>Business-type Park & Recreation Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 544,696	\$ 2,118,807	\$ (2,440,138)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	647,753	568,351	494,237
Changes in assets and liabilities			
(Increase) decrease in receivables	(59,409)	(83,990)	(14,893)
(increase) decrease in inventories			9,513
(Increase) decrease in assets held for resale			
Increase (decrease) in accounts, retainage, deposits, and claims payable	36,137	(1,730,810)	(98,252)
Increase (decrease) in accrued liabilities	89,668	17,479	82,693
Increase (decrease) in unearned revenue			(15,772)
Total Adjustments	<u>714,149</u>	<u>(1,228,970)</u>	<u>457,526</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>1,258,845</u></u>	<u><u>889,837</u></u>	<u><u>(1,982,612)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Intergovernmental receivable and note payable	-	4,468,065	-
Intergovernmental receivable for infrastructure	<u>-</u>	<u>206,679</u>	<u>-</u>
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u><u>\$ -</u></u>	<u><u>\$ 4,674,744</u></u>	<u><u>\$ -</u></u>

Activities Enterprise Funds

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 44,573	\$ 267,938	\$ (144,710)
180,829	1,891,170	627,739
12,119	(146,173)	(44,507)
-	9,513	24,373
-	-	(1,562)
23,640	(1,769,285)	(91,216)
24,150	213,990	37,132
<u>(20,407)</u>	<u>(36,179)</u>	<u> </u>
<u>220,331</u>	<u>163,036</u>	<u>551,959</u>
<u>264,904</u>	<u>430,974</u>	<u>407,249</u>
-	4,468,065	-
<u>-</u>	<u>206,679</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 4,674,744</u>	<u>\$ -</u>

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
MARCH 31, 2014

Exhibit 8

	<u>Pension Trust Funds</u>	<u>Agency Fund Section 125 Cafeteria Plan Fund</u>
ASSETS		
Cash and equivalents	\$ 1,764,311	\$ 2,872
Equity securities	28,272,526	-
Taxable bonds	25,428,726	-
Receivables		
Accrued interest	176,921	5
Employer contributions	4,607,488	-
Total Assets	<u>60,249,972</u>	<u>2,877</u>
LIABILITIES		
Outstanding checks in excess of bank balance	1,624,895	-
Accounts payable	20,816	2,877
Total Liabilities	<u>1,645,711</u>	<u>2,877</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 58,604,261</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, 2014

Exhibit 9

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Plan members	\$ 914,227
Employer	4,332,225
Total Contributions	<u>5,246,452</u>
Net investment income	
Net increase in fair value of investments	3,659,765
Interest	1,367,959
Net Investment Income	<u>5,027,724</u>
Total Additions	<u>10,274,176</u>
DEDUCTIONS	
Benefits	7,353,968
Administrative expenses	106,788
Total Deductions	<u>7,460,756</u>
CHANGE IN NET POSITIONS HELD IN TRUST FOR PENSION BENEFITS	2,813,420
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>55,790,841</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u><u>\$ 58,604,261</u></u>

See notes to financial statements



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2013, the Foundation distributed \$39,529 to the City. The Foundation is presented as an enterprise fund type. Complete financial statements for the Foundation can be obtained from the Foundation Office at 401 19th Street, Rock Island, Illinois 61201.

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, 2014

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or matured. 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 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:

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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*, a special revenue fund, accounts for services related to the operation of the City Library.

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

The *Riverboat Gaming Fund*, a special revenue fund, accounts for revenue and expenditures from riverboat gaming.

The *Community Economic Development Fund*, a special revenue fund, accounts for expenditures which support outside agencies and special economic development activities.

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*, an enterprise 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*, an enterprise 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*, an enterprise 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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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.

Significant Accounting Policies

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 2013 levy which is due and collectible in the December 31, 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 inflows of resources 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.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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 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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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.

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:

	<u>Losses in Excess of</u>		Policy Limit Per Incident
	<u>Per Incident</u>	<u>Per Year</u>	
General liability	\$ 100,000	No Coverage	\$ 4,000,000
Property	200,000	No Coverage	131,753,000
Health benefits	135,000	\$ 3,862,257	Eliminated
Workers’ compensation - police and fire	650,000	Statute	
Workers’ compensation – all other	600,000	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 2013 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 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,

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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. Fund balance amounts are committed through a formal action (ordinance) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed required the same formal action of the City that originally created the commitment. Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City Council has delegated the authority to assign fund balance to the Finance Director. 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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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 \$268,222 in the Waterworks Fund, \$2,431,566 in the Wastewater Treatment Fund, and \$10,722,409 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 \$196,540 for tax increment financing, \$678,449 for motor fuel taxes, \$997,676 for debt service, \$279,058 for public safety, \$1,095,618 for public library, \$468,410 for drug prevention programs and \$266,133 for other programs.

NOTE 2 – DEFICIT BALANCES

The following individual funds have a fund balance/net position deficit as of March 31, 2014:

Governmental	
Housing and Community Development Fund	\$ 77,660
Neighborhood Stabilization Fund	12,470
Martin Luther King Facility Improvement Fund	506,758
Schwiebert Park Boat Dock	74,419
Internal Service	
Engineering Fund	\$ 889,634
Self-Insurance Fund	99,755

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	\$ 42,636,931	\$ 106,513	\$ 113,280
Investments, primarily pension funds	55,465,563	-	2,103,318
Petty cash	-	-	-
	<u>\$ 98,102,494</u>	<u>\$ 106,513</u>	<u>\$ 2,216,598</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

	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	\$ 44,258,953	\$ 106,513	\$ 2,216,598
Statement of fiduciary net position:			
Outstanding checks in excess of bank balance	(1,624,895)	-	-
Cash and investments, pension trust and agency funds.	<u>55,468,436</u>	<u>-</u>	<u>-</u>
	<u>\$ 98,102,494</u>	<u>\$ 106,513</u>	<u>\$ 2,216,598</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	5,944,534	1,256,322	4,688,212	-	-
Illinois Metropolitan Investment Funds (IMET) 20294-203	153,972	-	153,972	-	-
Illinois Funds Money Market	12,316,028	12,316,028	-	-	-
Illinois Institutional Investment Trust Consolidated 450432	4,326,658	4,326,658	-	-	-
Illinois Institutional Investment Trust Consolidated 450435	332,316	332,316	-	-	-
Illinois Institutional Investment Trust Consolidated 450434	172,106	172,106	-	-	-
American Bank & Trust Money Market Funds	3,957,537	3,957,537	-	-	-
American Bank & Trust Certificates of Deposit	9,000,000	6,250,000	2,750,000	-	-
	<u>36,203,152</u>	<u>28,610,968</u>	<u>7,592,184</u>	<u>-</u>	<u>-</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, the City’s investments were rated as follows:

<u>City of Rock Island Cash Pool</u>	<u>Moody’s Investors’ Service</u>	<u>Standard & Poor’s</u>
IMET 1-3 year fund	Aaa\MR1	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.

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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, all of the City's deposits with financial institutions, with the exception of \$750,000 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
 - ✓ 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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014:

Firefighter's Pension Fund	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Illinois Funds Money Market Fund	\$ 392,609	\$ 392,609	\$ -	\$ -	\$ -
Taxable Bonds	10,928,212	502,201	7,070,252	2,966,751	389,008
Stocks	11,749,045	-	-	-	-
	<u>\$ 23,069,866</u>	<u>\$ 894,809</u>	<u>\$ 7,070,252</u>	<u>\$ 2,966,751</u>	<u>\$ 389,008</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, 2014, the Firefighters' Pension investments were rated as follows:

Description	Minor Asset Type	Moody's Rating	S&P Rating
U S TREASURY NT 2.250% 1/31/15	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.375% 8/31/14	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.250% 10/31/15	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.000% 1/31/16	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.000% 9/30/16	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.000% 3/31/17	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.875% 8/31/17	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.500% 8/31/18	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.250% 1/31/19	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.625% 8/15/20	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.625% 8/15/22	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.500% 8/15/23	US TREASURY BONDS & NOTES	AAA	n/a
F N M A M T N 5.250% 9/15/16	US AGENCIES	AAA	AA+
F N M A DEB 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 II #008103 4.000% 2/20/16	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 #973050 5.000% 3/01/38	GNMA/FNMA/FHLMC POOLS	n/a	n/a
F N M A #995265 5.500% 1/01/24	GNMA/FNMA/FHLMC POOLS	n/a	n/a
G N M A II #008103 4.000% 2/20/16	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
G N M A #781328 7.000% 9/15/31	GNMA/FNMA/FHLMC POOLS	n/a	n/a
CITIGROUP INC 4.875% 5/07/15	CORPORATE BONDS AND NOTES	BAA3	BBB+
XEROX CORP 6.400% 3/15/16	CORPORATE BONDS AND NOTES	BAA2	BBB
MORGAN STANLEY 5.450% 1/09/17	CORPORATE BONDS AND NOTES	BAA2	A-
MORGAN STANLEY 4.750% 3/22/17	CORPORATE BONDS AND NOTES	BAA2	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 +
REPUBLIC SERV INC 3.800% 5/15/18	CORPORATE BONDS AND NOTES	BAA3	BBB +

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

AMERICAN EXPRESS CO 1.550% 5/22/18	CORPORATE BONDS AND NOTES	A3	BBB+
BNP PARIBAS 2.700% 8/20/18	CORPORATE BONDS AND NOTES	A1	A+
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	AA-
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	A1	A+
REINSURANCE GRP OF AMER 6.450% 11/15/19	CORPORATE BONDS AND NOTES	BAA1	A-
GEN ELEC CAP CRP MTN 5.500% 1/08/20	CORPORATE BONDS AND NOTES	A1	AA+
DIGITAL REALT LP 5.875% 2/01/20	CORPORATE BONDS AND NOTES	BAA2	BBB
XCEL ENERGY INC 4.700% 5/15/20	CORPORATE BONDS AND NOTES	BAA2	BBB
BORGWARNER INC 4.625 9/18/20	CORPORATE BONDS AND NOTES	BAA2	BBB+
EXELON GEN CO LLC 4.000% 10/1/20	CORPORATE BONDS AND NOTES	BAA2	BBB
WILLIAMS PARTNERS LP 4.125% 11/15/20	CORPORATE BONDS AND NOTES	BAA2	BBB
HEALTH CARE REIT INC 4.125 8/15/21	CORPORATE BONDS AND NOTES	BAA2	BBB
DIRECTV HOLDINGS FING 4.600% 4/1/21	CORPORATE BONDS AND NOTES	BAA2	BBB
VERIZON COM 4.600% 7/15/21	CORPORATE BONDS AND NOTES	BAA1	BBB+
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	A2	A+
DUKE ENERGY CORP 3.550% 9/15/21	CORPORATE BONDS AND NOTES	A3	BBB
HEWLETT PACK CO 4.375% 9/15/21	CORPORATE BONDS AND NOTES	BAA1	BBB+
BANK OF NY MELLON 3.550% 9/23/21	CORPORATE BONDS AND NOTES	A1	A+
INTEL CORP 3.300% 10/1/21	CORPORATE BONDS AND NOTES	A1	A+
AMGEN INC 3.875% 11/15/21	CORPORATE BONDS AND NOTES	BAA1	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
US BANCORP 2.950% 7/15/22	CORPORATE BONDS AND NOTES	A2	A
REALTY INCOME CORP 3.350% 11/15/22	CORPORATE BONDS AND NOTES	BAA1	BBB+
DARDEN RESTAURANTS 3.350% 11/01/22	CORPORATE BONDS AND NOTES	BAA2	BBB
MORGAN STANLEY 4.875% 11/1/22	CORPORATE BONDS AND NOTES	BAA3	BBB+
VIACOM INC 3.250% 3/15/23	CORPORATE BONDS AND NOTES	BAA2	BBB
AMERICAN CAMPUS 3.750% 4/15/23	CORPORATE BONDS AND NOTES	BAA3	BBB-
APPLE INC 4.250% 9/1/23	CORPORATE BONDS AND NOTES	AA1	AA+
VIACOM INC 4.250% 9/1/23	CORPORATE BONDS AND NOTES	BAA2	BBB
VERIZON COM 5.150% 9/15/23	CORPORATE BONDS AND NOTES	BAA1	BBB+
ROYAL BANK OF CANADA 1.200% 9/19/17	OTHER FOREIGN CORPORATE BONDS	AAA	N/R
CANADA NOVA SCOTIA 1.375% 12/18/17	OTHER FOREIGN CORPORATE BONDS	AA2	A+
GOLDCORP INC 2.125% 3/15/18	OTHER FOREIGN CORPORATE BONDS	BAA2	BBB+
CREDIT SUISSE 5.400% 1/14/20	OTHER FOREIGN CORPORATE BONDS	BAA2	BBB+
WEATHERFORD INTL LTD 5.125% 1/14/20	OTHER FOREIGN CORPORATE BONDS	BAA3	BBB-
PETROBRAS INTL FIN CO 5.375% 1/27/21	OTHER FOREIGN CORPORATE BONDS	BAA1	BBB-
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 FIREFTRS	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, 2014.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014:

Police Pension Fund	Investment in Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Cash	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -
Illinois Funds Money Market Fund	371,702	371,702	-	-	-
Taxable Bonds	14,500,514	1,000,642	9,199,111	3,815,659	485,102
Stocks	16,523,481	-	-	-	-
	<u>\$ 32,395,697</u>	<u>\$ 2,372,344</u>	<u>\$ 9,199,111</u>	<u>\$ 3,815,659</u>	<u>\$ 485,102</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, the Police Pension investments were rated as follows:

Description	Minor Asset Type	Moody's Rating	S&P Rating
U S TREASURY NT 4.75% 5/15/14	US TREASURY BONDS & NOTES	WR	n/a
U S TREASURY NT 0.500% 8/15/14	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.375% 8/31/14	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.250% 1/31/15	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.250% 10/31/15	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 2.000% 1/31/16	US TREASURY BONDS & NOTES	AAA	n/a
U S TREASURY NT 1.625% 9/30/16	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 1.000% 3/31/17	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 1.500% 8/31/18	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 1.250% 1/31/19	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 2.625% 8/15/20	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 1.625% 8/15/22	US TREASURY BONDS & NOTES	AAA	AA+
U S TREASURY NT 2.500% 8/15/23	US TREASURY BONDS & NOTES	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 5.000% 2/13/17	US AGENCIES	AAA	AA+
F N M A DEB 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 #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
G N M A #781328 7.000% 9/15/31	GNMA/FNMA/FHLMC POOLS	n/a	n/a
CITIGROUP INC 4.875% 5/07/15	CORPORATE BONDS AND NOTES	BAA3	BBB+
XEROX CORP 6.400% 3/15/16	CORPORATE BONDS AND NOTES	BAA2	BBB
MORGAN STANLEY 5.450% 1/09/17	CORPORATE BONDS AND NOTES	BAA2	A-
MORGAN STANLEY 4.750% 3/22/17	CORPORATE BONDS AND NOTES	BAA2	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
REPUBLIC SERVICES INC 3.800% 5/15/18	CORPORATE BONDS AND NOTES	BAA3	BBB+
AMERICAN EXPRESS CO 1.550% 5/22/18	CORPORATE BONDS AND NOTES	A3	BBB+
BNP PARIBAS 2.700% 8/20/18	CORPORATE BONDS AND NOTES	A1	A+
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	AA-
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+
REINSURANCE GRP OF AMER 6.450% 11/15/19	CORPORATE BONDS AND NOTES	BAA1	A-
GEN ELEC CAP CEP MTN 5.500% 1/8/20	CORPORATE BONDS AND NOTES	A1	AA+
DIGITAL REALT LP 5.875% 2/01/20	CORPORATE BONDS AND NOTES	BAA2	BBB
XCEL ENERGY INC 4.700% 5/15/20	CORPORATE BONDS AND NOTES	A3	BBB+
BORGWARNER INC 4.625% 9/15/20	CORPORATE BONDS AND NOTES	BAA2	BBB+
EXELON GEN CO LLC 4.000% 10/1/20	CORPORATE BONDS AND NOTES	BAA2	BBB
WILLIAMS PARTNERS LP 4.125% 11/15/20	CORPORATE BONDS AND NOTES	BAA2	BBB
HEALTH CARE REIT INC 4.950% 1/15/21	CORPORATE BONDS AND NOTES	BAA2	BBB
DIRECTV HOLDINGS FING 4.600% 2/15/21	CORPORATE BONDS AND NOTES	BAA2	BBB
VERIZON COMMUNICATIONS 4.600% 4/1/21	CORPORATE BONDS AND NOTES	BAA1	BBB+
CAPITAL ONE FINANCIAL CO 4.750% 7/15/21	CORPORATE BONDS AND NOTES	BAA1	BBB
BERKSHIRE HATHAWAY INC 3.750% 8/15/21	CORPORATE BONDS AND NOTES	AA2	AA
NORTHERN TRUST CORP 3.375% 8/23/21	CORPORATE BONDS AND NOTES	A2	A+
DUKE ENERGY CORP 3.550% 9/15/21	CORPORATE BONDS AND NOTES	A3	BBB

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

HEWLETT PACKARD CO 4.375% 9/15/21	CORPORATE BONDS AND NOTES	BAA1	BBB+
BANK OF NY MELLON 3.550% 9/23/21	CORPORATE BONDS AND NOTES	A1	A+
INTEL CORP 3.300% 10/1/21	CORPORATE BONDS AND NOTES	A1	A+
AMGEN INC 3.875% 11/15/21	CORPORATE BONDS AND NOTES	BAA1	A
NEWMONT MINING CORP 3.500% 3/15/22	CORPORATE BONDS AND NOTES	BAA2	BBB
EBAY INC 2.600% 7/15/22	CORPORATE BONDS AND NOTES	A2	A
US BANCORP 2.950% 7/15/22	CORPORATE BONDS AND NOTES	A2	A
REALTY INCOME CORP 3.250% 10/15/22	CORPORATE BONDS AND NOTES	BAA1	BBB+
DARDEN RESTAURANTS 3.350% 11/01/22	CORPORATE BONDS AND NOTES	BAA3	BBB-
MORGAN STANLEY 4.875% 11/1/22	CORPORATE BONDS AND NOTES	BAA3	BBB+
VIACOM INC 3.250% 3/15/23	CORPORATE BONDS AND NOTES	BAA2	BBB
AMER CAMPUS CMNTYS 3.750% 4/15/23	CORPORATE BONDS AND NOTES	BAA3	BBB-
APPLE INC 2.400% 5/03/23	CORPORATE BONDS AND NOTES	AA1	AA+
VIACOM INC 4.250% 9/1/23	CORPORATE BONDS AND NOTES	BAA2	BBB
VERIZON COMMUNICATIONS 5.150% 9/15/23	CORPORATE BONDS AND NOTES	BAA1	BBB+
ROYAL BANK OF CANADA 1.200% 9/19/17	CANADIAN CORPORATE BONDS	AAA	N/R
GOLDCORP INC 2.125% 3/15/18	CANADIAN CORPORATE BONDS	BAA2	BBB+
CANADA BANK OF NOVA SCOTIA 1.375% 12/18/17	OTHER FOREIGN CORP BONDS	AA2	A+
CREDIT SUISSE 5.400% 1/14/20	OTHER FOREIGN CORP BONDS	BAA2	BBB+
WEATHERFORD INTL LTD 5.125% 9/15/20	OTHER FOREIGN CORP BONDS	BAA3	BBB-
PETROBRAS INTL FIN CO 5.375% 1/27/21	OTHER FOREIGN CORP BONDS	BAA1	BBB-
HSBC HOLDINGS PLC 5.100% 40/5/021	OTHER FOREIGN CORP BONDS	AA3	A+
BC CAPITAL MKTS PLC 3.245% 5/6/22	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, 2014.

