

**MEMORANDUM
FINANCE DEPARTMENT**

TO: Thomas E. Thomas, City Manager

Number: 058-13

SUBJECT: Motor Fuel Tax Audit for Jan 2011 – Dec 2012

Date: 03-11-2013

Attached is a copy of Audit Report Number 68 covering the receipt and disbursement of Motor Fuel Tax funds for the period beginning January 1, 2011 and ending December 31, 2012 as received from the Illinois Department of Transportation (IDOT).

The Illinois Department of Transportation auditor has certified that the entries for receipts in the City's books and records are true and correct and are in agreement with the records maintained by the Department of Transportation and that entries for disbursements are supported by cancelled warrants or checks with exceptions noted in the audit findings.

Recommendation: Council accept the Motor Fuel Audit Report for period beginning January 1, 2011 and ending December 31, 2012 and place it on file in the permanent records of the City of Rock Island.

Submitted by: Cynthia Parchert, Finance Director
Linda Johnson, Accounting Supervisor

Approved: Thomas E. Thomas, City Manager

COPY



Illinois Department of Transportation

Division of Highways / Region 2 / District 2
819 Depot Avenue / Dixon, Illinois / 61021-3500
Telephone 815/284-2271

March 1, 2013

Ms. Aleisha Patchin
City Clerk
1528 3rd Avenue
Rock Island, Illinois 61201

Dear Ms. Patchin:

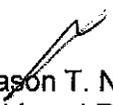
Enclosed is a copy Audit Report No. 68 covering the receipt and disbursement of Motor Fuel Tax Funds by your city for the period beginning January 1, 2011 and ending December 31, 2012.

PLEASE REFER TO PAGE BLR 1505S OF THE AUDIT FOR THE AUDITOR'S COMMENTS.

This report should be presented to the Mayor of the City and to the City Council at its first regular meeting after receipt of this letter and then filed as a permanent record in your office.

Sincerely,

Paul A. Loete, P.E.
Deputy Director of Highways,
Region Two Engineer

By:  Jason T. Nelson
District Local Roads Engineer

Encl.

c: Mike Kane, City Engineer
Thomas Thomas, City Manager
Cindy Parchert, Director of Finance



Agency: CITY OF ROCK ISLAND	
Audit for: <input checked="" type="checkbox"/> Motor Fuel Tax <input type="checkbox"/> Township Bridge <input type="checkbox"/> Special Assessment <input type="checkbox"/> G.O. Bond Issue <input type="checkbox"/> MFT Fund Bond Issue	Audit Year(s): 2011 - 2012
	Audit Number: 68
	Date: February 28, 2013

Clerk, District Engineer, City Engineer, Finance Director, City Administrator

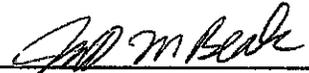


CITY OF ROCK ISLAND

Audit Report No. 68

We hereby certify that we have audited the books and records in so far as they pertain to the receipt and disbursement of the Motor Fuel Tax Fund of the City of ROCK ISLAND for the period beginning Jan. 1, 2011 and ending Dec. 31, 2012, and that entries for receipts in these books and records are true and correct and are in agreement with the records maintained by the Department of Transportation and that entries for disbursements are supported by cancelled warrants or checks with exceptions noted in the audit findings.

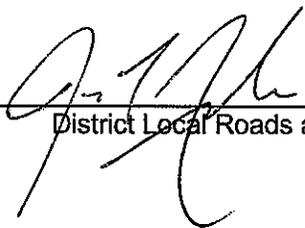
We further certify that we have verified entries in the claim registers with the original claims and cancelled warrants, that we have examined and checked the records of the City Clerk and City Treasurer and have compared the expenditures listed in the warrant registers of those offices against the minutes of the City Council maintained by the City Clerk and have found them to be in accordance therewith exceptions noted in the audit findings.



