

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015



ROCK ISLAND
ILLINOIS

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ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS

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ROCK ISLAND
ILLINOIS



ROCK ISLAND ILLINOIS

May 18, 2016

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

We are pleased to present the 2015 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 period ending December 31, 2015. This report is the fourteenth 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 period ended December 31, 2015.

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 period ended December 31, 2015. 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.

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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 of 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 451 full-time equivalent employees. The City's police department, with 83 sworn police officers, moved from City Hall to its new location, 1212 – 5th Ave, December 2015. The fire department currently has four stations housing the department's 58 full-time personnel.

The City negotiates with the following bargaining units: Fraternal Order of Police (65 employees, contract expires March 27, 2016); Police Command (16 employees, contract expires December 31, 2018); Fire Fighters (56 employees, contract expires December 31, 2018); Library (13 full-time employees and 22 part-time employees, UAW contract expires December 31, 2019); Public Works (60 employees, AFSME A contract expires December 31, 2019), and Office/Professional (64 employees, AFSME B contract expires December 31, 2019). 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 downtown area, known regionally as "The District", has become a destination for some 100,000 people who attend major events and weekly music presentations throughout the year. The success of The District in attracting visitors and new residents to the downtown has fostered the establishment of over 30 restaurants, bars, art galleries and entertainment outlets generating significant private investment. Retail art establishments such as the Art Place, The ARTery, and the Quad City Arts offer unique venues for experiencing and purchasing art. Dphilms, a commercial video production business, maintains state of the art video production facilities. Services for District patrons and residents have expanded too with the opening of nationally known eating establishments like Subway and Bennigan's complementing more unique local restaurants like Moe's Burgers and Brews, Soi 2 (Thai cuisine), Gunchies Rock Island, El Patron, Erawan, Quad City Pancake House, Huckleberry's and Atlante.

Aside from arts and entertainment, downtown Rock Island continues to benefit from the home office operations of four major insurance companies: Modern Woodman of America, Royal Neighbors of America, Illinois Casualty, and the

Cleveland Agency. Several new businesses have also opened in the downtown in last year including: Cabana's; Discounted Furniture, J Wild Marketing, COOL Closet, Coleman Florist, Gentry Boutique. In addition to new business establishments, MetroLINK completed construction of an indoor Transfer Station on 2nd Avenue in January 2014. The station connects transit users to locations throughout the Quad Cities as well as the Moline Multi-Modal Station, which will eventually serve passenger rail to and from Chicago.

In addition to private investment in The District and downtown, the City of Rock Island has contributed to projects designed to improve the quality of life for residents and downtown employees. The Landing, a transient boat dock located at Schwiebert Riverfront Park, celebrated its grand opening in May 2014. The dock will not only support recreational boat users but will also provide an alternative means of transportation to reconnect residents and visitors to the Mississippi River and downtown amenities. The City also assisted with the establishment of a Children's Garden at the Quad City Botanical Center. This \$1.2 million project consists of river basin and delta features and an entry plaza. In addition, the City continues to offer incentives for façade improvements.

Housing Activity Downtown

Creating new housing opportunities in the downtown has been a major focus of investment in recent years. Rock Island GROWTH has been instrumental in redeveloping structures for downtown housing which has expanded the resident population. These efforts are advancing the goal of creating a downtown mixed-use neighborhood with office, retail, and recreational amenities integrated with quality public transportation. While GROWTH has led the way, several private developers have followed suit to convert the upper floors of commercial buildings into living space. Downtown housing successes include:

- Renaissance, Goldman, and Bowlby Lofts, renovated in 2001, were the first loft developments in the downtown with 54 mixed-income apartments and first floor commercial space.
- Clipper Condos, completed in 2004, with nine condominium units and first floor commercial represents the first new owner-occupied construction in the downtown in over 50 years.
- Sala Apartments was completed in 2005 with 33 affordable rental units. This development received the Richard Driehaus Foundation award for Outstanding Rehabilitation; the Sala building is listed on the National Register of Historic Places.
- Voss Brothers Lofts was completed in 2006; a former vacant warehouse transformed into 35 rental apartments.
- DuMarche' Market on Third, completed in 2009, offers six live-work artist studios and retail shops. McKesson building was renovated in 2009 as a mixed-use, sustainable development. McKesson was the first building in the Illinois Quad Cities to have a 10,000 square foot environmentally friendly "green" roof.
- Jackson Square, the former Illinois Oil Co. building, was redeveloped in 2011. The project features 30 rental units with nine different floor plans of one, two, and three bedroom units.
- Goldman Family Block redevelopment project was completed in 2013. This was the final piece of a \$12 million public/private investment for 1700 block on 2nd Avenue.
- The Locks, a 36-unit mixed-income apartment building, was completed by Rock Island GROWTH in January 2015. The Locks was developed as a transit-oriented development to support downtown's need for market driven, live-work housing. This project supports the Federal Transit Administration's Livable Communities Initiative, an effort that strengthens the link between transit and communities.

In addition, the following coming attractions are planned for the near future or are currently under construction in downtown Rock Island:

- The 137-year old historic Star Block building is slated for rehabilitation to create eight live-work units and

approximately 1,600 square feet of commercial space. Accessible, affordable units targeted towards veterans will be created on the ground floor at the rear of the building. Plans are in the works for the remainder of the Star Block building.

- Plans have been developed to renovate and redevelop the historic VanDerGinst (Best) office building into the Riverview Lofts. The project will create 44 market-rate loft apartments and five first floor commercial spaces. Garden District – a 7 unit town home development is under construction. Zimmerman Lofts, a 40 plus unit downtown redevelopment, is in the predevelopment stage.

Building on the momentum of these successful projects, the City anticipates an increase in private investment and a continuation of the downtown renaissance. In addition, in the summer of 2014, the City initiated a planning process to create a Downtown Revitalization Plan. This effort has resulted in a planning document that articulates achievable actions to guide and catalyze further investment in the downtown. This includes opening up the plaza to through traffic but still allows it to be closed for downtown events. The plan also calls for the continuation of residential development especially on the upper floors of existing downtown buildings.

Economic and Housing Activity in Greater Rock Island

The City of Rock Island continues to make progress with new developments within the city limits. In 2015, FedEx opened its new 189,000 square foot distribution facility in the City's southwest industrial area. Several other companies in the southwest industrial area have added jobs including Hawk Technology a designer/maker of high tech manufacturing equipment.

The City has aggressively undertaken the redevelopment of Watchtower Plaza on 11th Street. This old tired shopping center was in need of a major redevelopment. To undertake the project, the City acquired the shopping center and a number of adjacent parcels and is working with a major retailer (Wal-Mart) to build a new facility. Currently, all companies have relocated out of Watchtower Plaza to new locations and the former buildings demolished. This action has directly led to the development of Blackhawk Commons at the corner of Black Hawk Road and 11th Street. Blackhawk Commons is home to two former Watchtower Plaza tenants, Black Hawk College and State Farm Insurance; both were joined by the new corporate headquarters of Missman Incorporated. Hill & Valley has moved to the former Quad City Industrial Center (QCIC) building (i.e. former Farmall facility). The move has allowed Hill & Valley to add jobs and continue to expand their business. Wal-Mart is currently in the process of obtaining its final entitlements needed to construct a new super center.

The City's business incentive programs continue to play an important role in supporting new and existing businesses in Rock Island. Over the past fiscal year, the Commercial/Industrial Revolving Loan Fund program (CIRLF) approved four loans totaling \$260,000. These program dollars partnered with \$1,504,167 in private funds for a total investment of \$1,764,167. Approved loans supported the expansion of El Patron, Daiquiri Factory, Jesse Mart, and Rock Island Animal Hospital. Additionally, five micro-CIRLF loans (up to \$10,000) were approved including Jake O's, Lavish Salon & Spa, Switch Stance Skate Shop, Gentry Boutique and Rocket Bottom. A total of 29 jobs will be created and 26 jobs will be retained as a result of these projects.

Over the past fiscal year, 42 applications were processed through the City's Façade Improvement Program (FIP). A total of \$362,273 in rebates was granted supporting \$873,587 in private investments. Of the 42 projects, 21 received a "green rebate" based on an energy efficient improvement made to the property.

The City's state certified Enterprise Zone program also had a busy year. A total of 86 certificates for the building materials sales tax exemption were issued for 28 projects from across the city (commercial and residential).

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

The Strategic Initiatives approved for 2015-2016 are:

Policy Agenda

Top Priority:

- Internet Access/Fiber to Homes and Businesses
- 11th Street Business Development
- Southwest Corridor Business Development
- Blackhawk Corridor Business Development
- Street Program: Policy Direction and Funding
- Water Treatment Plant at 24th Street

High Priority:

- Downtown Business Attraction Strategy
- Mill Creek Water/Sewer Lines and Mitigation
- 18th Avenue Corridor Business Development
- 1st Street TIF Project
- 175th Dodransbicentennial Celebration
- City-Schools Relations
- College Hill District Redevelopment/Enhancement

Management Agenda

High Priority:

- City Corporate Communications Plan and Direction
- Parks and Recreation Department
- Walmart Development
- Rock Island Arsenal/BRAC Advocacy

Top Priority

- Zoning Code: Revision
- New Building Code: Adoption
- Labor Contracts

The proposed 2016 budget incorporates the Capital Improvement Program, the Community Development Block Grant Program and other City funds. It allocates resources to enable substantial progress on the priorities established by the Mayor and City Council.

The proposed budget includes the following important features:

1. The budget includes the first year funding of the Five Year Capital Improvement Plan being presented to the City Council. This calendar year includes \$29,521,364 for capital and infrastructure maintenance projects and a total of

\$64,190,599 is planned for the remaining four years. Significant capital and maintenance projects in the 2016 budget include:

Equipment Purchases	855,750
Water Treatment Filter Building	11,281,737
Blackhawk Lift Station Improvements	3,700,000
Relocation of Combined Sewer Outfall @ 17 th Street	1,800,000
Contract Street Maintenance	1,700,000
Street Improvements	3,613,549
Combined Sewer Separation (26 th -30 th Street/5 th -9 th Avenue)	1,310,000
3 rd Avenue Sanitary Sewer Replacement	32,500
Economic Development	<u>855,750</u>
Total	<u>\$25,149,286</u>

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

3. The CY 2016 budget includes expenditures totaling \$4,934,142 from riverboat gaming revenues.

The City's assessed value is anticipated to increase for the first time in four years. The valuation before exemptions is expected to increase 2.49% from last year. It is anticipated this pattern will continue into the future.

The City's tax rate will remain at \$2.39 per \$100 of assessed value. The proposed 2016 budget includes a property tax levy of \$10,953,363. This is an increase of \$266,614 from the 2015 calendar year property tax extensions.

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

Though the local option sales tax was increased in FY 2010-2011 from .75% to 1.25%, sales continue to remain relatively flat. In recent years the City has experience a slight decrease in assessed property valuations; however, there have been modest increases in property values indicating relatively healthy local economic conditions. The economic downturn has had a negative effect on the City's finances especially in the general fund. Decreases in statewide income tax and replacement tax revenues combined with flat or decreasing sales tax revenue produces fiscal stress. The City has been able to weather this economic downturn and prepare a balanced budget without noticeable changes in operations or service quality. This was accomplished through a combination of budget reductions, and user fee increases when appropriate as well as reallocation of revenue.

Major initiatives

In regards to the City's efforts to expand the local economic base, several significant economic projects will either be completed or see significant progress in CY 2016. Further progress will be aided by the City's Comprehensive Plan completed in late 2014. This grant funded document will help guide future projects and redevelopment throughout the community.

The City completed construction of a new \$20 million Police Station with occupancy in December 2015. The new facility compliments neighborhood revitalization efforts and serve as an anchor for additional redevelopment.

The downtown continues to benefit from an influx of investment and new residents. The City celebrated the opening of The Locks in January 2015, a 36 unit market rate rental complex developed by the Rock Island Economic Growth Corporation. This organization has also acquired and is renovating the historic Star Block property, a project capitalizing on other projects and making a bold statement about the future of Rock Island's downtown. Rock Island Economic Growth Corporation is currently evaluating several other downtown projects which would create 100 new units over the next several years if the projects progress as initially planned. Other area projects include MetroLINK's newly completed transit station which now offers mass transit users improved public waiting areas and enhanced connections to the downtown.

Downtown residents are able to take advantage of a resurgent downtown atmosphere, newly completed transient boat docks, and Schwiebert Riverfront Park. The City completed a comprehensive downtown plan which will guide continued revitalization and investment in our community's historic core. This plan calls for the continuation of more housing along with bringing other desired amenities downtown. The entertainment opportunities received a boost from the opening on January 1, 2016 of Red Rodeo, a live country entertainment venue.

The City is experiencing significant investment from institutional, private, and public stakeholders. Unity Point Trinity Hospital completed a \$61 million, 90,000 sq. ft. expansion to its Rock Island campus in 2015. The expansion included a modern cardiac care unit, an emergency room, and psychiatric patient services. Columbia Park is now home to Hill & Valley Bakery. Hill & Valley, a large sugar free bakery employing 150 people, relocated from within Rock Island. Production at their new 90,000 sq. ft facility began in March, 2015. Other significant projects include Augustana College's recently completed expansion and renovations to Old Main, Student Life Center, and new football stadium. Other projects in 2015 included FedEx installing a new material handling/sorting system, bringing its newly completed 189,000 sq. ft. facility in the Southwest Business Park to full operation.

In 2014, the Rock Island / Milan School District completed demolition of the former Audubon School located on the highly trafficked 18th Avenue commercial corridor. The school district sold the property to a commercial developer which has constructed a new CVS store and has one outlot remaining.

The City is investing to meet the objectives of the Long Term Control Plan (LTCP). The largest portion of the project, the Wet Weather Treatment Plant is nearly complete. The facility is already operational and has functioned successfully during recent storms. There are six remaining components to the plan: the 6th Ave Relief Sewer and installation of Farmall Storage Tank will be completed 2016; improvements to the Black Hawk Lift Station, relocation of the #7 outfall, combined sewer separation (26th Street to 30th Street, 5th to 9th Avenue), and system control improvements are scheduled to be completed in 2017.

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.

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 December 31, 2014. This was the thirty-fourth 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 period ending December 31, 2015. This was the twenty-eighth 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 City Auditor, Jaymie Lum as well as 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



Stephanie Masson
Finance Director



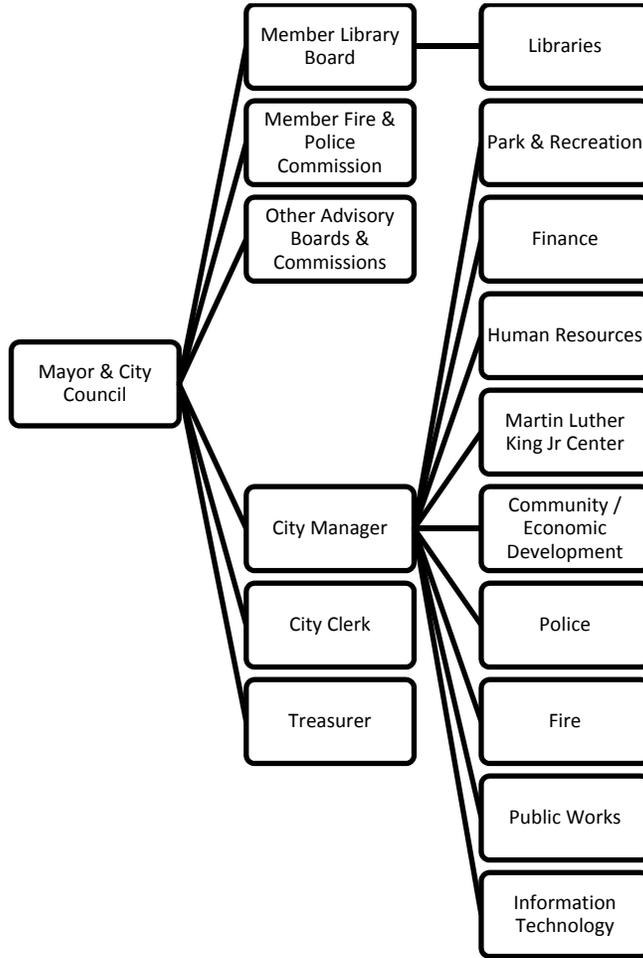
ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
OFFICIALS

A Home Rule City Council/Manager - Form of Government

	Term Expiration Date of Elected Officials
MAYOR: Dennis Pauley	May 1, 2017
CITY MANAGER: Thomas E. Thomas	Not Applicable
COUNCIL MEMBERS:	
1st Ward Alderman - Ivory Deaon Clark	May 1, 2017
2nd Ward Alderman - Virgil J. Mayberry	May 1, 2019
3rd Ward Alderman - Paul Foley	May 1, 2017
4th Ward Alderman - Stephen L. Tollenaer	May 1, 2019
5th Ward Alderwoman - Kate Hotle	May 1, 2017
6th Ward Alderman - Joshua Schipp	May 1, 2019
7th Ward Alderman - Charles Austin III	May 1, 2017

City Organizational Chart



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Island, Illinois, for its comprehensive annual financial report for the fiscal year ended December 31, 2014. 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 Nine Months Ended

December 31, 2014

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 December 31, 2015, 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 3 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 December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 and Note 17 to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, the City's net position for governmental activities, business-type activities, aggregate discretely presented component units and remaining fund information, and the major funds of the Waterworks Fund, Wastewater Treatment Fund, and Park and Recreation Fund have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, pension plan schedules and budgetary comparison information, on pages 4–13 and 85-106 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 and schedule of expenditures of federal awards 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 May 18, 2016 on our consideration of the City of Rock Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rock Island's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois

May 18, 2016



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 period ended December 31, 2015. 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

- Net position for the prior year was restated for both governmental activities and business-type activities related to the recording of pension liabilities for IMRF and the Police and Firefighters' pension funds. The prior year's net position of governmental activities was restated and reduced by \$84,131,771 (a negative \$12,289,950 compared to \$71,841,821) while business-type activities was restated and increased \$573,519 (\$50,393,890 compared to \$49,820,371).
- The City's total net position decreased by \$3,450,221.
- At the close of the fiscal period, the City of Rock Island's governmental funds reported combined ending fund balances of \$31,087,557 a decrease of \$16,029,476 in comparison with the prior period. Of this total amount, approximately 31 percent is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal period, the unassigned fund balance for the General Fund was \$9,926,916, or 26 percent of total General Fund expenditures of \$38,165,288.
- The City of Rock Island's total long-term debt, including compensated absences, increased by \$20,619,034 (10 percent) during the current fiscal period.

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 period. 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 period. 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 seventeen 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, Debt Service and Community/Economic Development Fund all of which are considered to be major funds. Data from the other ten 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 a fiscal 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, Sunset 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 by \$34,653,719 at the close of the fiscal period ended December 31, 2015.

**City of Rock Island's Net Position
December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	12/31/15	(Restated) 12/31/14	12/31/15	(Restated) 12/31/14	12/31/15	(Restated) 12/31/14
Current and other assets	57,041,665	71,057,548	18,934,079	18,896,232	75,975,744	89,953,780
Capital assets	93,748,672	75,651,963	105,413,454	95,361,436	199,162,126	171,013,399
Total assets	150,790,337	146,709,511	124,347,533	114,257,668	275,137,870	260,967,179
Deferred outflows of resources	8,426,323	1,042,677	1,600,965	519,717	10,027,288	1,562,394
Total assets and deferred outflows of resources	159,216,660	147,752,188	125,948,498	114,777,385	285,165,158	262,529,573
Current and other liabilities	11,195,362	8,500,304	9,710,319	6,344,744	20,905,681	14,845,048
Long-term liabilities	152,829,746	138,170,181	61,280,848	56,294,116	214,110,594	194,464,297
Total liabilities	164,025,108	146,670,485	70,991,167	62,638,860	235,016,275	209,309,345
Deferred inflows of resources	13,706,756	13,371,653	1,788,408	1,744,635	15,495,164	15,116,288
Total liabilities and deferred Inflows of resources	177,731,864	160,042,138	72,779,575	64,383,495	250,511,439	224,425,633
Net position:						
Invested in capital assets	46,596,870	44,250,721	45,773,478	39,741,555	92,370,348	83,992,276
Restricted	4,486,649	5,767,261	-	-	4,486,649	5,767,261
Unrestricted	(69,598,723)	(62,307,932)	7,395,445	10,652,335	(62,203,278)	(51,655,597)
Total net position	(18,515,204)	(12,289,950)	53,168,923	50,393,890	34,653,719	38,103,940

By far the largest portion of the City of Rock Island's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Rock Island uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rock Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Rock Island's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of \$53,283,985, \$45,329,086 and \$7,954,899 respectively.

The \$19,646,297 increase in noncurrent liabilities in the governmental activities is due to the increase in net pension liabilities and the issuance of \$10,250,000 of general obligation bonds.

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

City of Rock Island's Changes in Net Position
For the period and year ended December 31, 2015 and 2014

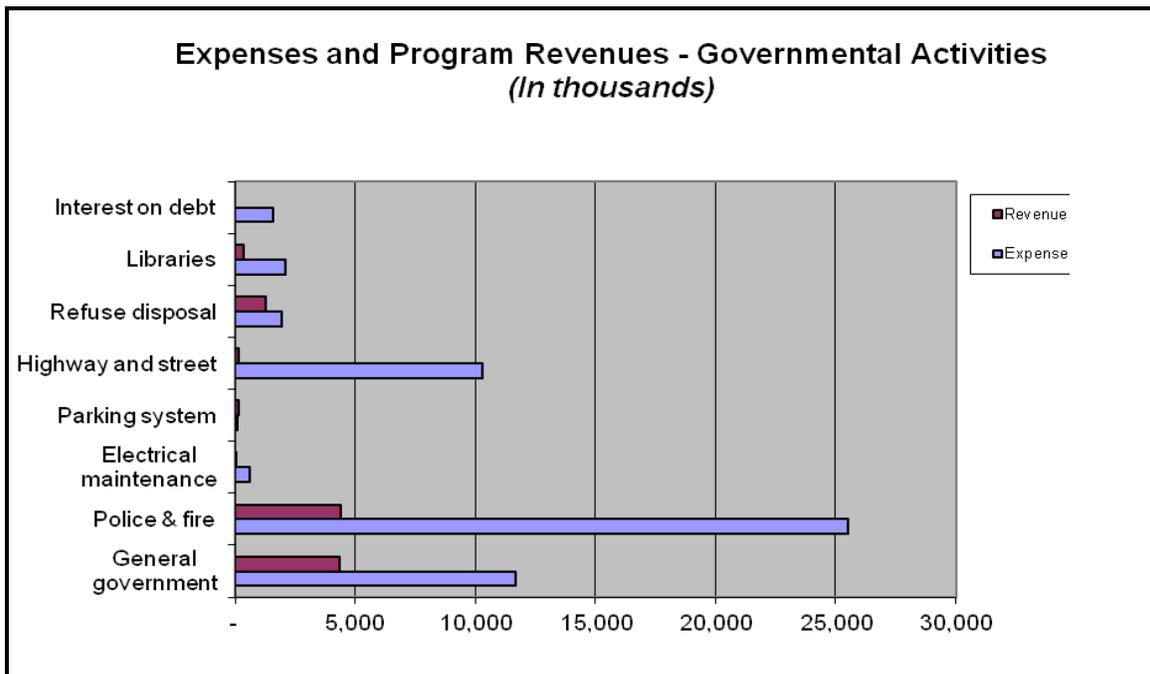
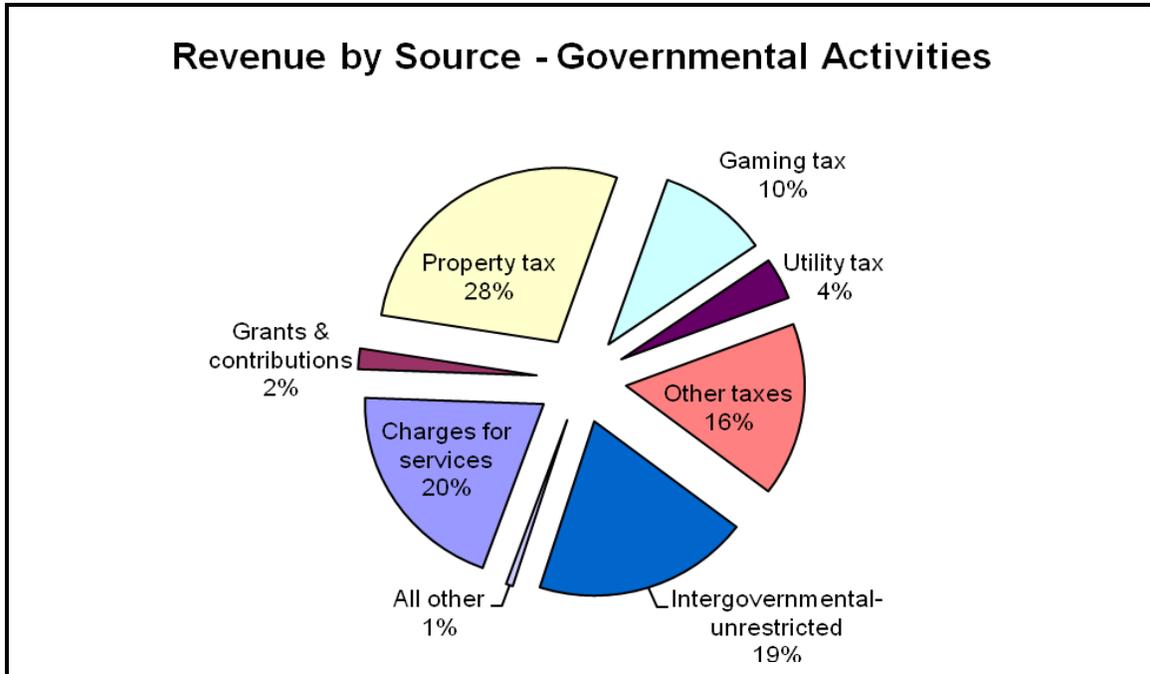
	Governmental Activities		Business-type Activities		Total	
	12/31/15	(Not Restated) *12/31/14	12/31/15	(Not Restated) *12/31/14	12/31/15	(Not Restated) *12/31/14
Revenues						
Program Revenues:						
Charges for services	9,709,486	7,043,293	20,022,944	15,040,493	29,732,430	22,083,786
Operating grants and contributions	931,168	1,615,717	266,443	254,387	1,197,611	1,870,104
Capital grants and contributions	-	407,000	-	-	-	407,000
General revenues:						
Property tax	13,528,878	128,534	1,753,644	8,767	15,282,522	137,301
Gaming tax	4,872,918	3,738,747	-	-	4,872,918	3,738,747
Utility tax	1,872,737	1,427,556	-	-	1,872,737	1,427,556
Other taxes	7,474,643	5,727,344	-	-	7,474,643	5,727,344
Intergovernmental-unrestricted	9,501,573	6,699,854	-	-	9,501,573	6,699,854
Investment income	244,380	100,644	24,395	12,125	268,775	112,769
Other	60,364	265,720	142,228	12	202,592	265,732
Total revenues	48,196,147	27,154,409	22,209,654	15,315,784	70,405,801	42,470,193
Expenses						
General government	11,687,280	8,735,475	-	-	11,687,280	8,735,475
Police and fire	25,541,117	18,079,614	-	-	25,541,117	18,079,614
Electrical maintenance	610,131	406,529	-	-	610,131	406,529
Municipal vehicle parking system	102,961	180,795	-	-	102,961	180,795
Highway and street	10,288,905	3,656,603	-	-	10,288,905	3,656,603
Refuse disposal	1,923,146	1,364,209	-	-	1,923,146	1,364,209
Libraries	2,087,051	1,961,467	-	-	2,087,051	1,961,467
Interest on long-term debt	1,578,506	1,068,080	-	-	1,578,506	1,068,080
Waterworks	-	-	6,392,711	4,359,962	6,392,711	4,359,962
Wastewater	-	-	5,665,557	4,029,394	5,665,557	4,029,394
Park and recreation	-	-	5,869,086	4,884,791	5,869,086	4,884,791
Stormwater	-	-	1,468,921	1,106,523	1,468,921	1,106,523
Sunset Marina	-	-	639,037	600,408	639,037	600,408
Housing and community development loans	-	-	1,613	174,677	1,613	174,677
Total expenses	53,819,097	35,452,772	20,036,925	15,155,755	73,856,022	50,608,527
Increase(decrease) in net position before transfers	(5,622,950)	(8,298,363)	2,172,729	160,029	(3,450,221)	(8,138,334)
Transfers	(602,304)	(379,341)	602,304	379,341	-	-
Increase(decrease) in net position	(6,225,254)	(8,677,704)	2,775,033	539,370	(3,450,221)	(8,138,334)
Net position, beginning of year (restated)	(12,289,950)	80,519,525	50,393,890	49,281,001	38,103,940	129,800,526
Net position, end of year	(18,515,204)	71,841,821	53,168,923	49,820,371	34,653,719	121,662,192

*12/31/14 reporting period represents 9 months of activity

Governmental Activities.

The net position attributed to governmental activities decreased 51 percent or \$6,225,254.