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

Rock Island Public Library Foundation

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

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

The Rock Island Public Library Foundation's investments at fair value as of December 31, 2013, are as follows:

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

	<u>Fair Value</u>
Current assets:	
Equity mutual funds	\$ 364,103
Fixed income mutual funds	246,177
Total investments in current assets	<u>610,280</u>
Endowment assets:	
Equity mutual funds	949,327
Fixed income mutual funds	402,392
Private REIT	49,001
Alternative funds	92,318
Total investments in endowment assets	<u>1,493,038</u>
Total investments	<u>\$ 2,103,318</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General Fund	-	1,907
TIF	-	482,558
Gaming	1,160,435	-
Nonmajor Governmental Funds	331,196	1,007,166
Major Enterprise		
Wastewater	32,709	-
Nonmajor Enterprise		
Marina	-	32,709
Internal Service Funds		
Equipment Maintenance	660,376	-
Engineering	-	660,376
	<u>2,184,716</u>	<u>2,184,716</u>

All of the above balances represent short-term loans to cover deficit cash balances at March 31, 2014. All the balances are expected to be repaid within one year.

Interfund transfers for the year ended March 31, 2014, consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	3,912,049	2,421,370
Library	45,365	-
TIF	175	1,527,974
Gaming		4,999,848
Capital	3,750,906	1,225,727
Nonmajor Governmental Funds	3,097,297	962,099
Major Enterprise		

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

Water	137,693	-
Wastewater	104,498	42,878
Park	239,043	52,843
Nonmajor Enterprise Internal Service Funds		
Equipment Maintenance	24,120	55,357
Self Insurance	-	23,050
	<u>\$ 11,311,146</u>	<u>\$ 11,311,146</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, 2014, 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%	\$1,797,324
Less allowance for uncollectible amounts	(1,284,799)
Total governmental funds	<u>512,525</u>

Enterprise Funds:

Notes issued to businesses with maturities typically at 5 years; interest on notes typically at 4%	2,216,853
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.	351,167
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	(1,511,336)
Total enterprise funds	<u>1,685,922</u>
Total notes receivable	<u>\$2,198,447</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	7,830,011	-	-	7,830,011
Construction in Progress	1,099,926	5,776,014	122,004	6,753,936
Total Capital Assets Not Being Depreciated	8,929,937	5,776,014	122,004	14,583,947
Capital Assets Being Depreciated:				
Buildings and Improvements	26,697,539	-	-	26,697,539
Machinery and Equipment	13,802,040	1,106,124	1,952,079	12,956,085
Infrastructure	64,500,355	2,284,280	87,695	66,696,940
Total Capital Assets Being Depreciated	104,999,934	3,390,404	2,039,774	106,350,564
Less Accumulated Depreciation:				
Buildings and Improvements	9,044,484	646,157	-	9,690,641
Machinery and Equipment	8,192,918	711,986	1,583,558	7,321,346
Infrastructure	31,863,063	1,248,467	77,500	33,034,030
Total Accumulated Depreciation	49,100,465	2,606,610	1,661,058	50,046,017
Total Capital Assets Being Depreciated, Net	55,899,469	783,794	378,716	56,304,547
Governmental Activities Capital Assets, Net	64,829,406	6,559,808	500,720	70,888,494
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	1,586,476	-	-	1,586,476
Construction in Progress	33,336,833	20,786,014	2,084,755	52,038,092
Total Capital Assets Not Being Depreciated	34,923,309	20,786,014	2,084,755	53,624,568
Capital Assets Being Depreciated:				
Buildings and Improvements	18,482,113	587,488	-	19,069,601
Machinery and Equipment	2,975,778	205,435	107,998	3,073,215
Infrastructure	79,041,978	287,830	108,497	79,221,311
Total Capital Assets Being Depreciated	100,499,869	1,080,753	216,495	101,364,127
Less Accumulated Depreciation:				
Buildings and Improvements	6,101,828	437,774	-	6,539,602
Machinery and Equipment	2,361,933	80,985	107,998	2,334,920
Infrastructure	52,384,784	1,431,277	108,499	53,707,562
Total Accumulated Depreciation	60,848,545	1,950,036	216,497	62,582,084
Total Capital Assets Being Depreciated, Net	39,651,324	(869,283)	-	38,782,043
Business-type Activities Capital Assets, Net	74,574,633	19,916,731	2,084,755	92,406,611

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

Government activities	
General government	376,019
Police and fire	62,195
Highways and streets, including depreciation of general infrastructure assets	1,197,095
Municipal vehicle parking system	71,220
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	568,873
Total depreciation expense - governmental activities	<u>\$2,606,609</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

Business-type activities

Waterworks	\$647,753
Wastewater treatment	568,351
Park and recreation	494,237
Stormwater	133,898
Sunset Marina	46,931
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>\$1,950,036</u>

NOTE 7 – LONG-TERM DEBT

General obligation bonds outstanding as of March 31, 2014, 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%.	1,180,000	-	1,180,000
\$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%.	3,055,000	450,000	2,605,000
\$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.	2,105,000	740,000	1,365,000
\$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.	1,770,000	1,044,300	725,700
\$700,000 2008C clean renewable energy general obligations for hydroelectric plant improvements, due in annual installments of \$46,667 to December 15, 2022.	420,000	-	420,000
\$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.	2,100,000	2,100,000	-
\$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.	3,955,000	3,955,000	-
\$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.	2,325,000	315,000	2,010,000
\$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	-

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

\$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.	6,405,000	-	6,405,000
\$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.	2,465,000	695,000	1,770,000
\$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.	1,210,000	485,000	725,000
\$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	3,330,000	2,205,000	1,125,000
\$9,625,000, 2013A general obligation bonds for police facility construction (\$9,065,000) and the reconstruction of 23rd Avenue (\$560,000) due in annual installments of \$390,000 to \$640,000 to December 1, 2033.	9,625,000	9,625,000	-
\$1,000,000, 2013B taxable general obligation bonds for the acquisition of property at the intersection of Illinois State Route 92 and Interstate Highway I280 (Riverstone), due in annual installments of \$90,000 to \$115,000 to December 1, 2023.	1,000,000	1,000,000	-
Total	<u>42,385,000</u>	<u>24,054,300</u>	<u>18,330,700</u>

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

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

Year Ending December 31,	Governmental Activities		Business-like Activities	
	Principal	Interest	Principal	Interest
2014	2,032,100	866,874	1,694,567	667,754
2015	1,888,000	821,795	1,738,667	629,309
2016	1,945,950	761,775	1,815,717	578,543
2017	1,861,850	698,932	1,724,817	523,623
2018	1,917,750	638,522	1,398,917	469,023
2019-2023	7,493,650	2,215,384	5,243,017	1,702,396
2024-2028	3,615,000	1,199,923	3,775,000	741,916
2029-2033	3,300,000	444,150	940,000	77,825
	<u>24,054,300</u>	<u>7,647,355</u>	<u>18,330,700</u>	<u>5,390,389</u>

On December 2, 2013, the City of Rock Island, Illinois issued \$9,625,000 of General Obligation Bonds, Series 2013A with an average interest rate of 3.782297%; and \$1,000,000 of Taxable General Obligation Bonds, Series 2013B with an average interest rate of 2.42%.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 15,188,450	\$ 10,625,000	\$ 1,759,150	\$ 24,054,300	\$ 2,032,100
Unamortized discounts	-	-	-	-	-
Unamortized premiums	102,371	370,408	9,005	463,774	-
Total bonds payable	15,290,821	10,995,408	1,768,155	24,518,074	2,032,100
Line of credit	3,022,538	9,093,064	-	12,115,602	12,115,602
Other postemployment benefits	3,639,805	986,818	-	4,626,623	-
Compensated absences	3,730,372	2,097,864	2,263,801	3,564,435	1,930,648
Net pension obligation	965,717	6,910	69,971	902,656	-
Governmental activities long-term liabilities	\$ 26,649,253	\$ 23,180,064	\$ 4,101,927	\$ 45,727,390	\$ 16,078,350
Business-type activities					
Bonds payable					
General obligation bonds	\$ 20,108,217	\$ -	\$ 1,777,517	\$ 18,330,700	\$ 1,694,567
Unamortized discounts	-	-	-	-	-
Unamortized premiums	137,178	-	22,449	114,729	-
Total bonds payable	20,245,395	-	1,799,966	18,445,429	1,694,567
Notes Payable	\$ 18,892,687	\$ 22,769,662	\$ 422,320	\$ 41,240,029	\$ 732,198
Other postemployment benefits	821,219	222,648	-	1,043,867	-
Compensated absences	961,254	423,527	466,177	918,604	497,555
Business-type activity long-term liabilities	\$ 40,920,555	\$ 23,415,837	\$ 2,688,463	\$ 61,647,929	\$ 2,924,320

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds, except for the Hydro-Electric Plant Fund, are included as part of the above totals for governmental activities. At year-end \$297,380 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.

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 December 31:	Principal	Interest	Total
2014	\$ 17,790	\$ 4,521	\$ 22,311
2015	19,721	4,276	23,997
2016	19,968	4,029	23,997
2017	20,219	3,779	23,997
2018	20,472	3,525	23,997

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

2019-2023	106,276	13,710	119,986
2024-2028	113,108	6,878	119,986
2029-2030	47,254	741	47,994
	<u>\$ 364,808</u>	<u>\$ 41,458</u>	<u>\$ 406,266</u>

- \$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 maturity schedule is as follows:

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 405,604	\$ 108,352	\$ 513,956
2015	818,829	209,084	1,027,913
2016	829,097	198,816	1,027,913
2017	839,493	188,420	1,027,913
2018	850,019	177,894	1,027,913
2019-2023	4,412,670	726,894	5,139,565
2024-2028	4,696,349	443,215	5,139,565
2029-2033	4,484,309	141,299	4,625,608
	<u>\$ 17,336,370</u>	<u>\$ 2,193,975</u>	<u>\$ 19,530,345</u>

- \$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.

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	307,117	339,693	646,810
2015	624,847	333,637	958,484
2016	639,270	319,215	958,484
2017	654,025	304,459	958,484
2018	669,121	289,363	958,484
2019-2023	3,584,526	1,207,894	4,792,420
2024-2028	4,017,753	774,668	4,792,421
2029-2033	4,503,341	289,080	4,792,421
	<u>\$ 15,000,000</u>	<u>\$ 3,858,009</u>	<u>\$ 18,858,009</u>

- \$9,961,146 approved September 30, 2013 for the Mill Street Wastewater Treatment Plant Expansion Phase 3 project. The loan interest rate is 1.93%. The City is required to make semi-annual payments of the principal and interest beginning September 2014 through August 2034. The City has drawn \$8,538,851 as of March 31, 2014. The State of Illinois has not yet established the repayment period.
- In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At March 31, 2014, \$505,000 of bonds outstanding are considered defeased.

NOTE 8 – RISK MANAGEMENT

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

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

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

	Self-Insurance Fund		Employee Health Benefit Fund	
	2014	2013	2014	2013
Unpaid claims, beginning of year	\$ 420,000	\$ 111,000	\$ 168,637	\$ 138,992
Incurred claims (including IBNR)	1,056,752	956,862	4,284,810	3,362,482
Claim payments/settlements	<u>(1,051,752)</u>	<u>(647,862)</u>	<u>(4,214,197)</u>	<u>\$ (3,332,837)</u>
Unpaid claims, end of year	<u>\$ 425,000</u>	<u>\$ 420,000</u>	<u>\$ 239,250</u>	<u>\$ 168,637</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.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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.

Annual Required Contribution	\$ 1,894,162
Interest on net PPEB obligation	141,698
Adjustment to annual required contribution	(118,082)
Annual OPEB Cost	1,917,778
Contributions made	708,312
Increase in net OPEB obligation	1,209,466
Net OPEB obligation, beginning of the year	4,461,024
Net OPEB obligation, end of year	<u>\$ 5,670,490</u>

The following table shows the components of the City’s annual OPEB cost for the year ended March 31, 2014, the amount actually contributed to the Plan and changes in the City’s net OPEB obligation:

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, 2014.

For the year ended March 31, 2014, the City contributed \$708,312 to the medical plan. Plan members eligible for benefits contributed \$914,900 or 56.2% 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, 2014, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March 31, 2014	\$ 1,917,778	33.8%	\$ 5,670,490
March 31, 2013	\$ 1,626,888	43.5%	\$ 4,461,024
March 31, 2012	\$ 1,634,557	43.3%	\$ 3,542,448

Funded Status and Funding Progress – As of March 31, 2013, the most recent actuarial valuation date for the period April 1, 2013 through March 31, 2014, 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, 2014, 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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate medical trend rate. The investment return 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.

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 2013 was 12.60 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, 2014, the City's actual contributions for pension cost were \$1,665,797. The required contribution was \$1,665,797. The required contribution was determined as part of the December 31, 2011, 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, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

Fiscal Year Ended	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/31/2014	\$ 1,665,797	100.0%	\$ -
3/31/2013	1,531,326	100.0%	-
3/31/2012	1,600,933	79.0%	-

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 81.97 percent funded. The actuarial accrued liability for benefits was \$41,402,642 and the actuarial value of assets was \$33,939,155, resulting in an underfunded actuarial accrued liability (UAAL) of \$7,463,487. The covered payroll (annual payroll of active employees covered by the plan) was \$13,220,611 and the ratio of the UAAL to the covered payroll was 56 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, 2014, was \$5,787,213 out of a total payroll of \$24,158,513. As of March 31, 2014, the Police Pension Plan’s membership consisted of:

Retirees and beneficiaries receiving benefits	94
Terminated plan members entitled to but not yet receiving benefits	8
Active vested plan members	55
Active nonvested plan members	28
Total	185

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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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:

Annual required contributions	\$ 2,420,576
Interest on net pension obligation	16,350
Adjustments to annual required contribution	(11,077)
Annual pension cost	<u>2,425,849</u>
Annual contributions made	<u>2,421,323</u>
Change in net pension obligation	4,526
Net pension obligation, beginning of year	<u>218,000</u>
Net pension obligation, end of year	<u><u>\$ 222,526</u></u>

The annual required contribution for the current year was determined as part of the March 31, 2014, 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, 2014, was 26 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/31/2014	\$ 2,425,849	99.8%	\$ 222,526
3/31/2013	2,176,381	99.8%	218,000
3/31/2012	2,159,106	101.9%	212,858

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

As of March 31, 2014, the most recent actuarial valuation date, the Police Pension Plan was 47.7 percent funded. The actuarial accrued liability for benefits was \$71,434,656 and the actuarial value of assets was \$34,097,345, resulting in an underfunded actuarial accrued liability (UAAL) of \$37,337,311. The covered payroll (annual payroll of active employees covered by the plan) was \$5,787,213 and the ratio of the UAAL to the covered payroll was 645.2 percent.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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:

ASSETS	
Cash and equivalents	\$ 1,371,702
Investments	31,023,995
Receivables	
Accrued interest	99,748
Employer contributions	2,421,323
	<hr/>
Total Assets	34,916,768
LIABILITIES	
Outstanding checks in excess of bank balance	807,783
Accounts payable	11,639
	<hr/>
Total Liabilities	819,422
NET POSITION	
Held in trust for pension benefits	\$ 34,097,346
	<hr/> <hr/>

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

ADDITIONS	
Contributions	
Plan members	\$ 551,866
Employer	2,301,409
Total Contributions	<hr/> 2,853,275
Net investment income	
Net increase in fair value of investments	2,345,617
Interest	802,825
Net Investment Income	<hr/> 3,148,442
Total Additions	<hr/> 6,001,717
DEDUCTIONS	
Benefits	3,704,049
Administrative expenses	56,329
Total Deductions	<hr/> 3,760,378
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	2,241,339
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<hr/> 31,856,007
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<hr/> <hr/> \$ 34,097,346

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, was \$4,091,845 out of a total payroll of \$24,158,513. As of March 31, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	90
Terminated plan members entitled to but not yet receiving benefits	3
Active vested plan members	39
Active nonvested plan members	<u>19</u>
 Total	 <u><u>151</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	\$ 2,185,743
Interest on net pension obligation	8,702
Adjustments to annual required contribution	<u>(5,896)</u>
Annual pension cost	2,188,549
Annual contributions made	<u>2,186,165</u>
Change in net pension obligation	2,384

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

Net pension obligation, beginning of year	116,029
Net pension obligation, end of year	<u>\$ 118,413</u>

The annual required contribution for the current year was determined as part of the March 31, 2014, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.5% investment rate of return and (b) projected salary increases of 5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3%. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a closed period, level percentage of payroll. The remaining amortization period as of March 31, 2014, was 26 years.