Auditor

REVIEWED AND APPROVED BY

Date: February 28, 2013



District Local Roads and Streets Engineer

MAR 1 2013

CITY OF ROCK ISLAND

Audit Report No. 68

Audit Period: Jan. 1, 2011 to Dec. 31, 2012

Purpose of Audit: To determine the status of Motor Fuel Tax Funds as of Dec. 31, 2012
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The other receipts to the Motor Fuel Tax Fund were	\$348,050.73	received as follows:
;Interest 2011	\$ 1,517.01	
Interest 2012	\$ 1,863.72	
Illinois Jobs Now! Capital Bill	\$ 344,670.00	
Total received:	\$ 348,050.73	

Scope of the Audit

All allotments and supplemental payments, sent by IDOT were compared to the MFT ledger and/or bank account(s). All receipts were verified, unless stated otherwise in this report. All disbursements were tested with the results analyzed on a spreadsheet. All cancelled checks were chosen to be tested to verify MFT Funds were paid to the vendors. All disbursements were reviewed to determine MFT eligibility, per State Statutes, and IDOT policy. All project numbers (section) #'s listed on the "Summary of Motor Fuel Tax Fund Transactions By Section & Categories" page of the Audit were examined for proper appropriation, authorization & cost reporting. The Auditor verified that all finished projects, were supported by the required IDOT Forms, per the Bureau Of Local Roads Manual. All deficiencies are noted in this report as they have occurred, to be resolved by the Local Agency in the allotted time period. A reconciliation has been made between the calculated ending balance of the Audit with cash assets on hand in bank accounts and/or as accounted for on the MFT ledger. In the case of co-mingled Local Agency Funds in a single bank account, the Auditor only verified the MFT activity. Other Funds activity is not under the auditing authority of I.D.O.T. , and is the complete responsibility of the Local Agency, and it's Auditors, that co-mingles MFT Funds with other Local Agency Funds.

The co-mingling of MFT Funds with other Local Agency Funds is strongly not recommended by the State MFT Auditor.

Claim documentation is good.

Financial Controls are good.

The Auditor will be teaching a refresher course in IDOT's MFT accounting database in the near future for the City Engineer and the City's Accountant. The accounting system is designed as a supplement and not a replacement to the current City's accounting system.

Documentation issues

1. City Day Labor

The City needs to identify the name or position of every employee in the MFT claim. This was done for 2011, but not for 2012.

2. Equipment Rental Reimbursement Rates

The City uses the correct multiplier for the most current rates. It should use the rates approved by IDOT, even if they are slightly older. For example, 2012 rates with the correct multiplier were used for the 2012 Equipment rental reimbursement from the MFT Fund. The actual IDOT approved rates were for 2010. The City should use the IDOT approved rate that it uses in the MFT claim. The City had more than enough Equipment rental usage to make up the difference between the rate used and the latest IDOT approved rates. Therefore, the Auditor will approve the full amount of the equipment rental claimed.

The Maintenance Expenditure Statements agree with the Audit for:

2010

Some expenditures for the 2012 Maintenance Program have not been examined yet, because they are not within the scope of this Audit Report.

The following items require special attention and need to be completed by the City by May 1 2013:

Section # 04-00170-00-RP needs a Supplemental Resolution for \$153,354.36.
Revised Final report is also needed.
The Auditor completed these forms for the City to sign & return to IDOT.

05-00175-00-RS needs a Final Report.
The Auditor completed this form for the City to sign & return to IDOT.

06-00176-00-SW needs a Final Report.
The Auditor completed this form for the City to sign & return to IDOT.

08-00183-00-RS needs a Resolution for \$700,000.00.
A Final report is also needed.
The Auditor completed these forms for the City to sign & return to IDOT.

A Revised Maintenance Expenditure Statement is needed for 2011.
A Supplemental Resolution is also needed for \$99,013.00
The Auditor completed these forms for the City to sign & return to IDOT.

It should be noted that IDOT is not requesting any additional \$ from the City when requesting Resolutions. Only the proper paperwork for \$ previously expended.

A follow up letter will be mailed shortly after this Audit Report with the forms indicated above to Mr. Mike Kane.

The Auditor wishes to thank Mr. Mike Kane for the outstanding courtesy extended during the Audit. The Auditor also wishes to thank the staff in the City Hall Finance section.