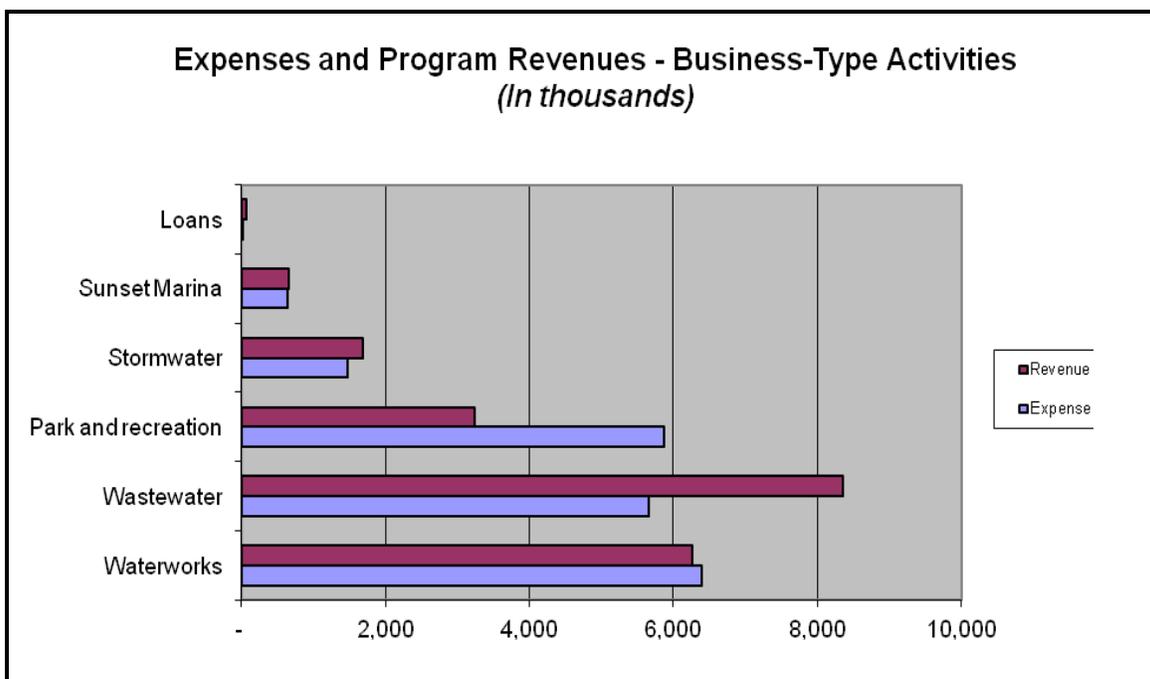
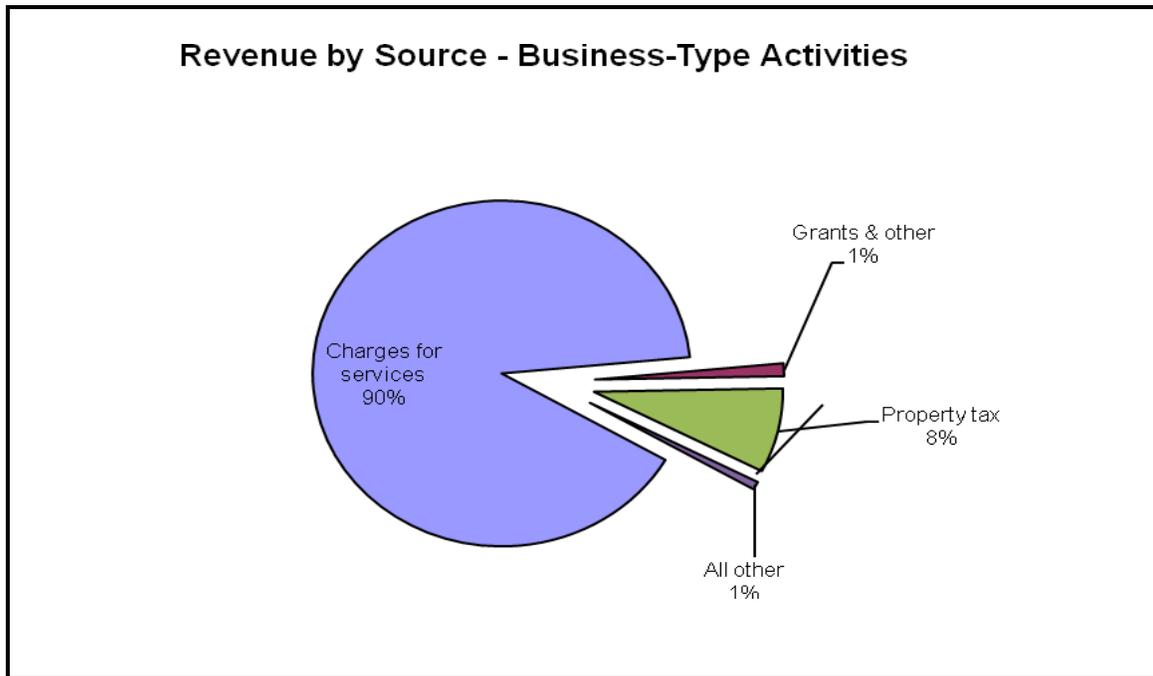
The City experienced an increase in revenue and expenditures primarily because the prior fiscal year being a short year with only nine months of revenue shown rather than a full twelve month fiscal year.



Business-type activities. Business-type activities increased the City of Rock Island's net position by \$2,775,033. Following are the key elements:

Charges for services increased \$4,982,451 due to only nine months of billing included in revenue in the prior fiscal period versus a full twelve months in the current fiscal period. Property tax revenue also increased significantly due to the prior period's change in timing of when this revenue is recorded.

Significant future capital improvements impacting the Wastewater fund 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.



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 period.

At the end of the current fiscal period, the City of Rock Island's governmental funds reported combined ending fund balances of \$31,087,557, a decrease of \$16,029,476 from the prior period. Approximately, 31 percent or \$9,622,839 is designated as unassigned funds; \$12,312,660 or 40 percent is classified as committed which includes \$5,943,842 from the Riverboat Gaming Fund and \$6,368,818 from the Community and Economic Development Fund. The remainder of fund balance is classified as restricted which includes major funds such as TIF \$501,948, Public Library \$1,271,014, and Capital Projects \$4,682,393.

The General Fund is the chief operating fund of the City of Rock Island. At the end of the current fiscal period, the unassigned fund balance of the General Fund was \$9,926,916 and total fund balance was \$10,099,935. 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 26 percent of total General Fund expenditures, a 17% decrease from the prior year.

The fund balance of the City of Rock Island's General Fund decreased \$1,983,756 during the fiscal period. Key factors of this decrease are explained in the General Fund Budgetary Highlights below.

The Riverboat Gaming Fund has a total fund balance of \$5,943,842 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 period, 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 \$1,271,014. The fund reported a decrease in fund balance of \$243,840.

The Tax Increment Financing District Fund experienced a decrease in property tax revenue. The decrease in fund balance of \$86,305 is attributed primarily to the transfers for TIF related projects.

The Capital Projects fund has a total fund balance of \$4,682,393. The fund reported a decrease in fund balance of \$10,639,905 primarily due costs related to the construction of the new police facility.

The Community/Economic Development Fund has a total fund balance of \$6,368,818. The fund reported a net decrease in fund balance of \$291,658.

The Debt Service Fund has a total fund balance of \$1,623,000, a decrease of \$155,069 from the prior year.

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 \$590,731 for the Waterworks, \$2,709,289 for the Wastewater Treatment, \$13,298 for Park and Recreation and \$4,082,488 for all other funds. 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 less than the revised budget by \$86,222 and expenditures were \$694,687 less than the revised budget. Specific highlights of General Fund revenue and expenditures are as follows:

- Intergovernmental-unrestricted revenues were \$600,670 higher than the revised budget. This includes Sales Tax and Income Tax revenues which make up \$249,060 and \$351,610 of the positive variance, respectively. The City budgeted sales tax conservatively due to anticipated slow economic growth.
- Police department and Highways and Streets expenditures were \$272,187 and \$228,314 less than budgeted expenditures, respectively.
- Use tax revenues were \$191,631 higher than the budget.
- Ambulance revenues were \$429,440 higher than the 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 December 31, 2015, amounts to \$199,162,126 (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 16 percent or \$28,148,727.

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

- Police Facility Construction (\$19,706,123)
- LTCP – Wet Weather Treatment (\$886,847)
- LTCP - Storage Tank (\$1,684,455)
- 6th Avenue Relief Sewer (\$8,357,753)

City of Rock Island's Capital Assets As of December 31, 2015 and 2014 (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Land	8,571,284	7,830,011	1,586,476	1,586,476	10,157,760	9,416,487
Construction-in-progress	3,621,485	7,573,885	67,241,412	55,408,774	70,862,897	62,982,659
Buildings	36,278,143	16,528,020	11,754,241	12,194,745	48,032,384	28,722,765
Machinery and equipment	7,677,799	5,525,923	758,885	814,440	8,436,684	6,340,363
Infrastructure	37,599,961	38,194,124	24,072,440	25,357,001	61,672,401	63,551,125
Total net capital assets	93,748,672	75,651,963	105,413,454	95,361,436	199,162,126	171,013,399

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 \$65,941,667 backed by the full faith and credit of the City. The remainder of the City of Rock Island's debt represents bonds secured solely by specified revenue sources (i.e., special assessment bonds). All debt is backed by the full faith and credit of the City of Rock Island.

**City of Rock Island's Outstanding Debt
December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Compensated Absences	3,882,426	3,947,737	718,742	909,936	4,601,168	4,857,673
General obligation bonds	51,247,200	47,472,200	14,694,467	16,636,134	65,941,667	64,108,334
Unamortized discounts	(26,612)	(28,013)	-	-	(26,612)	(28,013)
Unamortized premiums	988,723	850,291	313,952	96,286	1,302,675	946,577
Notes Payable	-	-	47,094,293	41,594,833	47,094,293	41,594,833
Other postemployment benefits	5,897,816	5,384,606	1,330,676	1,214,884	7,228,492	6,599,490
Net pension liability	96,179,097	84,931,033	1,240,207	(67,974)	97,419,304	84,863,059
Total	158,168,650	142,557,854	65,392,337	60,384,099	223,560,987	202,941,953

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 December 2015 unemployment rate for the City of Rock Island was 7.4 percent. This is a 25 percent increase since December 2014.
- 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.
- 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 2016 calendar year. Management anticipates that actual revenue and expenditures will closely approximate budgeted revenue and expenditures for calendar 2016.

Contacting the City's Financial Management

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



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type	Total	Martin	Rock Island
	Activities	Activities		Luther King Center	Public Library Foundation
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 27,712,164	\$ 8,677,872	\$ 36,390,036	\$ 146,513	\$ 2,211,555
Receivables, net					
Taxes	15,584,910	1,888,498	17,473,408	-	-
Accounts, net of allowance for uncollectibles of \$3,736,757	1,240,479	1,513,234	2,753,713	-	-
Estimated unbilled usage	199,062	1,952,256	2,151,318	-	-
Accrued interest	55,585	12,751	68,336	356	-
Current portion of notes receivable	15,574	252,611	268,185	-	-
Special assessments	226,200	-	226,200	-	-
Other	48,145	-	48,145	-	-
Assets held for resale	6,972,972	13,499	6,986,471	-	-
Due from other governmental agencies	4,029,189	3,348,768	7,377,957	37,126	-
Inventories	440,168	5,729	445,897	-	-
Prepaid items	-	-	-	-	137
Total Current Assets	<u>56,524,448</u>	<u>17,665,218</u>	<u>74,189,666</u>	<u>183,995</u>	<u>2,211,692</u>
NONCURRENT ASSETS					
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$2,797,699	<u>517,217</u>	<u>1,268,861</u>	<u>1,786,078</u>	<u>-</u>	<u>-</u>
Capital Assets					
Land	8,571,284	1,586,476	10,157,760	-	-
Buildings and improvements	47,072,253	19,056,567	66,128,820	-	-
Equipment	16,242,441	3,227,532	19,469,973	-	1,451
Infrastructure	72,532,979	80,124,306	152,657,285	-	-
Construction in progress	3,621,485	67,241,412	70,862,897	-	-
Accumulated depreciation	<u>(54,291,770)</u>	<u>(65,822,839)</u>	<u>(120,114,609)</u>	<u>-</u>	<u>(1,451)</u>
Net capital assets	<u>93,748,672</u>	<u>105,413,454</u>	<u>199,162,126</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>94,265,889</u>	<u>106,682,315</u>	<u>200,948,204</u>	<u>-</u>	<u>-</u>
Total Assets	<u>150,790,337</u>	<u>124,347,533</u>	<u>275,137,870</u>	<u>183,995</u>	<u>2,211,692</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on pension	8,345,860	1,569,795	9,915,655	98,113	-
Deferred charge on refunding	<u>80,463</u>	<u>31,170</u>	<u>111,633</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>8,426,323</u>	<u>1,600,965</u>	<u>10,027,288</u>	<u>98,113</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>159,216,660</u>	<u>125,948,498</u>	<u>285,165,158</u>	<u>282,108</u>	<u>2,211,692</u>

(continued)

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

Exhibit 1
(continued)

	Primary Government			Component Units	
	Governmental	Business-type	Total	Martin	Rock Island
	Activities	Activities		Luther King Center	Public Library Foundation
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 3,866,050	\$ 4,325,766	\$ 8,191,816	\$ 10,063	\$ -
Retainage payable	109,783	586,535	696,318	-	-
Deposits payable	4,002	-	4,002	-	-
Claims payable	884,763	-	884,763	-	-
Accrued wages and benefits	784,803	196,389	981,192	12,216	-
Compensated absences	2,194,954	406,345	2,601,299	-	-
Accrued interest payable	128,021	257,688	385,709	89	-
Unearned revenue	79,036	232,452	311,488	-	-
Notes payable	-	1,917,427	1,917,427	-	-
General obligation bonds	3,143,950	1,787,717	4,931,667	-	-
Total Current Liabilities	<u>11,195,362</u>	<u>9,710,319</u>	<u>20,905,681</u>	<u>22,368</u>	<u>-</u>
NONCURRENT LIABILITIES					
Notes payable	-	45,176,866	45,176,866	-	-
General obligation bonds	49,065,361	13,220,702	62,286,063	-	-
Net pension liability	96,179,097	1,240,207	97,419,304	77,512	-
Other postemployment benefits	5,897,816	1,330,676	7,228,492	-	-
Compensated absences	1,687,472	312,397	1,999,869	-	-
Total Noncurrent Liabilities	<u>152,829,746</u>	<u>61,280,848</u>	<u>214,110,594</u>	<u>77,512</u>	<u>-</u>
Total Liabilities	<u>164,025,108</u>	<u>70,991,167</u>	<u>235,016,275</u>	<u>99,880</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	<u>13,706,756</u>	<u>1,788,408</u>	<u>15,495,164</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>13,706,756</u>	<u>1,788,408</u>	<u>15,495,164</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>177,731,864</u>	<u>72,779,575</u>	<u>250,511,439</u>	<u>99,880</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	46,596,870	45,773,478	92,370,348	-	-
Restricted for					
Library, expendable	-	-	-	-	294,940
Library, nonexpendable	-	-	-	-	1,903,144
Public Library	1,271,014	-	1,271,014	-	-
Tax increment financing	501,948	-	501,948	-	-
Motor fuel taxes	402,936	-	402,936	-	-
Debt service	1,627,209	-	1,627,209	-	-
Drug prevention	355,956	-	355,956	-	-
Other	327,586	-	327,586	-	-
Unrestricted	(69,598,723)	7,395,445	(62,203,278)	182,228	13,608
Total Net Position	<u>\$ (18,515,204)</u>	<u>\$ 53,168,923</u>	<u>\$ 34,653,719</u>	<u>\$ 182,228</u>	<u>\$ 2,211,692</u>

CITY OF ROCK ISLAND, ILLINOIS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 11,687,280	\$ 3,553,328	\$ 779,715	\$ -
Police and fire	25,541,117	4,352,267	30,121	-
Electrical maintenance	610,131	21,739	-	-
Municipal vehicle parking system	102,961	143,545	-	-
Highways and streets	10,288,905	132,028	-	-
Refuse disposal	1,923,146	1,274,572	-	-
Libraries	2,087,051	232,007	121,332	-
Interest on long-term debt	1,578,506	-	-	-
Total governmental activities	<u>53,819,097</u>	<u>9,709,486</u>	<u>931,168</u>	<u>-</u>
Business-type activities				
Waterworks	6,392,711	6,268,181	-	-
Wastewater treatment	5,665,557	8,141,460	213,098	-
Park and recreation	5,869,086	3,193,190	53,345	-
Stormwater	1,468,921	1,688,477	-	-
Sunset Marina	639,037	662,263	-	-
Housing and community development loan	1,613	69,373	-	-
Total business-type activities	<u>20,036,925</u>	<u>20,022,944</u>	<u>266,443</u>	<u>-</u>
Total primary government	<u>\$ 73,856,022</u>	<u>\$ 29,732,430</u>	<u>\$ 1,197,611</u>	<u>\$ -</u>
Component units				
Martin Luther King Center	\$ 574,205	\$ 14,189	\$ 514,806	\$ -
Rock Island Public Library Foundation	103,383	-	36,128	-
Total component units	<u>\$ 677,588</u>	<u>\$ 14,189</u>	<u>\$ 550,934</u>	<u>\$ -</u>
General Revenues				
Property taxes				
Gaming taxes				
Utility taxes				
Replacement taxes				
Telecom infrastructure taxes				
Motor fuel taxes				
Use taxes				
Other taxes				
Intergovernmental				
Investment income				
Other				
Transfers from (to) other funds				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as restated				
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
\$ (7,354,237)	\$ -	\$ (7,354,237)	\$ -	\$ -
(21,158,729)	-	(21,158,729)	-	-
(588,392)	-	(588,392)	-	-
40,584	-	40,584	-	-
(10,156,877)	-	(10,156,877)	-	-
(648,574)	-	(648,574)	-	-
(1,733,712)	-	(1,733,712)	-	-
(1,578,506)	-	(1,578,506)	-	-
<u>(43,178,443)</u>	<u>-</u>	<u>(43,178,443)</u>	<u>-</u>	<u>-</u>
-	(124,530)	(124,530)	-	-
-	2,689,001	2,689,001	-	-
-	(2,622,551)	(2,622,551)	-	-
-	219,556	219,556	-	-
-	23,226	23,226	-	-
-	67,760	67,760	-	-
<u>-</u>	<u>252,462</u>	<u>252,462</u>	<u>-</u>	<u>-</u>
\$ (43,178,443)	\$ 252,462	\$ (42,925,981)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (45,210)	\$ -
-	-	-	-	(67,255)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,210)</u>	<u>\$ (67,255)</u>
\$ 13,528,878	\$ 1,753,644	\$ 15,282,522	\$ -	\$ -
4,872,918	-	4,872,918	-	-
1,872,737	-	1,872,737	-	-
2,554,822	-	2,554,822	-	-
956,348	-	956,348	-	-
1,032,768	-	1,032,768	-	-
867,834	-	867,834	-	-
2,062,871	-	2,062,871	-	-
9,501,573	-	9,501,573	-	-
244,380	24,395	268,775	452	(42,629)
60,364	142,228	202,592	-	-
(602,304)	602,304	-	-	-
<u>36,953,189</u>	<u>2,522,571</u>	<u>39,475,760</u>	<u>452</u>	<u>(42,629)</u>
(6,225,254)	2,775,033	(3,450,221)	(44,758)	(109,884)
<u>(12,289,950)</u>	<u>50,393,890</u>	<u>38,103,940</u>	<u>226,986</u>	<u>2,321,576</u>
<u>\$ (18,515,204)</u>	<u>\$ 53,168,923</u>	<u>\$ 34,653,719</u>	<u>\$ 182,228</u>	<u>\$ 2,211,692</u>

CITY OF ROCK ISLAND, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue		
	General Fund	Public Library Fund	TIF Fund
ASSETS			
Cash and investments	\$ 7,212,197	\$ 1,281,419	\$ 334,330
Receivables, net			
Taxes	8,541,281	2,122,966	4,595,179
Accounts, net of allowance for uncollectibles of \$2,867,564	1,240,479	-	-
Estimated unbilled usage	199,062	-	-
Accrued interest	13,218	2,348	839
Notes, net of allowance for uncollectibles of \$1,154,585	-	-	275,025
Special assessments	-	-	-
Assets held for resale	-	-	336,142
Due from other funds	-	-	-
Due from other governmental agencies	2,761,477	-	-
Total Assets	\$ 19,967,714	\$ 3,406,733	\$ 5,541,515
LIABILITIES			
Accounts payable	\$ 808,128	\$ 73,478	\$ 14,727
Retainage payable	-	-	-
Interest payable	-	-	1,428
Deposits payable	-	-	-
Accrued wages and benefits	628,237	51,767	2,274
Due to other funds	-	-	504,299
Unearned revenue	62,701	-	-
Total Liabilities	1,499,066	125,245	522,728
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	6,871,251	2,010,474	4,516,839
Unavailable revenue-grants	-	-	-
Unavailable revenue-other taxes	1,497,462	-	-
Unavailable revenue-special assessments	-	-	-
Total deferred inflows of resources	8,368,713	2,010,474	4,516,839
FUND BALANCES			
Restricted	173,019	1,271,014	501,948
Committed	-	-	-
Unassigned	9,926,916	-	-
Total Fund Balances	10,099,935	1,271,014	501,948
Total liabilities, deferred inflows of resources and fund balances	\$ 19,967,714	\$ 3,406,733	\$ 5,541,515

See notes to the financial statements.

Funds					
Riverboat Gaming Fund	Community/Economic Development Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,876,827	\$ -	\$ 6,762,131	\$ 1,603,985	\$ 712,593	\$ 21,783,482
-	-	-	325,484	-	15,584,910
-	-	-	-	-	1,240,479
-	-	-	-	-	199,062
9,856	-	12,340	2,934	1,329	42,864
-	7,766	250,000	-	-	532,791
-	-	-	226,200	-	226,200
-	6,636,830	-	-	-	6,972,972
1,498,797	-	-	-	12,460	1,511,257
558,362	-	-	-	708,710	4,028,549
<u>\$ 5,943,842</u>	<u>\$ 6,644,596</u>	<u>\$ 7,024,471</u>	<u>\$ 2,158,603</u>	<u>\$ 1,435,092</u>	<u>\$ 52,122,566</u>
\$ -	\$ 24,949	\$ 2,232,295	\$ 1,211	\$ 13,274	\$ 3,168,062
-	-	109,783	-	-	109,783
-	459	-	-	1,388	3,275
-	-	-	-	4,002	4,002
-	-	-	-	34,123	716,401
-	250,370	-	-	756,588	1,511,257
-	-	-	-	16,335	79,036
<u>-</u>	<u>275,778</u>	<u>2,342,078</u>	<u>1,211</u>	<u>825,710</u>	<u>5,591,816</u>
-	-	-	308,192	-	13,706,756
-	-	-	-	12,775	12,775
-	-	-	-	-	1,497,462
-	-	-	226,200	-	226,200
<u>-</u>	<u>-</u>	<u>-</u>	<u>534,392</u>	<u>12,775</u>	<u>15,443,193</u>
-	-	4,682,393	1,623,000	900,684	9,152,058
5,943,842	6,368,818	-	-	-	12,312,660
-	-	-	-	(304,077)	9,622,839
<u>5,943,842</u>	<u>6,368,818</u>	<u>4,682,393</u>	<u>1,623,000</u>	<u>596,607</u>	<u>31,087,557</u>
<u>\$ 5,943,842</u>	<u>\$ 6,644,596</u>	<u>\$ 7,024,471</u>	<u>\$ 2,158,603</u>	<u>\$ 1,435,092</u>	<u>\$ 52,122,566</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2015

Exhibit 3-1

Total governmental fund balances \$ 31,087,557

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	\$ 8,553,784	
Construction in progress	3,621,485	
Equipment	4,995,418	
Buildings and improvements	46,923,892	
Infrastructure	72,532,979	
Accumulated depreciation	<u>(47,289,162)</u>	89,338,396

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.

1,736,437

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.

8,999,706

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources	7,806,243	
Deferred inflows of resources	<u>-</u>	7,806,243

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

General obligation bonds	(51,247,200)	
Bond discounts	26,612	
Bond premiums	(988,723)	
Deferred amount on refunding	80,463	
Other postemployment benefits	(5,897,816)	
Accrued interest on the bonds	(122,868)	
Net pension liability	(95,752,776)	
Compensated absences	<u>(3,581,235)</u>	(157,483,543)

Net position of governmental activities \$ (18,515,204)

See notes to the financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER, 31 2015

	Special Revenue			Funds
	General Fund	Public Library Fund	TIF Fund	Riverboat Gaming Fund
REVENUES				
Property taxes	\$ 6,777,044	\$ 1,971,394	\$ 4,477,183	\$ -
Other taxes	17,700,180	-	-	4,872,918
Fines and fees	261,628	41,455	-	-
Intergovernmental	49,605	288,200	-	-
Charges for services	7,795,086	9,314	-	-
Interest	33,087	3,791	2,393	16,117
Licenses and permits	918,624	-	-	-
Contributions	11,062	55,435	-	-
Other	82,012	503	5,877	-
Total revenues	<u>33,628,328</u>	<u>2,370,092</u>	<u>4,485,453</u>	<u>4,889,035</u>
EXPENDITURES				
Current				
General government	6,606,047	61,160	3,107,331	-
Police and fire	23,722,239	-	-	-
Electrical maintenance	610,131	-	-	-
Municipal vehicle parking system	31,843	-	-	-
Highway and street	5,146,089	-	-	-
Refuse disposal	2,009,527	-	-	-
Libraries	-	2,741,385	-	-
Capital outlay	39,412	-	14,251	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>38,165,288</u>	<u>2,802,545</u>	<u>3,121,582</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,536,960)</u>	<u>(432,453)</u>	<u>1,363,871</u>	<u>4,889,035</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Issuance of refunding debt	-	-	-	-
Payment to refunding bond escrow	-	-	-	-
Premium on bonds sold	-	-	-	-
Transfers from other funds	4,897,802	200,000	-	1,929,093
Transfers to other funds	(2,344,598)	(11,387)	(1,450,176)	(7,616,796)
Total Other Financing Sources (Uses)	<u>2,553,204</u>	<u>188,613</u>	<u>(1,450,176)</u>	<u>(5,687,703)</u>
NET CHANGE IN FUND BALANCES	(1,983,756)	(243,840)	(86,305)	(798,668)
FUND BALANCES, BEGINNING	<u>12,083,691</u>	<u>1,514,854</u>	<u>588,253</u>	<u>6,742,510</u>
FUND BALANCES, ENDING	<u>\$ 10,099,935</u>	<u>\$ 1,271,014</u>	<u>\$ 501,948</u>	<u>\$ 5,943,842</u>

See notes to financial statements.

Community/ Economic Development Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 303,257	\$ -	\$ 13,528,878
-	-	-	1,086,073	23,659,171
1,020	-	-	-	304,103
-	-	-	777,693	1,115,498
34,800	475	-	151,805	7,991,480
(808)	33,506	131,762	6,313	226,161
-	-	-	-	918,624
5,153	-	-	-	71,650
28,406	-	-	9,569	126,367
<u>68,571</u>	<u>33,981</u>	<u>435,019</u>	<u>2,031,453</u>	<u>47,941,932</u>
1,193,508	324,900	22,148	1,379,762	12,694,856
-	-	-	-	23,722,239
-	-	-	-	610,131
-	-	-	-	31,843
-	-	-	-	5,146,089
-	-	-	-	2,009,527
-	1,230	-	-	2,742,615
-	18,540,257	-	65,635	18,659,555
-	-	2,289,823	-	2,289,823
-	55,987	1,555,570	-	1,611,557
<u>1,193,508</u>	<u>18,922,374</u>	<u>3,867,541</u>	<u>1,445,397</u>	<u>69,518,235</u>
<u>(1,124,937)</u>	<u>(18,888,393)</u>	<u>(3,432,522)</u>	<u>586,056</u>	<u>(21,576,303)</u>
-	6,075,000	-	-	6,075,000
-	-	1,268,000	-	1,268,000
-	-	(1,374,410)	-	(1,374,410)
-	55,227	132,104	-	187,331
914,567	4,977,761	4,012,229	186,440	17,117,892
(81,288)	(2,859,500)	(760,470)	(2,602,771)	(17,726,986)
<u>833,279</u>	<u>8,248,488</u>	<u>3,277,453</u>	<u>(2,416,331)</u>	<u>5,546,827</u>
(291,658)	(10,639,905)	(155,069)	(1,830,275)	(16,029,476)
<u>6,660,476</u>	<u>15,322,298</u>	<u>1,778,069</u>	<u>2,426,882</u>	<u>47,117,033</u>
<u>\$ 6,368,818</u>	<u>\$ 4,682,393</u>	<u>\$ 1,623,000</u>	<u>\$ 596,607</u>	<u>\$ 31,087,557</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 DECEMBER 31, 2015**

Net change in fund balances - total governmental funds \$ (16,029,476)

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	\$ 19,846,369	
Loss on disposal	(96,000)	
Depreciation expense	<u>(2,210,476)</u>	17,539,893

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. (53,918)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 debt	(6,075,000)	
Issuance of refunding debt	(1,268,000)	
Premium on bond issuance	(187,331)	
Payment to bond escrow	1,374,410	
Principal payment on long-term debt	<u>2,289,823</u>	(3,866,098)

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	1,323	
Bond discounts	(1,401)	
Bond premiums	48,899	
Deferral on refunding	(15,770)	
Compensated absences	25,644	
Pension expense	(3,861,032)	
Other postemployment benefits	<u>(513,210)</u>	(4,315,547)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position 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. 499,892

Change in net position of governmental activities on the statement of activities \$ (6,225,254)

See notes to financial statements.