Fiscal Year Ended	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/31/2014	\$ 2,188,549	99.9%	\$ 118,413
3/31/2013	1,981,591	99.9%	116,029
3/31/2012	2,008,978	99.9%	113,397

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

As of March 31, 2014, the most recent actuarial valuation date, the Firefighters' Pension Plan was 39.3 percent funded. The actuarial accrued liability for benefits was \$62,420,544 and the actuarial value of assets was \$24,506,914 resulting in an underfunded actuarial accrued liability (UAAL) of \$37,913,630. The covered payroll (annual payroll of active employees covered by the plan) was \$4,091,845 and the ratio of the UAAL to the covered payroll was 926.6 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:

ASSETS

Cash and equivalents	\$ 392,609
Investments	22,677,257
Receivables	
Accrued interest	77,173
Employer contributions	<u>2,186,165</u>
Total Assets	<u>25,333,204</u>

LIABILITIES

Outstanding checks in excess of bank balance	817,112
Accounts payable	<u>9,177</u>
Total Liabilities	<u>826,289</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NET POSITION

Held in trust for pension benefits	<u><u>\$ 24,506,915</u></u>
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The Firefighters' Pension Plan's statement of changes in net position is as follows:

ADDITIONS

Contributions	
Plan members	\$ 362,361
Employer	2,030,816
Total Contributions	<u>2,393,177</u>
Net investment income	
Net increase in fair value of investments	1,314,148
Interest	565,134
Net Investment Income	<u>1,879,282</u>
Total Additions	<u>4,272,459</u>

DEDUCTIONS

Benefits	3,649,919
Administrative expenses	50,459
Total Deductions	<u>3,700,378</u>

CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	572,081
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>23,934,834</u>
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u><u>\$ 24,506,915</u></u>
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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.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

GASB 54

Components of Fund Balance

	General Fund	Debt Service	Capital Projects Fund	Special Revenue	Total
Nonspendable	-	-	-	-	-
Total Nonspendable	-	-	-	-	-
Restricted for:					
Public Safety	279,058	-	-	-	279,058
Library Programs & Projects	-	-	-	1,095,220	1,095,220
TIF Improvements	-	-	-	355,235	355,235
Road Improvements	-	-	-	678,449	678,449
Housing & Community Development	-	-	-	-	-
Fire Services	-	-	-	158,938	158,938
Federal Programs	-	-	-	11,442	11,442
Drug Enforcement Efforts	-	-	-	468,410	468,410
Community Economic Development	-	-	-	1,252,488	1,252,488
Debt Service Payments	-	1,040,242	-	-	1,040,242
Unspent Bond Proceeds	-	-	9,153,960	-	9,153,960
Total Restricted	-	1,040,242	9,153,960	4,020,182	14,493,442
Committed to:					
Capital Improvements&Economic Development	-	-	-	8,015,356	8,015,356
Capital Improvements	-	-	-	-	-
Community Economic Development	-	-	-	6,673,182	6,673,182
Total Committed	-	-	-	14,688,538	14,688,538
Assigned to:					
Encumbrance	-	-	-	-	-
MLK Community Center	-	-	-	60,554	60,554
Community Economic Development	-	-	-	-	-
Other purposes	-	-	-	-	-
Total Assigned	-	-	-	60,554	60,554
Unassigned	12,106,153	-	-	(671,307)	11,434,846
	-	-	-	-	-
Total Fund Balances	12,106,153	1,040,242	9,153,960	18,097,967	40,677,380

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014, 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 \$8,335,108.

NOTE 14 – COMMITMENTS AND CONTINGENCY

As of March 31, 2014, the City had the following outstanding commitments related to various development projects totaling \$19,257,905.36. 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, \$6,606,134 has been reimbursed to the Casino with an estimated \$14.5 million yet to be paid out.

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, 2014 is \$904,000.

Riverview Lofts Project – The City Council has approved a development agreement with Riverview Lofts, LLC. The City will pay this development agreement with TIF increment generated by the Blackhawk Commons site. As of March 31, 2014, the amount outstanding on this agreement is \$1,240,000.

Blackhawk Commons Project – The City Council has approved a development agreement with 11th Street Development Partners. The City will pay this development agreement with TIF increment generated by the Blackhawk Commons site. As of March 31, 2014, City Council had committed to \$2,000,000 of TIF payments 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, 2014 is \$230,181.

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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, 2014 is \$224,308.

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, 2014 is \$159,414.

The City has recognized as a liability only that portion of construction contracts representing construction completed through March 31, 2014. The City has additional commitments for signed construction contracts of approximately \$30,927,238 as of March 31, 2014. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Police Facility Construction Project – The City Council approved the bid award for Gilbane Building/Valley Construction to manage the construction of this project. The amount outstanding on this contract on March 31, 2014 is \$13,323,814.

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 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 and was subsequently approved by the U.S. Environmental Protection Agency. The LTCP yielded a USEPA approved construction program intended to enhance the City's ability to treat combined sewerage generated during rainstorms. The City has incurred LTCP costs of \$42,392,654 as of March 31, 2014. All of the construction must be completed by 2018. None of the remaining projects in the LTCP are under contract and will not be until future years.

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 City adopted the following statement during the year ended March 31, 2014:

GASB Statement No. 66, *Technical Corrections – 2012*. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.

The implementation of the above statement did not have a material impact to the City's financial statements. As of June 30, 2014, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the fiscal year ending December 31, 2014. This Statement revises existing guidance for the financial reports of most pension plans. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB Statement No. 50,

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

Pension Disclosures, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending December 31, 2015. This Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, is effective for the City beginning with its year ending December 31, 2014. 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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the fiscal year ending December 31, 2014. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013, will be effective upon the implementation of GASB Statement No. 68, which for the City is the fiscal year ending December 31, 2015. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

NOTE 17 – SUBSEQUENT EVENTS

On April 9, 2014 the City received \$2,400,000 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 \$14,515,602. 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, 2014

On April 21, 2014 the City received an additional loan disbursement in the amount of \$3,261,995 from Illinois Environmental Protection Agency (IEPA) for the Mill Street Wastewater Treatment Plant Expansion Project Phase 3. This brings the total loan disbursements to \$5,276,855. The original loan agreement was approved on October 9, 2013. The loan interest rate is 1.93% and the term of the loan is twenty years.

On April 28, 2014 the City received an additional loan disbursement in the amount of \$1,206,071 from Illinois Environmental Protection Agency (IEPA) for the Mill Street Wastewater Treatment Plant Expansion Project Phase 3. This brings the total loan disbursements to \$8,538,850. The original loan agreement was approved on October 9, 2013. The loan interest rate is 1.93% and the term of the loan is twenty years.

On June 6, 2014 the City received the final disbursement of \$484,398 in loan proceeds from the line of credit established with the American Bank & Trust Company. This brings the total loan disbursement to \$15,000,000. This line of credit is used for the Walmart project that includes purchase agreements, lease terminations, moving expenses, and development agreements.

On June 16, 2014 the City received an additional loan disbursement in the amount of \$127,327 from Illinois Environmental Protection Agency (IEPA) for the Mill Street Wastewater Treatment Plant Expansion Project Phase 3. This brings the total loan disbursements to \$8,666,177. The original loan agreement was approved on October 9, 2013. The loan interest rate is 1.93% and the term of the loan is twenty years.

NOTE 18 – CHANGE IN FISCAL YEAR

On June 10, 2013, City Council approved the City changing the fiscal year-end from March 31 to December 31 effective April 1, 2014.



ROCK ISLAND
ILLINOIS

**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]
2014	3/31/13	\$ -	\$24,781,731	\$24,781,731	0.0%	\$24,158,513	103%
2013	3/31/13	\$ -	24,781,731	24,781,731	0.0	24,158,513	103
2012	3/31/11	\$ -	23,199,368	23,199,368	0.0	18,206,619	127
2011	3/31/11	\$ -	23,199,368	23,199,368	0.0	18,206,619	127
2010	3/31/09	\$ -	20,109,915	20,109,915	0.0	18,249,121	110

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

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2014	12/31/13	\$33,939,155	\$41,402,642	\$7,463,487	81.97	\$13,220,611	56.45%
2013	12/31/12	34,620,528	44,103,882	9,483,354	78.50	13,110,671	72.3
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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
03/31/14	\$ 1,665,797	\$ 1,665,797	100.0%
03/31/13	1,531,326	1,531,326	100.0
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

**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]
2014	03/31/14	\$34,097,345	\$71,434,656	\$37,337,311	47.7	\$5,787,213	645.2%
2013	03/31/13	31,856,007	67,375,623	35,519,616	47.3	5,233,761	678.7
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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
3/31/14	\$ 2,420,576	\$ 2,421,323	100.0%
3/31/13	2,170,664	2,171,239	100.0
3/31/12	2,151,993	2,200,492	103.2
3/31/11	2,172,477	2,172,477	100.0
3/31/10	1,777,057	1,761,030	99.1

**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]
2014	03/31/14	\$24,506,914	\$62,420,544	\$37,913,630	39.3%	4,091,845	926.6%
2013	03/31/13	23,934,834	54,901,708	30,966,874	43.6	3,992,858	775.6
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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
3/31/14	\$ 2,185,743	\$ 2,186,165	100.0%
3/31/13	1,978,545	1,978,959	100.0
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

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, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 7,186,918	\$ 7,186,918	\$ 7,186,047	\$ (871)
Other taxes				
Replacement taxes	2,400,000	2,400,000	2,800,493	400,493
Sales taxes	4,845,000	4,845,000	5,071,240	226,240
Use taxes	585,000	585,000	672,361	87,361
Income taxes	3,400,000	3,400,000	3,782,583	382,583
Municipal utility taxes	1,900,000	1,900,000	2,173,089	273,089
Gasoline taxes	240,000	240,000	209,290	(30,710)
Hotel taxes	380,000	380,000	379,996	(4)
Other taxes	2,756,080	2,756,080	2,516,701	(239,379)
Fines and fees	506,018	506,018	347,347	(158,671)
Intergovernmental	96,282	174,934	97,677	(77,257)
Charges for services				
Public safety	837,046	849,546	839,862	(9,684)
Public works	1,226,217	1,226,217	1,212,529	(13,688)
Ambulance service	2,800,000	2,800,000	2,615,585	(184,415)
Waterworks department	696,114	696,114	696,114	-
Sunset marina	90,781	90,781	90,781	-
Equipment maintenance department	269,299	269,299	269,299	-
Engineering department	182,418	182,418	182,418	-
Sewer department	391,180	391,180	391,180	-
Stormwater department	262,676	262,676	262,676	-
Other departments	195,787	196,570	231,411	34,841
Interest	25,569	25,569	30,042	4,473
Licenses and permits	1,098,100	1,100,207	1,172,228	72,021
Contributions	8,787	34,466	65,417	30,951
Other	62,680	70,680	61,532	(9,148)
Total Revenues	<u>32,441,952</u>	<u>32,569,673</u>	<u>33,357,898</u>	<u>788,225</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, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
EXPENDITURES				
Current				
General government				
Mayor and city council	\$ 262,628	\$ 265,140	\$ 206,753	\$ 58,387
General administration	471,799	471,174	377,380	93,794
Personnel	438,582	434,400	407,899	26,501
Legal	159,272	163,828	163,828	-
Finance and accounting	1,511,307	1,407,176	1,158,872	248,304
Information technology	1,302,928	1,382,682	1,208,961	173,721
Community development	95,523	109,712	145,486	(35,774)
Planning	345,557	354,451	379,517	(25,066)
Inspection	631,676	630,017	594,863	35,154
Public works administration	538,039	542,429	462,661	79,768
Building	510,116	561,269	433,529	127,740
Other	45,047	46,311	26,291	20,020
Police and fire				
Police	12,399,843	12,491,908	11,994,549	497,359
Fire	9,696,888	9,817,874	9,339,357	478,517
Police and fire commission	15,300	15,300	9,630	5,670
Electrical maintenance	594,053	593,837	621,642	(27,805)
Municipal vehicle parking system	214,953	237,903	194,694	43,209
Highways and streets	5,067,789	5,105,699	4,270,551	835,148
Refuse disposal	1,764,401	1,764,480	1,684,440	80,040
Capital outlay	140,000	213,806	201,692	12,114
Total Expenditures	<u>36,205,701</u>	<u>36,609,396</u>	<u>33,882,595</u>	<u>2,726,801</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(3,763,749)</u>	<u>(4,039,723)</u>	<u>(524,697)</u>	<u>3,515,026</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	4,060,610	4,236,164	3,912,049	(324,115)
Transfers to other funds	<u>(333,017)</u>	<u>(401,698)</u>	<u>(2,421,370)</u>	<u>(2,019,672)</u>
Total Other Financing Sources (Uses)	<u>3,727,593</u>	<u>3,834,466</u>	<u>1,490,679</u>	<u>(2,343,787)</u>
NET CHANGE IN FUND BALANCE	<u>(36,156)</u>	<u>(205,257)</u>	965,982	<u>1,171,239</u>
FUND BALANCE, BEGINNING			<u>11,419,229</u>	<u>11,419,229</u>
FUND BALANCE, ENDING			<u>\$ 12,385,211</u>	<u>\$ 12,385,211</u>

See note to required supplementary information

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, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 1,969,440	\$ 1,969,440	\$ 1,970,227	\$ 787
Fines and fees	53,980	53,480	48,784	(4,696)
Intergovernmental	41,160	288,235	261,438	(26,797)
Charges for services	243,469	17,040	20,410	3,370
Interest	3,570	3,570	3,972	402
Contributions	106,972	75,715	71,736	(3,979)
Other	1,100	1,100	1,157	57
Total Revenues	<u>2,419,691</u>	<u>2,408,580</u>	<u>2,377,724</u>	<u>(30,856)</u>
EXPENDITURES				
Current				
General Government				
Services	-	72,418	65,419	6,999
Supplies	-	10,491	10,491	-
Libraries				
Personnel	1,670,402	1,673,097	1,636,903	36,194
Supplies	79,031	69,300	61,444	7,856
Services	280,593	405,190	363,606	41,584
Other	503,363	342,900	339,256	3,644
Total Expenditures	<u>2,533,389</u>	<u>2,573,396</u>	<u>2,477,119</u>	<u>96,277</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(113,698)</u>	<u>(164,816)</u>	<u>(99,395)</u>	<u>65,421</u>
Transfers from other funds	<u>47,500</u>	<u>47,500</u>	<u>45,365</u>	<u>(2,135)</u>
NET CHANGE IN FUND BALANCE	<u>(66,198)</u>	<u>(117,316)</u>	<u>(54,030)</u>	<u>63,286</u>
FUND BALANCE, BEGINNING			<u>1,149,250</u>	<u>1,149,250</u>
FUND BALANCE, ENDING			<u>\$ 1,095,220</u>	<u>\$ 1,095,220</u>

See note to required supplementary information

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, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 5,024,046	\$ 5,024,046	\$ 4,851,624	\$ (172,422)
Fines and fees	200,000	200,000	-	(200,000)
Interest	3,041	3,041	3,440	399
Other	5,000	5,000	1,524	(3,476)
Total Revenues	<u>5,232,087</u>	<u>5,232,087</u>	<u>4,856,588</u>	<u>(375,499)</u>
EXPENDITURES				
Current				
General government				
Personnel	175,750	175,750	125,637	50,113
Supplies	500	20,665	20,665	-
Services	3,583,107	2,879,162	2,211,260	667,902
Other	2,552,371	3,532,165	4,043,343	(511,178)
Capital outlay	15,000	131,500	27,500	104,000
Total Expenditures	<u>6,326,728</u>	<u>6,739,242</u>	<u>6,428,405</u>	<u>310,837</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(1,094,641)</u>	<u>(1,507,155)</u>	<u>(1,571,817)</u>	<u>(64,662)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	175	175
Transfers to other funds	<u>(1,714,422)</u>	<u>(1,944,172)</u>	<u>(1,527,974)</u>	<u>416,198</u>
Total Other Financing Sources (Uses)	<u>(1,714,422)</u>	<u>(1,944,172)</u>	<u>(1,527,799)</u>	<u>416,373</u>
NET CHANGE IN FUND BALANCE	<u>(2,809,063)</u>	<u>(3,451,327)</u>	<u>(3,099,616)</u>	<u>351,711</u>
FUND BALANCE, BEGINNING			<u>3,454,851</u>	<u>3,454,851</u>
FUND BALANCE, ENDING			<u>\$ 355,235</u>	<u>\$ 355,235</u>

See note to required supplementary information

CITY OF ROCK ISLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY ECONOMIC/ DEVELOPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	172,896	270,668	763,114	492,446
Charges for service	-	265,200	322,210	57,010
Interest	-	237,500	(4,333)	(241,833)
Contributions	283,216	358,216	37,500	(320,716)
Other	-	13,626	21,125	7,499
Total Revenues	<u>456,112</u>	<u>1,145,210</u>	<u>1,139,616</u>	<u>(5,594)</u>
EXPENDITURES				
Personnel	-	722,784	722,784	-
Supplies	-	2,822	2,822	-
Services	714,100	8,665,833	6,620,266	2,045,567
Other	449,545	938,814	734,482	204,332
Capital outlay	-	1,081,674	851,489	230,185
Debt Service Interest	-	-	11,950	(11,950)
Total Expenditures	<u>1,163,645</u>	<u>11,411,927</u>	<u>8,943,793</u>	<u>2,468,134</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(707,533)	(10,266,717)	(7,804,177)	2,462,540
OTHER FINANCING USES				
Issuance of debt	-	-	1,000,000	1,000,000
Issuance of loan payable	-	9,042,226	9,093,064	50,838
Transfers from other funds	1,050,745	1,387,139	932,481	(454,658)
Transfers to other funds	<u>(4,500,000)</u>	<u>(966)</u>	<u>(1,141)</u>	<u>(175)</u>
NET CHANGE IN FUND BALANCE	<u>(4,156,788)</u>	<u>161,682</u>	3,220,227	<u>3,058,545</u>
FUND BALANCE, BEGINNING			<u>3,452,955</u>	<u>3,452,955</u>
FUND BALANCE, ENDING			<u>\$ 6,673,182</u>	<u>\$ 6,673,182</u>

See note to required supplementary information

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, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 6,000,000	\$ 6,000,000	\$ 5,115,322	\$ (884,678)
Interest	20,371	20,371	16,732	(3,639)
Total Revenues	<u>6,020,371</u>	<u>6,020,371</u>	<u>5,132,054</u>	<u>(888,317)</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(5,999,917)</u>	<u>(6,482,997)</u>	<u>(4,999,848)</u>	<u>1,483,149</u>
NET CHANGE IN FUND BALANCE	<u>20,454</u>	<u>(462,626)</u>	132,206	<u>594,832</u>
FUND BALANCE, BEGINNING			<u>7,883,150</u>	<u>7,883,150</u>
FUND BALANCE, ENDING			<u>\$ 8,015,356</u>	<u>\$ 8,015,356</u>

See note to required supplementary information

CITY OF ROCK ISLAND, ILLINOIS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2014

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, 2014:

	Budget	Actual	Amount Over Budget
Special Revenue			
Martin Luther King Community Center Operations Fund	\$ 218,773	\$ 220,247	\$ 1474



ROCK ISLAND
ILLINOIS

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.