SIGNED _____


Auditor



**Illinois Department
of Transportation**

Fund Balance and Bank Reconciliation

CITY OF ROCK ISLAND

Audit Report No. 68

Audit Period Jan. 1, 2011 - Dec. 31, 2012

Date: February 28, 2013

Fund Balance	Unobligated	Obligated	Total	Outstanding Warrants		
Balance Previous Audit	4,042,040.94	(4,278,457.95)	(236,417.01)			
Allotments	1,942,123.39	0.00	1,942,123.39			
Total MFT Funds	5,984,164.33	(4,278,457.95)	1,705,706.38			
Approved Authorizations	(1,596,802.08)	1,596,802.08	0.00			
Other Receipts		348,050.73	348,050.73			
Total	4,387,362.25	(2,333,605.14)	2,053,757.11			
Disbursements		2,053,757.11	2,053,757.11			
Surplus (Credits)	347,156.27	(347,156.27)	0.00			
Unexpended Balance	4,734,518.52	(4,734,518.52)	0.00			
Bank Reconciliation						
Balance in Fund per Bank Certificate Dec. 31, 2012						
Deduct Outstanding Warrants						
Add Outstanding investments						
Additions						
Subtraction's						
Net Balance in Account Dec. 31, 2012			0.00	\$ -	\$ -	\$ -

Certified Correct

Auditor



CITY OF ROCK ISLAND

Audit Period: January 1, 2011 - December 31, 2012

Audit Report No. 68

Section	Balance Prev. Audit	Total Amount Authorized	Adjustments	Other Receipts	Total Funds Available	Total Disbursements	Surplus to Unobligated Balance (Credits)	Unexpended Balance	Prev. Accumulated Disbursements	Total Accumulated Disbursements	OTHER FUNDS
CONSTRUCTION					0.00			0.00		0.00	
04-00170-00-RP CON	(843,354.36)				(843,354.36)			(843,354.36)	843,354.36	843,354.36	
ENG	0.00				0.00			0.00	0.00	0.00	
05-00174-00-BT CON	0.00				0.00			0.00	0.00	0.00	
ENG	(235,675.50)				(235,675.50)			(235,675.50)	235,675.50	235,675.50	
05-00175-00-RS CON	(45,839.25)				(45,839.25)	33,940.90		(79,780.15)	45,839.25	79,780.15	
ENG	0.00				0.00			0.00	0.00	0.00	
06-00176-00-SW CON	(142,135.49)				(142,135.49)			(142,135.49)	142,135.49	142,135.49	
ENG	0.00				0.00			0.00	0.00	0.00	
06-00177-00-RS CONST	563,146.52				563,146.52			563,146.52	1,176,853.48	1,176,853.48	
ENG	0.00				0.00			0.00	0.00	0.00	
06-00179-00-RS CON	(1,149,094.08)				(1,149,094.08)			(1,149,094.08)	1,149,094.08	1,149,094.08	
ENG	0.00				0.00			0.00	0.00	0.00	
06-00180-00-RS CON	(497,385.24)				(497,385.24)			(497,385.24)	497,385.24	497,385.24	
ENG	0.00				0.00			0.00	0.00	0.00	
07-00181-00-RS CON	(86,098.68)				(86,098.68)			(86,098.68)	86,098.68	86,098.68	
ENG	0.00				0.00			0.00	0.00	0.00	
08-00182-00-RS CON	(547,706.06)				(547,706.06)			(547,706.06)	547,706.06	547,706.06	
ENG	0.00				0.00			0.00	0.00	0.00	
08-00183-00-RS CON	(700,000.00)				(700,000.00)			(700,000.00)	736,994.31	700,000.00	\$ 36,994.31
ENG	0.00				0.00			0.00	0.00	0.00	
	0.00				0.00			0.00	0.00	0.00	
MAINTENANCE	0.00				0.00			0.00	0.00	0.00	
10-00000-00 GM MTN	0.00				0.00			0.00	0.00	0.00	
11-00000-00 GM MTN		1,000,000.00			1,000,000.00	1,099,013.00		(99,013.00)	1,000,000.00	1,000,000.00	
12-00000-00 GM MTN					0.00	920,803.21		(920,803.21)		1,099,013.00	
	0.00				0.00			0.00	0.00	920,803.21	
ILLINOIS JOBS NOW!	0.00				0.00			0.00	0.00	0.00	
SUPPLEMENTAL	0.00				0.00			0.00	0.00	0.00	
ALLOTMENT	0.00				0.00			0.00	0.00	0.00	
FY 12	0.00				0.00			0.00	0.00	0.00	
FY 13				172,335.00	172,335.00		172,335.00	0.00	0.00	0.00	
				172,335.00	172,335.00		172,335.00	0.00	0.00	0.00	
	0.00				0.00			0.00	0.00	0.00	
EARNED INTEREST	0.00				0.00			0.00	0.00	0.00	
2010	2,486.27				2,486.27			0.00	0.00	0.00	
2011				1,517.01	1,517.01		2,486.27	0.00	0.00	0.00	
2012				1,863.72	1,863.72			1,517.01		0.00	
	0.00				0.00			1,863.72		0.00	
OTHER	0.00				0.00			0.00	0.00	0.00	
10-000000-03-AA	(596,802.08)	596,802.08			0.00			0.00	0.00	0.00	
	0.00				0.00			0.00	0.00	0.00	
	0.00				0.00			0.00	0.00	0.00	
	0.00				0.00			0.00	0.00	0.00	
TOTALS	(4,278,457.95)	1,596,802.08	0.00	348,050.73	(2,333,605.14)	2,053,757.11	347,156.27	(4,734,518.52)	6,461,136.45	8,477,899.25	