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	<u>Waterworks Fund</u>	<u>Business - Wastewater Treatment Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 335,940	\$ 4,863,288
Receivables, net		
Taxes	-	-
Accounts, net of allowance for uncollectibles of \$869,193	641,719	809,302
Estimated unbilled usage	704,182	1,020,552
Accrued interest	568	1,852
Current portion of notes receivable	-	-
Other	-	-
Due from other funds	-	-
Due from other governmental agencies	-	3,348,758
Inventories	-	-
Assets held for resale	-	-
Total Current Assets	<u>1,682,409</u>	<u>10,043,752</u>
NONCURRENT ASSETS		
Long-term notes receivable, net of current portion, net of allowance for uncollectibles of \$1,643,114	-	-
Capital assets		
Land	39,426	94,450
Buildings and improvements	36,161	-
Equipment	168,422	320,056
Infrastructure	33,246,492	35,195,040
Construction in progress	627,205	66,614,207
Accumulated depreciation	<u>(22,513,405)</u>	<u>(25,639,777)</u>
Net Capital assets	<u>11,604,301</u>	<u>76,583,976</u>
Total Noncurrent Assets	<u>11,604,301</u>	<u>76,583,976</u>
Total Assets	<u>13,286,710</u>	<u>86,627,728</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on pension	539,617	294,337
Deferred amount on refunding	940	30,230
Total Deferred Outflows of Resources	<u>540,557</u>	<u>324,567</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,827,267</u>	<u>\$ 86,952,295</u>

type Activities - Enterprise Funds			
<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 874,052	\$ 2,604,592	\$ 8,677,872	\$ 5,928,682
1,888,498	-	1,888,498	-
30,924	31,289	1,513,234	-
-	227,522	1,952,256	-
1,598	8,733	12,751	12,721
-	252,611	252,611	-
-	-	-	48,145
-	19,199	19,199	1,024,424
-	10	3,348,768	640
5,729	-	5,729	440,168
-	-	-	13,499
<u>2,800,801</u>	<u>3,143,956</u>	<u>17,670,918</u>	<u>7,468,279</u>
-	1,268,861	1,268,861	-
1,452,600	-	1,586,476	17,500
16,544,756	824,108	17,405,025	1,799,903
1,801,995	713,674	3,004,147	11,470,408
5,578,771	5,622,032	79,642,335	481,971
-	-	67,241,412	-
<u>(12,569,620)</u>	<u>(4,669,242)</u>	<u>(65,392,044)</u>	<u>(7,433,403)</u>
<u>12,808,502</u>	<u>2,490,572</u>	<u>103,487,351</u>	<u>6,336,379</u>
<u>12,808,502</u>	<u>3,759,433</u>	<u>104,756,212</u>	<u>6,336,379</u>
<u>15,609,303</u>	<u>6,903,389</u>	<u>122,427,130</u>	<u>13,804,658</u>
588,672	147,169	1,569,795	539,617
-	-	31,170	-
<u>588,672</u>	<u>147,169</u>	<u>1,600,965</u>	<u>539,617</u>
<u>\$ 16,197,975</u>	<u>\$ 7,050,558</u>	<u>\$ 124,028,095</u>	<u>\$ 14,344,275</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Waterworks Fund	Business - Wastewater Treatment Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 353,574	\$ 3,759,537
Retainage payable	-	586,535
Claims payable	-	-
Accrued wages and benefits	62,049	37,636
Compensated absences	137,642	83,041
Accrued interest payable	8,291	238,824
Due to other funds	-	-
Unearned revenue	-	-
Notes payable	-	1,917,427
General obligation bonds	564,028	792,022
Total Current Liabilities	<u>1,125,584</u>	<u>7,415,022</u>
LONG-TERM LIABILITIES		
Notes payable	-	45,176,866
General obligation bonds	2,223,082	7,470,042
Net pension liability	426,321	232,539
Other postemployment benefits	537,599	195,280
Compensated absences	105,819	63,842
Total Long-term Liabilities	<u>3,292,821</u>	<u>53,138,569</u>
Total Liabilities	<u>4,418,405</u>	<u>60,553,591</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,418,405</u>	<u>60,553,591</u>
NET POSITION		
Net investment in capital assets	8,818,131	23,689,415
Unrestricted	590,731	2,709,289
Total Net Position	<u>9,408,862</u>	<u>26,398,704</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 13,827,267</u>	<u>\$ 86,952,295</u>

See notes to financial statements.

type Activities - Enterprise Funds			
<u>Park and Recreation Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 66,210	\$ 142,694	\$ 4,322,015	\$ 701,739
-	-	586,535	-
-	-	-	884,763
80,138	15,745	195,568	69,223
145,438	37,409	403,530	173,095
5,653	611	253,379	6,187
-	19,199	19,199	1,024,424
232,452	-	232,452	-
-	-	1,917,427	-
270,000	40,000	1,666,050	121,667
<u>799,891</u>	<u>255,658</u>	<u>9,596,155</u>	<u>2,981,098</u>
-	-	45,176,866	-
1,549,079	548,499	11,790,702	1,430,000
465,077	116,270	1,240,207	426,321
480,987	116,810	1,330,676	-
111,812	28,760	310,233	133,075
<u>2,606,955</u>	<u>810,339</u>	<u>59,848,684</u>	<u>1,989,396</u>
<u>3,406,846</u>	<u>1,065,997</u>	<u>69,444,839</u>	<u>4,970,494</u>
1,788,408	-	1,788,408	-
<u>1,788,408</u>	<u>-</u>	<u>1,788,408</u>	<u>-</u>
<u>5,195,254</u>	<u>1,065,997</u>	<u>71,233,247</u>	<u>4,970,494</u>
10,989,423	1,902,073	45,399,042	4,784,712
13,298	4,082,488	7,395,806	4,589,069
<u>11,002,721</u>	<u>5,984,561</u>	<u>52,794,848</u>	<u>9,373,781</u>
<u>\$ 16,197,975</u>	<u>\$ 7,050,558</u>	<u>\$ 124,028,095</u>	<u>\$ 14,344,275</u>



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Exhibit 5-1

Total enterprise funds net position \$ 52,794,848

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 374,075

Net position of business-type activities \$ 53,168,923

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 DECEMBER 31, 2015

	Waterworks Fund	Business - Wastewater Treatment Fund
OPERATING REVENUES		
Charges for services	\$ 6,147,102	\$ 7,964,835
Sales of merchandise	-	-
Interest	-	-
Other	121,079	176,625
Total Operating Revenues	<u>6,268,181</u>	<u>8,141,460</u>
OPERATING EXPENSES		
Personnel	2,125,593	1,238,847
Cost of sales	-	-
Supplies	959,845	174,059
Services	2,341,574	2,451,634
Programs	-	-
Provision for uncollectible accounts	161,266	78,138
Depreciation	644,494	531,107
Other	49,968	37,319
Total Operating Expenses	<u>6,282,740</u>	<u>4,511,104</u>
OPERATING INCOME (LOSS)	<u>(14,559)</u>	<u>3,630,356</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	-
Intergovernmental	-	213,098
Contributions	-	-
Interest income	1,778	12,317
Interest expense	(109,971)	(1,154,453)
Net Nonoperating Revenues (Expenses)	<u>(108,193)</u>	<u>(929,038)</u>
INCOME (LOSS) BEFORE TRANSFERS	(122,752)	2,701,318
TRANSFERS FROM OTHER FUNDS	-	105,553
TRANSFERS TO OTHER FUNDS	-	-
CHANGE IN NET POSITION	(122,752)	2,806,871
NET POSITION, BEGINNING, AS RESTATED	<u>9,531,614</u>	<u>23,591,833</u>
NET POSITION, ENDING	<u>\$ 9,408,862</u>	<u>\$ 26,398,704</u>

See notes to financial statements.

type Activities - Enterprise Funds

Park and Recreation Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 2,307,336	\$ 2,237,224	\$ 18,656,497	\$ 11,958,271
853,914	111,170	965,084	1,108
-	52,678	52,678	-
31,940	19,041	348,685	234,023
<u>3,193,190</u>	<u>2,420,113</u>	<u>20,022,944</u>	<u>12,193,402</u>
2,958,191	573,741	6,896,372	2,192,251
216,526	94,760	311,286	9,506
524,278	46,143	1,704,325	1,086,314
1,545,025	1,027,335	7,365,568	7,510,117
2,838	24,957	27,795	-
-	148,942	388,346	-
511,946	161,533	1,849,080	605,519
32,653	6,196	126,136	203,545
<u>5,791,457</u>	<u>2,083,607</u>	<u>18,668,908</u>	<u>11,607,252</u>
<u>(2,598,267)</u>	<u>336,506</u>	<u>1,354,036</u>	<u>586,150</u>
1,753,644	-	1,753,644	-
4,485	-	217,583	83,144
48,860	-	48,860	-
2,847	8,067	25,009	17,605
(77,629)	(25,964)	(1,368,017)	(52,183)
<u>1,732,207</u>	<u>(17,897)</u>	<u>677,079</u>	<u>48,566</u>
(866,060)	318,609	2,031,115	634,716
548,291	-	653,844	21,298
(51,540)	-	(51,540)	(14,508)
(369,309)	318,609	2,633,419	641,506
<u>11,372,030</u>	<u>5,665,952</u>	<u>50,161,429</u>	<u>8,732,275</u>
<u>\$ 11,002,721</u>	<u>\$ 5,984,561</u>	<u>\$ 52,794,848</u>	<u>\$ 9,373,781</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 DECEMBER 31, 2015

Exhibit 6-1

Net change in net position of enterprise funds	\$ 2,633,419
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>141,614</u>
Change in net position of business-type activities	<u>\$ 2,775,033</u>
See notes to the financial statements.	

CITY OF ROCK ISLAND, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type		
	Waterworks	Wastewater	Park & Recreation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,975,895	\$ 7,826,435	\$ 3,165,168
Interest received on notes receivable	-	-	-
Notes receivable issued for cash	-	-	-
Repayment of notes receivable	-	-	-
Cash payments to suppliers for goods and services	(3,130,037)	(2,935,469)	(2,343,311)
Cash payments to employees for services	(2,019,068)	(1,178,910)	(2,955,823)
Other operating revenue	121,079	176,625	31,940
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	947,869	3,888,681	(2,102,026)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	105,553	548,291
Transfer to other funds	-	-	(51,540)
Interfund loan or loan repayments received	-	62,852	-
Interfund loan or loan repayments (paid)	-	-	-
Property tax receipts	-	-	1,768,646
Contributions	-	-	48,860
Intergovernmental	-	213,098	4,485
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	381,503	2,318,742
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property and equipment	(424,842)	(8,188,821)	(31,326)
Proceeds from notes payable	-	4,423,487	-
Proceeds from issuance of refunding debt	-	2,907,000	-
Premium on issuance of refunding debt	-	236,111	-
Issuance costs on issuance of refunding debt	-	(58,372)	-
Payment of general obligation bonds	(551,042)	(770,958)	(260,000)
Payment of notes payables	-	(1,873,535)	-
Payment to bond escrow	-	(3,146,103)	-
Interest paid	(120,179)	(1,158,867)	(83,329)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,096,063)	(7,630,058)	(374,655)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on cash and investments	1,509	13,859	1,988
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,685)	(3,346,015)	(155,951)
CASH AND CASH EQUIVALENTS, BEGINNING	482,625	8,209,303	1,030,003
CASH AND CASH EQUIVALENTS, ENDING	\$ 335,940	\$ 4,863,288	\$ 874,052

 Activities Enterprise Funds

Other Enterprise Funds	Total	Internal Service Funds
\$ 2,272,265	\$ 19,239,763	\$ 11,927,212
52,678	52,678	-
(298,262)	(298,262)	-
260,460	260,460	-
(1,114,376)	(9,523,193)	(8,424,397)
(538,961)	(6,692,762)	(2,138,877)
19,031	348,675	234,023
652,835	3,387,359	1,597,961
-	653,844	21,298
-	(51,540)	(14,508)
277,876	340,728	178,788
(82,066)	(82,066)	(268,278)
-	1,768,646	-
-	48,860	-
-	217,583	83,144
195,810	2,896,055	444
-	(8,644,989)	(1,103,469)
-	4,423,487	-
-	2,907,000	-
-	236,111	-
-	(58,372)	-
(40,000)	(1,622,000)	(116,667)
-	(1,873,535)	-
-	(3,146,103)	-
(14,215)	(1,376,590)	(52,074)
(54,215)	(9,154,991)	(1,272,210)
5,037	22,393	13,885
799,467	(2,849,184)	340,080
1,805,125	11,527,056	5,588,602
\$ 2,604,592	\$ 8,677,872	\$ 5,928,682

(continued)

CITY OF ROCK ISLAND, ILLINOIS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR DECEMBER 31, 2015

	Business-type		
	Waterworks	Wastewater	Park & Recreation Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (14,559)	\$ 3,630,356	\$ (2,598,267)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	644,494	531,107	511,946
Changes in assets and liabilities			
(Increase) decrease in receivables	(9,941)	(60,262)	2,070
(Increase) decrease in inventories	-	-	2,664
(Increase) decrease in assets held for resale	-	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	221,350	(272,457)	(24,655)
Increase (decrease) in accrued liabilities	22,675	14,201	(92,106)
Increase (decrease) in unearned revenue	-	-	1,848
Increase in net pension liability and related deferred outflows of resources	83,850	45,736	94,474
Total Adjustments	<u>962,428</u>	<u>258,325</u>	<u>496,241</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>947,869</u></u>	<u><u>3,888,681</u></u>	<u><u>(2,102,026)</u></u>
Schedule of noncash capital and related financing activities:			
Acquisition of capital assets through state loan program	-	3,314,975	-

Activities Enterprise Funds

Other Enterprise Funds	Total	Internal Service Funds
\$ 336,506	\$ 1,354,036	\$ 586,150
161,533	1,849,080	605,519
35,001	(33,132)	(31,059)
-	2,664	(1,881)
-	-	(1,108)
85,015	9,253	386,966
11,909	(43,321)	(30,475)
-	1,848	-
22,871	246,931	83,849
316,329	2,033,323	1,011,811
652,835	3,387,359	1,597,961
-	3,314,975	-

CITY OF ROCK ISLAND, ILLINOIS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2015

Exhibit 8

	Pension Trust Funds	Agency Fund Section 125 Cafeteria Plan Fund
ASSETS		
Cash and equivalents	\$ 3,296,492	\$ 1,787
Equity securities	25,992,583	-
Taxable bonds	23,431,732	-
Real Estate	1,978,779	-
Receivables		
Accrued interest	158,965	22
Total Assets	<u>54,858,551</u>	<u>1,809</u>
LIABILITIES		
Outstanding checks in excess of bank balance	2,647,271	-
Accounts payable	24,324	1,809
Total Liabilities	<u>2,671,595</u>	<u>1,809</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 52,186,956</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 DECEMBER 31, 2015

Exhibit 9

	Pension Trust Funds
ADDITIONS	
Contributions	
Plan members	\$ 1,006,707
Employer	5,364,174
Total Contributions	<u>6,370,881</u>
Net investment income	
Net decrease in fair value of investments	(1,580,087)
Interest	1,204,727
Net Investment Income	<u>(375,360)</u>
Total Additions	<u>5,995,521</u>
DEDUCTIONS	
Benefits	7,812,225
Administrative expenses	160,019
Total Deductions	<u>7,972,244</u>
CHANGE IN NET POSITIONS HELD IN TRUST FOR PENSION BENEFITS	(1,976,723)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>54,163,679</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 52,186,956</u>

See notes to financial statements.



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 December 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 is 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, 2015, the Foundation distributed \$51,884 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 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.

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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 recorded as receivables and deferred inflows of resources at the levy date and recognized as revenues in the succeeding year when services financed by the levy are provided. Sales taxes are considered measurable and available at the time the underlying transaction occurs provided they are collected within 60 days after the end of the fiscal period. Income and other taxes are considered measurable and available when they have been collected by the state or other levying authority. Special assessments receivable are recognized at the time of their levy. The related revenue is recognized at the time the assessment is due or collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recognized as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recognized as earned.

The City reports the following major governmental funds:

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

The *Public Library Fund* accounts for monies from contributions, grants, and a tax levy restricted to services related to the operation of the City Library.

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

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

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The *Community/Economic Development Fund* accounts for contributions and grants 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 *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.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and 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.

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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 2015 levy which is due and collectible in the December 31, 2016 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 period following the December tax levy. Because these property taxes are not levied for until the following fiscal period and are not available for current period operations, they are reported as deferred inflows of resources. 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.

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.

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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 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 period to the extent it is paid during the period.

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.

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

	Losses in Excess of		Policy Limit Per Incident
	Per Incident	Per Year	
General Liability	\$ 100,000	No Coverage	\$ 4,000,000
Property	200,000	No Coverage	131,753,000
Crime:			
Dishonesty	5,000	No Coverage	500,000
Forgery	5,000	No Coverage	500,000
Computer Fraud	5,000	No Coverage	500,000
Moneys & Securities	5,000	No Coverage	500,000
Marina Liability	1,000	No Coverage	1,000,000
Boiler & Machinery (equipment breakdown)	10,000	No Coverage	50,000,000
Liquor Liability	No deductible	No Coverage	1,000,000
Health Benefits	135,000	\$ 3,862,257	Eliminated
Workers’ Compensation-police and fire	650,000	Statute	10,000,000
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 as claims payable in the internal service and enterprise funds.

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

Fund Equity – In the fund financial statements, governmental funds report fund balance as follows:

- Nonspendable: amounts that are either not in spendable form or legally or contractually required to be maintained intact.
- Restricted: 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: amounts 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: amounts constrained by the City’s intent to use them for a specific purpose. It is the City’s policy for City Council to delegate the authority to assign fund balance to the Finance Director through the budgetary appropriation.
- Unassigned: 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.

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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 and deferred outflows from pension related items 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. The deferred outflow from pension related items consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the employer's reporting period.

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 the following sources: property taxes, other taxes, special assessments and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements and proprietary fund statements, the property tax levy remains a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year they are levied and budgeted for.

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 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 \$2,431,566 in the Wastewater Treatment Fund, and \$4,977,046 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 \$501,948 for tax increment financing, \$402,936 for motor fuel taxes, \$1,627,209 for debt service, \$1,271,014 for public library, \$355,956 for drug prevention programs and \$327,586 for other programs.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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NOTE 2 – DEFICIT BALANCES

The following individual funds have a fund balance/net position deficit as of December 31, 2015:

Governmental	
Housing and Community Development Fund	\$ 132,431
Martin Luther King Community Center Operations Fund	68,074
Neighborhood Stabilization Fund	12,483
Martin Luther King Facility Improvement Fund	91,089
Internal Service	
Engineering Fund	1,176,038
Self-Insurance Fund	125,707

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:

	Discretely Presented Component Units		
	Primary Government	Martin Luther King Center	Rock Island Public Library Foundation
Cash and other deposits including certificates of deposit	\$ 39,688,315	\$ 146,513	\$ 134,341
Investments, primarily pension funds	51,403,094	-	2,077,214
	<u>\$ 91,091,409</u>	<u>\$ 146,513</u>	<u>\$ 2,211,555</u>

	Discretely Presented Component Units		
	Primary Government	Martin Luther King Center	Rock Island Public Library Foundation
Government-wide financial statement of net position, Cash and other deposits and investments	\$ 39,037,307	\$ 146,513	\$ 2,211,555
Statement of fiduciary net position:			
Outstanding checks in excess of bank balance	(2,647,271)	-	-
Cash and investments, pension trust funds	54,701,373	-	-
	<u>\$ 91,091,409</u>	<u>\$ 146,513</u>	<u>\$ 2,211,555</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.

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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	\$ 5,944,178	\$ 1,227,542	\$ 4,716,636	\$ -	\$ -
Illinois Metropolitan Investment Funds (IMET) 20294-203	154,893	-	154,893	-	-
Illinois Funds Money Market	3,122,911	3,122,911	-	-	-
Illinois Institutional Investment Trust	4,833,319	4,833,319	-	-	-
American Bank & Trust Money Market Funds	4,979,437	4,979,437	-	-	-
American Bank & Trust Certificates of Deposit	9,000,000	6,000,000	3,000,000	-	-
	<u>\$ 28,034,738</u>	<u>\$ 20,163,209</u>	<u>\$ 7,871,529</u>	<u>\$ -</u>	<u>\$ -</u>

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

As of December 31, 2015, 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

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Concentration of credit risk: The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. In order to reduce the risk of default, the investment portfolio of the City shall not exceed the following diversification limits: No financial institution shall hold more than 20 percent of the City of Rock Island's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping unless specifically authorized by Council. Commercial paper shall not exceed 10 percent of the City's investment portfolio. Illinois Public Treasurer's Investment Pool shall not exceed

25 percent of the investment portfolio. Investments may be purchased with maturities to match future project or liability requirements. However, any investments purchased with a maturity longer than two years must be supported by written documentation explaining the reason for the purchase and must be specifically pre-authorized by the Finance Director. Notwithstanding, no investment in any fund shall have a maturity longer than five years and must be supported by written documentation explaining the reason for the purchase and must be specifically pre-authorized by the Finance Director. The City's investments in the external pools are not subject to concentration of credit risk. The U.S. Government Obligations are explicitly guaranteed by the U.S. Government.

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

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

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

As of December 31, 2015, all of the City's deposits with financial institutions, with the exception of \$313,259 of certificates 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.

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Firefighters' Pension Fund

Investment Policy – The Firefighters' Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters' Pension Board by a majority vote of its members.

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

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

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

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

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

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

CITY OF ROCK ISLAND, ILLINOIS
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The Firefighters' Pension Fund had the following investments as of December 31, 2015:

Firefighter's Pension Fund	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Money Market Fund	\$ 1,057,930	\$ 1,057,930	\$ -	\$ -	\$ -
Taxable Bonds	8,474,712	-	4,100,171	3,454,879	919,662
Real Estate Fund	1,182,881	1,182,881	-	-	-
Stocks	10,497,179	10,497,179	-	-	-
	<u>\$21,212,702</u>	<u>\$12,737,990</u>	<u>\$ 4,100,171</u>	<u>\$ 3,454,879</u>	<u>\$ 919,662</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 December 31, 2015, the Firefighters' Pension investments were rated as follows:

Description	Moody Rating	Amount
Municipal bonds	AA2	\$ 745,727
Asset-backed securities	AAA	416,780
	Not rated	28,977
Government securities	AAA	5,357,978
Foreign corporate bonds	AAA	39,271
	AA1	9,987
	AA2	30,245
	A1	16,676
	A3	39,017
	BAA1	39,728
	BAA2	53,328
Corporate bonds	AAA	24,677
	AA1	48,718
	AA2	53,374
	A1	203,699
	A2	206,409
	A3	252,665
	BAA1	275,537
	BAA2	363,692
BAA3	268,227	

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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 December 31, 2015.

Rate of Return- For the year ended December 31, 2015, the annual money-weighted rate of return on firefighter's pension plan investments, net of pension plan investment expense was (0.55) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Police Pension Plan

Investment Policy – The Police Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Board by a majority vote of its members.

The Police Pension Plan 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.

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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 December 31, 2015:

Police Pension Fund	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Illinois Funds					
Money Market Fund	\$ 42	\$ 42	\$ -	\$ -	\$ -
Taxable Bonds	14,957,021	-	4,446,419	7,157,350	3,353,252
Real Estate Fund	795,898	795,898	-	-	-
Stocks	15,495,404	15,495,404	-	-	-
	<u>\$ 31,248,365</u>	<u>\$ 16,291,344</u>	<u>\$ 4,446,419</u>	<u>\$ 7,157,350</u>	<u>\$ 3,353,252</u>

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

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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As of December 31, 2015, the Police Pension investments were rated as follows:

Description	Moody Rating	Amount
Municipal bonds	AA2	\$ 745,727
Asset-backed securities	AAA	1,569,541
	Not rated	1,084,012
Government securities	AAA	4,428,495
Foreign corporate bonds	AA1	105,757
	AA3	46,121
	A2	29,966
Corporate bonds	AAA	41,678
	AA1	147,720
	AA2	274,115
	AA3	227,497
	A1	606,220
	A2	996,537
	A3	799,787
	BAA1	926,470
	BAA2	319,308
	BAA3	380,762
	BA1	153,379
Not rated	2,073,929	

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 December 31, 2015.

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

CITY OF ROCK ISLAND, ILLINOIS
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Rate of Return- For the year ended December 31, 2015, the annual money-weighted rate of return on police pension plan investments, net of pension plan investment expense was (0.28) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2015, are as follows:

Current Assets:	Fair Value
Equity mutual funds	\$ 425,054
Fixed income mutual funds	224,037
Alternative Funds	18,577
Total Investments in current assets	<u>667,668</u>
Endowment assets:	
Equity mutual funds	855,110
Fixed income mutual funds	474,651
Alternative funds	79,785
Total investments in endowment assets	<u>1,409,546</u>
Total Investments	<u>\$ 2,077,214</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

	Total	
	Interfund Receivables	Interfund Payables
Governmental, major funds:		
Tax Increment Financing	\$ -	\$ 504,299
Riverboat Gaming	1,498,797	-
Community/Economic Development	-	250,370
Nonmajor governmental funds	12,460	756,588
Enterprise, nonmajor funds:		
Stormwater	19,199	-
Sunset Marina	-	19,199
Internal Service Funds:		
Equipment Maintenance	1,024,424	-
Engineering	-	1,024,424
Total	<u>\$ 2,554,880</u>	<u>\$ 2,554,880</u>

All of the above balances represent short-term loans to cover deficit cash balances at December 31, 2015. All the balances are expected to be repaid within one year.

CITY OF ROCK ISLAND, ILLINOIS
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Interfund transfers for the period ended December 31, 2015, consisted of the following:

	Transfer In	Transfer Out
Major Governmental Funds:		
General	\$ 4,897,802	\$ 2,344,598
Library	200,000	11,387
TIF	-	1,450,176
Riverboat Gaming	1,929,093	7,616,796
Community/Economic Development	914,567	81,288
Capital Projects	4,977,761	2,859,500
Debt Service	4,012,229	760,470
Nonmajor governmental funds	186,440	2,602,771
Major Enterprise Funds:		
Wastewater	105,553	-
Park and Recreation	548,291	51,540
Internal Service Funds:		
Engineering	21,298	14,508
	<u>\$ 17,793,034</u>	<u>\$ 17,793,034</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 December 31, 2015, 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%	\$ 1,687,376
Less allowance for uncollectible amounts	(1,154,585)
Total governmental funds	<u>532,791</u>
Enterprise Funds:	
Notes issues to businesses with maturities typically at 5 years; interest on notes typically at 4%	2,187,903
Notes issues to residents with maturities ranging from 1 to 10 years; interest on notes ranging from 3% to 5%; collateralized by first or second mortgages on the borrowers residences.	347,445
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.	629,238
Less allowance for uncollectible amounts	(1,643,114)
Total enterprise funds	<u>1,521,472</u>
Total notes receivable	<u>\$ 2,054,263</u>

CITY OF ROCK ISLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – CAPITAL ASSETS

Capital asset activity for the period ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 7,830,011	\$ 741,273	\$ -	\$ 8,571,284
Construction-in-progress	7,573,885	16,946,636	20,899,036	3,621,485
Total capital assets, not being depreciated	15,403,896	17,687,909	20,899,036	12,192,769
Capital assets, being depreciated:				
Buildings and improvements	26,697,539	20,374,714	-	47,072,253
Machinery and equipment	13,358,684	2,883,757	-	16,242,441
Infrastructure	71,726,485	902,494	96,000	72,532,979
Total capital assets, being depreciated	111,782,708	24,160,965	96,000	135,847,673
Less accumulated depreciation for:				
Buildings and improvements	10,169,519	624,591	-	10,794,110
Machinery and equipment	7,832,761	731,881	-	8,564,642
Infrastructure	33,532,361	1,400,657	-	34,933,018
Total accumulated depreciation	51,534,641	2,757,129	-	54,291,770
Total capital assets, being depreciated, net	60,248,067	21,403,836	96,000	81,555,903
Governmental activities capital assets, net	\$ 75,651,963	\$ 39,091,745	\$ 20,995,036	\$ 93,748,672
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,586,476	\$ -	\$ -	\$ 1,586,476
Construction-in-progress	55,408,774	11,832,638	-	67,241,412
Total capital assets, not being depreciated	56,995,250	11,832,638	-	68,827,888
Buildings and improvements	19,069,601	-	13,034	19,056,567
Machinery and equipment	3,196,206	31,326	-	3,227,532
Infrastructure	80,138,298	96,000	109,992	80,124,306
Total capital assets, being depreciated	102,404,105	127,326	123,026	102,408,405
Less accumulated depreciation for:				
Buildings and improvements	6,874,856	440,504	13,034	7,302,326
Machinery and equipment	2,381,766	86,881	-	2,468,647
Infrastructure	54,781,297	1,380,561	109,992	56,051,866
Total accumulated depreciation	64,037,919	1,907,946	123,026	65,822,839
Total capital assets, being depreciated, net	38,366,186	(1,780,620)	-	36,585,566
Business-type activities capital assets, net	\$ 95,361,436	\$ 10,052,018	\$ -	\$ 105,413,454

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

Governmental Activities:

General government	\$ 645,795
Police and fire	33,921
Highways and streets, including depreciation of general infrastructure assets	1,199,552
Libraries	110,949
Parks 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	546,653
Total depreciation expense, governmental activities	<u>\$ 2,757,129</u>

Business-Type Activities:

Waterworks	\$ 644,494
Wastewater treatment	531,107
Parks and recreation	511,946
Stormwater	117,904
Sunset Marina	43,629
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	58,866
Total depreciation expense, business-type activities	<u>\$ 1,907,946</u>

NOTE 7 – LONG-TERM DEBT

General obligation bonds outstanding as of December 31, 2015, consist of the following individual issues:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
\$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.	\$ 1,690,000	\$ 465,000	\$ 1,225,000
\$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.	1,380,000	814,200	565,800
\$700,000 2008C clean renewable energy general obligations for hydroelectric plant improvements, due in annual installments of \$46,667 to December 15, 2022.	326,667	-	326,667
\$3,060,000 2008D general obligation bonds for construction of Armory Park, due in annual installments of \$180,000 to \$310,000 to December 1, 2021.	500,000	500,000	-
\$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.	3,070,000	3,070,000	-

CITY OF ROCK ISLAND, ILLINOIS
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\$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.	1,920,000	215,000	1,705,000
\$1,440,000 2009C taxable general obligation bonds for Columbia Park redevelopment, including capitalized interest in annual installments of \$0 to \$180,000 to December 1, 2028.	1,440,000	1,440,000	-
\$7,270,000 2010A build america bonds for water system improvements and construction of a new street garage as part of the long-term control plan due in annual installments of \$295,000 to \$475,000 to December 1, 2030.	5,800,000	-	5,800,000
\$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.	1,360,000	510,000	850,000
\$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.	830,000	375,000	455,000
\$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	2,630,000	1,770,000	860,000
\$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.	8,850,000	8,850,000	-
\$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.	820,000	820,000	-
\$9,585,000, 2014A general obligation bonds for police facility construction due in annual installments of \$375,000 to \$645,000 to December 1, 2034; interest rate 2.0% to 4.0%.	9,210,000	9,210,000	-

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\$15,865,000, 2014B taxable general obligation bonds to refinance outstanding line of credit of the City and fund capitalized interest on the bonds; due in annual installments of \$475,000 to \$1,145,000 to December 1, 2034; interest rate 2.0% to 4.25%.

15,865,000 15,865,000 -

\$6,075,000, 2015A general obligation bonds to finance the following capital improvements; new police headquarters facility, public safety equipment, and public right of way improvements along 11th Street; due in annual installments of \$345,000 to \$460,000 to December 1, 2035; interest rate 2.0% to 4.0%.

6,075,000 6,075,000 -

\$4,175,000, 2015B general obligation refunding bonds for refunding of the following; Series 2005 bonds \$805,000; Series 2007 bonds \$2,270,000; Series 2008D bonds \$1,100,000; due in annual installments of \$230,000 to \$510,000; interest rate 2.0% to 4.0%.

4,175,000 1,268,000 2,907,000

Total

\$ 65,941,667 \$ 51,247,200 \$ 14,694,467

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:

Period Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 3,143,950	\$ 1,855,923	\$ 1,787,717	\$ 509,584
2017	3,286,850	1,666,863	1,709,817	511,098
2018	3,302,750	1,574,203	1,438,917	463,698
2019	3,438,650	1,480,572	1,188,017	415,052
2020	3,497,500	1,377,628	989,167	371,414
2021-2025	13,242,500	5,445,537	4,660,833	1,290,190
2026-2030	11,530,000	3,385,104	2,920,000	415,444
2031-2034	9,805,000	1,023,100	-	-
	<u>\$51,247,200</u>	<u>\$17,808,930</u>	<u>\$14,694,467</u>	<u>\$ 3,976,479</u>

On October 15, 2015, the City of Rock Island, Illinois issued \$6,075,000 of general obligation bonds, Series 2015A with an average interest rate of 3% and \$4,175,000 of general obligation refunding bonds, Series 2015B with an average interest rate of 3.6%. The Series 2015A bonds were issued to pay a part of the cost of constructing a new police station, purchase public safety equipment, and make public right of way improvements. The Series 2015B bonds were issued to refund the Series 2005 refunding bonds, Series 2007 Wastewater special assessments bonds, and a portion of the Series 2008D Armory Park issue. The refundings were done to achieve debt service savings.

The \$4,547,485 Series 2015B proceeds were placed in escrow. On December 1, 2015, \$3,329,936 of the proceeds were used to call and redeem \$830,000 Series 2005 refunding bonds and \$2,435,000 Series 2007 Wastewater special assessments bonds. The current refunding of the Series 2005 bonds resulted in net present value savings of \$33,262. The current refunding of the Series 2007 bonds resulted in net present value savings of \$187,843.