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.

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.

Schiebert 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 STATEMENT OF BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2014

Special

	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Federal Programs Fund
ASSETS					
Cash and investments	\$ 414,638	\$ 13,828	\$ 82,020	\$ 125,276	\$ 11,434
Receivables, net					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	323	-	64	98	8
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental agencies	263,488	-	-	39,002	-
Total Assets	<u>\$ 678,449</u>	<u>\$ 13,828</u>	<u>\$ 82,084</u>	<u>\$ 164,376</u>	<u>\$ 11,442</u>
LIABILITIES					
Accounts payable	\$ -	\$ 47,159	\$ 11,919	\$ 5,438	\$ -
Retainage payable	-	-	-	-	-
Interest payable	-	13	-	-	-
Deposits payable	-	-	-	-	-
Accrued wages and benefits	-	20,292	9,611	-	-
Due to other funds	-	24,024	-	-	-
Total Liabilities	<u>-</u>	<u>91,488</u>	<u>21,530</u>	<u>5,438</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-
Unavailable revenue-special assessment	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	678,449	-	-	158,938	11,442
Committed	-	-	-	-	-
Assigned	-	-	60,554	-	-
Unassigned	-	(77,660)	-	-	-
Total Fund Balances	<u>678,449</u>	<u>(77,660)</u>	<u>60,554</u>	<u>158,938</u>	<u>11,442</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 678,449</u>	<u>\$ 13,828</u>	<u>\$ 82,084</u>	<u>\$ 164,376</u>	<u>\$ 11,442</u>

Revenue Funds

Drug Prevention Fund	Neighborhood Stabilization Fund	Martin Luther King Facility Improvement Fund	Schweibert Park Boat Dock Fund	Ridgewood Business Park Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 547,936	\$ -	\$ -	\$ -	\$ 895,146	\$ 2,090,278	\$ 1,051,398	\$ 3,141,676
-	-	-	-	-	-	309,180	309,180
-	-	-	-	-	-	333	333
426	-	-	-	946	1,865	682	2,547
-	-	-	-	-	-	257,972	257,972
-	-	-	-	317,396	317,396	-	317,396
-	-	-	570,371	40,000	912,861	-	912,861
<u>\$ 548,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,371</u>	<u>\$ 1,253,488</u>	<u>\$ 3,322,400</u>	<u>\$ 1,619,565</u>	<u>\$ 4,941,965</u>
\$ 8,793	\$ -	\$ -	\$ -	\$ 1,000	\$ 74,309	\$ 19,205	\$ 93,514
-	-	-	145,302	-	145,302	-	145,302
-	10	394	228	-	645	-	645
66,385	-	-	-	-	66,385	-	66,385
4,774	-	-	-	-	34,677	-	34,677
-	12,460	506,364	292,805	-	835,653	-	835,653
<u>79,952</u>	<u>12,470</u>	<u>506,758</u>	<u>438,335</u>	<u>1,000</u>	<u>1,156,971</u>	<u>19,205</u>	<u>1,176,176</u>
-	-	-	-	-	-	302,148	302,148
-	-	-	206,455	-	206,455	-	206,455
-	-	-	-	-	-	257,970	257,970
-	-	-	206,455	-	206,455	560,118	766,573
468,410	-	-	-	1,252,488	2,569,727	1,040,242	3,609,969
-	-	-	-	-	-	-	-
-	-	-	-	-	60,554	-	60,554
-	(12,470)	(506,758)	(74,419)	-	(671,307)	-	(671,307)
<u>468,410</u>	<u>(12,470)</u>	<u>(506,758)</u>	<u>(74,419)</u>	<u>1,252,488</u>	<u>1,958,974</u>	<u>1,040,242</u>	<u>2,999,216</u>
<u>\$ 548,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,371</u>	<u>\$ 1,253,488</u>	<u>\$ 3,322,400</u>	<u>\$ 1,619,565</u>	<u>\$ 4,941,965</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, 2014

				Special	
	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Federal Programs Fund
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,264,855	-	-	61,896	-
Intergovernmental	-	760,294	-	-	25,908
Charges for services	-	-	11,068	-	-
Interest	3,112	(73)	326	345	69
Contributions	-	-	-	-	-
Other	-	1,149	-	-	-
Total Revenues	<u>1,267,967</u>	<u>761,370</u>	<u>11,394</u>	<u>62,241</u>	<u>25,977</u>
EXPENDITURES					
Current					
General government	-	885,679	220,247	31,570	25,170
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>885,679</u>	<u>220,247</u>	<u>31,570</u>	<u>25,170</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,267,967</u>	<u>(124,309)</u>	<u>(208,853)</u>	<u>30,671</u>	<u>807</u>
OTHER FINANCING SOURCES (USES)					
Premiums on bonds sold	-	-	-	-	-
Transfers from other funds	-	-	150,761	-	-
Transfers to other funds	(960,958)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(960,958)</u>	<u>-</u>	<u>150,761</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	307,009	(124,309)	(58,092)	30,671	807
FUND BALANCES (DEFICIT), BEGINNING	<u>371,440</u>	<u>46,649</u>	<u>118,646</u>	<u>128,267</u>	<u>10,635</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 678,449</u>	<u>\$ (77,660)</u>	<u>\$ 60,554</u>	<u>\$ 158,938</u>	<u>\$ 11,442</u>

Revenue Funds

Drug Prevention Fund	Neighborhood Stabilization Fund	Martin Luther King Facility Improvement Fund	Schiebert Park Boat Dock Fund	Ridgewood Business Park Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,315	\$ 229,315
-	-	-	-	-	1,326,751	52,612	1,379,363
-	-	-	1,274,372	40,000	2,100,574	-	2,100,574
242,476	-	-	-	-	253,544	-	253,544
1,858	305	(705)	(939)	4,788	9,086	126,095	135,181
-	-	7,000	-	-	7,000	-	7,000
-	-	-	-	-	1,149	-	1,149
<u>244,334</u>	<u>305</u>	<u>6,295</u>	<u>1,273,433</u>	<u>44,788</u>	<u>3,698,104</u>	<u>408,022</u>	<u>4,106,126</u>
192,595	-	-	4,750	-	1,360,011	30,507	1,390,518
-	-	-	1,524,920	154,986	1,679,906	-	1,679,906
-	-	-	-	-	-	1,759,150	1,759,150
-	-	-	-	-	-	705,063	705,063
<u>192,595</u>	<u>-</u>	<u>-</u>	<u>1,529,670</u>	<u>154,986</u>	<u>3,039,917</u>	<u>2,494,720</u>	<u>5,534,637</u>
51,739	305	6,295	(256,237)	(110,198)	658,187	(2,086,698)	(1,428,511)
-	-	-	-	-	-	-	-
-	-	-	4,750	-	155,511	2,009,305	2,164,816
-	-	-	-	-	(960,958)	-	(960,958)
-	-	-	4,750	-	(805,447)	2,009,305	1,203,858
51,739	305	6,295	(251,487)	(110,198)	(147,260)	(77,393)	(224,653)
<u>416,671</u>	<u>(12,775)</u>	<u>(513,053)</u>	<u>177,068</u>	<u>1,362,686</u>	<u>2,106,234</u>	<u>1,117,635</u>	<u>3,223,869</u>
<u>\$ 468,410</u>	<u>\$ (12,470)</u>	<u>\$ (506,758)</u>	<u>\$ (74,419)</u>	<u>\$ 1,252,488</u>	<u>\$ 1,958,974</u>	<u>\$ 1,040,242</u>	<u>\$ 2,999,216</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, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Motor fuel taxes	\$ 1,112,335	\$ 1,264,855
Interest	255	3,112
Total Revenues	<u>1,112,590</u>	<u>1,267,967</u>
EXPENDITURES		
Current		
Highways and streets	<u>117,089</u>	-
Total Expenditures	<u>117,089</u>	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	995,501	1,267,967
OTHER FINANCING USES		
Transfers to other funds	<u>(1,112,335)</u>	<u>(960,958)</u>
NET CHANGE IN FUND BALANCE	<u>(116,834)</u>	307,009
FUND BALANCE, BEGINNING		<u>371,440</u>
FUND BALANCE, ENDING		<u>\$ 678,449</u>

CITY OF ROCK ISLAND, ILLINOIS
HOUSING AND COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2014

Exhibit A-2-2

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 971,889	\$ 760,294
Interest	-	(73)
Other	-	1,149
Total Revenues	<u>971,889</u>	<u>761,370</u>
EXPENDITURES		
Current		
General government		
Personnel	565,572	599,854
Supplies	5,612	4,865
Services	463,065	78,646
Other	4,830	202,314
Total Expenditures	<u>1,039,079</u>	<u>885,679</u>
EXCESS OF REVENUES OVER EXPENDITURES	(67,190)	(124,309)
OTHER FINANCING USES		
Transfers to other funds	<u>(136,112)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(203,302)</u>	(124,309)
FUND BALANCE, BEGINNING		46,649
FUND BALANCE, ENDING		<u>\$ (77,660)</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, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 10,200	\$ 11,068
Interest	508	326
Total Revenues	<u>10,708</u>	<u>11,394</u>
EXPENDITURES		
Current		
General government		
Personnel	144,021	150,669
Supplies	8,371	8,024
Services	65,053	60,907
Other	1,328	647
Total Expenditures	<u>218,773</u>	<u>220,247</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(208,065)</u>	<u>(208,853)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	184,789	150,761
Transfers to other funds	<u>(11,700)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>173,089</u>	<u>150,761</u>
NET CHANGE IN FUND BALANCE	<u>(34,976)</u>	<u>(58,092)</u>
FUND BALANCE, BEGINNING		<u>118,646</u>
FUND BALANCE, ENDING		<u>\$ 60,554</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, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ 40,000	\$ 61,896
Interest	175	345
Total Revenues	<u>40,175</u>	<u>62,241</u>
EXPENDITURES		
Current		
General government		
Personnel	3,287	3,287
Supplies	25,436	20,487
Services	6,883	6,820
Other	978	976
Capital outlay	<u>3,416</u>	<u>-</u>
Total Expenditures	<u>40,000</u>	<u>31,570</u>
NET CHANGE IN FUND BALANCE	<u>175</u>	30,671
FUND BALANCE, BEGINNING		<u>128,267</u>
FUND BALANCE, ENDING		<u>\$ 158,938</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-5

FEDERAL PROGRAMS FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 25,908	\$ 25,908
Interest	37	69
Total Revenues	<u>25,945</u>	<u>25,977</u>
EXPENDITURES		
Current		
General government		
Personnel	<u>25,908</u>	<u>25,170</u>
Total Expenditures	<u>25,908</u>	<u>25,170</u>
NET CHANGE IN FUND BALANCE	<u>37</u>	807
FUND BALANCE, BEGINNING		<u>10,635</u>
FUND BALANCE, ENDING		<u>\$ 11,442</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-6

DRUG PREVENTION FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 135,000	\$ 242,476
Interest	949	1,858
Total Revenues	<u>135,949</u>	<u>244,334</u>
EXPENDITURES		
Current		
General government		
Personnel	212,874	108,215
Supplies	70,016	52,630
Services	33,479	31,275
Other	1,100	475
Total Expenditures	<u>317,469</u>	<u>192,595</u>
NET CHANGE IN FUND BALANCE	<u>(181,520)</u>	51,739
FUND BALANCE, BEGINNING		416,671
FUND BALANCE, ENDING		<u>\$ 468,410</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-7

NEIGHBORHOOD STABILIZATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Interest	\$ -	\$ 305
Total Revenues	<u>-</u>	<u>305</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	305
FUND BALANCE (DEFICIT), BEGINNING		<u>(12,775)</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ (12,470)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-8

MARTIN LUTHER KING FACILITY IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) -

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Contributions	\$ -	\$ 7,000
Interest	-	(705)
Total Revenues	<u>-</u>	<u>6,295</u>
 EXPENDITURES		
Current		
General government	-	-
Services	-	-
Total Expenditures	<u>-</u>	<u>-</u>
 Transfers in	<u>12,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>12,000</u></u>	<u>6,295</u>
 FUND BALANCE (DEFICIT), BEGINNING		<u>(513,053)</u>
FUND BALANCE (DEFICIT), ENDING		<u><u>\$ (506,758)</u></u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-9

SCHWIEBERT PARK BOAT DOCK FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)-

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,500,000	\$ 1,274,372
Interest	-	(939)
Total Revenues	<u>1,500,000</u>	<u>1,273,433</u>
EXPENDITURES		
Current		
General government		
Other	4,750	4,750
Capital outlay	<u>1,696,564</u>	<u>1,524,920</u>
Total Expenditures	<u>1,701,314</u>	<u>1,529,670</u>
Transfers from other funds	<u>4,750</u>	<u>4,750</u>
Total Other Financing Sources (Uses)	<u>4,750</u>	<u>4,750</u>
NET CHANGE IN FUND BALANCE	<u>(196,564)</u>	(251,487)
FUND BALANCE, BEGINNING		<u>177,068</u>
FUND BALANCE (DEFICIT), ENDING		<u>\$ (74,419)</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-10

RIDGEWOOD BUSINESS PARK FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2014**

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 1,538,619	\$ 40,000
Interest	-	4,788
Total Revenues	<u>1,538,619</u>	<u>44,788</u>
EXPENDITURES		
Capital outlay	<u>3,000,364</u>	<u>154,986</u>
Total Expenditures	<u>3,000,364</u>	<u>154,986</u>
NET CHANGE IN FUND BALANCE	<u>(1,461,745)</u>	(110,198)
FUND BALANCE, BEGINNING		<u>1,362,686</u>
FUND BALANCE, ENDING		<u>\$ 1,252,488</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-11

DEBT SERVICE FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Property taxes	\$ 228,481	\$ 229,315
Other taxes	46,000	52,612
Interest	2,203	126,095
Total Revenues	<u>276,684</u>	<u>408,022</u>
EXPENDITURES		
Current		
General government		
Services	30,508	30,507
Debt Service		
Principal	1,759,150	1,759,150
Interest	977,918	705,063
Total Expenditures	<u>2,767,576</u>	<u>2,494,720</u>
DEICIENCY OF REVENUES UNDER EXPENDITURES	(2,490,892)	(2,086,698)
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	2,294,469	2,009,305
Total Other Financing Sources (Uses)	<u>2,294,469</u>	<u>2,009,305</u>
NET CHANGE IN FUND BALANCE	<u>(196,423)</u>	(77,393)
FUND BALANCE, BEGINNING		<u>1,117,635</u>
FUND BALANCE, ENDING		<u>\$ 1,040,242</u>

CITY OF ROCK ISLAND, ILLINOIS

Exhibit A-2-12

CAPITAL PROJECTS FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 114,250	\$ 114,250
Charges for services	-	5,443
Interest	-	19,508
Other	770	770
Total Revenues	<u>115,020</u>	<u>139,971</u>
EXPENDITURES		
Capital outlay	10,093,556	5,824,703
Total Expenditures	<u>10,093,556</u>	<u>5,824,703</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(9,978,536)</u>	<u>(5,684,732)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	3,678,684	9,625,000
Premium on bonds sold	-	370,408
Discount on bonds sold	-	(110,652)
Transfers from other funds	2,658,046	3,750,906
Transfers to other funds	<u>(1,225,727)</u>	<u>(1,225,727)</u>
Total Other Financing Sources (Uses)	<u>5,111,003</u>	<u>12,409,935</u>
NET CHANGE IN FUND BALANCE	<u>(4,867,533)</u>	6,725,203
FUND BALANCE, BEGINNING		2,428,757
FUND BALANCE, ENDING		<u>\$ 9,153,960</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, 2014

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 743,842	\$ 800	\$ 993,400	\$ 1,738,042
Receivables, net				
Accounts, net of allowance for uncollectible of \$389,282	130,545	23,147	-	153,692
Estimated unbilled usage	224,814	-	-	224,814
Accrued interest	584	-	4,401	4,985
Current portion of notes receivable	-	-	256,187	256,187
Total Current Assets	<u>1,099,785</u>	<u>23,947</u>	<u>1,253,988</u>	<u>2,377,720</u>
NONCURRENT ASSETS				
Long-term notes receivable (net of current portion, net of allowance for uncollectibles of \$1,511,336)	-	-	1,429,735	1,429,735
Capital assets				
Buildings and improvements	-	837,142	-	837,142
Equipment	199,287	501,507	-	700,794
Infrastructure	3,585,292	2,036,740	-	5,622,032
Accumulated depreciation	(1,840,976)	(2,550,171)	-	(4,391,147)
Net Capital assets	<u>1,943,603</u>	<u>825,218</u>	<u>-</u>	<u>2,768,821</u>
Total Noncurrent Assets	<u>1,943,603</u>	<u>825,218</u>	<u>1,429,735</u>	<u>4,198,556</u>
Total Assets	<u>3,043,388</u>	<u>849,165</u>	<u>2,683,723</u>	<u>6,576,276</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred Amount on Refunding	-	25,525	-	25,525
Total Deferred Outflows of Resources	<u>-</u>	<u>25,525</u>	<u>-</u>	<u>25,525</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 3,043,388</u>	<u>\$ 874,690</u>	<u>\$ 2,683,723</u>	<u>\$ 6,601,801</u>