Agency Name : Rock Island

County : Rock Island

Agency Type : Municipality

District : 2

Beginning Unobligated Balance as of 12/31/2010	\$4,042,040.94	Average Monthly Allotment	\$82,442.06
Unobligated Balance as of 12/29/2011	\$4,203,680.65		
Total Monthly Allotment	\$989,304.71	Total Authorizations	\$1,000,000.00
Total Supplemental Allotments	\$172,335.00	Total Credits	\$0.00
		Paid to State Debits	\$0.00
		Paid to State Credits	\$0.00

Date	Transaction Type	Category	Section No.	Memo	Amount	Balance	Section Status
12/31/2010	MFT Monthly Allotment				\$85,463.72	\$4,127,504.66	
1/31/2011	MFT Monthly Allotment				\$92,456.89	\$4,219,961.55	
2/28/2011	MFT Monthly Allotment				\$74,452.77	\$4,294,414.32	
3/16/2011	Authorization	Maintenance	11-00000-00-GM		\$1,000,000.00	\$3,294,414.32	O
3/31/2011	MFT Monthly Allotment				\$84,552.09	\$3,378,966.41	
4/30/2011	MFT Monthly Allotment				\$81,904.57	\$3,460,870.98	
5/31/2011	MFT Monthly Allotment				\$80,351.43	\$3,541,222.41	
6/30/2011	MFT Monthly Allotment				\$74,765.58	\$3,615,987.99	
7/31/2011	MFT Monthly Allotment				\$85,256.38	\$3,701,244.37	
8/15/2011	Supplemental Allotment			2nd IJN Installment	\$172,335.00	\$3,873,579.37	
8/31/2011	MFT Monthly Allotment				\$83,721.56	\$3,957,300.93	
9/30/2011	MFT Monthly Allotment				\$75,006.30	\$4,032,307.23	
10/31/2011	MFT Monthly Allotment				\$83,334.26	\$4,115,641.49	
11/30/2011	MFT Monthly Allotment				\$88,039.16	\$4,203,680.65	

Transactions with an Asterisk indicate an unprocessed transaction at the time report was requested.