CITY OF ROCK ISLAND, ILLINOIS
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\$1,217,549 Series 2015B proceeds were used to purchase U.S Treasury Obligations which were deposited into an irrevocable trust with an escrow agent to advance refund \$1,150,000 of Series 2008D general obligation bonds due December 1, 2018 through 2021. As a result, that portion of the Series 2008D general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The advance refunding of a portion of the City's general obligation bonds Series 2008D resulted in an economic gain of \$59,385 and reduced debt service payments of \$62,246.

The current refunding and advance refunding of the general obligation bonds, resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$132,485 is a deferred amount on refunding and amortized over the life of the bonds using a method that approximates the interest method.

Long-term liability activity for the period ended December 31, 2015, was as follows:

	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 47,472,200	\$ 7,343,000	\$ 3,568,000	\$ 51,247,200	\$ 3,143,950
Unamortized discounts	(28,013)	-	(1,401)	(26,612)	-
Unamortized premiums	850,291	187,331	48,899	988,723	-
Total bonds payable	48,294,478	7,530,331	3,615,498	52,209,311	3,143,950
Other postemployment benefits	5,384,606	513,210	-	5,897,816	-
Compensated absences	3,947,737	3,882,426	3,947,737	3,882,426	2,194,954
Net pension liability	84,931,033	11,248,064	-	96,179,097	-
	<u>\$ 142,557,854</u>	<u>\$ 23,174,031</u>	<u>\$ 7,563,235</u>	<u>\$ 158,168,650</u>	<u>\$ 5,338,904</u>
Business-Type Activities					
General obligation bonds	\$ 16,636,134	\$ 2,907,000	\$ 4,848,667	\$ 14,694,467	\$ 1,787,717
Unamortized premiums	96,286	236,111	18,445	313,952	-
Total bonds payable	16,732,420	3,143,111	4,867,112	15,008,419	1,787,717
Note payable	41,594,833	7,372,995	1,873,535	47,094,293	1,917,427
Other postemployment benefits	1,214,884	115,792	-	1,330,676	-
Compensated absences	909,936	1,019,933	1,211,127	718,742	406,345
Net pension liability (asset)	(67,974)	1,308,181	-	1,240,207	-
	<u>\$ 60,384,099</u>	<u>\$ 12,960,012</u>	<u>\$ 7,951,774</u>	<u>\$ 65,392,337</u>	<u>\$ 4,111,489</u>

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 \$306,170 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 net pension liability and other postemployment benefit obligations will primarily be liquidated by the General Fund in future years.

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

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

Period Ending December 31:	Principal	Interest	Total
2016	\$ 19,968	\$ 4,029	\$ 23,997
2017	20,219	3,779	23,998
2018	20,472	3,528	24,000
2019	20,729	3,268	23,997
2020	20,989	4,029	25,018
2021-2025	108,958	11,028	119,986
2026-2030	115,963	4,024	119,987
	<u>\$ 327,298</u>	<u>\$ 33,685</u>	<u>\$ 360,983</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 through August 1, 2032. The maturity schedule is as follows:

Period Ending December 31:	Principal	Interest	Total
2016	\$ 834,278	\$ 193,635	\$ 1,027,913
2017	844,739	183,173	1,027,912
2018	855,332	172,581	1,027,913
2019	866,057	161,856	1,027,913
2020	876,916	150,997	1,027,913
2021-2025	4,552,301	94,622	4,646,923
2026-2030	4,844,956	294,520	5,139,476
2031-2032	2,024,101	31,725	2,055,826
	<u>\$ 15,698,680</u>	<u>\$ 1,283,109</u>	<u>\$ 16,981,789</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 through September 1, 2033. The maturity schedule is as follows:

Period Ending December 31:	Principal	Interest	Total
2016	\$ 639,270	\$ 319,215	\$ 958,485
2017	654,025	304,459	958,484
2018	669,121	289,363	958,484
2019	684,565	273,919	958,484
2020	700,366	258,117	958,483
2020-2024	3,751,909	1,040,511	4,792,420
2025-2029	4,205,367	587,054	4,792,421
2030-2034	2,763,412	112,041	2,875,453
	<u>\$ 14,068,035</u>	<u>\$ 3,184,679</u>	<u>\$ 17,252,714</u>

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- \$10,032,304 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 through August 6, 2034. The maturity schedule is as follows:

Period Ending December 31:	Principal	Interest	Total
2016	\$ 423,911	\$ 183,771	\$ 607,682
2017	432,132	175,550	607,682
2018	440,512	167,170	607,682
2019	449,055	158,627	607,682
2020	457,763	149,918	607,682
2020-2024	2,425,472	612,936	3,038,408
2025-2029	2,669,960	368,447	3,038,408
2030-2034	2,328,479	102,247	2,430,726
	<u>\$ 9,627,284</u>	<u>\$ 1,918,666</u>	<u>\$ 11,545,950</u>

- \$10,941,066 approved September 30, 2014 for the Wastewater Project (L174907) of which \$7,372,996 has been drawn as of December 31, 2015. The loan interest rate is 1.995%. The City is required to make semi-annual payments of the principal and interest beginning June 30, 2016 through December 30, 2035. On April 16, 2015 Illinois EPA issued an amendment to provide an additional subsidy (principal forgiveness). This amendment reduced the principal amount to be repaid by \$275,000. The state has not yet established the repayment period.

In prior years, the City defeased certain general obligation bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2015, \$260,000 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 periods.

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	
	2016	2015	2016	2015
Unpaid claims, beginning of year	\$ 453,400	\$ 425,000	\$ 297,943	\$ 239,250
Incurred claims (including IBNR)	1,060,203	433,040	4,165,903	2,861,777
Claim payments/settlements	(923,840)	(404,640)	(4,168,846)	(2,803,084)
Unpaid claims, end of year	<u>\$ 589,763</u>	<u>\$ 453,400</u>	<u>\$ 295,000</u>	<u>\$ 297,943</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.

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NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 355 active and 227 retired members in the Plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the period ended December 31, 2015, the amount actually contributed to the Plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 1,501,468
Interest on net OPEB obligation	263,980
Adjustment to annual required contribution	(219,982)
Annual OPEB cost	<u>1,545,466</u>
Contributions and payments made	<u>916,464</u>
Increase in net OPEB obligation	629,002
Net OPEB obligation, beginning of year	6,599,490
Net OPEB obligation, end of year	<u><u>\$ 7,228,492</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as April 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the period ended December 31, 2015.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of December 31, 2015, are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 1,545,466	59.3%	\$ 7,228,492
December 31, 2014	1,460,100	36.4%	6,599,490
March 31, 2014	1,917,778	33.8%	5,670,490

Funded Status and Funding Progress – As of January 1, 2015, the most recent actuarial valuation date for the year ended December 31, 2015, the actuarial accrued liability was \$19,952,823, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,952,823. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$22,502,517 and the ratio of the UAAL to covered payroll was 89%. As of December 31, 2015, there were no trust fund assets.

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

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

As of the January 1, 2015, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4 percent discount rate based on the City’s funding policy. The projected annual medical trend rate is 6 percent. The ultimate medical trend rate is 5.5 percent. The medical trend rate is reduced 0.06% each year until reaching the ultimate medical trend rate. The investment return of 4.0 percent inflation includes a 0.0 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

Illinois Municipal Retirement Fund

Plan description - The City’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases and death benefits to plan members and beneficiaries. The City plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund and agent multiple-employer plan. Benefit and contribution 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 (RSI). That report may be obtained on-line at www.imrf.org. The IMRF actuarial valuation date is December 31, 2014 and the measurement date is December 31, 2014.

IMRF is administered in accordance with Illinois statutes. The statutes do not provide for termination of the plan under any circumstances.

Plan membership –As of December 31, 2014, the plan measurement date, the City’s pension plan membership consisted of the following:

Retirees and beneficiaries	276
Inactive, non-retired plan members	198
Active plan members	264
Total	738

Benefits provided- The IMRF Plan provides retirement benefits, as well as death and disability benefits. A complete description of IMRF benefits is found in Article 7 of the Illinois Pension Code. IMRF has three benefit plans. The vast majority of IMRF members, including the City, participate in the Regular Plan (RP). IMRF benefit plans have two tiers.

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

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

Contributions – As set by statute, the City’s regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual contribution rate for fiscal year 2015 and 2014 was 11.24% and 11.74% respectively. 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. Costs of administering the plan are financed by investment income. Contributions are based on employer payrolls and are due on the tenth of the month following the month of payment pursuant to the authority vested in the IMRF Board by the Illinois Pension Code. For the fiscal year ended December 31, 2015, the City contributed \$1,550,781. The covered valuation payroll as of December 31, 2015 was \$13,809,253.

Net Pension Liability of the City – The City’s net pension liability was measured as of December 31, 2014, and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Inflation	3.5 percent
Salary increases, including inflation	3.75 percent to 14.50, including inflation
Investment rate of return, including inflation, and net of investment expense	7.50 percent

The projected retirement age was from the experienced-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from 2011 to 2013. Mortality rates were based on an IMRF specific mortality table with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational project scale MP-2014 (base year 2014). The IMRF-specific rates were developed from

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2014 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	63.2%	9.81%
International Equities	2.6%	-2.79%
Fixed Income	23.5%	5.93%
Real Estate	4.3%	12.66%
Alternatives	4.5%	N/A
Cash equivalents	1.9%	N/A
Total	100.0%	

Discount rate: Governmental Accounting Standards Board Statement No. 68 requires a discount rate that considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The plan net position in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on the pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met.) The projection of cash flow used to determine the SDR assumed the plan members’ contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate.

For the purpose of the City’s valuation, the expected rate of return on pension plan investments is 7.50 percent, the municipal bond rate is 3.56 percent and the resulting SDR is 7.50 percent.

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Changes in the Net Pension Liability: The following table presents the changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, December 31, 2013	\$ 88,368,231	\$ 88,580,653	\$ (212,422)
Changes for the year:			
Service cost	1,499,638	-	1,499,638
Interest	6,516,796	-	6,516,796
Differences between expected and actual experience	127,975	-	127,975
Changes of assumptions	3,145,892	-	3,145,892
Contributions-employer	-	1,579,814	(1,579,814)
Contributions-employee	-	607,024	(607,024)
Net investment income	-	5,334,245	(5,334,245)
Benefit payments, including refunds of employee contributions	(4,454,876)	(4,454,876)	-
Other	-	(318,846)	318,846
Net changes	6,835,425	2,747,361	4,088,064
Balance, December 31, 2014	<u>\$ 95,203,656</u>	<u>\$ 91,328,014</u>	<u>\$ 3,875,642</u>

The net pension liability includes \$77,512 net pension liability as of December 31, 2015 for the Martin Luther King Center discretely presented component unit as a participant in the City's IMRF plan.

Sensitivity to the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability (asset)	\$ 15,916,266	\$ 3,875,642	\$ (6,059,797)

Pension plan fiduciary net position: Detailed information about the IMRF pension plan's fiduciary net position is available in the separately issued IMRF financial report.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
 For the year ended December 31, 2015, the City's pension expense is \$762,268 and the deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ 92,378	\$ -	\$ 92,378
Assumption changes	2,270,842	-	2,270,842
Net difference between projected and actual earnings on pension plan investments	969,837	-	969,837
Contributions subsequent to measurement date	1,572,552	-	1,572,552
Total	\$ 4,905,609	\$ -	\$ 4,905,609

\$1,572,552 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the IMRF pension will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 1,153,106
2017	1,153,106
2018	784,385
2019	242,460
2020	-
Thereafter	-
Total	\$ 3,333,057

Police Pension Plan

Plan description - The City administers the Police Pension Plan, a single-employer defined benefit pension plan that provides pensions for all police sworn personnel. 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 Police Pension Plan does not issue a separate stand-alone report. The City accounts for the plan as a Pension Trust Fund.

Management of the Police Pension Plan is vested in the Police Pension Board, which consists of five members consisting of two members appointed by the Mayor, two members elected from the active participants of the plan, and one member elected by and from the beneficiaries.

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Plan membership – At December 31, 2015, pension plan membership consisted of the following:

Retirees and beneficiaries	93
Inactive, non-retired plan members	8
Active plan members	83
Total	<u>184</u>

Benefits provided – 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 20 years 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 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 and completion of 10 years of service.

The employee's accrued benefit is based on the employee's final salary. Final salary is the salary attached to the rank held on the last day of service, or one year prior to the last date, whichever is greater. Final average salary is the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3 percent and 50 percent of the CPI on November 1.

For employees hired prior to January 1, 2011 who died in the line of duty, a death benefit equal to 100% of the final salary is provided to the survivor. For an employee who did not die in the line of duty, a benefit equal 100% of the accrued pension is paid to the survivor if 20 years of service was completed or 50% of the final salary if more than 10 years but less than 20 years of service is completed.

For employees hired after or on January 1, 2011 who died in the line of duty, a benefit equal to 100% of the final salary is provided to the survivor. For a participant who did not die in the line of duty, a benefit equal to 100% of the accrued pension is paid to the survivor.

Disability benefits are equal to the greater of 65% of the final salary or accrued pension if the participant is disabled in the line of duty or equal to 50% of the final salary if the participant did not become disabled in the line of duty.

A plan member who leaves City service with less than 20 years of service may withdraw his or her contributions without accumulated interest.

Contributions – Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan as established in 40 ILCS 5, Article 3 of the Illinois Compiled Statutes. 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.

Net pension liability of the City – The net pension liability was measured as of December 31, 2015, and the total net pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date.

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Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the entry age method and the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Asset valuation method	5 year smoothing of assets gains and losses
Inflation	3.0 percent
Salary increases, including inflation	5.0 percent
Investment rate of return, including inflation, and net of investment expense	7.50 percent

Mortality rates were based on RP-2000 Mortality Table with a blue collar adjustment. Mortality of disabled lives were based on RP-2000 Disabled Table. An actuarial experience study was provided September 26, 2012 to the Department of Insurance reflecting experience for the years 2004-2011 from numerous funds valued by the Department of Insurance including the City.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Real Estate	2.0%	4.10%
Emerging Markets	3.0%	6.00%
International	6.0%	5.52%
Small Mid Value	14.0%	5.30%
Blend	5.0%	5.30%
Large Value	20.0%	5.30%
Fixed Income	49.0%	3.20%
Cash	1.0%	N/A
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the net pension liability: The following table presents the changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, December 31, 2014	\$ 75,018,634	\$ 32,297,777	\$ 42,720,857
Changes for the year:			
Service cost	1,178,679	-	1,178,679
Interest	5,565,928	-	5,565,928
Differences between expected and actual experience	1,340,483	-	1,340,483
Changes of assumptions	-	-	-
Contributions-employer	-	2,687,850	(2,687,850)
Contributions-employee	-	590,127	(590,127)
Net investment income	-	(265,731)	265,731
Benefit payments, including refunds of employee contributions	(3,969,874)	(3,969,874)	-
Other	-	(65,821)	65,821
Net changes	4,115,216	(1,023,449)	5,138,665
Balance, December 31, 2015	\$ 79,133,850	\$ 31,274,328	\$ 47,859,522

Plan fiduciary net position as a percentage of the total pension liability 40%

Sensitivity to the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 57,355,584	\$ 47,859,522	\$ 39,380,895

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
For the year ended December 31, 2015, the City's pension expense is \$4,581,726 and the deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,117,069	\$ -	\$ 1,117,069
Assumption changes	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,127,720	-	2,127,720
Total	\$ 3,244,789	\$ -	\$ 3,244,789

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 755,344
2017	755,344
2018	755,344
2019	755,344
2020	223,413
Thereafter	-
Total	\$ 3,244,789

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is as follows:

Statement of Net Position

Assets	
Cash and equivalents	\$ 1,280,726
Investments	31,248,323
Receivables, accrued interest	93,652
Total Assets	<u>32,622,701</u>
Liabilities	
Outstanding checks in excess of bank balance	1,333,808
Accounts payable	16,878
Total Liabilities	<u>1,350,686</u>
Net Position, held in trust for pension benefits	<u>\$ 31,272,015</u>

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Statement of Changes in Net Position

Additions	
Contributions:	
Employer	\$ 2,687,850
Member	590,127
Net investment income	(268,045)
Total Additions	<u>3,009,932</u>
Deductions	
Benefits	3,969,874
Administrative expenses	65,820
Total Deductions	<u>4,035,694</u>
Change in net position held in trust for pension benefits	<u>(1,025,762)</u>
Net position restricted for pension benefits, beginning of year	32,297,777
Net position restricted for pension benefits, end of year	<u>\$ 31,272,015</u>

Firefighter Pension Plan

Plan description - The City administers the Firefighter Pension Plan, a single-employer defined benefit pension plan that provides pensions for all Firefighter sworn personnel. 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 Firefighter Pension Plan does not issue a separate stand-alone report. The City accounts for the plan as a Pension Trust Fund.

Management of the Firefighter Pension Plan is vested in the Firefighter Pension Board, which consists of five members consisting of two members appointed by the Mayor, two members elected from the active participants of the plan, and one member elected by and from the beneficiaries.

Plan Membership – At December 31, 2015, pension plan membership consisted of the following:

Retirees and beneficiaries	58
Inactive, non-retired plan members	-
Active plan members	89
Total	<u>147</u>

Benefits Provided – The Firefighter 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 on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month of service over 20 years through 30 years of service to a maximum of 75% of such monthly salary. Employees are entitled to a minimum benefit of \$1,159.27 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 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.

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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, and 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 salary. Final salary is the salary attached to the rank held on the last day of service, or one year prior to the last date, whichever is greater. Final average salary is the average monthly salary obtained by dividing the total salary of the Firefighter officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lessor of 3 percent and 50 percent of the CPI on November 1.

For employees hired prior to January 1, 2011, who died in the line of duty, a death benefit equal to 100% of the final salary is provided to the survivor. For an employee who did not die in the line of duty, a benefit equal 100% of the accrued pension is paid to the survivor if 20 years of service was completed or 54% of the final salary if more than 10 years but less than 20 years of service is completed.

For employees hired after or on January 1, 2011 who died in the line of duty, a benefit equal to 100% of the final salary is provided to the survivor. For a participant who did not die in the line of duty, a benefit equal to 66.67% of the accrued pension is paid to the survivor.

Disability benefits are equal to the greater of 65% of the final salary or accrued pension if the participant is disabled in the line of duty or equal to 50% of the final salary if the participant did not become disabled in the line of duty.

A plan member who leaves City service with less than 20 years of service may withdraw his or her contributions without accumulated interest.

Contributions – Covered employees are required to contribute 9.455% of their base salary to the Firefighter Pension Plan as established in 40 ILCS 5, Article 4 of the Illinois Compiled Statutes. 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 Firefighter Pension Plan is fully funded.

Net pension liability of the City – The net pension liability was measured as of December 31, 2015, and the total net pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the entry age method and the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Asset valuation method	5 year smoothing of assets gains and losses
Inflation	3.0 percent
Salary increases, including inflation	5.0 percent
Investment rate of return, including inflation,	7.50 percent

Mortality rates were based on RP-2000 Mortality Table with a blue collar adjustment. Mortality of disabled lives were based on RP-2000 Disabled Table. An actuarial experience study was provided September 26, 2012 to the Department of Insurance reflecting experience for the years 2004-2011 from numerous funds valued by the Department of Insurance including the City.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	34.0%	3.20%
U.S. Equity	30.0%	5.30%
Non-U.S. Equity	30.0%	5.70%
Real Estate	5.0%	4.10%
Cash	1.0%	N/A
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability: The following table presents the changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, December 31, 2014	\$ 64,216,278	\$ 21,865,902	\$ 42,350,376
Changes for the year:			
Service cost	970,425	-	970,425
Interest	4,743,965	-	4,743,965
Differences between expected and actual experience	615,903	-	615,903
Changes of assumptions	-	-	-
Contributions-employer	-	2,676,324	(2,676,324)
Contributions-employee	-	416,580	(416,580)
Net investment income	-	(105,004)	105,004
Benefit payments, including refunds of employee contributions	(3,867,666)	(3,867,666)	-
Other	-	(68,883)	68,883
Net changes	2,462,627	(948,649)	3,411,276
Balance, December 31, 2015	\$ 66,678,905	\$ 20,917,253	\$ 45,761,652

Plan fiduciary net position as a percentage of the total pension liability 31%

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Sensitivity to the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability (asset)	\$ 52,429,543	\$ 45,761,652	\$ 39,699,933

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2015, the City's pension expense is \$4,224,230 and the deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ 492,722	\$ -	\$ 492,722
Assumption changes	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,370,648	-	1,370,648
Total	<u>\$ 1,863,370</u>	<u>\$ -</u>	<u>\$ 1,863,370</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 465,843
2017	465,843
2018	465,843
2019	465,843
2020	-
Thereafter	-
Total	<u>\$ 1,863,372</u>

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Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is as follows:

Statement of Net Position

Assets	
Cash and equivalents	\$ 2,015,766
Investments	20,154,771
Receivables, accrued interest	65,313
Total Assets	<u>22,235,850</u>
Liabilities	
Outstanding checks in excess of bank balance	1,313,463
Accounts payable	7,446
	<u>1,320,909</u>
Net Position, held in trust for pension benefits	<u>\$ 20,914,941</u>

Statement of Changes in Net Position

Additions	
Contributions:	
Employer	\$ 2,676,324
Member	416,580
Net investment income	(107,315)
Total Additions	<u>2,985,589</u>
Deductions	
Benefits	3,842,351
Administrative expenses	94,199
Total Deductions	<u>3,936,550</u>
Change in net position held in trust for pension benefits	(950,961)
Net position restricted for pension benefits, beginning of year	21,865,902
Net position restricted for pension benefits, end of year	<u>\$ 20,914,941</u>

NOTE 11 – DEFERRED COMPENSATION PLAN

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

CITY OF ROCK ISLAND, ILLINOIS
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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.

Components of Fund Balances	General	Debt Service	Capital Projects	Special Revenue	Total
Restricted for:					
Police services	\$ 173,019	\$ -	\$ -	\$ -	\$ 173,019
Library programs	-	-	-	1,271,014	1,271,014
Capital improvements	-	-	4,682,393	501,948	5,184,341
Road improvements	-	-	-	402,936	402,936
Fire services	-	-	-	119,125	119,125
Federal programs	-	-	-	9,877	9,877
Drug enforcement efforts	-	-	-	355,956	355,956
Economic development	-	-	-	12,790	12,790
Debt service payments	-	1,623,000	-	-	1,623,000
Total Restricted	173,019	1,623,000	4,682,393	2,673,646	9,152,058
Committed to:					
Capital improvements	-	-	-	12,312,660	12,312,660
Unassigned	10,259,976	-	-	(304,077)	9,955,899
Total Fund Balances	\$10,432,995	\$ 1,623,000	\$ 4,682,393	\$14,682,229	\$31,420,617

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 December 31, 2015, 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 \$7,867,701.

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NOTE 14 – COMMITMENTS AND CONTINGENCY

As of December 31, 2015, the City had the following outstanding commitments related to various development projects. All commitments operate as rebates so that funds not paid until they are received.

Casino Rock Island - On March 22, 2004, City Council approved a development agreement with 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 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 with a surface parking lot and a conference/meeting/theatre center. The total cost of the City's outstanding commitment is estimated to be approximately \$22 million which will be paid using tax increments generated by the development per the development agreement. To date, approximately \$9.9 million has been reimbursed to the Casino with an estimated \$12.1 million yet to be paid.

Kinseth Hospitality - The City Council has approved a development agreement with Kinseth Hospitality for improvements related to the Holiday Inn. The City will pay this development agreement with TIF increment generated by the Downtown TIF. As of December 31, 2015, the City Council committed \$500,000 of TIF payments that had not yet been paid out.

Riverview Lofts Project - The City Council approved a development agreement with Riverview Lofts, LLC on October 2, 2013. The City will pay this development agreement with TIF increments generated by the Blackhawk Commons site. As of December 31, 2015, the amount outstanding on this agreement totals \$885,000. An addendum was added in September 2015 extending the completion date of the project from June 2015 to July 31, 2016.

Blackhawk Commons Project - The City Council approved a development agreement with 11th Street Development Partners. The City will pay this agreement with TIF increment generated by the Blackhawk Commons site. As of December 31, 2015, City Council committed \$2,000,000 of future TIF funds. The first payment was made in December 2015 of \$27,547 with the remaining \$1,972,453 yet to be paid out.

LRC Project - The City Council has approved a development agreement with LRC. The City will pay this development agreement with TIF increment generated by the LRC site within the Columbia Park TIF. As of December 31, 2015, City Council committed \$200,000 of TIF payments that had not yet been paid out.

Zoning Ordinance Update - City Council approved a contract for professional consulting services to update the City's zoning ordinance in August 2015. The contract was approved in the amount to not exceed \$125,000. The outstanding amount on this contract as of December 31, 2015 is \$121,663.

Retail Attractions - The City Council approved a one year contract for the assistance in development of commercial properties. The contract called for a one-time fee of \$7,500 and twelve monthly payments of \$3,000. The contract expires April 30, 2016. As of December 31, 2015, the City has paid \$31,500 on this contract.

Illinois Housing Development Authority (IHDA) Blight Reduction Program - The City received an award of \$525,000 for a Blight Reduction Program through the IHDA. The City was required to collaborate with a not-for-profit entity and chose Rock Island Economic Growth Corporation as its partner. Up to \$35,000 per property will be paid out to the not-for-profit upon completion and submittal of a "unit." The money is disbursed from IHDA as a three year forgivable loan with 33.33% forgiven each year. The City transferred six properties to Rock Island Economic Growth Corporation during fiscal year 2015 for this project and will provide funds for demolition and greening of these properties. The funds will be repaid to the City (up to \$30,250 per unit) from Rock Island Economic Growth Corporation with the disbursement of IHDA funds.

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The Locks - City Council approved a development agreement with Rock Island Economic Growth Corporation to create 34 additional housing units downtown. The 2012 development agreement provided \$2.1 million dollars and a ten year property tax rebate program. The project was completed in January 2015. A rebate is paid if property taxes are in excess of \$40,000. The first year property tax rebate was \$0 due to property taxes being below the threshold.

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 the City. The estimated outstanding commitment for all projects as of December 31, 2015 is \$867,731.

Circa 21 – The City Council has approved a development agreement with Circa 21. The city will pay this development agreement with TIF increment generated by the Downtown TIF. As of December 31, 2015, the amount outstanding on this agreement is \$100,000.

1st Avenue Corridor Study – The City Council approved the award for Missman, Inc to do a traffic study and preliminary engineering services. The amount outstanding on this contract on December 31, 2015 is \$18,700.

Shady Brook, Phase 1 Resurfacing Project – The City Council approved the bid award for General Asphalt to do the construction for this project. The amount outstanding on this contract on December 31, 2015 is \$54,204.

LTCP - WWTF Project – The City Council approved the bid award for Civil Construction to do the construction for this project. The amount outstanding on this contract on December 31, 2015 is \$197,479.

LTCP – 6th Avenue Relief Sewer 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 December 31, 2015 is \$2,682,247.

LTCP – Farmall Tank Project – The City Council approved the bid award for Civil Construction to do the construction for this project. The amount outstanding on this contract on December 31, 2015 is \$2,744,617.

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 December 31, 2015 is \$1,890,751.

The City has recognized as a liability only that portion of construction contracts representing construction completed through December 31, 2015. The City has additional commitments for signed construction contracts of approximately \$164,689 as of December 31, 2015. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

The City has agreed to a consent decree issued by the United States Environmental Protection Agency (USEPA) to settle a lawsuit in regard to violations incurred by the City's wastewater treatment system. The provisions of the consent decree required the City to complete 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 \$59,363,958 as of December 31, 2015. All of the construction must be completed by 2018.

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.

CITY OF ROCK ISLAND, ILLINOIS
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NOTE 16 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The City adopted the following statements during the year ended December 31, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012. 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. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013. 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 implementation of the above statements had a material impact to the City's financial statements. The Statements required the City to change the accounting and reporting of pension expense, net pension liability, and the related deferred inflows of resources and deferred outflows of resources. As a result, the City's financial statements required a restatement as stated in Note 17. In addition, the new standards required new required supplementary information schedules.

As of December 31, 2015, 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. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City beginning with its year ending December 31, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, will be effective for the City beginning with its year ending December 31, 2017. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

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GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the City beginning with its year ending December 31, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the City beginning with its year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015, will be effective for the City beginning with its year ending December 31, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the City beginning with its year ending December 31, 2016. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

GASB Statement No. 78, *Pension Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the City beginning with its year ending December 31, 2016. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

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GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the City beginning with its year ending December 31, 2016. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, issued January 2016, will be effective for the City beginning with its year ending December 31, 2017. This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the City beginning with its year ending December 31, 2017. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73*, issued March 2016, will be effective for the City beginning with its year ending December 31, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

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DECEMBER 31, 2015

NOTE 17 – RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net position December 31, 2014, as previously reported	Net pension obligation (asset) as previously reported	Deferred outflows of resources related to contributions made after the measurement date	Net pension (liability) asset	Net position, January 1, 2015, as restated
Governmental Activities	\$ 71,841,821	\$ (243,415)	\$ 1,042,677	\$ (84,931,033)	\$ (12,289,950)
Business-type Activities	49,820,371	-	505,545	67,974	50,393,890
Component Unit	191,142	-	31,596	4,248	226,986
Major Enterprise Funds:					
Waterworks	9,334,468	-	173,780	23,366	9,531,614
Wastewater Treatment	23,484,299	-	94,789	12,745	23,591,833
Park and Recreation	11,156,961	-	189,578	25,491	11,372,030
Aggregate Remaining Information:					-
Nonmajor enterprise	5,612,182	-	47,398	6,372	5,665,952
Internal service	8,535,130	-	173,779	23,366	8,732,275

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 Net 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]
12/31/15	1/1/2015	\$ -	\$ 19,952,823	\$ 19,952,823	- %	\$ 22,502,517	89.00%
12/31/14*	3/31/13	-	24,781,731	24,781,731	-	24,158,513	103.00%
03/31/14	3/31/13	-	24,781,731	24,781,731	-	24,158,513	103.00%
03/31/13	3/31/11	-	24,781,731	24,781,731	-	24,158,513	103.00%
03/31/12	3/31/11	-	23,199,368	23,199,368	-	18,206,619	127.00%
03/31/11	3/31/11	-	23,199,368	23,199,368	-	18,206,619	127.00%

*Reflects 9-month fiscal year (04/01/2014 – 12/31/2014)

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Plan
Last 10 Fiscal Years*

	December 31
	2014
Total pension liability	
Service cost	\$ 1,499,638
Interest	6,516,796
Changes of benefit terms	-
Differences between expected and actual experience	127,975
Changes of assumptions	3,145,892
Benefit payments, including refunds of member contributions	<u>(4,454,876)</u>
Net change in total pension liability	6,835,425
Total pension liability - beginning	<u>88,368,231</u>
Total pension liability - ending (a)	<u>\$ 95,203,656</u>
Plan fiduciary net position	
Contributions - employer	\$ 1,579,814
Contributions - member	607,024
Net investment income	5,334,245
Benefit payments, including refunds of member contributions	(4,454,876)
Administrative expense	-
Other	<u>(318,846)</u>
Net change in plan fiduciary net position	2,747,361
Plan fiduciary net position - beginning	<u>88,580,653</u>
Plan fiduciary net position - ending (b)	<u>\$ 91,328,014</u>
Net pension liability - ending (a)-(b)	<u><u>\$ 3,875,642</u></u>
Plan fiduciary net position as a percentage of total pension liability	95.93%
Covered employee payroll	\$ 13,454,116
Net pension liability as a percentage of covered employee payroll	28.81%

*IMRF fiscal year December 31, 2014 is the first year of GASB Statement No. 68 implementation.