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 11,341	\$ 12,875	\$ 12,948	\$ 37,164
Accrued wages and benefits	14,561	7,261	-	21,822
Compensated absences	20,037	18,481	-	38,518
Accrued interest payable	-	4,246	9	4,255
Due to other funds	-	32,709	-	32,709
Unearned revenue	-	70,852	-	70,852
General obligation bonds	-	35,000	-	35,000
Total Current Liabilities	<u>45,939</u>	<u>181,424</u>	<u>12,957</u>	<u>240,320</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	630,428	-	630,428
Other postemployment benefits	69,856	21,777	-	91,633
Compensated absences	16,956	15,639	-	32,595
Total Long-term Liabilities	<u>86,812</u>	<u>667,844</u>	<u>-</u>	<u>754,656</u>
Total Liabilities	<u>132,751</u>	<u>849,268</u>	<u>12,957</u>	<u>994,976</u>
NET POSITION				
Net investment in capital assets	1,943,603	185,315	-	2,128,918
Unrestricted	967,034	(159,893)	2,670,766	3,477,907
Total Net Position	<u>2,910,637</u>	<u>25,422</u>	<u>2,670,766</u>	<u>5,606,825</u>
Total Liabilities and Net Position	<u>\$ 3,043,388</u>	<u>\$ 874,690</u>	<u>\$ 2,683,723</u>	<u>\$ 6,601,801</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, 2014

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,618,942	\$ 541,712	\$ 8,398	\$ 2,169,052
Sale of merchandise	-	118,107	-	118,107
Interest	-	-	90,239	90,239
Other	368	9,898	2,084	12,350
Total Operating Revenues	<u>1,619,310</u>	<u>669,717</u>	<u>100,721</u>	<u>2,389,748</u>
OPERATING EXPENSES				
Personnel	427,393	186,939	-	614,332
Cost of sales	-	121,363	-	121,363
Supplies	63,252	60,219	43	123,514
Services	967,560	264,774	14,658	1,246,992
Programs	14,208	1,278	5,801	21,287
Provision for uncollectible accounts	32,315	32	(1,264)	31,083
Depreciation	133,898	46,931	-	180,829
Other	4,668	1,107	-	5,775
Total Operating Expenses	<u>1,643,294</u>	<u>682,643</u>	<u>19,238</u>	<u>2,345,175</u>
OPERATING INCOME (LOSS)	<u>(23,984)</u>	<u>(12,926)</u>	<u>81,483</u>	<u>44,573</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	34,880	2,237	-	37,117
Interest income	2,058	929	3,040	6,027
Interest expense	-	(26,930)	-	(26,930)
Net Nonoperating Revenues (Expenses)	<u>36,938</u>	<u>(23,764)</u>	<u>3,040</u>	<u>16,214</u>
CHANGE IN NET POSITION	12,954	(36,690)	84,523	60,787
NET POSITION, BEGINNING	<u>2,897,683</u>	<u>62,112</u>	<u>2,586,243</u>	<u>5,546,038</u>
NET POSITION, ENDING	<u>\$ 2,910,637</u>	<u>\$ 25,422</u>	<u>\$ 2,670,766</u>	<u>\$ 5,606,825</u>

CITY OF ROCK ISLAND, ILLINOIS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

Exhibit B-3

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing & Community Development Loan Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,578,112	\$ 670,280	\$ 13,130	\$ 2,261,522
Interest received on notes receivable	-	-	90,239	90,239
Notes receivable issued for cash	-	-	-	-
Cash payments to suppliers for goods and services	(1,038,506)	(440,693)	(17,476)	(1,496,675)
Cash payments to employees for services	(432,066)	(158,116)	-	(590,182)
Other operating revenue	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>107,540</u>	<u>71,471</u>	<u>85,893</u>	<u>264,904</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES				
Interfund loan or loan repayments received	56,460	-	11,587	68,047
Interfund loan or loan repayments (paid)	-	(23,751)	(3,182)	(26,933)
Intergovernmental grant proceeds	34,880	2,237	11,859	48,976
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>91,340</u>	<u>(21,514)</u>	<u>20,264</u>	<u>90,090</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of general obligation bonds	-	(35,000)	-	(35,000)
Interest paid	-	(15,886)	-	(15,886)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(50,886)</u>	<u>-</u>	<u>(50,886)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Interest received on cash and investments	2,171	929	3,439	6,539
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	201,051	-	109,596	310,647
CASH AND CASH EQUIVALENTS, BEGINNING	<u>542,791</u>	<u>800</u>	<u>883,804</u>	<u>1,427,395</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 743,842</u>	<u>\$ 800</u>	<u>\$ 993,400</u>	<u>\$ 1,738,042</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

Exhibit B-3
(continued)

	<u>Stormwater Fund</u>	<u>Sunset Marina Fund</u>	<u>Housing & Community Development Loan Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (23,984)	\$ (12,926)	\$ 81,483	\$ 44,573
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	133,898	46,931	-	180,829
Changes in assets and liabilities				
(Increase) decrease in receivables	(8,883)	21,002	-	12,119
Increase in accounts, retainage, deposits, and claims payable	11,182	8,048	4,410	23,640
Increase (decrease) in accrued liabilities	(4,673)	28,823	-	24,150
(Decrease) in unearned revenue	-	(20,407)	-	(20,407)
Total Adjustments	<u>131,524</u>	<u>84,397</u>	<u>4,410</u>	<u>220,331</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 107,540</u>	<u>\$ 71,471</u>	<u>\$ 85,893</u>	<u>\$ 264,904</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, 2014

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 495,763	\$ 100	\$ 515,506	\$ 3,759,215
Receivables, net				
Accrued interest	782	-	404	2,927
Other	16,982	-	12,468	31,791
Due from other funds	660,376	-	-	-
Due from other governmental agencies	-	480	-	-
Inventories	379,147	-	-	-
Assets held for resale	-	-	-	-
Total Current Assets	<u>1,553,050</u>	<u>580</u>	<u>528,378</u>	<u>3,793,933</u>
CAPITAL ASSETS				
Land	17,500	-	-	-
Buildings and improvements	148,361	-	-	-
Equipment	10,015,949	-	-	-
Infrastructure	-	-	-	-
Accumulated depreciation	(6,054,091)	-	-	-
Net Capital assets	<u>4,127,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,680,769</u>	<u>\$ 580</u>	<u>\$ 528,378</u>	<u>\$ 3,793,933</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 42,529	\$ 17,813	\$ 190,929	\$ 326,998
Claims payable	-	-	425,000	239,250
Accrued wages and benefits	42,431	39,723	3,324	1,283
Compensated absences	58,887	93,009	4,810	4,368
Accrued interest payable	-	585	-	-
Due to other funds	-	660,376	-	-
General obligation bonds	-	-	-	-
Total Current Liabilities	<u>143,847</u>	<u>811,506</u>	<u>624,063</u>	<u>571,899</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	-	-	-
Compensated absences	49,832	78,708	4,070	3,696
Total long-term liabilities	<u>49,832</u>	<u>78,708</u>	<u>4,070</u>	<u>3,696</u>
Total Liabilities	<u>193,679</u>	<u>890,214</u>	<u>628,133</u>	<u>575,595</u>
NET POSITION				
Net investment in capital assets	4,127,719	-	-	-
Unrestricted	1,359,371	(889,634)	(99,755)	3,218,338
Total Net Position	<u>5,487,090</u>	<u>(889,634)</u>	<u>(99,755)</u>	<u>3,218,338</u>
Total Liabilities and Net Position	<u>\$ 5,680,769</u>	<u>\$ 580</u>	<u>\$ 528,378</u>	<u>\$ 3,793,933</u>

Hydro-Electric Plant Fund	Total
\$ -	\$ 4,770,584
-	4,113
-	61,241
-	660,376
-	480
-	379,147
12,152	12,152
12,152	5,888,093
-	17,500
1,651,542	1,799,903
223,385	10,239,334
481,971	481,971
(327,779)	(6,381,870)
2,029,119	6,156,838
\$ 2,041,271	\$ 12,044,931
\$ 361	\$ 578,630
-	664,250
591	87,352
2,379	163,453
18,464	19,049
-	660,376
116,667	116,667
138,462	2,289,777
1,668,333	1,668,333
2,013	138,319
1,670,346	1,806,652
1,808,808	4,096,429
244,119	4,371,838
(11,656)	3,576,664
232,463	7,948,502
\$ 2,041,271	\$ 12,044,931

CITY OF ROCK ISLAND, ILLINOIS

INTERNAL SERVICE FUNDS

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

(DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	Equipment Maintenance Fund	Engineering Fund	Self-Insurance Fund	Employee Health Benefit Fund
OPERATING REVENUES				
Charges for services	\$ 3,406,148	\$ 927,411	\$ 1,265,679	\$ 5,494,072
Sales of merchandise	-	-	-	-
Other	58,950	-	1,451	228,004
Total Operating Revenues	<u>3,465,098</u>	<u>927,411</u>	<u>1,267,130</u>	<u>5,722,076</u>
OPERATING EXPENSES				
Personnel	878,503	1,001,850	99,625	30,992
Cost of sales	-	-	-	-
Supplies	1,286,624	9,563	160	630
Services	490,993	224,272	1,634,450	5,564,566
Depreciation	568,873	-	-	-
Other	12,645	19,363	-	1,135
Total Operating Expenses	<u>3,237,638</u>	<u>1,255,048</u>	<u>1,734,235</u>	<u>5,597,323</u>
OPERATING INCOME (LOSS)	<u>227,460</u>	<u>(327,637)</u>	<u>(467,105)</u>	<u>124,753</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	63,348
Loss - Sale of asset	(351,256)	-	-	-
Interest income	(901)	(2,305)	1,678	12,229
Interest expense	-	-	-	-
Net Nonoperating Revenues (Expenses)	<u>(352,157)</u>	<u>(2,305)</u>	<u>1,678</u>	<u>75,577</u>
INCOME BEFORE TRANSFERS	(124,697)	(329,942)	(465,427)	200,330
TRANSFERS FROM OTHER FUNDS	24,120	-	-	-
TRANSFERS TO OTHER FUNDS	<u>(55,357)</u>	<u>-</u>	<u>(23,050)</u>	<u>-</u>
CHANGE IN NET ASSETS	(155,934)	(329,942)	(488,477)	200,330
NET POSITION (DEFICIT), BEGINNING	<u>5,643,024</u>	<u>(559,692)</u>	<u>388,722</u>	<u>3,018,008</u>
NET POSITION (DEFICIT), ENDING	<u>\$ 5,487,090</u>	<u>\$ (889,634)</u>	<u>\$ (99,755)</u>	<u>\$ 3,218,338</u>

Hydro-Electric Plant Fund	Total
\$ 394,530	\$ 11,487,840
2,327	2,327
-	288,405
<u>396,857</u>	<u>11,778,572</u>
12,134	2,023,104
2,181	2,181
5,918	1,302,895
11,336	7,925,617
58,866	627,739
8,603	41,746
<u>99,038</u>	<u>11,923,282</u>
<u>297,819</u>	<u>(144,710)</u>
-	63,348
-	(351,256)
(3,259)	7,442
<u>(57,189)</u>	<u>(57,189)</u>
<u>(60,448)</u>	<u>(337,655)</u>
237,371	(482,365)
-	24,120
-	<u>(78,407)</u>
237,371	(536,652)
(4,908)	8,485,154
<u>\$ 232,463</u>	<u>\$ 7,948,502</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	Equipment Maintenance Fund	Engineering Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,400,055	\$ 927,411
Cash payments to suppliers for goods and services	(1,818,896)	(240,325)
Cash payments to employees for services	(856,041)	(988,920)
Other operating revenue	<u>58,950</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>784,068</u>	<u>(301,834)</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	24,120	-
Transfer to other funds	(55,357)	-
Interfund loan or loan repayments received	-	-
Interfund loan or loan repayments received (paid)	(303,126)	303,126
Payments received from governmental agencies	<u>-</u>	<u>800</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(334,363)</u>	<u>303,926</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of property and equipment	(908,613)	-
Payment of general obligation bonds	-	-
Interest paid	<u>(1,287)</u>	<u>(2,092)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(909,900)</u>	<u>(2,092)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Interest received on cash and investments	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(460,195)	-
CASH AND CASH EQUIVALENTS, BEGINNING	<u>955,958</u>	<u>100</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 495,763</u>	<u>\$ 100</u>

Self-Insurance Fund	Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 1,253,211	\$ 5,468,126	\$ 396,857	\$ 11,445,660
(1,623,236)	(5,628,778)	(29,609)	(9,340,844)
(98,255)	(30,474)	(12,282)	(1,985,972)
<u>1,451</u>	<u>228,004</u>	<u>-</u>	<u>288,405</u>
<u>(466,829)</u>	<u>36,878</u>	<u>354,966</u>	<u>407,249</u>
-	-	-	24,120
(23,050)	-	-	(78,407)
-	-	-	-
-	-	(185,490)	(185,490)
<u>-</u>	<u>63,348</u>	<u>-</u>	<u>64,148</u>
<u>(23,050)</u>	<u>63,348</u>	<u>(185,490)</u>	<u>(175,629)</u>
-	-	-	(908,613)
-	-	(111,667)	(111,667)
<u>-</u>	<u>-</u>	<u>(60,448)</u>	<u>(63,827)</u>
<u>-</u>	<u>-</u>	<u>(172,115)</u>	<u>(1,084,107)</u>
2,175	12,561	2,639	17,375
(487,704)	112,787	-	(835,112)
<u>1,003,210</u>	<u>3,646,428</u>	<u>-</u>	<u>5,605,696</u>
<u>\$ 515,506</u>	<u>\$ 3,759,215</u>	<u>\$ -</u>	<u>\$ 4,770,584</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	<u>Equipment Maintenance Fund</u>	<u>Engineering Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>227,460</u>	<u>(327,637)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	568,873	-
Changes in assets and liabilities		
(Increase) decrease in receivables	(6,093)	-
(Increase) decrease in inventories	24,373	-
Decrease in assets held for resale	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	(53,007)	12,873
Increase (decrease) in accrued liabilities	<u>22,462</u>	<u>12,930</u>
Total Adjustments	<u>556,608</u>	<u>25,803</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 784,068</u>	<u>\$ (301,834)</u>

Exhibit C-3
(continued)

<u>Self-Insurance Fund</u>	<u>Employee Health Benefit Fund</u>	<u>Hydro-Electric Plant Fund</u>	<u>Total</u>
<u>(467,105)</u>	<u>124,753</u>	<u>297,819</u>	<u>(144,710)</u>
-	-	58,866	627,739
(12,468)	(25,946)	-	(44,507)
-	-	-	24,373
-	-	(1,562)	(1,562)
11,374	(62,447)	(9)	(91,216)
<u>1,370</u>	<u>518</u>	<u>(148)</u>	<u>37,132</u>
<u>276</u>	<u>(87,875)</u>	<u>57,147</u>	<u>551,959</u>
<u>\$ (466,829)</u>	<u>\$ 36,878</u>	<u>\$ 354,966</u>	<u>\$ 407,249</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, 2014

EXHIBIT D-1

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and equivalents	\$ 1,371,702	\$ 392,609	\$ 1,764,311
Investments	14,500,514	10,928,212	25,428,726
Equity securities	16,523,481	11,749,045	28,272,526
Receivables			
Accrued interest	99,748	77,173	176,921
Employer contributions	<u>2,421,323</u>	<u>2,186,165</u>	<u>4,607,488</u>
 Total Assets	 <u>34,916,768</u>	 <u>25,333,204</u>	 <u>60,249,972</u>
LIABILITIES			
Outstanding checks in excess of bank balance	807,783	817,112	1,624,895
Accounts payable	<u>11,639</u>	<u>9,177</u>	<u>20,816</u>
 Total Liabilities	 <u>819,422</u>	 <u>826,289</u>	 <u>1,645,711</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 34,097,346</u>	<u>\$ 24,506,915</u>	<u>\$ 58,604,261</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, 2014

	Police Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Plan members	\$ 551,866	\$ 362,361	\$ 914,227
Employer	2,301,409	2,030,816	4,332,225
Total Contributions	<u>2,853,275</u>	<u>2,393,177</u>	<u>5,246,452</u>
Net investment income			
Net increase in fair value of investments	2,345,617	1,314,148	3,659,765
Interest	802,825	565,134	1,367,959
Net Investment Income	<u>3,148,442</u>	<u>1,879,282</u>	<u>5,027,724</u>
Total Additions	<u>6,001,717</u>	<u>4,272,459</u>	<u>10,274,176</u>
DEDUCTIONS			
Benefits	3,704,049	3,649,919	7,353,968
Administrative expenses	56,329	50,459	106,788
Total Deductions	<u>3,760,378</u>	<u>3,700,378</u>	<u>7,460,756</u>
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	2,241,339	572,081	2,813,420
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>31,856,007</u>	<u>23,934,834</u>	<u>55,790,841</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 34,097,346</u>	<u>\$ 24,506,915</u>	<u>\$ 58,604,261</u>

CITY OF ROCK ISLAND, ILLINOIS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2014