Filter Criteria: District=2,County=Rock Island,Agency=All,AgencyType=All,FromDate=12/31/2010,ToDate=12/29/2011,TransactionType=ALL,Category=All

Agency Name : Rock Island

County : Rock Island

Agency Type : Municipality

District : 2

Beginning Unobligated Balance as of 12/30/2011	\$4,203,680.65	Average Monthly Allotment	\$79,401.56
Unobligated Balance as of 12/30/2012	\$4,734,518.52		
Total Monthly Allotment	\$952,818.68	Total Authorizations	\$596,802.08
Total Supplemental Allotments	\$172,335.00	Total Credits	\$2,486.27
		Paid to State Debits	\$0.00
		Paid to State Credits	\$0.00

Date	Transaction Type	Category	Section No.	Memo	Amount	Balance	Section Status
12/31/2011	MFT Monthly Allotment				\$82,068.57	\$4,285,749.22	
1/31/2012	MFT Monthly Allotment				\$78,916.13	\$4,364,665.35	
2/29/2012	MFT Monthly Allotment				\$80,428.37	\$4,445,093.72	
3/31/2012	MFT Monthly Allotment				\$78,230.63	\$4,523,324.35	
4/23/2012	Authorization	Other		Per Audit No. 67/10-00000-03-AA	\$596,802.08	\$3,926,522.27	
4/23/2012	Credit	Interest		2010	\$2,486.27	\$3,929,008.54	
4/30/2012	MFT Monthly Allotment				\$75,749.17	\$4,004,757.71	
5/31/2012	MFT Monthly Allotment				\$84,378.98	\$4,089,136.69	
6/30/2012	MFT Monthly Allotment				\$71,077.26	\$4,160,213.95	
7/31/2012	MFT Monthly Allotment				\$83,059.77	\$4,243,273.72	
8/31/2012	MFT Monthly Allotment				\$83,251.90	\$4,326,525.62	
9/30/2012	MFT Monthly Allotment				\$72,289.73	\$4,398,815.35	
10/3/2012	Supplemental Allotment			3rd IJN Instalment	\$172,335.00	\$4,571,150.35	
10/31/2012	MFT Monthly Allotment				\$79,072.29	\$4,650,222.64	
11/30/2012	MFT Monthly Allotment				\$84,295.88	\$4,734,518.52	

Transactions with an Asterisk indicate an unprocessed transaction at the time report was requested.

Filter Criteria: District=2,County=Rock Island,Agency=All,AgencyType=All,FromDate=12/30/2011,ToDate=12/30/2012,TransactionType=ALL,Category=All

Account # / Name Vendor/Whse Addr # Stock/Invoice #	PO Stock Known by	Type	Date	Bank Check #	Description/Vendor Name Ref # Revised Budget/Encumbered	Debit Amount	Credit Amount
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					19419		
		JE	11/30/12		FUND BALANCING DUE FROM ENTRY	\$324.76	
					19417		
		JE	11/30/12		FUND BALANCING DUE FROM ENTRY	\$.01	
					19416		
		JE	12/05/12		FUND BALANCING DUE FROM ENTRY	\$84,295.88	
					19355		
		JE	12/21/12		FUND BALANCING DUE TO ENTRY		\$921,372.59
					19503		
		JE	12/21/12		FUND BALANCING DUE FROM ENTRY	\$569.38	
					19801		
		JE	12/31/12		FUND BALANCING DUE FROM ENTRY	\$56.32	
					19718		
		JE	12/31/12		FUND BALANCING DUE FROM ENTRY	\$3.33	
					19717		
		JE	12/31/12		FUND BALANCING DUE FROM ENTRY	\$11.60	
					19716		
		JE	12/31/12		FUND BALANCING DUE FROM ENTRY	\$10.96	
					19715		
		JE	12/31/12		FUND BALANCING DUE FROM ENTRY	\$1.01	
					19714		

Account Total	\$1,127,767.90	\$921,553.72
Ending Budget		
Available Balance		

221-000000-11201-0000000
Interest Rec on Invest

					Beginning Budget O/S Encumbrances	Beginning Balance	
		JE	03/31/12		YEA for Interest Receivable Al	\$1,710.09	
					15020		
		JE	09/30/12		INTEREST RECEIVABLE ON CDs ALL		\$1,057.49
					19185		
		JE	11/21/12		REVERSAL OF BATCH # 0000019171	\$1,057.49	
					19183		
		JE	11/21/12		INTEREST RECEIVABLE ALLOCATION		\$1,057.49
					19171		
		JE	11/30/12		Adjust Interest Receivable on		\$567.74
					19723		