The table will build prospectively from 2014.

The table is based on measurement date.

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Contributions
Illinois Municipal Retirement Plan
Last 10 fiscal Years*

	December 31 2015	December 31 2014
Actuarially determined contribution	\$ 1,550,781	\$ 1,579,514
Contributions in relation to the actuarial determined contribution	1,550,781	1,579,814
Contribution deficiency (excess)	\$ -	\$ (300)
Covered employee payroll	\$ 13,809,253	\$ 13,454,116
Contribution as a percentage of covered employee payroll	11.23%	11.74%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, ECO): 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI.
Asset valuation method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price inflation	3.0%-approximate; no explicit price inflation assumption is used in this valuation
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.
Salary increases	For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives,
Payroll growth	mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other:	There were no benefit changes during the year.

*IMRF fiscal year December 31, 2014 is the first year of GASB Statement No. 68 implementation. The table will build prospectively from 2014.

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Police Pension Fund
Last 10 fiscal Years**

	December 31, 2015	December 31, 2014	March 31, 2014*	March 31, 2013*
Total pension liability				
Service cost	\$ 1,178,679	\$ 844,175	\$ 1,034,507	\$ 1,001,348
Interest	5,565,928	3,974,594	4,994,369	2,701,419
Changes of benefit terms	-	-	-	
Differences between expected and actual experience	1,340,483	2,003,976	5,745,377	2,156,282
Changes of assumptions	-	-	(4,011,170)	
Benefit payments, including refunds of member contributions	(3,969,874)	(3,238,767)	(3,704,050)	(3,265,809)
Net change in total pension liability	4,115,216	3,583,978	4,059,033	2,593,240
Total pension liability - beginning	75,018,634	71,434,656	67,375,623	64,782,383
Total pension liability - ending (a)	\$ 79,133,850	\$ 75,018,634	\$ 71,434,656	\$ 67,375,623
Plan fiduciary net position				
Contributions - employer	\$ 2,687,850	\$ 2,421,323	\$ 2,301,409	\$ 2,171,239
Contributions - member	590,127	419,739	551,866	539,779
Net investment income	(265,731)	1,323,105	3,148,443	2,681,624
Benefit payments, including refunds of member contributions	(3,969,874)	(3,238,767)	(3,704,049)	(3,219,919)
Administrative expense	(65,821)	(37,119)	(56,329)	(45,892)
Other	-	-	-	
Net change in plan fiduciary net position	(1,023,449)	888,281	2,241,340	2,126,831
Plan fiduciary net position - beginning	32,297,777	31,409,496	29,168,156	27,041,325
Plan fiduciary net position - ending (b)	\$ 31,274,328	\$ 32,297,777	\$ 31,409,496	\$ 29,168,156
Net pension liability - ending (a)-(b)	\$ 47,859,522	\$ 42,720,857	40,025,160	38,207,467
Plan fiduciary net position as a percentage of the total pension liability	39.52%	43.05%	43.97%	43.29%
Covered employee payroll	\$ 6,106,347	\$ 5,906,654	\$ 5,787,213	\$ 5,233,761
Net pension liability as a percentage of covered employee payroll	783.77%	723.27%	691.61%	730.02%

*Fiscal year December 31, 2014 is the first year of GASB Statement No. 67 implementation. Information prior to December 31, 2014 is based on actuarial valuations pre-GASB Statement No. 67.

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

March 31, 2012*	March 31, 2011*	March 31, 2010*	March 31, 2009*	March 31, 2008*	March 31, 2007*
\$ 980,831	\$ 849,981	\$ 838,625	\$ 798,025	\$ 789,521	\$ 737,735
2,295,324	2,392,818	4,121,974	(2,908,985)	618,224	2,057,645
3,140,717	7,540,028	369,571	6,826,430	2,487,544	1,996,496
(4,399,944)	(3,125,411)	(2,826,501)	(2,651,366)	(2,648,066)	(2,670,998)
2,016,928	7,657,416	2,503,669	2,064,104	1,247,223	2,120,878
62,765,455	55,108,039	52,604,370	50,540,266	49,293,043	47,172,165
<u>\$ 64,782,383</u>	<u>\$ 62,765,455</u>	<u>\$ 55,108,039</u>	<u>\$ 52,604,370</u>	<u>\$ 50,540,266</u>	<u>\$ 49,293,043</u>
\$ 2,200,492	\$ 2,172,477	\$ 2,161,735	\$ 1,772,107	\$ 1,673,809	\$ 1,587,396
612,742	506,761	512,192	494,811	528,623	439,026
1,440,890	2,392,819	4,121,974	(2,908,984)	617,223	2,057,645
(3,592,941)	(3,064,096)	(2,769,984)	(2,618,038)	(2,597,974)	(2,621,665)
(55,423)	(61,316)	(56,517)	(50,291)	(50,090)	(49,333)
605,760	1,946,645	3,969,400	(3,310,395)	171,591	1,413,069
26,435,565	24,488,920	20,519,520	23,829,915	23,658,324	22,245,255
<u>\$ 27,041,325</u>	<u>\$ 26,435,565</u>	<u>\$ 24,488,920</u>	<u>\$ 20,519,520</u>	<u>\$ 23,829,915</u>	<u>\$ 23,658,324</u>
37,741,058	36,329,890	30,619,119	32,084,850	26,710,351	25,634,719
41.74%	42.12%	44.44%	39.01%	47.15%	48.00%
\$ 5,201,289	\$ 5,113,544	\$ 5,123,411	\$ 4,988,969	\$ 4,815,819	\$ 4,708,505
725.61%	710.46%	597.63%	643.12%	554.64%	544.43%

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Contributions
Police Pension Fund
Last 10 fiscal Years**

	December 31, 2015	December 31, 2014	March 31, 2014	March 31, 2013
Actuarially determined contribution	\$ 2,687,850	\$ 1,815,432	\$ 2,301,229	\$ 2,170,664
Contributions in relation to the actuarial determined contribution	2,687,850	2,421,323	2,301,409	2,171,239
Contribution deficiency (excess)	-	(605,891)	(180)	(575)
Covered employee payroll	\$ 6,106,347	\$ 5,906,654	\$ 5,787,213	\$ 5,233,761
Contribution as a percentage of covered employee payroll	44.02%	40.99%	39.77%	41.49%

Notes to Schedule:

Valuation date:	January 1, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothing method
Inflation	3.00%
Salary increases	5.0% average, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Mortality	In the 2016 actuarial valuation, assumed life expectancies were based on the RP Mortality Table with a blue collar adjustment

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
\$ 2,151,993	\$ 2,172,477	\$ 1,777,057	\$ 1,674,468	\$ 1,674,468	\$ 1,589,374
2,200,492	2,172,477	1,761,030	1,666,961	1,673,809	1,587,396
(48,499)	-	16,027	7,507	659	1,978
\$ 5,201,289	\$ 5,113,544	\$ 5,123,411	\$ 4,988,969	\$ 4,815,819	\$ 4,708,505
42.31%	42.48%	34.37%	33.41%	34.76%	33.71%

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Investment Returns
Police Pension Fund
Last 10 fiscal Years**

	<u>12/31/15</u>	<u>12/31/14</u>	<u>2013</u>	<u>2012</u>
Annual money-weighted rate of return, net of investment expense	-0.28%	4.36%	*	*

*Fiscal year December 31, 2014 is the first year of GASB Statement No. 67 implementation. Information is not available prior to December 31, 2014.

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

2011

2010

2009

2008

2007

2006

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City of Rock Island, Illinois
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters Pension Fund
Last 10 fiscal Years**

	December 31, 2015	December 31, 2014	March 31, 2014*	March 31, 2013*
Total pension liability				
Service cost	\$ 970,425	\$ 713,494	\$ 921,569	\$ 921,569
Interest	4,743,965	3,461,630	4,052,348	1,677,168
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	615,903	808,506	9,944,374	2,815,174
Changes of assumptions	-	-	(3,749,536)	-
Benefit payments, including refunds of member contributions	(3,867,666)	(3,187,896)	(3,649,919)	(3,279,582)
Net change in total pension liability	2,462,627	1,795,734	7,518,836	2,134,329
Total pension liability - beginning	64,216,278	62,420,544	54,901,708	52,767,379
Total pension liability - ending (a)	\$ 66,678,905	\$ 64,216,278	\$ 62,420,544	\$ 54,901,708
Plan fiduciary net position				
Contributions - employer	\$ 2,676,324	\$ 2,186,165	\$ 2,030,816	\$ 1,978,959
Contributions - member	416,580	288,706	362,361	407,156
Net investment income	(105,004)	790,678	1,879,283	1,677,168
Benefit payments, including refunds of member contributions	(3,867,666)	(3,187,896)	(3,649,919)	(3,212,468)
Administrative expense	(68,883)	(42,342)	(50,461)	(67,117)
Other	-	-	-	-
Net change in plan fiduciary net position	(948,649)	35,311	572,080	783,698
Plan fiduciary net position - beginning	21,865,902	21,830,591	21,258,511	20,474,813
Plan fiduciary net position - ending (b)	\$ 20,917,253	\$ 21,865,902	\$ 21,830,591	\$ 21,258,511
Net pension liability - ending (a)-(b)	\$ 45,761,652	\$ 42,350,376	40,589,953	33,643,197
Plan fiduciary net position as a percentage of the total pension liability	31.37%	34.05%	34.97%	38.72%
Covered employee payroll	\$ 4,338,290	\$ 4,192,671	\$ 4,091,845	\$ 3,992,858
Net pension liability as a percentage of covered employee payroll	1054.83%	1010.10%	991.97%	842.58%

*Fiscal year December 31, 2014 is the first year of GASB Statement No. 67 implementation.

Information prior to December 31, 2014 is based on actuarial valuations pre-GASB Statement No. 67.

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

March 31, 2012*	March 31, 2011*	March 31, 2010*	March 31, 2009*	March 31, 2008*	March 31, 2007*
\$ 857,827	\$ 882,067	\$ 761,109	\$ 764,309	\$ 728,637	\$ 682,869
1,385,909	1,789,442	3,413,816	(2,436,685)	329,029	1,875,172
-	-	-	-	-	-
2,521,295	5,778,383	56,195	5,340,710	4,647,273	1,083,725
-	-	-	-	-	-
(3,906,892)	(3,251,936)	(3,151,604)	(2,974,240)	(2,815,978)	(2,582,557)
858,139	5,197,956	1,079,516	694,094	2,888,961	1,059,209
51,909,240	46,711,284	45,631,768	44,937,674	42,048,713	40,989,504
<u>\$ 52,767,379</u>	<u>51,909,240</u>	<u>46,711,284</u>	<u>45,631,768</u>	<u>44,937,674</u>	<u>42,048,713</u>
\$ 2,006,224	\$ 2,059,308	\$ 2,048,212	\$ 1,732,022	\$ 1,460,772	\$ 1,321,376
347,660	349,491	347,641	337,829	334,797	299,791
1,014,149	1,789,443	3,413,817	(2,436,786)	328,929	1,875,122
(3,473,289)	(3,207,049)	(3,077,925)	(2,928,299)	(2,771,108)	(2,535,226)
(61,842)	(44,890)	(73,678)	(53,677)	(44,870)	(47,331)
-	-	-	-	-	-
(167,098)	946,303	2,658,067	(3,348,911)	(691,480)	913,732
20,641,911	19,695,608	17,037,541	20,386,452	21,077,932	20,164,200
<u>\$ 20,474,813</u>	<u>\$ 20,641,911</u>	<u>\$ 19,695,608</u>	<u>\$ 17,037,541</u>	<u>\$ 20,386,452</u>	<u>\$ 21,077,932</u>
32,292,566	31,267,329	27,015,676	28,594,227	24,551,222	20,970,781
38.80%	39.77%	42.16%	37.34%	45.37%	50.13%
\$ 3,700,934	\$ 3,751,608	\$ 3,602,797	\$ 3,577,979	\$ 3,462,194	\$ 3,267,175
872.55%	833.44%	749.85%	799.17%	709.12%	641.86%

**City of Rock Island, Illinois
Required Supplementary Information
Schedule of Contributions
Firefighters Pension Fund
Last 10 fiscal Years****

	December 31, 2015	December 31, 2014	March 31, 2014	March 31, 2013
Actuarially determined contribution	\$ 2,676,324	\$ 1,639,307	\$ 2,030,686	\$ 1,978,545
Contributions in relation to the actuarial determined contribution	2,676,324	2,186,165	2,030,816	1,978,959
Contribution deficiency (excess)	\$ -	\$ (546,858)	\$ (130)	\$ (414)
Covered employee payroll	\$ 4,338,290	\$ 4,192,671	\$ 4,091,845	\$ 3,992,858
Contribution as a percentage of covered employee payroll	61.69%	52.14%	49.63%	49.56%

Notes to Schedule:

Valuation date: January 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothing method
Inflation	3.00%
Salary increases	5.0% average, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Mortality	In the 2015 actuarial valuation, assumed life expectancies were based on the RP Mortality Table with a blue collar adjustment

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
\$ 2,005,883	\$ 2,059,308	\$ 1,731,523	\$ 1,460,814	\$ 1,460,814	\$ 1,323,388
2,006,224	2,059,308	1,720,844	1,454,266	1,460,772	1,321,376
\$ (341)	\$ -	\$ 10,679	\$ 6,548	\$ 42	\$ 2,012
\$ 3,700,934	\$ 3,751,608	\$ 3,602,797	\$ 3,577,979	\$ 3,462,194	\$ 3,267,175
54.21%	54.89%	47.76%	40.64%	42.19%	40.44%

City of Rock Island, Illinois
Required Supplementary Information
Schedule of Investment Returns
Firefighters Pension Fund
Last 10 fiscal Years**

	December 31, 2015	December 31, 2014	March 31 2014	March 31 2013
Annual money-weighted rate of return, net of investment expense	-0.55%	3.53%	*	*

*Fiscal year December 31, 2014 is the first year of GASB Statement No. 67 implementation. Information is not available prior to December 31, 2014.

**The City changed from a March 31 to a December 31 fiscal period effective April 1, 2014.

March 31
2012

March 31
2011

March 31
2010

March 31
2009

March 31
2008

March 31
2007

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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 DECEMBER 31, 2015

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 6,737,803	\$ 6,737,803	\$ 6,777,044	\$ 39,241
Other taxes				
Replacement taxes	2,700,000	2,700,000	2,554,822	(145,178)
Sales taxes	5,060,000	5,060,000	5,309,060	249,060
Use taxes	670,000	670,000	861,631	191,631
Income taxes	3,800,000	3,800,000	4,151,610	351,610
Municipal utility taxes	2,200,000	2,200,000	1,792,065	(407,935)
Gasoline taxes	210,000	210,000	220,749	10,749
Hotel taxes	379,000	379,000	356,461	(22,539)
Other taxes	2,547,829	2,547,829	2,453,782	(94,047)
Fines and fees	389,335	389,335	261,628	(127,707)
Intergovernmental	38,837	128,435	49,605	(78,830)
Charges for services				
Public safety	807,580	810,377	726,968	(83,409)
Public works	1,565,256	1,565,256	1,568,894	3,638
Ambulance service	2,800,000	2,800,000	3,229,440	429,440
Waterworks department	895,677	895,677	745,677	(150,000)
Sunset marina	97,244	97,244	97,244	-
Equipment maintenance department	288,472	288,472	288,472	-
Engineering department	195,406	195,406	195,406	-
Sewer department	432,899	432,899	432,899	-
Stormwater department	281,378	281,378	281,378	-
Other departments	226,620	226,555	228,708	2,153
Interest	17,846	17,848	33,087	15,239
Licenses and permits	1,063,200	1,063,200	918,624	(144,576)
Contributions	8,496	8,876	11,062	2,186
Other	194,760	208,960	82,012	(126,948)
Total Revenues	<u>33,607,638</u>	<u>33,714,550</u>	<u>33,628,328</u>	<u>(86,222)</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 DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
General government				
Mayor and city council	\$ 238,415	\$ 243,892	\$ 209,135	\$ 34,757
General administration	476,448	425,635	407,558	18,077
Personnel	474,436	661,954	666,606	(4,652)
Legal	163,852	296,565	296,229	336
Finance and accounting	1,689,534	1,541,360	1,380,260	161,100
Information technology	1,311,718	1,466,521	1,325,784	140,737
Community development	330,121	345,316	254,119	91,197
Planning	350,094	365,097	372,474	(7,377)
Inspection	618,877	617,993	555,340	62,653
Public works administration	459,934	462,846	458,458	4,388
Building	486,769	502,589	482,088	20,501
Other	220,252	219,716	197,996	21,720
Police and fire				
Police	13,086,038	13,179,771	12,907,584	272,187
Fire	10,497,291	10,523,403	10,808,975	(285,572)
Police and fire commission	16,000	16,000	5,680	10,320
Electrical maintenance	564,341	612,938	610,131	2,807
Municipal vehicle parking system	48,075	32,687	31,843	844
Highways and streets	5,048,793	5,374,403	5,146,089	228,314
Refuse disposal	1,846,660	1,885,747	2,009,527	(123,780)
Capital outlay	75,000	85,542	39,412	46,130
Total Expenditures	<u>38,002,648</u>	<u>38,859,975</u>	<u>38,165,288</u>	<u>694,687</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,395,010)</u>	<u>(5,145,425)</u>	<u>(4,536,960)</u>	<u>608,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	4,554,700	5,058,764	4,897,802	(160,962)
Transfers to other funds	<u>(345,900)</u>	<u>(561,811)</u>	<u>(2,344,598)</u>	<u>(1,782,787)</u>
Total Other Financing Sources (Uses)	<u>4,208,800</u>	<u>4,496,953</u>	<u>2,553,204</u>	<u>(1,943,749)</u>
NET CHANGE IN FUND BALANCE	<u>(186,210)</u>	<u>(648,472)</u>	<u>(1,983,756)</u>	<u>(1,335,284)</u>
FUND BALANCE, BEGINNING			12,083,691	
FUND BALANCE, ENDING			<u>\$ 10,099,935</u>	

CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PUBLIC LIBRARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,970,678	\$ 1,970,678	\$ 1,971,394	\$ 716
Fines and fees	49,600	49,600	41,455	(8,145)
Intergovernmental	294,981	297,831	288,200	(9,631)
Charges for services	13,250	13,620	9,314	(4,306)
Interest	3,030	3,030	3,791	761
Contributions	91,600	93,457	55,435	(38,022)
Other	200	390	503	113
Total Revenues	<u>2,423,339</u>	<u>2,428,606</u>	<u>2,370,092</u>	<u>(58,514)</u>
EXPENDITURES				
Current				
General Government				
Services	27,200	51,527	49,559	1,968
Supplies	-	12,606	11,601	1,005
Libraries				
Personnel	1,825,161	1,824,328	1,762,043	62,285
Supplies	71,010	88,595	74,901	13,694
Services	587,149	599,247	514,453	84,794
Other	493,125	452,919	389,988	62,931
Total Expenditures	<u>3,003,645</u>	<u>3,029,222</u>	<u>2,802,545</u>	<u>226,677</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(580,306)</u>	<u>(600,616)</u>	<u>(432,453)</u>	<u>168,163</u>
Transfers from other funds	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Transfers to other funds	<u>-</u>	<u>(11,387)</u>	<u>(11,387)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>(380,306)</u></u>	<u><u>(412,003)</u></u>	<u><u>(243,840)</u></u>	<u><u>168,163</u></u>
FUND BALANCE, BEGINNING			<u>1,514,854</u>	
FUND BALANCE, ENDING			<u><u>\$ 1,271,014</u></u>	

CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,467,434	\$ 4,494,981	\$ 4,477,183	\$ (17,798)
Interest	450	450	2,393	1,943
Other	-	-	5,877	5,877
Total Revenues	<u>4,467,884</u>	<u>4,495,431</u>	<u>4,485,453</u>	<u>(9,978)</u>
EXPENDITURES				
Current				
General government				
Personnel	115,071	115,071	83,815	31,256
Supplies	400	400	-	400
Services	2,234,900	2,325,642	1,956,540	369,102
Other	1,123,067	1,843,949	1,066,976	776,973
Capital outlay	-	46,760	14,251	32,509
Total Expenditures	<u>3,473,438</u>	<u>4,331,822</u>	<u>3,121,582</u>	<u>1,210,240</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>994,446</u>	<u>163,609</u>	<u>1,363,871</u>	<u>1,200,262</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,450,178)	(1,450,178)	(1,450,176)	2
Total Other Financing Sources (Uses)	<u>(1,450,178)</u>	<u>(1,450,178)</u>	<u>(1,450,176)</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>(455,732)</u>	<u>(1,286,569)</u>	<u>(86,305)</u>	<u>1,200,264</u>
FUND BALANCE, BEGINNING			588,253	
FUND BALANCE, ENDING			<u>\$ 501,948</u>	

CITY OF ROCK ISLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 RIVERBOAT GAMING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 5,115,000	\$ 5,115,000	\$ 4,872,918	\$ (242,082)
Interest	22,079	22,079	16,117	(5,962)
Total Revenues	<u>5,137,079</u>	<u>5,137,079</u>	<u>4,889,035</u>	<u>(248,044)</u>
Other	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES				
Transfers from other funds	-	-	1,929,093	1,929,093
Transfers to other funds	<u>(6,542,976)</u>	<u>(7,613,709)</u>	<u>(7,616,796)</u>	<u>(3,087)</u>
NET CHANGE IN FUND BALANCE	<u>(1,405,897)</u>	<u>(2,476,630)</u>	<u>(798,668)</u>	<u>1,677,962</u>
FUND BALANCE, BEGINNING			<u>6,742,510</u>	
FUND BALANCE, ENDING			<u>\$ 5,943,842</u>	

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 DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and fees	\$ -	\$ -	\$ 1,020	\$ 1,020
Intergovernmental	-	105,737	-	(105,737)
Charges for service	-	-	34,800	34,800
Interest	9,773	9,773	(808)	(10,581)
Contributions	7,000	7,000	5,153	(1,847)
Other	4,500,000	4,527,050	28,406	(4,498,644)
Total Revenues	<u>4,516,773</u>	<u>4,649,560</u>	<u>68,571</u>	<u>(4,580,989)</u>
EXPENDITURES				
Current				
General government				
Supplies	-	4,800	4,800	-
Services	354,570	1,326,197	807,005	519,192
Other	366,745	451,884	381,703	70,181
Capital outlay	4,500,000	4,500,000	-	4,500,000
Total Expenditures	<u>5,221,315</u>	<u>6,282,881</u>	<u>1,193,508</u>	<u>5,089,373</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(704,542)	(1,633,321)	(1,124,937)	508,384
OTHER FINANCING USES				
Transfers from other funds	721,315	914,567	914,567	-
Transfers to other funds	-	(81,288)	(81,288)	-
NET CHANGE IN FUND BALANCE	<u>16,773</u>	<u>(800,042)</u>	<u>(291,658)</u>	<u>508,384</u>
FUND BALANCE, BEGINNING			6,660,476	
FUND BALANCE, ENDING			<u>\$ 6,368,818</u>	

CITY OF ROCK ISLAND, ILLINOIS
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

At least 45 days prior to December 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 January 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 December 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 December 31, 2015:

	Budget	Actual	Amount Over Budget
Special Revenue			
Martin Luther King Community Center			
Operations Fund	\$ 248,226	\$ 291,653	\$ 43,427
Federal Programs Fund	21,132	22,052	920
Schwiebert Park Boat Dock Fund	-	1	1

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.

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

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

CITY OF ROCK ISLAND, ILLINOIS

COMBINING STATEMENT OF BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2015

	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Special Federal Programs Fund
Cash and investments	\$ 229,401	\$ -	\$ -	\$ 92,930	\$ 26,164
Receivables, net					
Accrued interest	421	-	-	170	48
Due from other funds	-	-	-	-	-
Due from other governmental agencies	173,114	507,735	-	27,861	-
Total Assets	<u>\$ 402,936</u>	<u>\$ 507,735</u>	<u>\$ -</u>	<u>\$ 120,961</u>	<u>\$ 26,212</u>
LIABILITIES					
Accounts payable	\$ -	\$ 1,109	\$ 6,256	\$ 1,836	\$ -
Interest payable	-	1,114	84	-	-
Deposits payable	-	-	-	-	-
Accrued wages and benefits	-	17,550	16,146	-	-
Due to other funds	-	607,618	45,588	-	-
Unearned revenue	-	-	-	-	16,335
Total Liabilities	<u>-</u>	<u>627,391</u>	<u>68,074</u>	<u>1,836</u>	<u>16,335</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-grants	-	12,775	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>12,775</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	402,936	-	-	119,125	9,877
Unassigned	-	(132,431)	(68,074)	-	-
Total Fund Balances	<u>402,936</u>	<u>(132,431)</u>	<u>(68,074)</u>	<u>119,125</u>	<u>9,877</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 402,936</u>	<u>\$ 507,735</u>	<u>\$ -</u>	<u>\$ 120,961</u>	<u>\$ 26,212</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 Nonmajor Governmental Funds
\$ 363,791	\$ -	\$ -	\$ 307	\$ -	\$ 712,593
667	-	-	23	-	1,329
-	-	-	12,460	-	12,460
-	-	-	-	-	708,710
<u>\$ 364,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,790</u>	<u>\$ -</u>	<u>\$ 1,435,092</u>
\$ 4,073	\$ -	\$ -	\$ -	\$ -	\$ 13,274
-	23	167	-	-	1,388
4,002	-	-	-	-	4,002
427	-	-	-	-	34,123
-	12,460	90,922	-	-	756,588
-	-	-	-	-	16,335
<u>8,502</u>	<u>12,483</u>	<u>91,089</u>	<u>-</u>	<u>-</u>	<u>825,710</u>
-	-	-	-	-	12,775
-	-	-	-	-	12,775
355,956	-	-	12,790	-	900,684
-	(12,483)	(91,089)	-	-	(304,077)
<u>355,956</u>	<u>(12,483)</u>	<u>(91,089)</u>	<u>12,790</u>	<u>-</u>	<u>596,607</u>
<u>\$ 364,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,790</u>	<u>\$ -</u>	<u>\$ 1,435,092</u>

CITY OF ROCK ISLAND, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Motor Fuel Tax Fund	Housing and Community Development Fund	Martin Luther King Community Center Operations Fund	Foreign Fire Insurance Fund	Special Federal Programs Fund
REVENUES					
Other taxes	\$ 1,032,768	\$ -	\$ -	\$ 53,305	\$ -
Intergovernmental	-	632,251	-	-	1
Charges for services	-	-	12,765	-	-
Interest	1,531	3,206	(88)	297	54
Other	-	-	-	-	-
Total Revenues	<u>1,034,299</u>	<u>635,457</u>	<u>12,677</u>	<u>53,602</u>	<u>55</u>
EXPENDITURES					
Current					
General government	-	862,333	291,653	57,845	22,052
Capital outlay	-	-	-	52,767	-
Total Expenditures	<u>-</u>	<u>862,333</u>	<u>291,653</u>	<u>110,612</u>	<u>22,052</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,034,299</u>	<u>(226,876)</u>	<u>(278,976)</u>	<u>(57,010)</u>	<u>(21,997)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	186,440	-	-
Transfers to other funds	(1,214,732)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,214,732)</u>	<u>-</u>	<u>186,440</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(180,433)	(226,876)	(92,536)	(57,010)	(21,997)
FUND BALANCES (DEFICIT), BEGINNING	<u>583,369</u>	<u>94,445</u>	<u>24,462</u>	<u>176,135</u>	<u>31,874</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 402,936</u>	<u>\$ (132,431)</u>	<u>\$ (68,074)</u>	<u>\$ 119,125</u>	<u>\$ 9,877</u>

Revenue Funds

Drug Prevention Fund	Neighborhood Stabilization Fund	Martin Luther King Facility Improvement Fund	Schwiebert Park Boat Dock Fund	Ridgewood Business Park Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,086,073
-	-	-	-	145,441	777,693
139,040	-	-	-	-	151,805
1,235	(13)	(149)	17	223	6,313
900	-	8,669	-	-	9,569
<u>141,175</u>	<u>(13)</u>	<u>8,520</u>	<u>17</u>	<u>145,664</u>	<u>2,031,453</u>
145,878	-	-	1	-	1,379,762
12,868	-	-	-	-	65,635
<u>158,746</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1,445,397</u>
<u>(17,571)</u>	<u>(13)</u>	<u>8,520</u>	<u>16</u>	<u>145,664</u>	<u>586,056</u>
-	-	-	-	-	186,440
-	-	-	-	(1,388,039)	(2,602,771)
-	-	-	-	(1,388,039)	(2,416,331)
(17,571)	(13)	8,520	16	(1,242,375)	(1,830,275)
<u>373,527</u>	<u>(12,470)</u>	<u>(99,609)</u>	<u>12,774</u>	<u>1,242,375</u>	<u>2,426,882</u>
<u>\$ 355,956</u>	<u>\$ (12,483)</u>	<u>\$ (91,089)</u>	<u>\$ 12,790</u>	<u>\$ -</u>	<u>\$ 596,607</u>

CITY OF ROCK ISLAND, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-1

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes		
Motor fuel taxes	\$ 913,500	\$ 1,032,768
Interest	1,582	1,531
Total Revenues	<u>915,082</u>	<u>1,034,299</u>
EXPENDITURES		
Current		
Total Expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	915,082	1,034,299
OTHER FINANCING USES		
Transfers to other funds	<u>(1,391,302)</u>	<u>(1,214,732)</u>
NET CHANGE IN FUND BALANCE	<u>(476,220)</u>	(180,433)
FUND BALANCE, BEGINNING		583,369
FUND BALANCE, ENDING		<u>\$ 402,936</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 DECEMBER 31, 2015