Exhibit D-3

	Balance March 31, 2013	Additions	Deletions	Balance March 31, 2014
<u>Section 125 Cafeteria Plan</u>				
ASSETS				
Cash and investments	\$ 674	\$ 69,281	\$ 67,083	\$ 2,872
Receivables				
Accounts	-	-	-	-
Accrued Interest	5	34	-	5
Total Assets	<u>\$ 679</u>	<u>\$ 69,315</u>	<u>\$ 67,083</u>	<u>\$ 2,877</u>
LIABILITIES				
Accounts payable	\$ 679	\$ 2,877	\$ 679	\$ 2,877
Total Liabilities	<u>\$ 679</u>	<u>\$ 2,877</u>	<u>\$ 679</u>	<u>\$ 2,877</u>



ROCK ISLAND
ILLINOIS

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

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	125-138
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	139-147
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	148-151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	152-153
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	154-160

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

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)

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 34,327,784	\$ 35,871,239	\$ 37,070,744	\$ 39,756,019
Restricted	1,515,356	6,212,479	6,647,989	5,867,481
Unrestricted	<u>29,505,649</u>	<u>24,753,989</u>	<u>25,977,855</u>	<u>26,295,567</u>
Total governmental activities net position	<u>\$ 65,348,789</u>	<u>\$ 66,837,707</u>	<u>\$ 69,696,588</u>	<u>\$ 71,919,067</u>
Business-type activities				
Net investment in capital assets	\$ 62,369,107	\$ 30,267,499	\$ 30,541,517	\$ 30,482,589
Unrestricted	<u>4,886,314</u>	<u>2,446,933</u>	<u>2,845,532</u>	<u>3,915,610</u>
Total business-type activities net position	<u>\$ 67,255,421</u>	<u>\$ 32,714,432</u>	<u>\$ 33,387,049</u>	<u>\$ 34,398,199</u>
Primary government				
Net investment in capital assets	\$ 96,696,891	\$ 66,138,738	\$ 67,612,261	\$ 70,238,608
Restricted	1,515,356	6,212,479	6,647,989	5,867,481
Unrestricted	<u>34,391,963</u>	<u>27,200,922</u>	<u>28,823,387</u>	<u>30,211,177</u>
Total primary government net position	<u>\$ 132,604,210</u>	<u>\$ 99,552,139</u>	<u>\$ 103,083,637</u>	<u>\$ 106,317,266</u>

Source: City records

2009	2010	2011	2012	2013	2014
\$ 38,536,816	\$ 40,129,365	\$ 43,490,571	\$ 51,178,766	\$ 52,918,208	\$ 57,092,829
2,550,529	4,755,754	7,719,598	6,738,901	6,913,550	3,981,884
<u>27,706,560</u>	<u>28,216,439</u>	<u>25,027,339</u>	<u>27,625,864</u>	<u>27,309,246</u>	<u>19,444,812</u>
<u>\$ 68,793,905</u>	<u>\$ 73,101,558</u>	<u>\$ 76,237,508</u>	<u>\$ 85,543,531</u>	<u>\$ 87,141,004</u>	<u>\$ 80,519,525</u>
\$ 26,844,821	\$ 30,884,254	\$ 34,209,461	\$ 33,220,808	\$ 38,472,481	\$ 35,448,346
8,915,241	8,537,642	9,289,668	11,189,073	8,674,173	13,832,655
<u>\$ 35,760,062</u>	<u>\$ 39,421,896</u>	<u>\$ 43,499,129</u>	<u>\$ 44,409,881</u>	<u>\$ 47,146,654</u>	<u>\$ 49,281,001</u>
\$ 65,381,637	\$ 71,013,619	\$ 77,700,032	\$ 84,399,574	\$ 91,390,689	\$ 92,541,175
2,550,529	4,755,754	7,719,598	6,738,901	6,913,550	3,981,884
<u>36,621,801</u>	<u>36,754,081</u>	<u>34,317,007</u>	<u>38,814,937</u>	<u>35,983,419</u>	<u>33,277,467</u>
<u>\$ 104,553,967</u>	<u>\$ 112,523,454</u>	<u>\$ 119,736,637</u>	<u>\$ 129,953,412</u>	<u>\$ 134,287,658</u>	<u>\$ 129,800,526</u>

CITY OF ROCK ISLAND, ILLINOIS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

MARCH 31, 2014

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2005	2006	2007	2008
Primary Government Expenses				
Governmental activities:				
General government	\$ 9,216,294	\$ 10,754,191	\$ 10,313,028	\$ 11,439,119
Police and fire	15,374,191	16,811,183	16,635,503	17,272,974
Electrical maintenance	729,766	749,871	693,952	650,687
Municipal vehicle parking system	423,277	447,709	373,217	341,308
Highways and streets	6,308,347	9,392,489	6,361,422	7,774,998
Refuse disposal	1,193,383	1,902,190	1,267,734	1,350,580
Libraries	2,028,097	2,122,341	2,371,814	2,286,176
Community development	233,072	234,499	-	-
Interest on long-term debt	-	-	200,078	183,765
Total governmental activities expenses	35,506,427	42,414,473	38,216,748	41,299,607
Business-type activities:				
Waterworks	4,317,988	4,880,350	5,516,896	5,342,035
Wastewater	4,021,722	4,409,557	4,036,906	3,278,239
Centennial Bridge	976,422	573,606	-	-
Park and recreation	4,942,773	5,358,909	5,191,258	5,252,128
Stormwater	1,008,710	1,643,662	1,340,031	1,042,504
Sunset Marina	1,202,102	734,565	731,088	734,403
Housing/community development loans	686,063	90,582	248,328	75,975
Total business-type activities expenses	17,155,780	17,691,231	17,064,507	15,725,284
Total primary government expenses	52,662,207	60,105,704	55,281,255	57,024,891
Primary Government Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,705,401	3,024,452	3,008,024	1,118,464
Police and fire	2,608,497	2,571,667	2,818,459	3,257,362
Electrical maintenance	29,958	41,535	38,725	26,274
Municipal vehicle parking system	416,348	373,516	286,429	225,358
Highways and streets	418,117	293,913	314,630	169,367
Refuse disposal	54,581	57,000	72,914	79,374
Libraries	222,212	253,721	232,449	226,361
Operating grants and contributions:				
General government	1,930,613	2,310,189	1,480,324	1,101,764
Police and fire	491,630	371,470	238,838	1,209,857
Highways and streets	-	-	150,000	-
Refuse disposal	-	-	-	-
Libraries	121,292	99,094	157,030	156,445
Capital grants and contributions,				
general government	-	-	-	-
Capital grants and contributions,				
highways and streets	8,285	-	176,739	1,121,054
Capital grants and contributions,				
libraries	-	-	-	-
Total governmental activities program revenue	9,006,934	9,396,557	8,974,561	8,691,680

2009	2010	2011	2012	2013	2014
\$ 16,858,777	\$ 11,305,249	\$ 16,417,739	\$ 12,657,949	\$ 13,943,857	\$ 24,861,534
17,764,363	19,608,468	19,976,357	20,830,554	20,847,960	21,771,346
603,178	585,374	597,462	602,202	595,066	613,300
181,743	350,756	328,550	281,012	274,917	265,338
6,975,777	5,914,981	7,879,571	7,267,676	8,585,805	5,601,354
1,433,656	1,661,963	1,602,467	1,457,974	1,440,900	1,581,240
2,185,185	2,319,225	1,966,454	2,559,060	2,400,381	2,516,131
-	-	-	-	-	-
280,358	616,283	615,878	596,127	557,361	822,915
46,283,037	42,362,299	49,384,478	46,252,554	48,646,247	58,033,158
5,432,620	5,381,733	5,159,034	6,074,685	6,232,948	5,636,469
3,926,401	4,303,243	4,305,904	4,530,716	4,732,170	6,763,891
-	-	-	-	-	-
5,968,430	6,169,575	5,169,656	6,133,119	6,294,865	5,778,743
1,639,184	1,528,442	1,530,430	1,546,392	1,409,651	1,643,294
863,714	881,513	658,526	716,337	757,879	709,573
85,608	103,749	296,616	309,965	235,295	19,238
17,915,957	18,368,255	17,120,166	19,311,214	19,662,808	20,551,208
64,198,994	60,730,554	66,504,644	65,563,768	68,309,055	78,584,366
3,207,592	3,056,182	3,335,724	3,678,321	3,634,169	3,940,813
3,447,520	3,578,985	3,633,014	3,994,407	4,025,783	4,029,954
3,601	24,152	23,611	30,788	17,597	18,331
219,188	207,623	204,369	173,721	169,272	141,122
165,724	131,511	185,692	144,680	211,332	178,801
109,907	182,614	505,964	492,807	781,637	885,723
222,008	212,397	224,432	227,054	222,090	222,087
1,364,287	2,102,695	4,891,932	2,096,150	2,399,271	2,977,297
818,528	191,659	255,264	302,105	99,192	155,522
-	128,085	-	1,056,163	43,850	114,714
-	-	-	-	-	-
124,449	56,206	101,045	52,108	179,626	132,009
-	-	400,000	91,770	507,112	7,000
-	1,631,814	837,814	-	-	-
-	-	-	-	-	-
9,682,804	11,503,923	14,598,861	12,340,074	12,290,931	12,803,373

CITY OF ROCK ISLAND, ILLINOIS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

MARCH 31, 2014

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	2005	2006	2007	2008
Business-type activities:				
Charges for services:				
Waterworks	\$ 4,219,005	\$ 4,535,853	\$ 4,921,769	\$ 5,189,174
Wastewater	3,685,110	3,883,344	4,195,871	4,994,983
Centennial Bridge	6,206	-	-	-
Park and recreation	3,098,679	3,215,321	3,582,675	3,113,840
Stormwater	1,315,795	1,259,829	1,307,083	1,439,598
Sunset Marina	499,994	821,919	846,562	829,506
Housing/community development loans	77,165	-	-	80,908
Operating grants and contributions				
Centennial Bridge	2,000	-	-	-
Park and recreation	70,271	35,759	17,089	22,946
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	-	-	-	-
Park and recreation	467,333	5,000	-	-
Sunset Marina	-	-	-	-
Total business-type activities program revenues	<u>13,680,510</u>	<u>13,808,406</u>	<u>14,972,296</u>	<u>15,670,955</u>
Total primary government program revenues	<u>22,687,444</u>	<u>23,204,963</u>	<u>23,946,857</u>	<u>24,362,635</u>
Primary government net expense				
Governmental activities	(26,499,493)	(33,017,916)	(29,242,187)	(32,607,927)
Business-type activities	(3,475,270)	(3,882,825)	(2,092,211)	(54,329)
Total primary government net expense	<u>(29,974,763)</u>	<u>(36,900,741)</u>	<u>(31,334,398)</u>	<u>(32,662,256)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property taxes	11,005,942	11,035,736	11,049,737	11,593,383
Gaming taxes	4,550,501	4,580,442	4,291,728	3,712,282
Sales taxes	3,756,932	3,690,341	3,748,672	3,936,082
Utility taxes	2,186,164	2,508,223	2,178,733	2,312,387
Income taxes	2,686,593	3,032,338	3,344,704	3,653,838
Other taxes	5,922,547	6,704,149	6,803,324	7,326,715
Intergovernmental (sales & income)	-	-	-	-
Investment earnings	597,197	1,038,782	1,183,573	1,174,061
Miscellaneous	12,624	136,060	166,514	344,133
Transfers	(206,243)	1,780,763	(665,917)	777,525
Total governmental activities	<u>30,512,257</u>	<u>34,506,834</u>	<u>32,101,068</u>	<u>34,830,406</u>

	2009	2010	2011	2012	2013	2014
\$	5,492,376	\$ 5,670,815	\$ 5,821,792	\$ 6,152,049	\$ 6,362,762	\$ 6,271,366
	5,825,018	6,687,063	7,395,538	7,995,233	7,834,599	7,833,530
	-	-	-	-	-	-
	3,326,601	3,235,998	3,300,041	3,445,286	3,492,199	3,249,990
	1,518,520	1,561,805	1,589,808	1,645,864	1,539,720	1,619,310
	695,671	834,026	800,474	769,993	712,057	669,717
	76,526	159,739	72,036	63,064	49,871	100,721
	-	-	-	-	-	-
	129,812	15,723	42,177	34,144	281,233	445,164
	77,493	-	-	-	-	34,880
	-	-	13,538	-	-	-
	119,071	-	-	-	-	2,237
	-	-	100,000	223,240	11,859	-
	-	-	-	-	48,883	268,877
	-	-	-	-	-	-
	-	-	-	2,628,879	-	-
	-	-	-	-	-	-
	-	2,000,000	-	-	-	-
	-	-	-	-	-	-
	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>	<u>20,333,183</u>	<u>20,495,792</u>
	<u>26,943,892</u>	<u>31,669,092</u>	<u>33,734,265</u>	<u>35,297,826</u>	<u>32,624,114</u>	<u>33,299,165</u>
	(36,600,233)	(30,858,376)	(34,785,617)	(33,912,480)	(36,355,316)	(45,229,785)
	<u>(654,869)</u>	<u>1,796,914</u>	<u>2,015,238</u>	<u>3,646,538</u>	<u>670,375</u>	<u>(55,416)</u>
	<u>(37,255,102)</u>	<u>(29,061,462)</u>	<u>(32,770,379)</u>	<u>(30,265,942)</u>	<u>(35,684,941)</u>	<u>(45,285,201)</u>
	12,329,857	14,363,101	14,886,144	14,931,405	14,138,304	13,870,933
	3,679,842	4,955,625	5,441,339	5,712,621	5,576,018	5,115,322
	4,046,545	3,866,877	4,689,611	4,978,042	5,008,704	-
	2,314,220	1,752,772	2,090,368	2,010,828	2,089,790	2,244,178
	3,615,800	3,151,854	3,094,030	3,184,753	3,516,323	-
	7,108,060	6,703,234	7,503,529	7,504,239	7,657,440	8,407,329
	-	-	-	-	-	8,843,026
	510,487	347,183	266,892	121,859	121,958	94,752
	26,899	59,633	213,972	86,444	129,781	418,279
	<u>(156,639)</u>	<u>(34,250)</u>	<u>(264,318)</u>	<u>4,688,312</u>	<u>(285,529)</u>	<u>(385,513)</u>
	<u>33,475,071</u>	<u>35,166,029</u>	<u>37,921,567</u>	<u>43,218,503</u>	<u>37,952,789</u>	<u>38,608,306</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
MARCH 31, 2014
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2005	2006	2007	2008
Business-type activities:				
Property taxes	\$ 1,413,884	\$ 1,510,260	\$ 1,652,230	\$ 1,276,505
Investment earnings	209,637	346,291	418,457	566,499
Miscellaneous	88,206	45,509	28,224	-
Special item: loss on transfer of Centennial Bridge to states	-	(30,779,461)	-	-
Transfers	206,243	(1,780,763)	665,917	(777,525)
Total business-type activities	<u>1,917,970</u>	<u>(30,658,164)</u>	<u>2,764,828</u>	<u>1,065,479</u>
Total primary government	<u>32,430,227</u>	<u>3,848,670</u>	<u>34,865,896</u>	<u>35,895,885</u>
Changes in net position				
Governmental activities	4,012,764	1,488,918	2,858,881	2,222,479
Business-type activities	(1,557,300)	(34,540,989)	672,617	1,011,150
Total primary government	<u>\$ 2,455,464</u>	<u>\$ (33,052,071)</u>	<u>\$ 3,531,498</u>	<u>\$ 3,233,629</u>

	2009	2010	2011	2012	2013	2014
\$	1,691,929	\$ 1,689,383	\$ 1,700,328	\$ 1,751,391	\$ 1,752,884	\$ 1,753,400
	168,164	140,039	97,349	201,135	27,985	50,850
	-	1,248	-	-	-	-
	-	-	-	-	-	-
	<u>156,639</u>	<u>34,250</u>	<u>264,318</u>	<u>(4,688,312)</u>	<u>285,529</u>	<u>385,513</u>
	<u>2,016,732</u>	<u>1,864,920</u>	<u>2,061,995</u>	<u>(2,735,786)</u>	<u>2,066,398</u>	<u>2,189,763</u>
	<u>35,491,803</u>	<u>37,030,949</u>	<u>39,983,562</u>	<u>40,482,717</u>	<u>40,019,187</u>	<u>40,798,069</u>
	(3,125,162)	4,307,653	3,135,950	9,306,023	1,597,473	(6,621,479)
	<u>1,361,863</u>	<u>3,661,834</u>	<u>4,077,233</u>	<u>910,752</u>	<u>2,736,773</u>	<u>2,134,347</u>
\$	<u>(1,763,299)</u>	<u>\$ 7,969,487</u>	<u>\$ 7,213,183</u>	<u>\$ 10,216,775</u>	<u>\$ 4,334,246</u>	<u>\$ (4,487,132)</u>

CITY OF ROCK ISLAND, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2014
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Function / Program	2005	2006	2007	2008
Governmental activities:				
General government	\$ 4,644,299	\$ 5,334,641	\$ 4,488,348	\$ 2,220,228
Police and fire	3,100,127	2,943,137	3,057,297	4,467,219
Electrical maintenance	29,958	41,535	38,725	26,274
Municipal vehicle parking system	416,348	373,516	286,429	225,358
Highways and streets	418,117	293,913	641,369	1,290,421
Refuse disposal	54,581	57,000	72,914	79,374
Libraries	343,504	352,815	389,479	382,806
Total governmental activities	<u>9,006,934</u>	<u>9,396,557</u>	<u>8,974,561</u>	<u>8,691,680</u>
Business-type activities:				
Water	4,299,462	4,535,853	4,921,769	5,189,174
Wastewater treatment	3,812,043	3,885,978	4,197,718	4,994,983
Centennial Bridge	8,206	-	-	-
Park and recreation	3,636,283	3,256,080	3,599,764	3,136,786
Stormwater	1,315,795	1,259,829	1,307,083	1,439,598
Sunset Marina	501,558	821,919	846,562	829,506
Housing and community development loan	107,163	48,747	99,400	80,908
Total business-type activities	<u>13,680,510</u>	<u>13,808,406</u>	<u>14,972,296</u>	<u>15,670,955</u>
Total government	<u>\$ 22,687,444</u>	<u>\$ 23,204,963</u>	<u>\$ 23,946,857</u>	<u>\$ 24,362,635</u>