Account Total	\$2,767.58	\$2,682.72
Ending Budget		
Available Balance	\$84.86CR	\$84.86

221-000000-13301-0000000
Due from State of IL

					Beginning Budget O/S Encumbrances	Beginning Balance	\$166,456.66
		JE	03/31/12		Reverse FY11 State and Local T		\$166,456.66
					15083		
		JE	03/31/12		Accrue state-local tax receive	\$78,230.63	
					15418		



Account Number:
0 071 3910 7127
Statement Period:
Dec 3, 2012
through
Dec 31, 2012

9804 TRN Y ST01



Page 1 of 1

000098657 1 SP 106481943308162 S
CITY OF ROCK ISLAND
CASH POOL
WILLIAM S SCOTT
1528 3RD AVE
ROCK ISLAND IL 61201-8612

The Illinois Funds
By Phone: 1-800-947-8479
E-Mail: illinois.funds@usbank.com
Internet: www.illinoisfunds.com

MONEY MARKET

Member FDIC

Account Number 0-071-3910-7127

Account Summary

	# Items				
Beginning Balance on Dec 3		\$	12,284,128.22	Interest Paid this Year	\$ 7,803.39
Other Deposits	11		1,371,882.64	Average Daily Balance	\$ 11,263,358.75
Other Withdrawals	1		3,000,000.00-	Number of Days in Statement Period	31
Ending Balance on Dec 31, 2012		\$	10,656,010.86		

MFT portion 0

Other Deposits

Date	Description of Transaction	Ref Number	Amount
Dec 5	Electronic Deposit REF=12340007961086 Y	From State of Ill 2376002057MOTOR FUEL30000747000000	\$ 84,295.88 ✓
Dec 7	Electronic Deposit REF=12342009785862 Y	From State of Ill 2376002057PPRT 008120072000000	136,641.71
Dec 10	Electronic Deposit REF=12345008065458 Y	From State of Ill 2376002057AUTO RENT 390007470000000	225.34
Dec 10	Electronic Deposit REF=12345008063714 Y	From State of Ill 2376002057HOME RULE 390007470000000	195,809.59
Dec 10	Electronic Deposit REF=12345008064856 Y	From State of Ill 2376002057REV-SALES 390007470000000	237,717.94
Dec 16	Electronic Deposit REF=12353007984830 Y	From State of Ill 2376002057HOME RULE 390007470000000	25,251.50
Dec 18	Electronic Deposit REF=12353007985542 Y	From State of Ill 2376002057TELECOM TA390007470000000	100,041.18
Dec 19	Electronic Deposit REF=12354004462871 Y	From State of Ill 2376002057LOCAL USE 390007470000000	51,749.27
Dec 21	Electronic Deposit REF=12356006771124 Y	From State of Ill 2376002057RIVERBOAT 390007470000000	333,142.43
Dec 27	Electronic Deposit REF=12362009207341 Y	From State of Ill 2376002057INCOME TAX390007470000000	206,020.38
Dec 31	Interest Paid	3100000521	976.42
Total Other Deposits			\$ 1,371,882.64

Other Withdrawals

Date	Description of Transaction	Ref Number	Amount
Dec 14	Wire Debit REF000576 BNF=CITY OF ROCK ISLAND	AMER ROCK ISLAND 121214006442 1528 THIRD AVE	\$ 3,000,000.00-
Total Other Withdrawals			\$ 3,000,000.00-

Balance Summary

Date	Ending Balance	Date	Ending Balance	Date	Ending Balance
Dec 5	12,368,424.10	Dec 14	9,938,818.68	Dec 21	10,449,003.06
Dec 7	12,505,065.81	Dec 18	10,064,111.36	Dec 27	10,655,032.44
Dec 10	12,938,818.68	Dec 19	10,115,860.63	Dec 31	10,656,010.86

Balances only appear for days reflecting change.