Exhibit A-2-2

	Budget	Actual
REVENUES		
Intergovernmental	\$ 1,831,763	\$ 632,251
Interest	-	3,206
Total Revenues	<u>1,831,763</u>	<u>635,457</u>
EXPENDITURES		
Current		
General government		
Personnel	610,334	577,266
Supplies	5,908	2,206
Services	1,073,356	237,197
Other	254,862	45,664
Capital outlay	663,643	-
Total Expenditures	<u>2,608,103</u>	<u>862,333</u>
EXCESS OF REVENUES OVER EXPENDITURES	(776,340)	(226,876)
OTHER FINANCING USES		-
NET CHANGE IN FUND BALANCE	<u>(776,340)</u>	(226,876)
FUND BALANCE, BEGINNING		94,445
FUND BALANCE, ENDING		<u>\$ (132,431)</u>

CITY OF ROCK ISLAND, ILLINOIS
MARTIN LUTHER KING COMMUNITY CENTER OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-3

	Budget	Actual
REVENUES		
Charges for services	\$ 11,250	\$ 12,765
Interest	114	(88)
Total Revenues	<u>11,364</u>	<u>12,677</u>
EXPENDITURES		
Current		
General government		
Personnel	180,712	225,850
Supplies	5,293	5,245
Services	62,221	60,558
Total Expenditures	<u>248,226</u>	<u>291,653</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(236,862)</u>	<u>(278,976)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	186,440	186,440
Total Other Financing Sources (Uses)	<u>186,440</u>	<u>186,440</u>
NET CHANGE IN FUND BALANCE	<u>(50,422)</u>	(92,536)
FUND BALANCE, BEGINNING		24,462
FUND BALANCE, ENDING		<u>\$ (68,074)</u>

CITY OF ROCK ISLAND, ILLINOIS
FOREIGN FIRE INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-4

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Other taxes	\$ 52,000	\$ 53,305
Interest	-	297
Total Revenues	<u>52,000</u>	<u>53,602</u>
EXPENDITURES		
Current		
General government		
Personnel	11,404	1,465
Supplies	59,128	52,014
Services	3,900	3,065
Other	2,200	1,301
Capital outlay	52,767	52,767
Total Expenditures	<u>129,399</u>	<u>110,612</u>
NET CHANGE IN FUND BALANCE	<u>(77,399)</u>	(57,010)
FUND BALANCE, BEGINNING		176,135
FUND BALANCE, ENDING		<u>\$ 119,125</u>

CITY OF ROCK ISLAND, ILLINOIS
 FEDERAL PROGRAMS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-5

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ 21,132	\$ 1
Interest	34	54
Total Revenues	<u>21,166</u>	<u>55</u>
EXPENDITURES		
Current		
General government		
Personnel	21,132	22,052
Total Expenditures	<u>21,132</u>	<u>22,052</u>
NET CHANGE IN FUND BALANCE	<u>34</u>	(21,997)
FUND BALANCE, BEGINNING		31,874
FUND BALANCE, ENDING		<u>\$ 9,877</u>

CITY OF ROCK ISLAND, ILLINOIS
 DRUG PREVENTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-6

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Charges for services	\$ 132,500	\$ 139,040
Interest	587	1,235
Other	-	900
Total Revenues	<u>133,087</u>	<u>141,175</u>
EXPENDITURES		
Current		
General government		
Personnel	193,577	79,419
Supplies	43,217	40,442
Services	33,387	26,017
Other	1,200	-
Capital outlay	20,000	12,868
Total Expenditures	<u>291,381</u>	<u>158,746</u>
NET CHANGE IN FUND BALANCE	<u>(158,294)</u>	(17,571)
FUND BALANCE, BEGINNING		<u>373,527</u>
FUND BALANCE, ENDING		<u>\$ 355,956</u>

CITY OF ROCK ISLAND, ILLINOIS
 NEIGHBORHOOD STABILIZATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-7

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Interest	-	(13)
Total Revenues	<u>-</u>	<u>(13)</u>
EXPENDITURES		
Current		
General government	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	(13)
FUND BALANCE, BEGINNING		(12,470)
FUND BALANCE (DEFICIT), ENDING		<u>\$ (12,483)</u>

CITY OF ROCK ISLAND, ILLINOIS
MARTIN LUTHER KING FACILITY IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-8

	Budget	Actual
REVENUES		
Interest	\$ -	\$ (149)
Other	-	8,669
Total Revenues	<u>-</u>	<u>8,520</u>
EXPENDITURES		
Current		
General government	-	-
Services	-	-
Total Expenditures	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	8,520
FUND BALANCE, BEGINNING		(99,609)
FUND BALANCE, ENDING		<u>\$ (91,089)</u>

CITY OF ROCK ISLAND, ILLINOIS
 SCHWIEBERT PARK BOAT DOCK
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-9

	Budget	Actual
REVENUES		
Interest	\$ 3,178	\$ 17
Total Revenues	<u>3,178</u>	<u>17</u>
EXPENDITURES		
Current		
General government	<u>-</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>3,178</u>	16
FUND BALANCE, BEGINNING		12,774
FUND BALANCE (DEFICIT), ENDING		<u>\$ 12,790</u>

CITY OF ROCK ISLAND, ILLINOIS
 RIDGEWOOD BUSINESS PARK
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-10

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental	\$ -	\$ 145,441
Interest	-	223
Total Revenues	<u>-</u>	<u>145,664</u>
EXPENDITURES		
Current		
General government		
Capital outlay	156,258	-
Total Expenditures	<u>156,258</u>	<u>-</u>
Transfers to other funds	-	(1,388,039)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,388,039)</u>
NET CHANGE IN FUND BALANCE	<u>(156,258)</u>	(1,242,375)
FUND BALANCE, BEGINNING		1,242,375
FUND BALANCE (DEFICIT), ENDING		<u>\$ -</u>

CITY OF ROCK ISLAND, ILLINOIS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-11

	Budget	Actual
REVENUES		
Property taxes	\$ 302,932	\$ 303,257
Interest	2,759	131,762
Total Revenues	<u>305,691</u>	<u>435,019</u>
EXPENDITURES		
Current		
General government	23,269	22,148
Debt Service		
Principal	2,243,257	2,289,823
Interest	1,625,428	1,555,570
Total Expenditures	<u>3,891,954</u>	<u>3,867,541</u>
DEICIENCY OF REVENUES UNDER EXPENDITURES	(3,586,263)	(3,432,522)
OTHER FINANCING SOURCES (USES)		
Issuance of Debt	-	1,268,000
Payment of refunding debt	-	(1,374,410)
Premiums on bonds sold	-	132,104
Transfers from other funds	4,012,230	4,012,229
Transfers to other funds	(760,470)	(760,470)
Total Other Financing Sources (Uses)	<u>3,251,760</u>	<u>3,277,453</u>
NET CHANGE IN FUND BALANCE	<u>(334,503)</u>	(155,069)
FUND BALANCE, BEGINNING		1,778,069
FUND BALANCE, ENDING		<u>\$ 1,623,000</u>

CITY OF ROCK ISLAND, ILLINOIS
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2-12

	Budget	Actual
REVENUES		
Charges for services	\$ 11,500	\$ 475
Interest	10,252	33,506
Total Revenues	<u>21,752</u>	<u>33,981</u>
EXPENDITURES		
Current		
General government	-	324,900
Libraries	-	1,230
Debt Service		
Interest	-	55,987
Capital outlay	23,750,093	18,540,257
Total Expenditures	<u>23,750,093</u>	<u>18,922,374</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(23,728,341)</u>	<u>(18,888,393)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	7,425,000	6,075,000
Premium on bonds sold	-	55,227
Transfers from other funds	3,199,074	4,977,761
Transfers to other funds	(2,859,500)	(2,859,500)
Total Other Financing Sources (Uses)	<u>7,764,574</u>	<u>8,248,488</u>
NET CHANGE IN FUND BALANCE	<u>(15,963,767)</u>	(10,639,905)
FUND BALANCE, BEGINNING		15,322,298
FUND BALANCE, ENDING		<u>\$ 4,682,393</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
DECEMBER 31, 2015

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 1,514,045	\$ 200	\$ 1,090,347	\$ 2,604,592
Receivables, net				
Accounts, net of allowance for uncollectible of \$563,596	27,207	4,082	-	31,289
Estimated unbilled usage	227,522	-	-	227,522
Accrued interest	2,811	-	5,922	8,733
Current portion of notes receivable	-	-	252,611	252,611
Due from other funds	19,199	-	-	19,199
Due from other governmental agencies	10	-	-	10
Total Current Assets	<u>1,790,794</u>	<u>4,282</u>	<u>1,348,880</u>	<u>3,143,956</u>
NONCURRENT ASSETS				
Long-term notes receivable (net of current portion, net of allowance for uncollectibles of \$1,643,114)	-	-	1,268,861	1,268,861
Capital assets				
Buildings and improvements	-	824,108	-	824,108
Equipment	199,287	514,387	-	713,674
Infrastructure	3,585,292	2,036,740	-	5,622,032
Accumulated depreciation	(2,052,634)	(2,616,608)	-	(4,669,242)
Net Capital assets	<u>1,731,945</u>	<u>758,627</u>	<u>-</u>	<u>2,490,572</u>
Total Noncurrent Assets	<u>1,731,945</u>	<u>758,627</u>	<u>1,268,861</u>	<u>3,759,433</u>
Total Assets	<u>3,522,739</u>	<u>762,909</u>	<u>2,617,741</u>	<u>6,903,389</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on pension	98,113	49,056	-	147,169
Total Deferred Outflows of Resources	<u>98,113</u>	<u>49,056</u>	<u>-</u>	<u>147,169</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 3,620,852</u>	<u>\$ 811,965</u>	<u>\$ 2,617,741</u>	<u>\$ 7,050,558</u>

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 124,086	\$ 4,778	\$ 13,830	\$ 142,694
Accrued wages and benefits	11,032	4,713	-	15,745
Compensated absences	23,426	13,983	-	37,409
Accrued interest payable	-	611	-	611
Due to other funds	-	19,199	-	19,199
General obligation bonds	-	40,000	-	40,000
Total Current Liabilities	<u>158,544</u>	<u>83,284</u>	<u>13,830</u>	<u>255,658</u>
LONG-TERM LIABILITIES				
General obligation bonds	-	548,499	-	548,499
Other postemployment benefits	89,050	27,760	-	116,810
Net pension liability	77,513	38,757	-	116,270
Compensated absences	18,010	10,750	-	28,760
Total Long-term Liabilities	<u>184,573</u>	<u>625,766</u>	<u>-</u>	<u>810,339</u>
Total Liabilities	<u>343,117</u>	<u>709,050</u>	<u>13,830</u>	<u>1,065,997</u>
NET POSITION				
Net investment in capital assets	1,731,945	170,128	-	1,902,073
Unrestricted	1,545,790	(67,213)	2,603,911	4,082,488
Total Net Position	<u>3,277,735</u>	<u>102,915</u>	<u>2,603,911</u>	<u>5,984,561</u>
Total Liabilities and Net Position	<u>\$ 3,620,852</u>	<u>\$ 811,965</u>	<u>\$ 2,617,741</u>	<u>\$ 7,050,558</u>

CITY OF ROCK ISLAND, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Exhibit B-2

FOR THE YEAR ENDED DECEMBER 31, 2015

	Stormwater Fund	Sunset Marina Fund	Housing and Community Development Loan Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 1,688,466	\$ 548,758	\$ -	\$ 2,237,224
Sale of merchandise	-	111,170	-	111,170
Interest	-	-	52,678	52,678
Other	11	2,335	16,695	19,041
Total Operating Revenues	<u>1,688,477</u>	<u>662,263</u>	<u>69,373</u>	<u>2,420,113</u>
OPERATING EXPENSES				
Personnel	402,832	170,909	-	573,741
Cost of sales	-	94,760	-	94,760
Supplies	31,998	14,115	30	46,143
Services	757,116	254,795	15,424	1,027,335
Programs	11,931	463	12,563	24,957
Provision for uncollectible accounts	141,848	33,500	(26,406)	148,942
Depreciation	117,904	43,629	-	161,533
Other	5,292	902	2	6,196
Total Operating Expenses	<u>1,468,921</u>	<u>613,073</u>	<u>1,613</u>	<u>2,083,607</u>
OPERATING INCOME	<u>219,556</u>	<u>49,190</u>	<u>67,760</u>	<u>336,506</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	4,593	(15)	3,489	8,067
Interest expense	-	(25,964)	-	(25,964)
Net Nonoperating Revenues (Expenses)	<u>4,593</u>	<u>(25,979)</u>	<u>3,489</u>	<u>(17,897)</u>
CHANGE IN NET POSITION	224,149	23,211	71,249	318,609
NET POSITION, BEGINNING, AS RESTATED	3,053,586	79,704	2,532,662	5,665,952
NET POSITION, ENDING	<u>\$ 3,277,735</u>	<u>\$ 102,915</u>	<u>\$ 2,603,911</u>	<u>\$ 5,984,561</u>

CITY OF ROCK ISLAND, ILLINOIS
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit B-3

	Stormwater Fund	Sunset Marina Fund	Housing & Community Development Loan Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,647,414	\$ 624,851	\$ -	\$ 2,272,265
Interest received on notes receivable	-	-	52,678	52,678
Notes receivable issued for cash	-	-	(298,262)	(298,262)
Repayments of notes receivable	-	-	260,460	260,460
Cash payments to suppliers for goods and services	(730,369)	(368,616)	(15,391)	(1,114,376)
Cash payments to employees for services	(378,274)	(160,687)	-	(538,961)
Other operating revenue	1	2,335	16,695	19,031
NET CASH PROVIDED BY OPERATING ACTIVITIES	538,772	97,883	16,180	652,835
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES				
Interfund loan or loan repayments received	-	19,199	258,677	277,876
Interfund loan or loan repayments (paid)	(19,199)	(62,867)	-	(82,066)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(19,199)	(43,668)	258,677	195,810
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of general obligation bonds	-	(40,000)	-	(40,000)
Interest paid	-	(14,215)	-	(14,215)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(54,215)	-	(54,215)
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Interest received on cash and investments	2,553	-	2,484	5,037
NET INCREASE IN CASH AND CASH EQUIVALENTS	522,126	-	277,341	799,467
CASH AND CASH EQUIVALENTS, BEGINNING	991,919	200	813,006	1,805,125
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,514,045	\$ 200	\$ 1,090,347	\$ 2,604,592

(continued)

CITY OF ROCK ISLAND, ILLINOIS
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 219,556	\$ 49,190	\$ 67,760	\$ 336,506
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	117,904	43,629	-	161,533
Changes in assets and liabilities				
(Increase) decrease in receivables	100,786	(1,577)	(64,208)	35,001
Increase in accounts, retainage, deposits, and claims payable	75,968	(3,581)	12,628	85,015
Increase in accrued liabilities	9,312	2,597	-	11,909
Increase in net pension liability and related deferred outflows of resources	15,246	7,625	-	22,871
Total	<u>319,216</u>	<u>48,693</u>	<u>(51,580)</u>	<u>316,329</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 538,772</u>	<u>\$ 97,883</u>	<u>\$ 16,180</u>	<u>\$ 652,835</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
DECEMBER 31, 2015

	Equipment Maintenance Fund	Engineering Fund
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 894,921	\$ 100
Receivables, net		
Accrued interest	3,519	-
Other	5,167	-
Due from other funds	1,024,424	-
Due from other governmental agencies	-	640
Inventories	440,168	-
Assets held for resale	-	-
Total Current Assets	<u>2,368,199</u>	<u>740</u>
CAPITAL ASSETS		
Land	17,500	-
Buildings and improvements	148,361	-
Equipment	11,247,023	-
Infrastructure	-	-
Accumulated depreciation	(7,002,608)	-
Net Capital assets	<u>4,410,276</u>	<u>-</u>
Total Assets	<u>\$ 6,778,475</u>	<u>\$ 740</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on pension	294,337	245,280
Total Deferred Outflows of Resources	<u>\$ 294,337</u>	<u>\$ 245,280</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,072,812</u>	<u>\$ 246,020</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 206,411	\$ 3,810
Claims payable	-	-
Accrued wages and benefits	30,312	29,150
Compensated absences	60,551	95,553
Accrued interest payable	-	1,878
Due to other funds	-	1,024,424
General obligation bonds	-	-
Total Current Liabilities	<u>297,274</u>	<u>1,154,815</u>
LONG-TERM LIABILITIES		
General obligation bonds	-	-
Net pension liability	232,539	193,782
Compensated absences	46,551	73,461
Total long-term liabilities	<u>279,090</u>	<u>267,243</u>
Total Liabilities	<u>576,364</u>	<u>1,422,058</u>
NET POSITION		
Net investment in capital assets	4,410,276	-
Unrestricted	2,086,172	(1,176,038)
Total Net Position	<u>6,496,448</u>	<u>(1,176,038)</u>
Total Liabilities and Net Position	<u>\$ 7,072,812</u>	<u>\$ 246,020</u>

Exhibit C-1

Self-Insurance Fund	Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 596,804	\$ 4,436,857	\$ -	\$ 5,928,682
1,067	8,135	-	12,721
12,468	30,510	-	48,145
-	-	-	1,024,424
-	-	-	640
-	-	-	440,168
-	-	13,499	13,499
<u>610,339</u>	<u>4,475,502</u>	<u>13,499</u>	<u>7,468,279</u>
-	-	-	17,500
-	-	1,651,542	1,799,903
-	-	223,385	11,470,408
-	-	481,971	481,971
-	-	(430,795)	(7,433,403)
-	-	1,926,103	6,336,379
<u>\$ 610,339</u>	<u>\$ 4,475,502</u>	<u>\$ 1,939,602</u>	<u>\$ 13,804,658</u>
-	-	-	539,617
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,617</u>
<u>\$ 610,339</u>	<u>\$ 4,475,502</u>	<u>\$ 1,939,602</u>	<u>\$ 14,344,275</u>
\$ 135,930	\$ 351,837	\$ 3,751	\$ 701,739
589,763	295,000	-	884,763
2,064	6,876	821	69,223
4,686	9,490	2,815	173,095
-	-	4,309	6,187
-	-	-	1,024,424
-	-	121,667	121,667
<u>732,443</u>	<u>663,203</u>	<u>133,363</u>	<u>2,981,098</u>
-	-	1,430,000	1,430,000
-	-	-	426,321
3,603	7,296	2,164	133,075
<u>3,603</u>	<u>7,296</u>	<u>1,432,164</u>	<u>1,989,396</u>
<u>736,046</u>	<u>670,499</u>	<u>1,565,527</u>	<u>4,970,494</u>
-	-	374,436	4,784,712
(125,707)	3,805,003	(361)	4,589,069
<u>(125,707)</u>	<u>3,805,003</u>	<u>374,075</u>	<u>9,373,781</u>
<u>\$ 610,339</u>	<u>\$ 4,475,502</u>	<u>\$ 1,939,602</u>	<u>\$ 14,344,275</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Equipment Maintenance Fund	Engineering Fund
OPERATING REVENUES		
Charges for services	\$ 3,914,266	\$ 1,136,023
Sales of merchandise	-	-
Other	5,361	-
Total Operating Revenues	<u>3,919,627</u>	<u>1,136,023</u>
OPERATING EXPENSES		
Personnel	1,043,475	967,777
Cost of sales	-	-
Supplies	1,074,684	8,488
Services	467,955	348,193
Depreciation	546,653	-
Other	110,139	3,211
Total Operating Expenses	<u>3,242,906</u>	<u>1,327,669</u>
OPERATING INCOME (LOSS)	<u>676,721</u>	<u>(191,646)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	-	-
Interest income	5,816	(3,426)
Interest expense	-	-
Net Nonoperating Revenues (Expenses)	<u>5,816</u>	<u>(3,426)</u>
INCOME BEFORE TRANSFERS	682,537	(195,072)
TRANSFERS FROM OTHER FUNDS	-	21,298
TRANSFERS TO OTHER FUNDS	<u>-</u>	<u>(14,508)</u>
CHANGE IN NET POSITION	682,537	(188,282)
NET POSITION (DEFICIT), BEGINNING, AS RESTATED	5,813,911	(987,756)
NET POSITION (DEFICIT), ENDING	<u>\$ 6,496,448</u>	<u>\$ (1,176,038)</u>

Self-Insurance Fund	Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 1,492,550	\$ 5,077,372	\$ 338,060	\$ 11,958,271
-	-	1,108	1,108
-	228,662	-	234,023
<u>1,492,550</u>	<u>5,306,034</u>	<u>339,168</u>	<u>12,193,402</u>
99,061	52,497	29,441	2,192,251
-	-	9,506	9,506
121	663	2,358	1,086,314
1,519,031	5,158,984	15,954	7,510,117
-	-	58,866	605,519
-	61,563	28,632	203,545
<u>1,618,213</u>	<u>5,273,707</u>	<u>144,757</u>	<u>11,607,252</u>
(125,663)	32,327	194,411	586,150
-	83,144	-	83,144
1,847	13,982	(614)	17,605
-	-	(52,183)	(52,183)
<u>1,847</u>	<u>97,126</u>	<u>(52,797)</u>	<u>48,566</u>
(123,816)	129,453	141,614	634,716
-	-	-	21,298
-	-	-	(14,508)
(123,816)	129,453	141,614	641,506
(1,891)	3,675,550	232,461	8,732,275
<u>\$ (125,707)</u>	<u>\$ 3,805,003</u>	<u>\$ 374,075</u>	<u>\$ 9,373,781</u>

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Equipment Maintenance Fund	Engineering Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,909,099	\$ 1,135,623
Cash payments to suppliers for goods and services	(1,493,475)	(362,291)
Cash payments to employees for services	(1,012,178)	(956,668)
Other operating revenue	5,361	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,408,807</u>	<u>(183,336)</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	21,298
Transfer to other funds	-	(14,508)
Interfund loan or loan repayments received	-	178,788
Interfund loan or loan repayments (paid)	(178,788)	(2,242)
Payments received from governmental agencies	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(178,788)</u>	<u>183,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of property and equipment	(1,103,469)	-
Proceeds from sale of property and equipment	-	-
Payment of general obligation bonds	-	-
Interest paid	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,103,469)</u>	<u>-</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Interest received on cash and investments	3,529	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	130,079	-
CASH AND CASH EQUIVALENTS, BEGINNING	<u>764,842</u>	<u>100</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 894,921</u>	<u>\$ 100</u>

Self-Insurance Fund	Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
\$ 1,492,550	\$ 5,051,880	\$ 338,060	\$ 11,927,212
(1,299,507)	(5,216,181)	(52,943)	(8,424,397)
(102,294)	(38,609)	(29,128)	(2,138,877)
-	228,662	-	234,023
<u>90,749</u>	<u>25,752</u>	<u>255,989</u>	<u>1,597,961</u>
-	-	-	21,298
-	-	-	(14,508)
-	-	-	178,788
-	-	(87,248)	(268,278)
-	83,144	-	83,144
<u>-</u>	<u>83,144</u>	<u>(87,248)</u>	<u>444</u>
-	-	-	(1,103,469)
-	-	-	-
-	-	(116,667)	(116,667)
-	-	(52,074)	(52,074)
<u>-</u>	<u>-</u>	<u>(168,741)</u>	<u>(1,272,210)</u>
<u>1,160</u>	<u>9,196</u>	<u>-</u>	<u>13,885</u>
91,909	118,092	-	340,080
<u>504,895</u>	<u>4,318,765</u>	<u>-</u>	<u>5,588,602</u>
<u>\$ 596,804</u>	<u>\$ 4,436,857</u>	<u>\$ -</u>	<u>\$ 5,928,682</u>

(continued)

CITY OF ROCK ISLAND, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<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>676,721</u>	<u>(191,646)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	546,653	-
Changes in assets and liabilities		
(Increase) decrease in receivables	(5,167)	(400)
(Increase) decrease in inventories	(1,881)	-
Decrease in assets held for resale	-	-
Increase (decrease) in accounts, retainage, deposits, and claims payable	161,184	(2,399)
Increase (decrease) in accrued liabilities	(14,439)	(27,004)
Increase in net pension liability and related deferred outflows and deferred inflows of resources	<u>45,736</u>	<u>38,113</u>
Total Adjustments	<u>732,086</u>	<u>8,310</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,408,807</u>	<u>\$ (183,336)</u>

Self-Insurance Fund	Employee Health Benefit Fund	Hydro-Electric Plant Fund	Total
<u>(125,663)</u>	<u>32,327</u>	<u>194,411</u>	<u>586,150</u>
-	-	58,866	605,519
-	(25,492)	-	(31,059)
-	-	-	(1,881)
-	-	(1,108)	(1,108)
219,645	5,029	3,507	386,966
(3,233)	13,888	313	(30,475)
<u>-</u>	<u>-</u>	<u>-</u>	<u>83,849</u>
<u>216,412</u>	<u>(6,575)</u>	<u>61,578</u>	<u>1,011,811</u>
<u>\$ 90,749</u>	<u>\$ 25,752</u>	<u>\$ 255,989</u>	<u>\$ 1,597,961</u>



ROCK ISLAND
ILLINOIS

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
 DECEMBER 31, 2015

EXHIBIT D-1

	Police Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and equivalents	\$ 1,280,726	\$ 2,015,766	\$ 3,296,492
Investments			
Taxable Bonds	14,957,021	8,474,711	23,431,732
Equity securities	15,495,404	10,497,179	25,992,583
Real Estate	795,898	1,182,881	1,978,779
Receivables			
Accrued interest	93,652	65,313	158,965
Total Assets	<u>32,622,701</u>	<u>22,235,850</u>	<u>54,858,551</u>
LIABILITIES			
Outstanding checks in excess of bank balance	1,333,808	1,313,463	2,647,271
Accounts payable	16,878	7,446	24,324
Total Liabilities	<u>1,350,686</u>	<u>1,320,909</u>	<u>2,671,595</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 31,272,015</u>	<u>\$ 20,914,941</u>	<u>\$ 52,186,956</u>

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER, 31, 2015

	Police Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Plan members	\$ 590,127	\$ 416,580	\$ 1,006,707
Employer	2,687,850	2,676,324	5,364,174
Total Contributions	<u>3,277,977</u>	<u>3,092,904</u>	<u>6,370,881</u>
Net investment income			
Net decrease in fair value of investments	(895,573)	(684,514)	(1,580,087)
Interest	627,528	577,199	1,204,727
Net Investment Income	<u>(268,045)</u>	<u>(107,315)</u>	<u>(375,360)</u>
Total Additions	<u>3,009,932</u>	<u>2,985,589</u>	<u>5,995,521</u>
DEDUCTIONS			
Benefits	3,969,874	3,842,351	7,812,225
Administrative expenses	65,820	94,199	160,019
Total Deductions	<u>4,035,694</u>	<u>3,936,550</u>	<u>7,972,244</u>
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	(1,025,762)	(950,961)	(1,976,723)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING	<u>32,297,777</u>	<u>21,865,902</u>	<u>54,163,679</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ENDING	<u>\$ 31,272,015</u>	<u>\$ 20,914,941</u>	<u>\$ 52,186,956</u>

CITY OF ROCK ISLAND, ILLINOIS
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit D-3

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Section 125 Cafeteria Plan				
ASSETS				
Cash and investments	\$ 2,273	\$ 67,354	\$ 67,840	\$ 1,787
Receivables				
Accrued Interest	8	14	-	22
Total Assets	<u>\$ 2,281</u>	<u>\$ 67,368</u>	<u>\$ 67,840</u>	<u>\$ 1,809</u>
LIABILITIES				
Accounts payable	\$ 2,281	\$ 1,809	\$ 2,281	\$ 1,809
Total Liabilities	<u>\$ 2,281</u>	<u>\$ 1,809</u>	<u>\$ 2,281</u>	<u>\$ 1,809</u>

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

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information 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.	145-158
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).	159-166
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.	167-171
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.	172-173
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.	174-181

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



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 PERIODS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>3/31/2007</u>	<u>3/31/2008</u>	<u>3/31/2009</u>	<u>3/31/2010</u>
Governmental activities				
Net investment in capital assets	\$ 37,070,744	\$ 39,756,019	\$ 38,536,816	\$ 40,129,365
Restricted	6,647,989	5,867,481	2,550,529	4,755,754
Unrestricted	<u>25,977,855</u>	<u>26,295,567</u>	<u>27,706,560</u>	<u>28,216,439</u>
Total governmental activities net position	<u>\$ 69,696,588</u>	<u>\$ 71,919,067</u>	<u>\$ 68,793,905</u>	<u>\$ 73,101,558</u>
Business-type activities				
Net investment in capital assets	\$ 30,541,517	\$ 30,482,589	\$ 26,844,821	\$ 30,884,254
Unrestricted	<u>2,845,532</u>	<u>3,915,610</u>	<u>8,915,241</u>	<u>8,537,642</u>
Total business-type activities net position	<u>\$ 33,387,049</u>	<u>\$ 34,398,199</u>	<u>\$ 35,760,062</u>	<u>\$ 39,421,896</u>
Primary government				
Net investment in capital assets	\$ 67,612,261	\$ 70,238,608	\$ 65,381,637	\$ 71,013,619
Restricted	6,647,989	5,867,481	2,550,529	4,755,754
Unrestricted	<u>28,823,387</u>	<u>30,211,177</u>	<u>36,621,801</u>	<u>36,754,081</u>
Total primary government net position	<u>\$ 103,083,637</u>	<u>\$ 106,317,266</u>	<u>\$ 104,553,967</u>	<u>\$ 112,523,454</u>

Source: City records

*Beginning in the 2015 audit, unrestricted net position now includes the net pension liability due to GASB 68.