Source: City records

	2009	2010	2011	2012	2013	2014
\$	4,571,879	\$ 5,158,877	\$ 8,627,656	\$ 5,866,241	\$ 6,540,552	\$ 6,925,110
	4,266,048	3,770,644	3,888,278	4,296,512	4,124,975	4,185,476
	3,601	24,152	23,611	30,788	17,597	18,331
	219,188	207,623	204,369	173,721	169,272	141,122
	165,724	1,891,410	1,023,506	1,200,843	255,182	293,515
	109,907	182,614	505,964	492,807	781,637	885,723
	346,457	268,603	325,477	279,162	401,716	354,096
	<u>9,682,804</u>	<u>11,503,923</u>	<u>14,598,861</u>	<u>12,340,074</u>	<u>12,290,931</u>	<u>12,803,373</u>
	5,492,376	5,670,815	5,821,792	6,152,049	6,362,762	6,271,366
	5,825,018	6,687,063	7,395,538	10,624,112	7,883,482	8,102,407
	-	-	-	-	-	-
	3,456,413	5,251,721	3,342,218	3,479,430	3,773,432	3,695,154
	1,596,013	1,561,805	1,603,346	1,645,864	1,539,720	1,654,190
	814,742	834,026	800,474	769,993	712,057	671,954
	76,526	159,739	172,036	286,304	61,730	100,721
	<u>17,261,088</u>	<u>20,165,169</u>	<u>19,135,404</u>	<u>22,957,752</u>	<u>20,333,183</u>	<u>20,495,792</u>
\$	<u>26,943,892</u>	<u>\$ 31,669,092</u>	<u>\$ 33,734,265</u>	<u>\$ 35,297,826</u>	<u>\$ 32,624,114</u>	<u>\$ 33,299,165</u>

CITY OF ROCK ISLAND, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2014
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2005	2006	2007	2008
General fund				
Reserved	\$ 873,800	\$ 1,301,833	\$ 1,123,268	\$ 827,312
Unreserved	5,771,995	6,020,845	6,973,846	8,484,627
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 6,645,795</u>	<u>\$ 7,322,678</u>	<u>\$ 8,097,114</u>	<u>\$ 9,311,939</u>
All other governmental funds				
Reserved	\$ 6,782,902	\$ 6,688,701	\$ 5,991,570	\$ 2,699,964
Unreserved, reported in:				
Special revenue funds	9,231,888	9,769,059	10,414,324	10,686,521
Debt service funds	1,515,356	1,608,484	1,306,835	1,308,302
Capital projects funds	211,091	(1,489,471)	(669,188)	653,267
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 17,741,237</u>	<u>\$ 16,576,773</u>	<u>\$ 17,043,541</u>	<u>\$ 15,348,054</u>

GASB Statement No. 54 implemented in fiscal year 2011

2009	2010	2011	2012	2013	2014
\$ 1,455,903	\$ 737,694	\$ -	\$ -	\$ -	\$ -
8,196,559	7,716,892	-	-	-	-
-	-	1,336	1,336	-	-
-	-	128,455	157,611	273,308	279,058
-	-	640	-	-	-
-	-	238,643	378,509	-	-
-	-	9,443,347	10,375,695	11,145,921	12,106,153
<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>	<u>\$ 12,385,211</u>
\$ 4,070,939	\$ 3,063,439	\$ -	\$ -	\$ -	\$ -
8,204,905	11,999,807	-	-	-	-
171,543	248,370	-	-	-	-
5,708,661	5,321,073	-	-	-	-
-	-	-	-	-	-
-	-	7,591,142	6,626,079	10,253,731	14,214,384
-	-	9,699,484	11,762,242	13,668,164	14,688,538
-	-	335,451	64,748	118,646	60,554
-	-	(1,908,876)	(2,801,588)	(2,447,709)	(671,307)
<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>	<u>\$ 28,292,169</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MARCH 31, 2014
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	2005	2006	2007	2008
Revenues				
Property taxes	\$ 9,971,645	\$ 10,981,350	\$ 10,942,864	\$ 11,057,085
Other taxes	19,083,272	20,530,101	20,349,952	20,949,799
Fines and fees	240,027	229,343	294,354	324,401
Intergovernmental	2,302,779	2,633,043	2,077,471	2,364,724
Charges for services	4,680,145	4,747,641	4,942,121	4,016,137
Use of money and property	712,183	780,663	1,081,282	1,174,061
Licenses and permits	568,047	985,299	673,077	762,022
Special assessments	-	-	-	-
Contributions	149,338	89,202	62,126	103,342
Other	12,163	19,928	75,136	276,265
Total revenues	<u>37,719,599</u>	<u>40,996,570</u>	<u>40,498,383</u>	<u>41,027,836</u>
Expenditures				
Current:				
General government	8,504,732	10,021,626	9,642,529	10,696,556
Police and Fire	14,959,882	16,065,401	16,284,239	17,476,908
Electrical maintenance	726,042	744,937	690,957	659,805
Motor Vehicle Parking System	270,646	300,385	226,491	191,111
Highways and streets	3,788,199	4,961,394	4,508,711	5,469,273
Refuse disposal	1,190,372	1,906,294	1,207,288	1,380,584
Libraries	1,903,201	1,995,886	2,255,921	2,194,964
Capital outlay	3,005,021	5,103,593	3,531,463	3,518,066
Debt Service:				
Principal	1,474,206	1,357,045	1,064,165	688,145
Interest	240,936	245,856	174,498	183,765
Bond Issuance costs	-	5,235	-	-
Total expenditures	<u>36,063,237</u>	<u>42,707,652</u>	<u>39,586,262</u>	<u>42,459,177</u>
Excess of revenues (under) expenditures	<u>1,656,362</u>	<u>(1,711,082)</u>	<u>912,121</u>	<u>(1,431,341)</u>
Other financing sources (uses)				
Issuance of long-term debt	2,382,702	225,483	1,330,000	-
Bond discount	9,082	(372)	-	-
Bond premium	-	-	-	-
Issuance of loan payable	-	-	-	-
Payment to bond escrow agent	(757,702)	(205,000)	-	-
Transfers in	7,220,195	9,273,896	6,349,799	8,365,594
Transfers out	(7,600,036)	(8,070,506)	(7,350,716)	(7,414,915)
Total other financing sources (uses)	<u>1,254,241</u>	<u>1,223,501</u>	<u>329,083</u>	<u>950,679</u>
Net change in fund balances	<u>\$ 2,910,603</u>	<u>\$ (487,581)</u>	<u>\$ 1,241,204</u>	<u>\$ (480,662)</u>
Debt service as a percentage of noncapital expenditures	5.19%	4.28%	3.44%	2.15%

Source: City records

2009	2010	2011	2012	2013	2014
\$ 11,471,164	\$ 12,322,519	\$ 14,569,113	\$ 14,814,509	\$ 14,926,606	\$ 14,237,213
20,777,465	19,383,563	22,910,039	23,591,116	24,051,197	24,100,438
694,817	485,330	426,868	504,812	440,067	396,131
2,079,869	1,892,996	4,355,646	3,163,924	2,478,842	3,337,053
6,027,371	6,193,416	6,657,901	6,971,289	7,132,888	7,393,462
510,487	350,621	374,704	186,852	349,556	204,542
708,877	719,378	863,006	901,395	1,125,729	1,172,228
-	-	-	-	-	-
131,798	479,680	533,194	760,863	659,198	181,653
35,309	226,214	267,101	65,848	90,368	87,257
<u>42,437,157</u>	<u>42,053,717</u>	<u>50,957,572</u>	<u>50,960,608</u>	<u>51,254,451</u>	<u>51,109,977</u>
13,450,852	9,926,146	13,911,083	12,871,649	12,432,804	21,513,727
18,144,315	19,442,894	20,255,984	20,704,873	20,788,783	21,343,536
612,471	587,492	592,644	580,692	604,893	621,642
183,996	181,204	181,243	185,157	190,179	194,694
5,882,079	4,690,385	4,065,960	3,959,920	4,503,406	4,270,551
1,516,897	1,675,429	1,704,845	1,553,325	1,541,430	1,684,440
2,207,697	2,203,791	2,268,601	2,336,234	2,296,800	2,401,209
2,570,128	8,385,641	9,973,140	5,501,375	5,083,118	8,585,290
681,829	1,104,400	1,440,300	1,728,250	1,666,965	1,759,150
211,351	334,016	824,430	584,816	566,000	827,665
-	-	-	-	-	-
<u>45,461,615</u>	<u>48,531,398</u>	<u>55,218,230</u>	<u>50,006,291</u>	<u>49,674,378</u>	<u>63,201,904</u>
<u>(3,024,458)</u>	<u>(6,477,681)</u>	<u>(4,260,658)</u>	<u>954,317</u>	<u>1,580,073</u>	<u>(12,091,927)</u>
6,422,600	7,760,000	960,000	585,000	2,520,000	10,625,000
(92,986)	(10,898)	-	(16,492)	(60,934)	-
-	10,594	29,477	40,887	60,765	370,408
-	-	-	-	3,022,538	9,093,064
-	-	-	-	(391,606)	-
8,238,999	5,942,996	8,001,391	9,376,020	9,350,372	10,805,792
<u>(8,395,638)</u>	<u>(5,946,246)</u>	<u>(8,287,863)</u>	<u>(9,904,721)</u>	<u>(9,633,779)</u>	<u>(11,137,018)</u>
<u>6,172,975</u>	<u>7,756,446</u>	<u>703,005</u>	<u>80,694</u>	<u>4,867,356</u>	<u>19,757,246</u>
<u>\$ 3,148,517</u>	<u>\$ 1,278,765</u>	<u>\$ (3,557,653)</u>	<u>\$ 1,035,011</u>	<u>\$ 6,447,429</u>	<u>\$ 7,665,319</u>
2.05%	3.16%	4.65%	5.05%	4.83%	4.70%

CITY OF ROCK ISLAND, ILLINOIS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
MARCH 31, 2014
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Replacement Tax	Sales Tax	Use Tax	Income Tax	Utility Tax
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
2013	14,926,606	2,444,370	5,027,347	619,887	3,711,030	2,044,178
2014	14,237,213	2,800,493	5,071,240	672,361	3,782,583	2,173,089
Change 2005-2014	43%	48%	35%	66%	41%	-1%

Source: City records

Gasoline Tax	Other Tax	Wagering Tax	Motor Fuel Tax	Foreign Fire Insurance Tax	Hotel/Motel Tax	Total
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
216,733	2,870,325	5,576,018	1,101,454	74,388	365,467	38,977,803
209,290	2,569,313	5,115,322	1,264,855	61,896	379,996	38,337,651
17%	21%	12%	10%	89%	195%	32%

CITY OF ROCK ISLAND, ILLINOIS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Property
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
2013	324,124,044	80,313,679	50,786,603	398,366
2014	310,848,722	77,148,017	55,034,580	487,151

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
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%
3,007,939	458,630,631	-4.0%	2.4002	1,367,004,776	33.6%
3,549,995	447,068,465	-2.5%	2.3978	1,335,253,423	33.5%

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL PROPERTY TAX RATES
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Tax Collection Year	City Direct Rates							Total Direct
	General Fund	Fire Pension Fund	Police Pension Fund	Public Benefit Fund	Debt Service Fund	Public Library Fund	Park Fund	
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
2013	0.59380	0.44280	0.50180	0.05000	-	0.42960	0.38220	2.40020
2014	0.48420	0.48900	0.54160	0.05000	-	0.44080	0.39220	2.39780

Source: City and County records

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

Overlapping Rates

Special Service Fund	Rock Island School District	Rock Island County	Township	Airport Authority	Transit	Blackhawk Community College
-	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
-	5.25900	0.88720	0.42960	0.07500	0.19480	0.54030
5.82160	0.53066	1.01840	0.44540	0.07500	0.20540	0.54270

CITY OF ROCK ISLAND, ILLINOIS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
MARCH 31, 2014
(UNAUDITED)

Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
DNC Gaming & Entertainment	\$ 22,000,375	1	4.94%
Modern Woodmen of America	7,823,999	2	1.76%
Mid American Energy Co.	4,905,903	5	1.10%
PFG Thoms Proestler Co	4,640,955	3	1.04%
Friendship Manor	2,996,146	4	0.67%
First Equality Management	2,529,933	6	0.57%
ATI Products / John Deere	2,338,072	7	0.53%
Illinois Housing Development Authority	1,934,290	8	0.43%
Rock Island River Terminal	1,700,780	9	0.38%
Eye Surgeons Facilities	1,595,599	10	0.36%
Total	\$ 52,466,052		11.78%

Notes:

1. Valuation as of January 1, 2013, for taxes collected in 2014.
2. Total City assessed valuation of \$ 455,039,966

Taxpayer	2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Thoms-Proestler Co.	4,816,290	2	1.2%
Barjan Products LLC	4,425,893	3	1.1%
Mid American Energy Co.	4,397,621	1	1.1%
Modern Woodmen of America	4,338,703	4	1.0%
Friendship Manor	2,712,459	5	0.7%
Miller Container Corp.	2,601,772	6	0.6%
LRC Developers, Inc.	1,799,820	7	0.4%
Illinois Housing Development Authority	1,759,021	8	0.4%
Quad Cities Steel Warehouse	1,712,262	9	0.4%
Careplus Management	1,483,233	10	0.4%
Total	\$ 30,047,074		7.3%

Notes:

1. Valuation as of January 1, 2003, for taxes collected in 2004.
2. Total City assessed valuation of \$413,323,912.

Source: County records



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
MARCH 31, 2014
(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
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%
2013	2012	11,005,492	11,004,896	99.99%
2014	2013	10,799,940	-	-

Source: City records

Note:

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
-	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%
-	11,004,896	99.99%
-	-	-

CITY OF ROCK ISLAND, ILLINOIS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Fiscal Year	Governmental Activities				Percentage of Actual Property Value	Debt Per Capita	Other Governmental Activities Debt
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt				Line of Credit
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	-	
2013	15,188,450	834,053	\$ 14,354,397	1.1%	367.89	3,022,538	
2014	24,054,300	758,315	\$ 23,295,985	1.7%	597.06	12,115,602	

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

Source: City records

Business-Type Activities

Loan Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Per Capita Income	Per Capita
-	13,942,298	-	17,524,644	504.6 %	441.60
-	12,948,860	-	15,356,516	442.2 %	386.97
-	15,395,025	-	18,573,165	534.8 %	468.03
-	14,268,170	-	16,846,698	485.1 %	424.52
-	16,630,733	-	26,156,790	753.2 %	659.13
-	17,888,466	-	34,011,284	979.3 %	857.05
-	23,727,100	-	38,673,540	887.9 %	991.17
4,100,381	21,896,315	-	39,985,276	918.0 %	1,024.79
18,892,687	20,108,217	-	56,377,839	1294.3 %	1,444.92
41,240,029	18,330,700	-	94,982,316	2180.6 %	2,434.32

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED MARCH 31, 2014
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Schools			
Rock Island School District No. 41	\$ 37,270,000	81.850%	\$ 30,505,495
Rockridge School district No. 300	590,000	18.520%	109,268
Blackhawk College	32,715,000	14.200%	4,645,530
			35,260,293
Other Than Schools			
Rock Island County (1)	6,506,751	20.860%	1,357,308
Rock Island County Forest Preserve District	5,200,000	20.860%	1,084,720
Rock Island County Nursing Home	21,510,000	20.860%	4,486,986
Metropolitan Airport Authority	23,675,000	25.610%	6,063,168
			12,992,182
Subtotal, overlapping debt			48,252,475
City Direct Debt			36,169,902
Total direct and overlapping debt			\$ 84,422,377

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		
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	
2013	-	-	-	0.0	
2014	-	-	-	0.0	

CITY OF ROCK ISLAND, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
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%
2013	39,018	NA	43,558	37.0	6,269	8.3%
2014	39,018	NA	43,558	37.0	6,334	7.9%

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, 2014
(UNAUDITED)

Employer	2014		
	Employees	Rank	Percent
Unity Point Health - Trinity Medical Center	1,848	1	10%
Rock Island-Milan School District	762	2	4%
Rock Island County Government	728	3	4%
City of Rock Island Government	636	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%
	6,596		33%
Total City Employment	17,766		

Employer	2005		
	Employees	Rank	
Trinity Medical Center	1,800	1	9%
Rock Island School District No. 41	950	2	5%
Augustana College	480	3	3%
Thoms-Proestler	600	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	400	10	2%
	6,144		32%
Total City Employment	19,093		

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, 2014

(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Mayor and Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
City Clerk	1.00	1.00	1.45	1.50	1.50	1.00	1.00	1.00	1.00	1.00
General administration	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administrative Services										
Administration	-	3.40	3.10	3.00	-	-	-	-	-	-
Personnel Services	-	0.40	0.70	1.00	-	-	-	-	-	-
Insurance	-	1.60	1.60	1.00	-	-	-	-	-	-
IT Services	-	5.35	5.35	6.00	-	-	-	-	-	-
GIS	-	0.25	0.25	-	-	-	-	-	-	-
	<u>-</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Personnel										
Administration	2.20	-	-	-	2.20	2.20	2.20	2.20	2.20	2.20
Personnel services	0.40	-	-	-	0.40	0.40	0.40	0.40	0.40	0.40
Insurance	1.40	-	-	-	1.40	1.40	1.40	1.40	1.40	1.40
	<u>4.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Finance										
Administration	1.00	1.00	1.25	1.25	1.00	2.00	2.00	2.00	2.00	2.00
Customer service	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Accounting	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
	<u>10.00</u>	<u>10.00</u>	<u>10.25</u>	<u>10.25</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Information Technology										
Administration	2.00	-	-	-	1.30	2.35	2.35	2.30	2.10	1.95
Services	4.80	-	-	-	5.35	5.40	5.40	5.50	4.80	4.95
GIS	0.20	-	-	-	0.35	0.25	0.25	0.20	0.10	0.10
	<u>7.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>7.00</u>	<u>7.00</u>
Community/Economic Development										
Administration	0.75	0.50	0.50	0.50	0.50	0.60	0.60	1.27	1.27	1.27
Economic development	2.50	1.88	2.70	2.80	2.80	2.60	2.60	2.63	2.49	2.49
Planning/zoning/historic										
Preservation	4.85	5.72	6.62	6.52	6.26	6.43	6.43	6.58	6.15	5.90
Neighborhood redevelopment	1.90	1.90	1.90	1.90	1.90	2.80	2.80	2.95	2.09	2.34
Inspection	4.92	4.95	4.85	5.85	5.85	5.85	5.85	6.00	7.25	7.00
Rental inspection	5.08	5.05	5.15	5.15	4.15	4.15	4.15	4.00	2.75	-
	<u>20.00</u>	<u>20.00</u>	<u>21.72</u>	<u>22.72</u>	<u>21.46</u>	<u>22.43</u>	<u>22.43</u>	<u>23.43</u>	<u>22.00</u>	<u>19.00</u>
Martin Luther King Jr. Center										
Administration	3.75	2.20	2.00	1.15	1.15	1.10	1.10	1.70	1.70	1.70
Sponsored programs	10.27	7.56	9.58	6.68	3.85	4.90	4.90	4.30	4.30	5.30
	<u>14.02</u>	<u>9.76</u>	<u>11.58</u>	<u>7.83</u>	<u>5.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>7.00</u>