	<u>3/31/2011</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>12/31/2014</u>	<u>*12/31/2015</u>
\$	43,490,571	\$ 51,178,766	\$ 52,918,208	\$ 57,092,829	\$ 44,250,721	\$ 46,596,870
	7,719,598	6,738,901	6,913,550	3,981,884	5,767,261	4,486,649
	<u>25,027,339</u>	<u>27,625,864</u>	<u>27,309,246</u>	<u>19,444,812</u>	<u>21,823,839</u>	<u>(69,598,723)</u>
\$	<u>76,237,508</u>	<u>85,543,531</u>	<u>87,141,004</u>	<u>80,519,525</u>	<u>71,841,821</u>	<u>(18,515,204)</u>
\$	34,209,461	\$ 33,220,808	\$ 38,472,481	\$ 35,448,346	\$ 39,741,555	\$ 45,773,478
	<u>9,289,668</u>	<u>11,189,073</u>	<u>8,674,173</u>	<u>13,832,655</u>	<u>10,078,816</u>	<u>7,395,445</u>
\$	<u>43,499,129</u>	<u>44,409,881</u>	<u>47,146,654</u>	<u>49,281,001</u>	<u>49,820,371</u>	<u>53,168,923</u>
\$	77,700,032	\$ 84,399,574	\$ 91,390,689	\$ 92,541,175	\$ 83,992,276	\$ 92,370,348
	7,719,598	6,738,901	6,913,550	3,981,884	5,767,261	4,486,649
	<u>34,317,007</u>	<u>38,814,937</u>	<u>35,983,419</u>	<u>33,277,467</u>	<u>31,902,655</u>	<u>(62,203,278)</u>
\$	<u>119,736,637</u>	<u>129,953,412</u>	<u>134,287,658</u>	<u>129,800,526</u>	<u>121,662,192</u>	<u>34,653,719</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Primary Government Expenses				
Governmental activities:				
General government	\$ 10,313,028	\$ 11,439,119	\$ 16,858,777	\$ 11,305,249
Police and fire	16,635,503	17,272,974	17,764,363	19,608,468
Electrical maintenance	693,952	650,687	603,178	585,374
Municipal vehicle parking system	373,217	341,308	181,743	350,756
Highways and streets	6,361,422	7,774,998	6,975,777	5,914,981
Refuse disposal	1,267,734	1,350,580	1,433,656	1,661,963
Libraries	2,371,814	2,286,176	2,185,185	2,319,225
Interest on long-term debt	200,078	183,765	280,358	616,283
Total governmental activities expenses	<u>38,216,748</u>	<u>41,299,607</u>	<u>46,283,037</u>	<u>42,362,299</u>
Business-type activities:				
Waterworks	5,516,896	5,342,035	5,432,620	5,381,733
Wastewater	4,036,906	3,278,239	3,926,401	4,303,243
Park and recreation	5,191,258	5,252,128	5,968,430	6,169,575
Stormwater	1,340,031	1,042,504	1,639,184	1,528,442
Sunset Marina	731,088	734,403	863,714	881,513
Housing/community development loans	248,328	75,975	85,608	103,749
Total business-type activities expenses	<u>17,064,507</u>	<u>15,725,284</u>	<u>17,915,957</u>	<u>18,368,255</u>
Total primary government expenses	<u>55,281,255</u>	<u>57,024,891</u>	<u>64,198,994</u>	<u>60,730,554</u>
Primary Government Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,008,024	1,118,464	3,207,592	3,056,182
Police and fire	2,818,459	3,257,362	3,447,520	3,578,985
Electrical maintenance	38,725	26,274	3,601	24,152
Municipal vehicle parking system	286,429	225,358	219,188	207,623
Highways and streets	314,630	169,367	165,724	131,511
Refuse disposal	72,914	79,374	109,907	182,614
Libraries	232,449	226,361	222,008	212,397
Operating grants and contributions:				
General government	1,480,324	1,101,764	1,364,287	2,102,695
Police and fire	238,838	1,209,857	818,528	191,659
Highways and streets	150,000	-	-	128,085
Libraries	157,030	156,445	124,449	56,206
Capital grants and contributions, general government	-	-	-	-
Capital grants and contributions, highways and streets	176,739	1,121,054	-	1,631,814
Capital grants and contributions, libraries	-	-	-	-
Total governmental activities program revenue	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>

	3/31/2011	3/31/2012	3/31/2013	3/31/2014	*12/31/2014	12/31/2015
\$	16,417,739	\$ 12,657,949	\$ 13,943,857	\$ 24,861,534	\$ 8,735,475	\$ 11,687,280
	19,976,357	20,830,554	20,847,960	21,771,346	18,079,614	25,541,117
	597,462	602,202	595,066	613,300	406,529	610,131
	328,550	281,012	274,917	265,338	180,795	102,961
	7,879,571	7,267,676	8,585,805	5,601,354	3,656,603	10,288,905
	1,602,467	1,457,974	1,440,900	1,581,240	1,364,209	1,923,146
	1,966,454	2,559,060	2,400,381	2,516,131	1,961,467	2,087,051
	615,878	596,127	557,361	822,915	1,068,080	1,578,506
	<u>49,384,478</u>	<u>46,252,554</u>	<u>48,646,247</u>	<u>58,033,158</u>	<u>35,452,772</u>	<u>53,819,097</u>
	5,159,034	6,074,685	6,232,948	5,636,469	4,359,962	6,392,711
	4,305,904	4,530,716	4,732,170	6,763,891	4,029,394	5,665,557
	5,169,656	6,133,119	6,294,865	5,778,743	4,884,791	5,869,086
	1,530,430	1,546,392	1,409,651	1,643,294	1,106,523	1,468,921
	658,526	716,337	757,879	709,573	600,408	639,037
	296,616	309,965	235,295	19,238	174,677	1,613
	<u>17,120,166</u>	<u>19,311,214</u>	<u>19,662,808</u>	<u>20,551,208</u>	<u>15,155,755</u>	<u>20,036,925</u>
	<u>66,504,644</u>	<u>65,563,768</u>	<u>68,309,055</u>	<u>78,584,366</u>	<u>50,608,527</u>	<u>73,856,022</u>
	3,335,724	3,678,321	3,634,169	3,940,813	2,731,745	3,553,328
	3,633,014	3,994,407	4,025,783	4,029,954	3,142,297	4,352,267
	23,611	30,788	17,597	18,331	16,797	21,739
	204,369	173,721	169,272	141,122	147,837	143,545
	185,692	144,680	211,332	178,801	151,484	132,028
	505,964	492,807	781,637	885,723	651,207	1,274,572
	224,432	227,054	222,090	222,087	201,926	232,007
	4,891,932	2,096,150	2,399,271	2,977,297	1,415,454	779,715
	255,264	302,105	99,192	155,522	47,565	30,121
	-	1,056,163	43,850	114,714	-	-
	101,045	52,108	179,626	132,009	152,698	121,332
	400,000	91,770	507,112	7,000	407,000	-
	837,814	-	-	-	-	-
	-	-	-	-	-	-
	<u>14,598,861</u>	<u>12,340,074</u>	<u>12,290,931</u>	<u>12,803,373</u>	<u>9,066,010</u>	<u>10,640,654</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Business-type activities:				
Charges for services:				
Waterworks	\$ 4,921,769	\$ 5,189,174	\$ 5,492,376	\$ 5,670,815
Wastewater	4,195,871	4,994,983	5,825,018	6,687,063
Park and recreation	3,582,675	3,113,840	3,326,601	3,235,998
Stormwater	1,307,083	1,439,598	1,518,520	1,561,805
Sunset Marina	846,562	829,506	695,671	834,026
Housing/community development loans	-	80,908	76,526	159,739
Operating grants and contributions				
Park and recreation	17,089	22,946	129,812	15,723
Stormwater	-	-	77,493	-
Other programs	-	-	-	-
Sunset Marina	-	-	119,071	-
Housing/community development loans	99,400	-	-	-
Wastewater Treatment	-	-	-	-
Capital grants and contributions				
Waterworks	-	-	-	-
Wastewater	1,847	-	-	-
Park and recreation	-	-	-	2,000,000
Sunset Marina	-	-	-	-
Total business-type activities program revenues	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>
Total primary government program revenues	<u>23,946,857</u>	<u>24,362,635</u>	<u>26,943,892</u>	<u>31,669,092</u>
Primary government net expense				
Governmental activities	(29,242,187)	(32,607,927)	(36,600,233)	(30,858,376)
Business-type activities	<u>(2,092,211)</u>	<u>(54,329)</u>	<u>(654,869)</u>	<u>1,796,914</u>
Total primary government net expense	<u>(31,334,398)</u>	<u>(32,662,256)</u>	<u>(37,255,102)</u>	<u>(29,061,462)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property taxes	11,049,737	11,593,383	12,329,857	14,363,101
Gaming taxes	4,291,728	3,712,282	3,679,842	4,955,625
Sales taxes	3,748,672	3,936,082	4,046,545	3,866,877
Utility taxes	2,178,733	2,312,387	2,314,220	1,752,772
Income taxes	3,344,704	3,653,838	3,615,800	3,151,854
Other taxes	6,803,324	7,326,715	7,108,060	6,703,234
Intergovernmental (sales & income)	-	-	-	-
Investment earnings	1,183,573	1,174,061	510,487	347,183
Miscellaneous	166,514	344,133	26,899	59,633
Transfers	<u>(665,917)</u>	<u>777,525</u>	<u>(156,639)</u>	<u>(34,250)</u>
Total governmental activities	<u>32,101,068</u>	<u>34,830,406</u>	<u>33,475,071</u>	<u>35,166,029</u>

	3/31/2011	3/31/2012	3/31/2013	3/31/2014	*12/31/2014	12/31/2015
\$	5,821,792	\$ 6,152,049	\$ 6,362,762	\$ 6,271,366	\$ 4,482,630	\$ 6,268,181
	7,395,538	7,995,233	7,834,599	7,833,530	5,910,695	8,141,460
	3,300,041	3,445,286	3,492,199	3,249,990	2,765,565	3,193,190
	1,589,808	1,645,864	1,539,720	1,619,310	1,212,238	1,688,477
	800,474	769,993	712,057	669,717	636,754	662,263
	72,036	63,064	49,871	100,721	32,611	69,373
	42,177	34,144	281,233	445,164	61,816	53,345
	-	-	-	34,880	-	-
	13,538	-	-	-	-	-
	-	-	-	2,237	-	-
	100,000	223,240	11,859	-	-	-
	-	-	48,883	268,877	192,571	213,098
	-	-	-	-	-	-
	-	2,628,879	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>19,135,404</u>	<u>22,957,752</u>	<u>20,333,183</u>	<u>20,495,792</u>	<u>15,294,880</u>	<u>20,289,387</u>
	<u>33,734,265</u>	<u>35,297,826</u>	<u>32,624,114</u>	<u>33,299,165</u>	<u>24,360,890</u>	<u>30,930,041</u>
	(34,785,617)	(33,912,480)	(36,355,316)	(45,229,785)	(26,386,762)	(43,178,443)
	<u>2,015,238</u>	<u>3,646,538</u>	<u>670,375</u>	<u>(55,416)</u>	<u>139,125</u>	<u>252,462</u>
	<u>(32,770,379)</u>	<u>(30,265,942)</u>	<u>(35,684,941)</u>	<u>(45,285,201)</u>	<u>(26,247,637)</u>	<u>(42,925,981)</u>
	14,886,144	14,931,405	14,138,304	13,870,933	128,534	13,528,878
	5,441,339	5,712,621	5,576,018	5,115,322	3,738,747	4,872,918
	4,689,611	4,978,042	5,008,704	-	-	-
	2,090,368	2,010,828	2,089,790	2,244,178	1,427,556	1,872,737
	3,094,030	3,184,753	3,516,323	-	-	-
	7,503,529	7,504,239	7,657,440	8,407,329	5,727,344	7,474,643
	-	-	-	8,843,026	6,699,854	9,501,573
	266,892	121,859	121,958	94,752	100,644	244,380
	213,972	86,444	129,781	418,279	265,720	60,364
	<u>(264,318)</u>	<u>4,688,312</u>	<u>(285,529)</u>	<u>(385,513)</u>	<u>(379,341)</u>	<u>(602,304)</u>
	<u>37,921,567</u>	<u>43,218,503</u>	<u>37,952,789</u>	<u>38,608,306</u>	<u>17,709,058</u>	<u>36,953,189</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>3/31/2007</u>	<u>3/31/2008</u>	<u>3/31/2009</u>	<u>3/31/2010</u>
Business-type activities:				
Property taxes	\$ 1,652,230	\$ 1,276,505	\$ 1,691,929	\$ 1,689,383
Investment earnings	418,457	566,499	168,164	140,039
Miscellaneous	28,224	-	-	1,248
Transfers	<u>665,917</u>	<u>(777,525)</u>	<u>156,639</u>	<u>34,250</u>
Total business-type activities	<u>2,764,828</u>	<u>1,065,479</u>	<u>2,016,732</u>	<u>1,864,920</u>
Total primary government	<u>34,865,896</u>	<u>35,895,885</u>	<u>35,491,803</u>	<u>37,030,949</u>
Changes in net position				
Governmental activities	2,858,881	2,222,479	(3,125,162)	4,307,653
Business-type activities	<u>672,617</u>	<u>1,011,150</u>	<u>1,361,863</u>	<u>3,661,834</u>
Total primary government	<u>\$ 3,531,498</u>	<u>\$ 3,233,629</u>	<u>\$ (1,763,299)</u>	<u>\$ 7,969,487</u>

Source: City records

* 12/31/14 reporting represents 9 months of activity

	<u>3/31/2011</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>*12/31/2014</u>	<u>12/31/2015</u>
\$	1,700,328	\$ 1,751,391	\$ 1,752,884	\$ 1,753,400	\$ 8,767	\$ 1,753,644
	97,349	201,135	27,985	50,850	12,125	24,395
	-	-	-	-	12	142,228
	<u>264,318</u>	<u>(4,688,312)</u>	<u>285,529</u>	<u>385,513</u>	<u>379,341</u>	<u>602,304</u>
	<u>2,061,995</u>	<u>(2,735,786)</u>	<u>2,066,398</u>	<u>2,189,763</u>	<u>400,245</u>	<u>2,522,571</u>
	<u>39,983,562</u>	<u>40,482,717</u>	<u>40,019,187</u>	<u>40,798,069</u>	<u>18,109,303</u>	<u>39,475,760</u>
	3,135,950	9,306,023	1,597,473	(6,621,479)	(8,677,704)	(6,225,254)
	<u>4,077,233</u>	<u>910,752</u>	<u>2,736,773</u>	<u>2,134,347</u>	<u>539,370</u>	<u>2,775,033</u>
\$	<u>7,213,183</u>	<u>\$ 10,216,775</u>	<u>\$ 4,334,246</u>	<u>\$ (4,487,132)</u>	<u>\$ (8,138,334)</u>	<u>\$ (3,450,221)</u>

CITY OF ROCK ISLAND, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Function / Program	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Governmental activities:				
General government	\$ 4,488,348	\$ 2,220,228	\$ 4,571,879	\$ 5,158,877
Police and fire	3,057,297	4,467,219	4,266,048	3,770,644
Electrical maintenance	38,725	26,274	3,601	24,152
Municipal vehicle parking system	286,429	225,358	219,188	207,623
Highways and streets	641,369	1,290,421	165,724	1,891,410
Refuse disposal	72,914	79,374	109,907	182,614
Libraries	389,479	382,806	346,457	268,603
Total governmental activities	<u>8,974,561</u>	<u>8,691,680</u>	<u>9,682,804</u>	<u>11,503,923</u>
Business-type activities:				
Water	4,921,769	5,189,174	5,492,376	5,670,815
Wastewater treatment	4,197,718	4,994,983	5,825,018	6,687,063
Park and recreation	3,599,764	3,136,786	3,456,413	5,251,721
Stormwater	1,307,083	1,439,598	1,596,013	1,561,805
Sunset Marina	846,562	829,506	814,742	834,026
Housing and community development loan	99,400	80,908	76,526	159,739
Total business-type activities	<u>14,972,296</u>	<u>15,670,955</u>	<u>17,261,088</u>	<u>20,165,169</u>
Total government	<u>\$ 23,946,857</u>	<u>\$ 24,362,635</u>	<u>\$ 26,943,892</u>	<u>\$ 31,669,092</u>

Source: City records

* 12/31/14 reporting represents 9 months of activity

	<u>3/31/2011</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>*12/31/2014</u>	<u>12/31/2015</u>
\$	8,627,656	\$ 5,866,241	\$ 6,540,552	\$ 6,925,110	\$ 4,554,199	\$ 4,333,043
	3,888,278	4,296,512	4,124,975	4,185,476	3,189,862	4,382,388
	23,611	30,788	17,597	18,331	16,797	21,739
	204,369	173,721	169,272	141,122	147,837	143,545
	1,023,506	1,200,843	255,182	293,515	151,484	132,028
	505,964	492,807	781,637	885,723	651,207	1,274,572
	325,477	279,162	401,716	354,096	354,624	353,339
	<u>14,598,861</u>	<u>12,340,074</u>	<u>12,290,931</u>	<u>12,803,373</u>	<u>9,066,010</u>	<u>10,640,654</u>
	5,821,792	6,152,049	6,362,762	6,271,366	4,482,630	6,268,181
	7,395,538	10,624,112	7,883,482	8,102,407	6,103,266	8,354,558
	3,342,218	3,479,430	3,773,432	3,695,154	2,827,381	3,246,535
	1,603,346	1,645,864	1,539,720	1,654,190	1,212,238	1,688,477
	800,474	769,993	712,057	671,954	636,754	662,263
	172,036	286,304	61,730	100,721	32,611	69,373
	<u>19,135,404</u>	<u>22,957,752</u>	<u>20,495,792</u>	<u>20,495,792</u>	<u>15,294,880</u>	<u>20,289,387</u>
\$	<u>33,734,265</u>	<u>\$ 35,297,826</u>	<u>\$ 32,624,114</u>	<u>\$ 33,299,165</u>	<u>\$ 24,360,890</u>	<u>\$ 30,930,041</u>

CITY OF ROCK ISLAND, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>3/31/2007</u>	<u>3/31/2008</u>	<u>3/31/2009</u>	<u>3/31/2010</u>
General fund				
Reserved	\$ 1,123,268	\$ 827,312	\$ 1,455,903	\$ 737,694
Unreserved	6,973,846	8,484,627	8,196,559	7,716,892
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 8,097,114</u>	<u>\$ 9,311,939</u>	<u>\$ 9,652,462</u>	<u>\$ 8,454,586</u>
All other governmental funds				
Reserved	\$ 5,991,570	\$ 2,699,964	\$ 4,070,939	\$ 3,063,439
Unreserved, reported in:				
Special revenue funds	10,414,324	10,686,521	8,204,905	11,999,807
Debt service funds	1,306,835	1,308,302	171,543	248,370
Capital projects funds	(669,188)	653,267	5,708,661	5,321,073
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 17,043,541</u>	<u>\$ 15,348,054</u>	<u>\$ 18,156,048</u>	<u>\$ 20,632,689</u>

GASB Statement No. 54 implemented in fiscal year 2011

Source: City records

	<u>3/31/2011</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>12/31/2014</u>	<u>12/31/2015</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	1,336	1,336	-	-	-	-
	128,455	157,611	273,308	279,058	319,444	173,019
	640	-	-	-	-	-
	238,643	378,509	-	-	-	-
	<u>9,443,347</u>	<u>10,375,695</u>	<u>11,145,921</u>	<u>12,106,153</u>	<u>11,764,247</u>	<u>9,926,916</u>
\$	<u>9,812,421</u>	<u>\$ 10,913,151</u>	<u>\$ 11,419,229</u>	<u>\$ 12,385,211</u>	<u>\$ 12,083,691</u>	<u>\$ 10,099,935</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,591,142	6,626,079	10,253,731	14,214,384	21,717,973	8,979,039
	9,699,484	11,762,242	13,668,164	14,688,538	13,402,986	12,312,660
	335,451	64,748	118,646	60,554	24,462	-
	<u>(1,908,876)</u>	<u>(2,801,588)</u>	<u>(2,447,709)</u>	<u>(671,307)</u>	<u>(112,079)</u>	<u>(304,077)</u>
\$	<u>15,717,201</u>	<u>\$ 15,651,481</u>	<u>\$ 21,592,832</u>	<u>\$ 28,292,169</u>	<u>\$ 35,033,342</u>	<u>\$ 20,987,622</u>

CITY OF ROCK ISLAND, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Revenues				
Property taxes	\$ 10,942,864	\$ 11,057,085	\$ 11,471,164	\$ 12,322,519
Other taxes	20,349,952	20,949,799	20,777,465	19,383,563
Fines and fees	294,354	324,401	694,817	485,330
Intergovernmental	2,077,471	2,364,724	2,079,869	1,892,996
Charges for services	4,942,121	4,016,137	6,027,371	6,193,416
Use of money and property	1,081,282	1,174,061	510,487	350,621
Licenses and permits	673,077	762,022	708,877	719,378
Contributions	62,126	103,342	131,798	479,680
Other	75,136	276,265	35,309	226,214
Total revenues	<u>40,498,383</u>	<u>41,027,836</u>	<u>42,437,157</u>	<u>42,053,717</u>
Expenditures				
Current:				
General government	9,642,529	10,696,556	13,450,852	9,926,146
Police and Fire	16,284,239	17,476,908	18,144,315	19,442,894
Electrical maintenance	690,957	659,805	612,471	587,492
Motor Vehicle Parking System	226,491	191,111	183,996	181,204
Highways and streets	4,508,711	5,469,273	5,882,079	4,690,385
Refuse disposal	1,207,288	1,380,584	1,516,897	1,675,429
Libraries	2,255,921	2,194,964	2,207,697	2,203,791
Capital outlay	3,531,463	3,518,066	2,570,128	8,385,641
Debt Service:				
Principal	1,064,165	688,145	681,829	1,104,400
Interest	174,498	183,765	211,351	334,016
Total expenditures	<u>39,586,262</u>	<u>42,459,177</u>	<u>45,461,615</u>	<u>48,531,398</u>
Excess of revenues (under) expenditures	<u>912,121</u>	<u>(1,431,341)</u>	<u>(3,024,458)</u>	<u>(6,477,681)</u>
Other financing sources (uses)				
Issuance of long-term debt	1,330,000	-	6,422,600	7,760,000
Bond discount	-	-	(92,986)	(10,898)
Bond premium	-	-	-	10,594
Issuance of loan payable	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Transfers in	6,349,799	8,365,594	8,238,999	5,942,996
Transfers out	<u>(7,350,716)</u>	<u>(7,414,915)</u>	<u>(8,395,638)</u>	<u>(5,946,246)</u>
Total other financing sources (uses)	<u>329,083</u>	<u>950,679</u>	<u>6,172,975</u>	<u>7,756,446</u>
Net change in fund balances	<u>\$ 1,241,204</u>	<u>\$ (480,662)</u>	<u>\$ 3,148,517</u>	<u>\$ 1,278,765</u>
Debt service as a percentage of noncapital expenditures	3.44%	2.15%	2.05%	3.16%

Source: City records

	3/31/2011	3/31/2012	3/31/2013	3/31/2014	12/31/2014	12/31/2015
\$	14,569,113	\$ 14,814,509	\$ 14,926,606	\$ 14,237,213	\$ 13,789,066	\$ 13,528,878
	22,910,039	23,591,116	24,051,197	24,100,438	17,635,801	23,659,171
	426,868	504,812	440,067	396,131	254,340	304,103
	4,355,646	3,163,924	2,478,842	3,337,053	1,319,764	1,115,498
	6,657,901	6,971,289	7,132,888	7,393,462	5,717,948	7,991,480
	374,704	186,852	349,556	204,542	93,411	226,161
	863,006	901,395	1,125,729	1,172,228	820,117	918,624
	533,194	760,863	659,198	181,653	828,497	71,650
	267,101	65,848	90,368	87,257	57,443	126,367
	<u>50,957,572</u>	<u>50,960,608</u>	<u>51,254,451</u>	<u>51,109,977</u>	<u>40,516,387</u>	<u>47,941,932</u>
	13,911,083	12,871,649	12,432,804	21,513,727	12,800,419	12,694,856
	20,255,984	20,704,873	20,788,783	21,343,536	17,199,496	23,722,239
	592,644	580,692	604,893	621,642	406,574	610,131
	181,243	185,157	190,179	194,694	127,269	31,843
	4,065,960	3,959,920	4,503,406	4,270,551	3,556,320	5,146,089
	1,704,845	1,553,325	1,541,430	1,684,440	1,450,803	2,009,527
	2,268,601	2,336,234	2,296,800	2,401,209	1,901,690	2,742,615
	9,973,140	5,501,375	5,083,118	8,585,290	6,571,014	18,659,555
	1,440,300	1,728,250	1,666,965	1,759,150	17,032,100	2,289,823
	824,430	584,816	566,000	827,665	1,265,574	1,611,557
	<u>55,218,230</u>	<u>50,006,291</u>	<u>49,674,378</u>	<u>63,201,904</u>	<u>62,311,259</u>	<u>69,518,235</u>
	<u>(4,260,658)</u>	<u>954,317</u>	<u>1,580,073</u>	<u>(12,091,927)</u>	<u>(21,794,872)</u>	<u>(21,576,303)</u>
	960,000	585,000	2,520,000	10,625,000	25,450,000	7,343,000
	-	(16,492)	(60,934)	-	(28,013)	-
	29,477	40,887	60,765	370,408	414,683	187,331
	-	-	3,022,538	9,093,064	2,884,398	-
	-	-	(391,606)	-	-	(1,374,410)
	8,001,391	9,376,020	9,350,372	10,805,792	10,345,690	17,117,892
	<u>(8,287,863)</u>	<u>(9,904,721)</u>	<u>(9,633,779)</u>	<u>(11,137,018)</u>	<u>(10,832,233)</u>	<u>(17,726,986)</u>
	<u>703,005</u>	<u>80,694</u>	<u>4,867,356</u>	<u>19,757,246</u>	<u>28,234,525</u>	<u>5,546,827</u>
\$	<u>(3,557,653)</u>	<u>\$ 1,035,011</u>	<u>\$ 6,447,429</u>	<u>\$ 7,665,319</u>	<u>\$ 6,439,653</u>	<u>\$ (16,029,476)</u>
	4.65%	5.05%	4.83%	4.70%	32.87%	7.85%

CITY OF ROCK ISLAND, ILLINOIS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Period Ended	Property Tax	Replacement Tax	Sales Tax	Use Tax	Income Tax	Utility Tax
3/31/2007	10,942,864	2,650,986	3,746,709	505,459	3,344,704	2,074,929
3/31/2008	11,057,085	3,021,952	3,925,609	556,412	3,653,838	2,312,387
3/31/2009	11,471,164	2,766,980	4,042,435	585,092	3,615,800	2,314,220
3/31/2010	12,322,519	2,450,551	3,879,261	465,283	2,056,466	1,734,784
3/31/2011	14,569,113	2,725,111	4,582,230	566,748	3,395,729	2,032,070
3/31/2012	14,814,509	2,466,745	4,970,577	569,066	3,423,316	1,957,597
3/31/2013	14,926,606	2,444,370	5,027,347	619,887	3,711,030	2,044,178
3/31/2014	14,237,213	2,800,493	5,071,240	672,361	3,782,583	2,173,089
12/31/2014	13,789,066	1,923,984	3,896,747	569,064	2,779,496	1,426,617
12/31/2015	13,528,878	2,554,822	5,309,060	861,631	4,151,610	1,792,065
Change						
3/31/07-12/31/15	24%	-4%	42%	70%	24%	-14%

Source: City records

Gasoline Tax	Other Tax	Wagering Tax	Motor Fuel Tax	Foreign Fire Insurance Tax	Hotel/Motel Tax	Total
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
166,268	1,878,244	3,738,747	888,666	41,426	326,542	31,424,867
220,749	2,453,782	4,872,918	1,032,768	53,305	356,461	37,188,049
45%	8%	14%	-10%	69%	164%	19%

CITY OF ROCK ISLAND, ILLINOIS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Fiscal Period Ended	Residential Property	Commercial Property	Industrial Property	Farm Property
3/31/2007	307,710,810	77,070,123	52,470,854	348,638
3/31/2008	325,002,566	79,206,138	50,181,800	361,695
3/31/2009	330,336,634	82,881,302	51,663,392	373,402
3/31/2010	334,234,771	84,908,535	51,987,674	382,903
3/31/2011	336,600,874	85,399,438	51,483,914	364,329
3/31/2012	338,533,938	86,157,275	51,038,902	379,853
3/31/2013	324,124,044	80,313,679	50,786,603	398,366
3/31/2014	310,848,722	77,148,017	55,034,580	487,151
12/31/2014	310,067,178	78,706,665	54,964,548	489,050
12/31/2015	314,914,792	84,140,915	56,757,213	503,200

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	Enterprise Zone	Assessed Value	Percent Growth	Total Direct Tax Rate	Taxable Value	Percentage of Actual Value
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%
3,816,687	-	448,044,128	0.2%	2.3852	1,344,266,811	33.3%
3,850,056	(3,710,480)	456,455,696	1.9%	2.4002	1,369,504,038	33.3%

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL PROPERTY TAX RATES
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

City Direct Rates								
Tax Collection Year	General Fund	Fire Pension Fund	Police Pension Fund	Public Benefit Fund	Public Library Fund	Park Fund	Total Direct	Special Service Fund
3/31/2007	0.85840	0.30380	0.36500	0.05020	0.41620	0.37160	2.36520	-
3/31/2008	0.82100	0.32080	0.36780	0.04800	0.41940	0.37320	2.35020	-
3/31/2009	0.78680	0.37160	0.38020	0.05040	0.41000	0.36480	2.36380	-
3/31/2010	0.66100	0.43940	0.46360	0.05060	0.40780	0.36280	2.38520	-
3/31/2011	0.68920	0.42500	0.45600	0.05060	0.41720	0.37120	2.40920	-
3/31/2012	0.70440	0.41580	0.45620	0.05000	0.41380	0.36820	2.40840	-
3/31/2013	0.59380	0.44280	0.50180	0.05000	0.42960	0.38220	2.40020	-
3/31/2014	0.48420	0.48900	0.54160	0.05000	0.44080	0.39220	2.39780	5.82160
12/31/2014	0.30660	0.59740	0.60000	0.04980	0.44000	0.39140	2.38520	5.92100
12/31/2015	0.26500	0.61420	0.63400	0.05040	0.44280	0.39380	2.40020	-

Source: City and County records

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

Overlapping Rates

Rock Island School District	Rock Island County	Township	Airport Authority	Transit	Blackhawk Community College
5.11920	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
5.30660	1.01840	0.44540	0.07500	0.20540	0.54270
5.29820	1.05960	0.43880	0.07500	0.20820	0.54850
5.46100	1.24800	0.43340	0.07500	0.20860	0.55980

**CITY OF ROCK ISLAND, ILLINOIS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT PERIOD AND TEN PERIODS AGO
 DECEMBER 31, 2015
 (UNAUDITED)**

12/31/2015			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
DNC Gaming & Entertainment	\$ 22,484,383	1	4.93%
Modern Woodmen of America	7,781,019	2	1.70%
Piret USA	6,045,635	3	1.32%
Friendship Mannor Properties LLC	5,340,413	4	1.17%
PFG Thoms Proestler Co	4,743,056	5	1.04%
MidAmerican Energy Co	2,804,949	6	0.61%
LRC HV LLC	2,612,845	7	0.57%
Deere & Co/Tax Dept	2,389,509	8	0.52%
First Equity Management	2,333,100	9	0.51%
MidAmerican Energy Co	2,144,871	10	0.47%
Total	\$ 58,679,780		12.9%

Notes:

1. Valuation as of January 1, 2015, for taxes collected in 2016.
2. Total City assessed valuation of \$ 456,455,696

3/31/2007			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Modern Woodmen of America	9,807,478	1	2.2%
Mid American Energy Co.	5,392,700	2	1.2%
Thoms-Proestler Co.	5,299,525	3	1.2%
Miller Container Corp.	4,838,674	4	1.1%
Barjan Products LLC	4,693,660	5	1.1%
Friendship Manor	2,873,893	6	0.7%
LRC Developers, Inc.	2,306,187	7	0.5%
Pinnacle-Stanrick Corporation	1,978,300	8	0.5%
Illinois Housing Development Authority	1,883,913	9	0.4%
Quad Cities Steel Warehouse	1,815,855	10	0.4%
Total	\$ 40,890,185		9.3%

Notes:

Total City assessed valuation of \$438,165,561

Source: County records

CITY OF ROCK ISLAND, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Fiscal Period Ended	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
3/31/2007	2006	10,299,869	10,018,023	97.26%	-	10,018,023	97.26%
3/31/2008	2007	10,701,964	10,654,478	99.56%	-	10,654,478	99.56%
3/31/2009	2008	11,017,638	10,915,238	99.07%	-	10,915,238	99.07%
3/31/2010	2009	11,177,394	11,068,018	99.02%	-	11,068,018	99.02%
3/31/2011	2010	11,368,745	11,285,730	99.27%	-	11,285,730	99.27%
3/31/2012	2011	11,460,972	11,348,093	99.02%	7,225	11,355,318	99.08%
3/31/2013	2012	11,005,492	11,004,896	99.99%	-	11,004,896	99.99%
3/31/2014	2013	10,799,940	10,797,090	99.97%	-	10,797,090	99.97%
12/31/2014	2014	10,766,880	10,797,663	100.29%	-	10,797,663	100.29%
12/31/2015	2015	10,955,850	-	-	-	-	-

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.

CITY OF ROCK ISLAND, ILLINOIS

Ratios of Outstanding Debt by Type

LAST TEN FISCAL PERIODS

DECEMBER 31, 2015

Fiscal Period Ended	Governmental Activities		Other Governmental Activities Debt	Business-Type Activities		Total Outstanding Debt
	General Obligation Bonds		Line of Credit	Loan Payable	General Obligation Bonds	
3/31/2007	4,484,975		-	-	15,395,025	19,880,000
3/31/2008	3,886,830		-	-	14,268,170	18,155,000
3/31/2009	9,697,600		-	-	16,630,733	26,328,333
3/31/2010	16,353,200		-	-	17,888,466	34,241,666
3/31/2011	15,872,900		-	-	23,727,100	39,600,000
3/31/2012	14,727,021		-	4,100,381	21,896,315	40,723,717
3/31/2013	15,188,450		3,022,538	18,892,687	20,108,217	57,211,892
3/31/2014	24,054,300		12,115,602	41,240,029	18,330,700	95,740,631
12/31/2014	48,294,478		-	41,594,833	16,732,420	106,621,731
12/31/2015	52,209,311		-	47,094,293	15,008,419	114,312,023

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

Percentage of Per Capita Income	Population	Debt Per Capita
572.4 %	39,684	500.96
522.8 %	39,684	457.49
758.1 %	39,684	663.45
986.0 %	39,684	862.86
909.1 %	39,018	1,014.92
934.9 %	39,018	1,043.72
1313.5 %	39,018	1,466.29
2198.0 %	39,018	2,453.76
2447.8 %	39,018	2,732.63
2624.4 %	39,018	2,929.73

CITY OF ROCK ISLAND, ILLINOIS
Ratios of General Bonded Debt Outstanding
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Governmental Activities					
Fiscal Period Ended	General Obligation Bonds	Less: Amounts Restricted for Debt Service	Total	Percentage of Actual Property Value	Debt Per Capita
3/31/2007	19,880,000	1,306,835	18,573,165	1.4%	468.03
3/31/2008	18,155,000	1,308,302	16,846,698	1.2%	424.52
3/31/2009	26,328,333	171,543	26,156,790	1.9%	659.13
3/31/2010	34,241,666	248,370	33,993,296	2.4%	856.60
3/31/2011	39,600,000	1,221,189	38,378,811	2.7%	983.62
3/31/2012	36,623,336	1,029,992	35,593,344	2.5%	912.23
3/31/2013	35,296,667	1,213,732	34,082,935	2.5%	873.52
3/31/2014	42,385,000	997,676	41,387,324	3.1%	1,060.72
12/31/2014	65,026,898	1,387,110	63,639,788	4.7%	1,631.04
12/31/2015	67,217,730	1,627,209	65,590,521	4.8%	1,681.03

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

CITY OF ROCK ISLAND, ILLINOIS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE PERIOD ENDED DECEMBER 31, 2015
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Schools			
Rock Island School District No. 41	\$ 34,560,000	79.700%	\$ 27,543,043
Rockridge School district No. 300	10,340,000	17.360%	1,795,450
Blackhawk College	31,620,000	12.450%	<u>3,935,284</u>
			33,273,777
Other Than Schools			
Rock Island County (1)	4,360,000	19.100%	832,596
Rock Island County Forest Preserve District	4,585,000	19.100%	875,562
Rock Island County Nursing Home	16,370,000	19.100%	3,126,054
Metropolitan Airport Authority	21,745,000	24.560%	<u>5,339,845</u>
			10,174,057
Subtotal, overlapping debt			43,447,834
City Direct Debt			67,217,730
Total direct and overlapping debt			<u>\$ 110,665,564</u>

Sources:

(1) City and County records

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

CITY OF ROCK ISLAND, ILLINOIS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL PERIODS
(UNAUDITED)

Fiscal Period Ended	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
3/31/2007	224,331	160,000	13,650	1.3
3/31/2008	99,485	70,000	4,165	1.3
3/31/2009	74,165	-	-	0.0
3/31/2010	-	-	-	0.0
3/31/2011	-	-	-	0.0
3/31/2012	-	-	-	0.0
3/31/2013	-	-	-	0.0
3/31/2014	-	-	-	0.0
12/31/2014	-	-	-	0.0
12/31/2015	-	-	-	0.0

CITY OF ROCK ISLAND, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Fiscal Period Ended	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
3/31/2007	39,684	NA	34,729	36.4	7,215	4.6%
3/31/2008	39,684	NA	34,729	36.4	7,215	5.2%
3/31/2009	39,684	NA	34,729	36.4	6,122	8.2%
3/31/2010	39,684	NA	34,729	36.4	6,122	11.8%
3/31/2011	39,018	NA	43,558	37.0	6,979	8.7%
3/31/2012	39,018	NA	43,558	37.0	6,979	8.7%
3/31/2013	39,018	NA	43,558	37.0	6,269	8.3%
3/31/2014	39,018	NA	43,558	37.0	6,334	7.9%
12/31/2014	39,018	NA	43,558	37.0	6,334	6.6%
12/31/2015	39,018	NA	43,558	37.0	6,258	7.4%

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 PERIOD AND TEN PERIODS AGO
DECEMBER 31, 2015
(UNAUDITED)

Employer	12/31/2015		
	Employees	Rank	Percent
Rock Island Arsenal	6,301	1	37%
Unity Point - Trinity (Rock Island)	1,848	2	11%
Rock Island School District	684	3	4%
Jumers Casino	559	4	3%
Augustana College	550	5	3%
PFG TPS Roma Foods	530	6	3%
Modern Woodmen of America	526	7	3%
City of Rock Island	451	8	3%
Rock Island County Government	434	9	3%
Honeywell Safety Products	400	10	2%
	12,283		71%
Total City Employment	17,187		

Employer	3/31/2007	
	Employees	Rank
Unity Point Health - Trinity Medical Center	2,650	1
Rock Island-Milan School District	900	2
Augustana College	700	3
Performance Food Group (Thoms Proestler Co.)	525	4
Norcross Safety Products	470	5
City of Rock Island Government	462	6
Modern Woodmen of America	441	7
Jumers Casino	371	8
Rock Island County	352	9
Seaford Clothing Company	315	10
	7,186	

Sources: Individual Employers and Bi-State Regional Planning Commission

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of Fiscal Period Ended									
	12/31/15	12/31/14	03/31/14	03/31/13	03/31/12	03/31/11	03/31/10	03/31/09	03/31/08	03/31/07
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	1.00	1.00	1.45	1.50	1.50	1.00	1.00	1.00
General administration	3.00	3.00	3.00	3.00	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	-	-	-	-	-
	-	-	-	11.00	11.00	11.00	-	-	-	-
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
	4.00	4.00	4.00	-	-	-	4.00	4.00	4.00	4.00
Finance										
Administration	1.00	1.00	1.00	1.00	1.25	1.25	1.00	2.00	2.00	2.00
Customer service	5.23	4.31	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	5.00	5.00	4.00	4.00	4.00
	11.23	10.31	10.00	10.00	10.25	10.25	10.00	10.00	10.00	10.00
Information Technology										
Administration	2.00	2.00	2.00	-	-	-	1.30	2.35	2.35	2.30
Services	4.50	4.50	4.80	-	-	-	5.35	5.40	5.40	5.50
GIS	0.50	0.50	0.20	-	-	-	0.35	0.25	0.25	0.20
	7.00	7.00	7.00	-	-	-	7.00	8.00	8.00	8.00
Community/Economic Development										
Administration	0.94	0.86	0.75	0.50	0.50	0.50	0.50	0.60	0.60	1.27
Economic development	3.06	3.23	2.50	1.88	2.70	2.80	2.80	2.60	2.60	2.63
Planning/zoning/historic										
Preservation	3.89	3.77	4.85	5.72	6.62	6.52	6.26	6.43	6.43	6.58
Neighborhood redevelopment	2.26	2.25	1.90	1.90	1.90	1.90	1.90	2.80	2.80	2.95
Inspection	6.12	6.07	4.92	4.95	4.85	5.85	5.85	5.85	5.85	6.00
Rental inspection	4.03	4.05	5.08	5.05	5.15	5.15	4.15	4.15	4.15	4.00
	20.30	20.23	20.00	20.00	21.72	22.72	21.46	22.43	22.43	23.43
Martin Luther King Jr. Center										
Administration	3.00	3.05	3.75	2.20	2.00	1.15	1.15	1.10	1.10	1.70
Sponsored programs	12.04	11.62	10.27	7.56	9.58	6.68	3.85	4.90	4.90	4.30
	15.04	14.67	14.02	9.76	11.58	7.83	5.00	6.00	6.00	6.00
Police										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Patrol	58.30	58.35	57.00	56.00	56.00	56.00	58.48	58.80	58.80	58.80
Community services	2.45	2.45	2.45	2.45	2.45	3.45	3.45	3.45	3.45	3.40
Auxiliary police	-	-	-	-	-	-	0.17	0.20	0.20	0.20
Resource services	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	3.08
Communication	13.16	13.16	13.16	13.16	13.16	13.16	13.16	13.16	13.16	12.84
Technical services	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.44
Records	5.48	5.48	5.48	5.48	5.48	5.48	5.48	5.48	5.48	5.24

CITY OF ROCK ISLAND, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Function/Program	Full-Time Equivalent Employees as of Fiscal Period Ended									
	12/31/15	12/31/14	03/31/14	03/31/13	03/31/12	03/31/11	03/31/10	03/31/09	03/31/08	03/31/07
Major crime	9.90	9.90	10.20	10.20	10.10	10.40	10.40	10.25	10.25	10.25
Narcotics/vice	5.30	5.30	7.30	7.30	7.30	7.30	5.40	5.30	5.30	5.30
Juvenile	6.50	6.50	6.50	6.50	6.60	7.30	7.55	7.45	7.45	7.45
	110.00	110.05	111.00	110.00	110.00	112.00	112.00	112.00	112.00	112.00
Fire										
Administration	8.94	8.94	8.94	8.94	8.98	9.16	9.16	10.16	10.16	9.16
Fire prevention	6.94	6.94	6.94	6.94	6.98	7.16	7.16	7.16	7.16	7.16
Emergency/disaster services	20.52	20.52	20.52	20.52	20.65	21.28	21.28	21.28	21.28	21.28
Ambulance	22.60	22.60	22.60	22.60	22.74	23.40	23.40	22.40	22.40	23.40
	59.00	59.00	59.00	59.00	59.35	61.00	61.00	61.00	61.00	61.00
Public Works										
Administration	18.84	19.74	20.50	20.46	21.11	19.98	20.65	20.70	20.70	21.39
Street maintenance & repair	7.54	8.88	8.32	8.32	7.69	7.57	8.22	9.00	9.00	7.40
Snow & ice control	0.66	0.34	0.64	0.64	0.64	0.64	0.68	0.73	0.73	0.65
Refuse collection	7.80	8.09	8.02	8.02	8.02	8.02	8.02	8.02	8.02	6.97
Levee/ROW maintenance	5.72	6.66	5.92	5.92	5.92	6.01	6.52	7.78	7.78	7.60
Water distribution	13.75	12.78	13.75	13.75	13.68	14.28	14.28	14.03	14.03	14.25
Wastewater collection	2.97	2.85	2.97	3.02	3.67	2.87	2.87	2.90	2.90	2.79
Motor vehicle parking	0.18	1.88	1.88	1.88	1.38	1.53	1.53	1.58	1.58	2.83
Water treatment	10.25	10.27	10.28	10.63	10.68	10.98	11.08	10.98	10.98	11.12
Wastewater treatment	9.50	9.52	9.68	9.68	9.68	9.08	9.68	9.58	9.58	9.72
Fleet services	10.00	10.00	9.15	9.15	9.15	9.15	9.15	9.20	9.20	9.25
Electrical maintenance	1.80	2.00	2.00	3.00	2.55	2.45	2.45	3.00	3.00	3.00
Engineering services	10.61	9.91	10.28	10.62	10.28	10.55	10.98	10.98	9.25	9.51
Building maintenance	2.45	1.28	1.70	1.70	2.00	2.10	1.95	1.20	1.20	1.70
Sunset Marina	1.40	1.84	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.86
Hydroelectric	0.25	0.05	-	-	0.15	0.15	0.30	0.25	0.25	-
Stormwater	5.03	5.06	5.95	5.75	5.95	7.13	7.13	6.56	6.56	5.96
Centennial Bridge	-	-	-	-	-	-	-	-	-	-
	108.75	111.15	112.28	113.78	113.79	113.73	116.73	117.73	116.00	116.00
Parks & Recreation										
Administration	2.50	2.50	2.45	2.45	2.20	2.25	3.50	3.50	3.50	3.50
Park maintenance	15.28	16.64	14.73	14.77	16.08	15.17	18.02	19.16	19.16	17.03
Recreation programs	8.71	11.27	9.59	12.17	14.02	11.23	15.88	16.63	16.63	16.47
Highland Springs Golf	13.38	16.90	14.10	14.12	13.98	14.18	14.41	14.41	14.41	14.45
Saukie Golf	8.76	10.87	8.74	8.73	9.64	9.66	10.28	10.28	10.28	10.34
Golf Pro Shop	0.03	0.19	0.14	0.14	0.14	0.14	0.26	0.26	0.26	0.26
Whitewater Junction	7.21	9.37	7.06	7.09	7.09	7.09	8.57	8.25	8.25	8.06
RI Fitness Center	13.47	18.10	16.28	14.92	15.66	17.01	15.80	14.67	14.67	14.43
Riverfront Park	2.40	2.38	2.31	2.27	2.17	1.77	-	-	-	-
	71.74	88.22	75.40	76.66	80.98	78.50	86.72	87.16	87.16	84.54
Library										
Administration	3.00	4.00	2.00	2.00	1.91	2.00	2.00	2.00	2.00	2.00
Main library	20.15	20.17	21.80	21.98	21.28	22.36	22.08	21.38	21.38	21.38
30/31 library	4.77	4.00	4.00	4.00	3.82	4.00	4.00	4.00	4.00	4.00
Southwest library	3.73	3.25	3.25	3.25	3.10	3.25	3.25	3.87	3.87	2.75
	31.65	31.42	31.05	31.23	30.11	31.61	31.33	31.25	31.25	30.13
Total	450.71	468.05	455.75	453.43	460.23	460.14	466.74	470.57	468.84	466.10



ROCK ISLAND
ILLINOIS

CITY OF ROCK ISLAND, ILLINOIS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Function/Program	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Police				
Calls for service	47,200	47,317	47,317	32,897
Adult arrest	4,738	4,299	4,299	3,069
Juvenile arrest	876	937	937	800
Speeding citations only	1,255	1,884	1,884	1,536
Traffic citations	8,750	8,857	8,857	7,105
Fire				
Total fire runs	1,487	1,550	1,617	1,420
Total rescue runs	4,068	4,898	4,798	4,973
Property loss	\$ 429,350	\$ 670,009	\$ 1,385,260	\$ 5,609,267
Public Works				
Garbage collected (ton)	16,800	18,900	18,900	17,750
Other collected (ton)	1,953	2,761	2,761	2,298
Water average daily treatment (millions of gallons)	5.30	5.12	5.28	5.00
Wastewater average daily treatment (millions of gallons)	7.45	8.85	10.64	12.00
Library, volumes in collection	241,113	254,126	254,126	247,414
Parks and Recreation				
RIFAC memberships	2,670	2,650	2,554	2,685
Aquatics program attendance	29,839	29,222	29,222	29,415
Golf rounds played	56,000	48,000	50,918	55,586
Recreation programs offered	217	287	304	417
Park maintenance hours	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

Fiscal Period Ending					
3/31/2011	3/31/2012	3/31/2013	3/31/2014	12/31/2014	12/31/2015
28,032	28,227	29,826	54,157	35,396	45,601
2,903	3,978	3,716	2,696	1,829	2,469
617	678	403	413	453	550
849	919	1,079	861	811	752
5,990	6,190	5,726	4,495	3,754	4,735
1,482	1,525	1,543	1,570	1,194	1,249
4,562	4,666	4,516	4,600	3,569	4,250
\$ 1,652,466	\$ 1,298,231	\$ 791,177	\$ 1,130,000	\$ 2,902,933	\$ 532,584
15,778	14,858	15,085	14,220	12,908	14,500
2,200	2,207	2,250	**	**	**
5.50	5.69	5.30	5.25	5.37	5.18
11.14	9.72	7.47	8.69	7.75	6.55
249,218	250,014	243,412	238,904	233,228	224,139
2,717	2,641	2,830	**	**	**
29,451	32,177	32,000	**	**	**
52,196	51,527	54,305	46,633	44,533	50,000
395	281	276	**	**	**
**	**	**	**	**	**
**	5,048	5,178	4,869	4,784	5,000
**	8,448	7,487	7,865	7,378	7,500
**	733	775	759	764	775

rior indicator information unavailable.

CITY OF ROCK ISLAND, ILLINOIS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Function/Program	3/31/2007	3/31/2008	3/31/2009	3/31/2010
Police and fire				
Police stations	1	1	1	1
Fire stations	4	4	4	4
Electrical maintenance				
Traffic signaled intersections	62	62	62	64
Warning lights	17	17	17	16
Street lights	1,157	1,157	1,157	1,204
Mobile radios	225	225	225	214
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	140	140	140	100
Highways and streets				
Miles of streets	166	166	166	166
Refuse disposal				
Refuse trucks	6	6	6	6
Libraries				
Facilities	3	3	3	3
Volumes	241,113	254,126	254,126	247,414
Waterworks				
Storage capacity (MGPD)	10.85	10.85	10.85	10.85
Average water treated (MGPD)	5.00	5.00	5.12	5.35
Miles of water main	226	226	228	228
Fire hydrants	1,915	1,915	1,928	1,932
Control valves	4,251	4,251	4,315	4,327
Wastewater treatment				
Storage capacity (MGPD)	9.50	9.50	9.50	17.50
Average wastewater treated (MGPD)	7.45	8.85	10.64	12.00
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)	104	104	115	115
Stormwater catch basins	4,956	4,956	4,947	4,947
Total raingardens	88	131	155	192
Total raingardens (sq ft)	34,245	50,800	57,855	67,926
Parks & recreation				
Acreage	900	900	900	900
Playgrounds	23	23	23	23
Golf course	2	2	2	2

3/31/2011	3/31/2012	3/31/2013	3/31/2014	12/31/2014	12/31/2015
1	1	1	1	1	1
4	4	4	4	4	4
64	64	64	64	64	64
16	18	18	18	18	18
1,204	1,204	1,204	1,204	1,204	1,204
214	214	120	120	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
92	92	104	104	96	96
166	166	166	166	166	166
6	6	6	6	6	6
3	3	3	3	3	3
249,218	250,014	243,412	238,904	233,228	224,139
10.85	10.85	10.85	10.85	11	11
5.50	5.69	5.30	5.25	5.28	5.18
228	228	228	229	229	229
1,928	1,929	1,929	1,930	1,935	1,935
4,315	4,322	4,330	4,332	4,340	4,340
18.00	17.50	17.50	17.50	18	18
11.14	9.72	7.75	7.84	7.14	6.55
185	185	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	5,011	5,011	5,011	5,011
210	231	244	251	257	257
73,510	80,812	83,995	86,327	87,143	87,143
900	900	860	860	860	860
24	25	25	26	26	26
2	2	2	2	2	2

CITY OF ROCK ISLAND, ILLINOIS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
DECEMBER 31, 2015
(UNAUDITED)

Function/Program	3/31/2007	3/31/2008	3/31/2009	3/31/2010
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	8	5	10
TIF District Projects	23	18	14	15
Agencies receiving funding	12	12	9	9

Source: City records

<u>3/31/2011</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>12/31/2014</u>	<u>12/31/2015</u>
2	2	2	2	2	2
473	473	473	473	473	473
250	250	250	250	250	250
11	8	10	6	5	6
17	50	50	46	18	6
9	9	9	**	**	**



ROCK ISLAND
ILLINOIS

City of Rock Island, Illinois

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct:				
Community Development Block Grants/ Entitlement Grants	14.218	NA	\$ -	\$ 1,110,253
Indirect:				
Illinois Department of Commerce & Economic Opportunity Community Development Block Grants States Program and Non-Entitlement Grants in Hawaii	14.228	08-354083	-	213,723
Total U.S. Department of Housing and Urban Development			-	<u>1,323,976</u>
U.S. Department of Transportation				
Indirect:				
Illinois Department of Transportation: State and Community Highway Safety	20.600	AP-16-0091	-	18,296
National Priority Safety Programs	20.616	OP-15-0171	-	26,952
Total U.S. Department of Transportation			-	<u>45,248</u>
U.S. Environmental Protection Agency				
Indirect:				
Illinois Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds	66.458	L174907	-	1,209,938
Total U.S. Environmental Protection Agency			-	<u>1,209,938</u>
U.S. Department of Health and Human Services				
Indirect:				
Illinois Department of Human Services Affordable Care Act Personal Responsibility Education Program	93.092	FCSTP01839	-	19,728
Affordable Care Act Personal Responsibility Education Program	93.092	FCSUP01839	-	42,329
Temporary Assistance for Needy Families	93.558	FCSTR00987	-	17,480
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FCSTP01868	-	8,304
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FCSUP01868	-	84,270
Total U.S. Department of Health and Human Services			-	<u>172,111</u>
Total Expenditures of Federal Awards			\$ -	<u>\$ 2,751,273</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 December 31, 2015**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of City of Rock Island, Illinois under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual or accrual basis of accounting based on the fund type of the program. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, or 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. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The City has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

City of Rock Island, Illinois

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015**

Findings	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Significant Deficiencies Related to the Basic Financial Statements:		
2014-001 The City has inadequate segregation	Not corrected.	Recurrence due to staff vacancy.
2013-001 of duties over the Parks and Recreation Department cash receipts	Initially reported March 31, 2013	See corrective action plan at 2015-001
2014-002 The City has insufficient segregation	Not corrected.	Recurrence due to software limitations.
2013-002 of duties over the payroll process.	Initially reported March 31, 2013	See corrective action plan at 2015-002
2014-003 The City has insufficient segregation	Not corrected.	Recurrence due to software limitations.
2013-003 of duties over the cash disbursement transaction cycle.	Initial reported March 31, 2013	See corrective action plan at 2015-003
2014-004 The City has insufficient segregation	Not corrected.	Recurrence due to staff vacancy.
of duties over the Parks and Recreation Department disbursement transaction cycle.	Initially reported December 31, 2014	See corrective action plan at 2015-004



ROCK ISLAND
ILLINOIS



**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 December 31, 2015, 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 May 18, 2016. 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*.

Our report includes an *emphasis of matter* paragraph due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* for the year ended December 31, 2015.

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 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005 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 Responses 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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Moline, Illinois
May 18, 2016



**Independent Auditor's Report on Compliance For
Each Major Federal Program and On Internal Control
Over Compliance Required by the Uniform Guidance**

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 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 December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of 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 December 31, 2015.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-006, that we consider to be a significant deficiency.

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

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

Bohnsack & Frommelt LLP

Moline, Illinois
May 18, 2016

City of Rock Island, Illinois

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

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. There were no material weaknesses.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) A significant deficiency in internal control over major federal programs was identified. There were no material weaknesses.
- e) Unmodified opinions were issued on compliance with requirements applicable to each major program.
- f) The audit did disclose audit findings which were required to be reported in accordance with 2 CFR 200.516(a).
- g) Major programs were as follows:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants

- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) City of Rock Island, Illinois qualified as a low-risk auditee.

(Continued)

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

None reported.

Significant deficiencies:

2015-001

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: The City is currently evaluating processes to determine realignment of duties in light of personnel changes and new system implementation.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

2015-002

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.

We recommend the Finance Director receives a payroll register and specifically reviews the Fiscal Technician's and the timekeepers' hours and rates of pay. In addition, the total pay per the payroll register should be agreed to the sum of the total ACH file submitted to the financial institution and manual check listing.

The printing company now delivers the checks and notice of deposits directly to Human Resources Department. In addition, the printing company 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: The City is in the process of implementing changes to realign duties where possible to improve internal controls.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

2015-003

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, files invoices, and receives checks from the check printer that were sent back to the City. 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 position that primarily is responsible for the master vendor file should log the sequence of vendors to determine that a vendor has not been added to the accounts payable system.

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.

The bank reconciliation would be prepared by someone other than the position responsible for cash disbursements. Alternatively, the Finance Director should review the daily cash reconciliations.

Response and Corrective Action Plan: The City is in the process of implementing changes to realign duties where possible to improve internal controls.

2015-004

Finding: The Parks and Recreation Department has insufficient segregation of duties over the cash disbursement transaction cycle.

Condition: The Parks and Recreation Department is not utilizing the Requisition and Purchase Order module of the City's Accounts Payable system until it is time to pay an invoice.

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.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

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

Recommendation: Ideally, the requisition or purchase order for goods would be entered by a department head at the time it is needed. Approval would be given by the appropriate Director and then the item would be purchased. These approvals should be documented in the City's Accounts Payable system before payment from an invoice is needed per City policy.

Response and Corrective Action Plan: The City is in the process of implementing changes to realign duties where possible to improve internal controls.

2015-005

Finding: The Public Library of the City has inadequate segregation of duties over cash receipts.

Condition: One individual at the library has access to cash, prepares the deposit, records financial information in the system and reconciles financial information.

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 receipts function.

Recommendation: An employee without access to the financial system should collect cash receipts and record receipts into a daily log. This employee should also prepare the deposit slip and place the deposit slip and receipts into locked bank bags for a regularly scheduled pickup. The cash receipt log and validated deposit list should be provided to the Business Manager to reconcile the cash receipts to the library's receipting software and to record the cash receipts within the general ledger.

Response and Corrective Action Plan: The Public Library will evaluate current processes to determine realignment of duties to improve internal controls.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Part III: Findings and Questioned Costs for Federal Awards

Significant Deficiencies over Federal Awards:

2015-006

U.S. Department of Housing and Urban Development
Community Development Block Grants/
Entitlement Grants (Direct) (CFDA 14.218)
Federal Award Number: B15MC170021
Federal Award Year: 2015

Finding: The City has insufficient financial monitoring processes over the program.

Criteria: 2 CFR 200.62 defines internal control for compliance with federal programs. 2 CFR 200.303 states the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: Monitoring is a key component of internal control and is a process to assess the effectiveness of ongoing activities to ensure program compliance with federal requirements. The following conditions were noted:

- The City did not have processes in place to monitor use of program income and revolving loan fund activities to cash management requirements.
- The City did not properly identify the fiscal year 2015 expenditures for reporting on Schedule of Expenditures of Federal Awards due to not establishing year-end monitoring procedures to reconcile the Martin Luther King Jr. program expenditures.
- The City does not have a system in place that routinely reconciles program expenditures from the City's financial reports to the use of program income and new draw requests in the HUD IDIS system by activity.
- Although the Citizen Allocation Committee allocations initially establish certain earmarking thresholds, the City does not have a system in place that routinely monitors earmarking thresholds based on actual expenditures from the City's financial reports during the year.

Questioned Costs: \$0

Context: The monthly reporting and reconciling activities were not performed during the fiscal year.

Effect: Noncompliance with program requirements could occur and not be timely identified.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

Cause: The Community and Economic Development Department had turnover in the grant accountant position. As a result, monitoring tools such as the monthly monitoring log of revenue and expenditure activity were not maintained or performed. These former monitoring tools were used to ensure expenditures reconciled to IDIS program activities, the schedule of expenditures of federal awards was accurate, cash management and earmarking requirements were met, and program income was properly allocated and reconciled.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: The City has written policies and procedures over program requirements. We recommend the City implement and update the procedures over allowable costs, cash management and earmarking requirements as specified by the Office of Management and Budget. In addition, monthly monitoring reports should be prepared from trial balance activity accounts by the grant accountant and reviewed by management that compute earmarking thresholds and cash management requirements.

Response and corrective action plan: The Community and Economic Development Department had extensive turnover in the Budget & Grants Manager position. During 2015, this position had four different employees and still had no one in the position for over six months of the year. The current Budget & Grants Manager filled the position in December 2015. In addition to the position turnover, HUD performed a monitor visit in June 2015 to review PY2013. Six Findings and one Concern was indicated; the most disconcerting of which was the failure to reconcile the financial systems of IDIS and GEMS. Due to these findings, HUD ceased the ability of the CED staff to make any drawdowns until January of 2016.

The Community and Economic Development Department had a recent technical assistance visit with HUD representatives to identify the areas that need to be addressed to move forward. Updated policies and procedures, job descriptions and job assignments will be completed depicting the flow from beginning to end with the Community Development Block Grant. In addition, the reconciliation between IDIS and GEMS must happen. This will take place with collaboration between Community and Economic Development and Finance Departments.

Instances of Noncompliance:

None Reported.

City of Rock Island, Illinois

**Corrective Action Plan
Year Ended December 31, 2015**

	Findings	Corrective Action Plan	Anticipated Date of Completion
Significant Deficiencies Over Basic Financial Statements:			
2015-001	The City has inadequate segregation of duties over the Parks and Recreation Department cash receipts.	See response and corrective action plan at 2015-001	Fiscal Year December 31, 2016
2015-002	The City has insufficient segregation of duties over the payroll process.	See response and corrective action plan at 2015-002	Fiscal Year December 31, 2016
2015-003	The City has insufficient segregation of duties over the cash disbursement transaction cycle.	See response and corrective action plan at 2015-003	Fiscal Year December 31, 2016
2015-004	The City has insufficient segregation of duties over the Parks and Recreation Department disbursement transaction cycle.	See response and corrective action plan at 2015-004	Fiscal Year December 31, 2016
2015-005	The City has insufficient segregation of duties over the Library cash receipts transaction cycle.	See response and corrective action plan at 2015-005	Fiscal Year December 31, 2016
Significant Deficiencies Over Federal Awards:			
2015-006	The City has insufficient financial monitoring processes over the CDBG program.	See response and corrective action plan at 2015-006	Fiscal Year December 31, 2016