CITY OF ROCK ISLAND, ILLINOIS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

MARCH 31, 2014

(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Administration	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Patrol	57.00	56.00	56.00	56.00	58.48	58.80	58.80	58.80	57.80	57.80
Community services	2.45	2.45	2.45	3.45	3.45	3.45	3.45	3.40	3.40	3.40
Auxiliary police	-	-	-	-	0.17	0.20	0.20	0.20	0.20	0.20
Resource services	2.53	2.53	2.53	2.53	2.53	2.53	2.53	3.08	3.08	3.08
Communication	13.16	13.16	13.16	13.16	13.16	13.16	13.16	12.84	12.84	12.84
Technical services	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.44	2.44	2.44
Records	5.48	5.48	5.48	5.48	5.48	5.48	5.48	5.24	5.24	5.24
Major crime	10.20	10.20	10.10	10.40	10.40	10.25	10.25	10.25	10.25	10.25
Narcotics/vice	7.30	7.30	7.30	7.30	5.40	5.30	5.30	5.30	6.30	6.30
Juvenile	6.50	6.50	6.60	7.30	7.55	7.45	7.45	7.45	7.45	7.45
	111.00	110.00	110.00	112.00						
Fire										
Administration	8.94	8.94	8.98	9.16	9.16	10.16	10.16	9.16	9.27	9.27
Fire prevention	6.94	6.94	6.98	7.16	7.16	7.16	7.16	7.16	7.27	7.27
Emergency/disaster services	20.52	20.52	20.65	21.28	21.28	21.28	21.28	21.28	21.66	21.66
Ambulance	22.60	22.60	22.74	23.40	23.40	22.40	22.40	23.40	23.80	23.80
	59.00	59.00	59.35	61.00	61.00	61.00	61.00	61.00	62.00	62.00
Public Works										
Administration	20.50	20.46	21.11	19.98	20.65	20.70	20.70	21.39	19.61	19.62
Street maintenance & repair	8.32	8.32	7.69	7.57	8.22	9.00	9.00	7.40	7.53	7.86
Snow & ice control	0.64	0.64	0.64	0.64	0.68	0.73	0.73	0.65	0.69	0.75
Refuse collection	8.02	8.02	8.02	8.02	8.02	8.02	8.02	6.97	9.62	9.62
Levee/ROW maintenance	5.92	5.92	5.92	6.01	6.52	7.78	7.78	7.60	7.30	6.74
Water distribution	13.75	13.75	13.68	14.28	14.28	14.03	14.03	14.25	14.60	14.60
Wastewater collection	2.97	3.02	3.67	2.87	2.87	2.90	2.90	2.79	2.80	4.24
Motor vehicle parking	1.88	1.88	1.38	1.53	1.53	1.58	1.58	2.83	2.96	2.82
Water treatment	10.28	10.63	10.68	10.98	11.08	10.98	10.98	11.12	11.12	10.62
Wastewater treatment	9.68	9.68	9.68	9.08	9.68	9.58	9.58	9.72	9.72	9.72
Fleet services	9.15	9.15	9.15	9.15	9.15	9.20	9.20	9.25	9.25	9.34
Electrical maintenance	2.00	3.00	2.55	2.45	2.45	3.00	3.00	3.00	3.00	3.00
Engineering services	10.28	10.62	10.28	10.55	10.98	10.98	9.25	9.51	10.54	10.33
Building maintenance	1.70	1.70	2.00	2.10	1.95	1.20	1.20	1.70	1.55	1.45
Sunset Marina	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.86	2.31	2.39
Hydroelectric	-	-	0.15	0.15	0.30	0.25	0.25	-	-	-
Stormwater	5.95	5.75	5.95	7.13	7.13	6.56	6.56	5.96	4.40	4.40
Centennial Bridge	-	-	-	-	-	-	-	-	-	-
	112.28	113.78	113.79	113.73	116.73	117.73	116.00	116.00	117.00	117.50
Parks & Recreation										
Administration	2.45	2.45	2.20	2.25	3.50	3.50	3.50	3.50	3.28	3.36
Park maintenance	14.73	14.77	16.08	15.17	18.02	19.16	19.16	17.03	13.46	13.46
Recreation programs	9.59	12.17	14.02	11.23	15.88	16.63	16.63	16.47	17.60	17.03
Highland Springs Golf	14.10	14.12	13.98	14.18	14.41	14.41	14.41	14.45	13.93	13.75
Saukie Golf	8.74	8.73	9.64	9.66	10.28	10.28	10.28	10.34	10.11	10.14
Golf Pro Shop	0.14	0.14	0.14	0.14	0.26	0.26	0.26	0.26	0.57	0.57
Whitewater Junction	7.06	7.09	7.09	7.09	8.57	8.25	8.25	8.06	7.35	6.47
RI Fitness Center	16.28	14.92	15.66	17.01	15.80	14.67	14.67	14.43	13.56	16.12
Riverfront Park	2.31	2.27	2.17	1.77	-	-	-	-	-	-
	75.40	76.66	80.98	78.50	86.72	87.16	87.16	84.54	79.86	155.90

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of March 31</u>									
	<u>2014</u>	<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>
Library										
Administration	2.00	2.00	1.91	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Main library	21.80	21.98	21.28	22.36	22.08	21.38	21.38	21.38	21.38	21.05
30/31 library	4.00	4.00	3.82	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Southwest library	3.25	3.25	3.10	3.25	3.25	3.87	3.87	2.75	2.75	2.75
	31.05	31.23	30.11	31.61	31.33	31.25	31.25	30.13	30.13	29.80
Total	455.75	453.43	460.23	460.14	466.74	470.57	468.84	466.10	460.99	460.20



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Function/Program	2005	2006	2007	2008
Police				
Calls for service	47,050	44,563	47,200	47,317
Adult arrest	4,444	4,381	4,738	4,299
Juvenile arrest	973	994	876	937
Speeding citations only	1,539	1,255	1,255	1,884
Traffic citations	7,393	6,515	8,750	8,857
Fire				
Total fire runs	1,311	1,339	1,487	1,550
Total rescue runs	3,367	3,179	4,068	4,898
Property loss	\$ 700,520	\$ 429,350	\$ 429,350	\$ 670,009
Public Works				
Garbage collected (ton)	18,719	17,978	16,800	18,900
Other collected (ton)	3,137	1,622	1,953	2,761
Water average daily treatment (millions of gallons)	4.82	5.33	5.30	5.12
Wastewater average daily treatment (millions of gallons)	8.22	6.14	7.45	8.85
Library, volumes in collection	215,594	227,512	241,113	254,126
Parks and Recreation				
RIFAC memberships	2,678	2,748	2,670	2,650
Aquatics program attendance	26,027	37,929	29,839	29,222
Golf rounds played	67,788	66,967	56,000	48,000
Recreation programs offered	173	203	217	287
Park maintenance hours	40,000	41,500	41,500	41,500
RIFAC and Whitewater members	**	**	**	**
Registrations for programs	**	**	**	**
Rentals at facilities	**	**	**	**

Source: City records

Note: ** The City changed its Budget format for CY14. Tracking of operating indicators has been revised in the new format resulting in some p

Calendar Year						
2009	2010	2011	2012	2013	2014	
47,317	32,897	28,032	28,227	29,826	54,157	
4,299	3,069	2,903	3,978	3,716	2,696	
937	800	617	678	403	413	
1,884	1,536	849	919	1,079	861	
8,857	7,105	5,990	6,190	5,726	4,495	
1,617	1,420	1,482	1,525	1,543	1,570	
4,798	4,973	4,562	4,666	4,516	4,600	
\$ 1,385,260	\$ 5,609,267	\$ 1,652,466	\$ 1,298,231	\$ 791,177	\$ 1,130,000	
18,900	17,750	15,778	14,858	15,085	15,500	
2,761	2,298	2,200	2,207	2,250	**	
5.28	5.00	5.50	5.69	5.30	5.20	
10.64	12.00	11.14	9.72	7.47	8.75	
254,126	247,414	249,218	250,014	243,412	247,500	
2,554	2,685	2,717	2,641	2,830	**	
29,222	29,415	29,451	32,177	32,000	**	
50,918	55,586	52,196	51,527	54,305	46,633	
304	417	395	281	276	**	
**	**	**	**	**	**	
**	**	**	5,048	5,178	4,869	
**	**	**	8,448	8,487	8,500	
**	**	**	733	775	750	

rior indicator information unavailable.

CITY OF ROCK ISLAND, ILLINOIS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
MARCH 31, 2014
(UNAUDITED)

Function/Program	2005	2006	2007	2008
Police and fire				
Police stations	1	1	1	1
Fire stations	4	4	4	4
Electrical maintenance				
Traffic signaled intersections	60	62	62	62
Warning lights	17	17	17	17
Street lights	1,103	1,157	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	1,375	1,375	1,375	1,375
Parking meters	144	140	140	140
Highways and streets				
Miles of streets	166	166	166	166
Refuse disposal				
Refuse trucks	5	5	6	6
Libraries				
Facilities	3	3	3	3
Volumes	215,594	227,512	241,113	254,126
Waterworks				
Storage capacity (MGPD)	10.85	10.85	10.85	10.85
Average water treated (MGPD)	5.33	5.00	5.00	5.00
Miles of water main	224	224	226	226
Fire hydrants	1,899	1,902	1,915	1,915
Control valves	4,225	4,230	4,251	4,251
Wastewater treatment				
Storage capacity (MGPD)	9.50	9.50	9.50	9.50
Average wastewater treated (MGPD)	8.22	6.14	7.45	8.85
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)	103	104	104	104
Stormwater catch basins	4,929	4,931	4,956	4,956
Total raingardens	21	88	88	131
Total raingardens (sq ft)	14,494	34,245	34,245	50,800
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	14	12	14	8
TIF District Projects	12	14	23	18
Agencies receiving funding	11	11	12	12

Source: City records

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
4	4	4	4	4	4
62	64	64	64	64	64
17	16	16	18	18	18
1,157	1,204	1,204	1,204	1,204	1,204
225	214	214	214	120	120
1,352	1,352	1,352	1,352	1,352	1,352
1,375	1,375	1,375	1,375	1,375	1,375
140	100	92	92	104	104
166	166	166	166	166	166
6	6	6	6	6	6
3	3	3	3	3	3
254,126	247,414	249,218	250,014	243,412	247,500
10.85	10.85	10.85	10.85	10.85	10.85
5.12	5.35	5.50	5.69	5.20	5.32
228	228	228	228	228	229
1,928	1,932	1,928	1,929	1,929	1,930
4,315	4,327	4,315	4,322	4,330	4,332
9.50	17.50	18.00	17.50	17.50	17.50
10.64	12.00	11.14	9.72	7.75	7.84
250	250	185	185	185	185
95	95	95	95	95	95
3,667	3,667	3,667	3,667	3,667	3,667
115	115	115	115	115	115
4,947	4,947	4,947	4,947	5,011	5,011
155	192	210	231	244	251
57,855	67,926	73,510	80,812	83,995	86,327
900	900	900	900	860	860
23	23	24	25	25	26
2	2	2	2	2	2
2	2	2	2	2	2
473	473	473	473	473	473
250	250	250	250	250	250
5	10	11	8	10	4
14	15	17	50	50	46
9	9	9	9	9	**



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2014

<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	B13MC170021	\$ 1,266,777
Indirect Programs, Pass-Through Programs From:			
Illinois Department of Commerce & Economic Opportunity:			
IKE Public Infrastructure Program	14.228	08-354083	206,679
IKE Public Infrastructure Program	14.228	B-08-DI-17-001	<u>100,000</u>
Total U.S. Department of Housing and Urban Development			<u>1,573,456</u>
U.S. Department of Justice:			
2013 Byrne Justice Assistance Grant Program (Direct)	16.738	2013-H5065-IL-DJ	<u>25,170</u>
U.S. Environmental Protection Agency			
Indirect Program, Pass-Through Programs From:			
Illinois Environmental Protection Agency:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	L17136700	<u>8,570,305</u>
U.S. Department of Commerce			
Economic Development Administration (Direct)	11.307	06-79-05699	<u>74,095</u>
U.S. Department of Interior / National Park Service			
U.S. Fish and Wildlife Service/ Illinois Department of Natural Resources (ILDNR):			
Boating Infrastructure Grant Program (BIG-P)	15.622	F13AP00149	<u>1,112,012</u>
U.S. Department of Transportation			
Indirect Programs, Pass-Through Programs From:			
Illinois Department of Transportation:			
State and Community Highway Safety	20.600	AP-14-0274	20,837
Federal Highway Administration/ Illinois Department of Transportation:			
2005 National Scenic Byway Grant	20.205	SBIL-IL05 (009)	<u>538,301</u>
Total U.S. Department of Transportation			<u>559,138</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED MARCH 31, 2014

<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 Health and Human Services			
Indirect Programs, Pass-Through Programs From:			
Illinois Department of Human Services:			
Temporary Assistance for Needy Families	93.558	FCSRE00987	21,903
Temporary Assistance for Needy Families	93.558	FCSSR00987	65,769
Prevention and Treatment of Substance Abuse	93.959	FCSRE01868	34,126
Prevention and Treatment of Substance Abuse	93.959	FCSSP01868	99,027
Teen Pregnancy Prevention Prep	93.092	FCSRE01839	21,883
Teen Pregnancy Prevention Prep	93.092	FCSSP01839	<u>67,972</u>
Total U.S. Department of Health and Human Services			<u>310,680</u>
Total			<u>\$ 12,224,856</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, 2014**

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, 2014. 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	\$15,000

City of Rock Island, Illinois

Summary Schedule of Prior Audit Findings
Year Ended March 31, 2014

Findings	Status	Corrective Action Plan or Other Explanation
Significant Deficiencies Related to the Basic Financial Statements:		
2013-001 The City has inadequate segregation of duties over the Parks and Recreation Department cash receipts	Not corrected.	See corrective action plan at 2014-001
2013-002 The City has insufficient segregation of duties over the payroll process.	Not corrected.	See corrective action plan at 2014-002
2013-003 The City has insufficient segregation of duties over the cash disbursement transaction cycle.	Not corrected.	See corrective action plan at 2014-003
Material Weakness and Significant Deficiency over Federal Awards:		
2013-004 The City does not have adequate documentation to support payroll costs of the program. in the required timeframe.	Corrected.	
2013-005 The City does not have adequate documentation to support allocations for self insurance to the program.	Corrected.	
2013-006 The City has not completed a required HUD report and submitted the required report within 90 days of the City's year-end.	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, 2014, 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 11, 2014. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2014-001, 2014-002 and 2014-003 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 11, 2014

**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, 2014. 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, 2014.

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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
August 11, 2014

City of Rock Island, Illinois

**Schedule of Findings and Questioned Costs
Year Ended March 31, 2014**

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) No material weaknesses or significant deficiencies in internal control over major federal programs were identified.
- e) Unmodified opinions were issued on compliance with requirements applicable to each major program.
- f) The audit did not disclose 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
15.622	Sportfishing and Boating Safety Act
20.205	Highway Planning and Construction (Federal-Aid Highway Program)
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 \$366,745.
- i) City of Rock Island, Illinois did not qualify as a low-risk auditee.

(Continued)

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

None reported.

Significant Deficiencies:

2014-001

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.

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: 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: Changes to processes were made during the fiscal year to improve controls over receipts. The City will continue to evaluate current processes to and determine realignment of duties.

**Schedule of Findings and Questioned Costs
Year Ended March 31, 2014**

2014-002

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.

In the current year a compensating control was added to the payroll system. Currently, the Finance Director receives a Payroll Register and specifically reviews the Fiscal Technician's and the timekeepers' hours and rate of pay. In addition, the total pay per the payroll register is agreed to the sum of the total of the ACH file submitted to the financial institution and manual check listing.

In addition, PSS now delivers the checks and notice of deposits directly 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

**Schedule of Findings and Questioned Costs
Year Ended March 31, 2014**

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

2014-003

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

Significant Deficiencies over Federal Awards:

None Reported.

Instances of Noncompliance:

None Reported.

City of Rock Island, Illinois

**Corrective Action Plan
Year Ended March 31, 2014**

	Findings	Corrective Action Plan	Anticipated Date of Completion
Significant Deficiencies Over Basic Financial Statements:			
2014-001	The City has inadequate segregation of duties over the Parks and Recreation Department cash receipts.	See response and corrective action plan at 2014-001	Fiscal Year December 31, 2014
2014-002	The City has insufficient segregation of duties over the payroll process.	See response and corrective action plan at 2014-002	Fiscal Year December 31, 2014
2014-003	The City has insufficient segregation of duties over the cash disbursement transaction cycle.	See response and corrective action plan at 2014-003	Fiscal Year December 31, 2014



ROCK ISLAND
ILLINOIS