

City of East Moline, Illinois
Comprehensive Annual Financial Report
Year Ended December 31, 2017

Prepared by:

Finance Department

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF EAST MOLINE, ILLINOIS
December 31, 2017

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
LETTER OF TRANSMITTAL	i-iv
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	v
ORGANIZATIONAL CHART	vi
PRINCIPAL CITY OFFICIALS	vii
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT DISCUSSION AND ANALYSIS	4-14
BASIC FINANCIAL STATEMENTS	
Statement 1 – Statement of Net Position	15
2 – Statement of Activities	16-17
3 – Balance Sheet – Governmental Funds	18-19
3 – Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
4 – Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Governmental Funds	21-22
4 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds	
Statement 5 – Statement of Net Position	24-27
6 – Statement of Revenues, Expenses, and Changes in Net Position	28-29
7 – Statement of Cash Flows	30-33

(Continued)

CITY OF EAST MOLINE, ILLINOIS
December 31, 2017

TABLE OF CONTENTS

	PAGE
Fiduciary Funds	
Statement 8 – Statement of Fiduciary Net Position	34
9 – Statement of Changes in Fiduciary Net Position	35
Notes to Financial Statements	36-82
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Exhibit 1 – General Fund	83-87
2 – Tax Increment Financing Fund – The Quarter	88
3 – Tax Increment Financing Fund – Port of Call	89
4 – Notes to the Required Supplementary Information – Budget Comparisons	90
5 – Required Supplementary Information on Other Post Employment Benefit Plan Funding Progress	91
6 – Required Supplementary Information on Pension and Other Post Employment Benefit Plan Employer Contributions	92-95
7 – Schedule of Changes in Employer’s Net Pension Liability and Related Ratios	96-98
8 – Schedule of Investment Returns	99
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Exhibit 9 – Combining Balance Sheet – Nonmajor Governmental Funds	100-103
10 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	104-107

(Continued)

CITY OF EAST MOLINE, ILLINOIS
December 31, 2017

TABLE OF CONTENTS

	PAGE
Nonmajor Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: (Continued)	
Exhibit 11 – Garbage Fund	108
12 – Motor Fuel Tax Fund	109
13 – Municipal Swimming Pool Fund	110
14 – Economic Development	111
15 – Non-Home Rule Sales Tax Fund	112
16 – Special Service Area - Downtown Fund	113
17 – Tax Increment Financing Fund - North Hill	114
18 – Tax Increment Financing Fund - Downtown	115
19 – Tax Increment Financing Fund - Great River Industrial Park	116
20 – Tax Increment Financing Fund - Gateway Industrial Park	117
21 – Tax Increment Financing Fund - Kennedy Drive	118
22 – Tax Increment Financing Fund - Lucky Strike	119
23 – Capital Projects Fund	120
24 – Debt Service Fund	121
Nonmajor Enterprise Funds	
Exhibit 25 – Combining Statement of Net Position – Nonmajor Enterprise Funds	122
26 – Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	123
27 – Combining Statement of Cash Flows – Nonmajor Enterprise Funds	124

(Continued)

CITY OF EAST MOLINE, ILLINOIS
December 31, 2017

TABLE OF CONTENTS

	PAGE
Internal Service Funds	
Exhibit 28 – Combining Statement of Net Position – Governmental Activities - Internal Service Funds	125
29 – Combining Statement of Revenues, Expenses, and Changes in Net Position – Governmental Activities - Internal Service Funds	126
30 – Combining Statement of Cash Flows – Governmental Activities - Internal Service Funds	127-128
Capital Assets Used in Governmental Activities	
Exhibit 31 – Schedule of Capital Assets	129
Exhibit 32 – Schedule by Function and Activity	130-131
Exhibit 33 – Schedule of Changes by Function and Activity	132-133
STATISTICAL SECTION	
NET POSITION BY COMPONENT	134
CHANGES IN NET POSITION	135-137
FUND BALANCES OF GOVERNMENTAL FUNDS	138
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	139
CHANGES IN NET POSITION – PENSION FUNDS	140
PROGRAM REVENUES BY FUNCTION/PROGRAM	141
TAXES BY SOURCE, GOVERNMENTAL FUNDS	142
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	143
DIRECT AND OVERLAPPING PROPERTY TAX RATES	144
PRINCIPAL PROPERTY TAXPAYERS	145

(Continued)

CITY OF EAST MOLINE, ILLINOIS

December 31, 2017

TABLE OF CONTENTS

	PAGE
PROPERTY TAX LEVIES AND COLLECTIONS	146
WATER SOLD BY TYPE OF CUSTOMER	147
SEWER SOLD BY TYPE OF CUSTOMER	148
WATER AND SEWER RATES	149
SALES TAX COLLECTED BY CATEGORY	150
DIRECT AND OVERLAPPING SALES TAX RATES	151
RATIOS OF OUTSTANDING DEBT BY TYPE	152
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT	153
LEGAL DEBT MARGIN INFORMATION	154
PLEDGED REVENUE COVERAGE	155
REVENUE BONDS, GENERAL OBLIGATION AND GENERAL OBLIGATION ALTERNATE REVENUE BONDED DEBT	156
DEMOGRAPHIC AND ECONOMIC STATISTICS	157
PRINCIPAL EMPLOYERS	158
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	159
OPERATING INDICATORS BY FUNCTION/PROGRAM	160
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	161
UNITED TOWNSHIP HIGH SCHOOL OPERATING STATISTICS	162
EAST MOLINE ELEMENTARY SCHOOL DISTRICT OPERATING STATISTICS	163
SILVIS ELEMENTARY SCHOOL OPERATING STATISTICS	164
BUILDING PERMITS AND CONSTRUCTION VALUES	165

THIS PAGE INTENTIONALLY LEFT BLANK



August 20, 2018

To the Honorable Mayor Reggie Freeman,
Members of the City Council and Citizens

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of East Moline for the fiscal year ended December 31, 2017. This report provides a broad view of the city's financial activities for the 2017 fiscal year and its financial position at December 31, 2017. Although addressed to elected officials and citizens of the city, this report has a number of other users including bondholders of the city, financial institutions and credit rating agencies.

State law requires that all local governments publish a complete set of financial statements at the end of each fiscal year presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to this requirement, this report is published for the fiscal year ended December 31, 2017.

Responsibility for completeness and reliability of the information contained in this report rests with the City. Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of East Moline's financial statements have been audited by Carpentier, Mitchell, Goddard & Co., LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of East Moline for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of East Moline

The City of East Moline, incorporated in 1903, is one of the original "Quad Cities", located in Rock Island County, along the Mississippi River. The City encompasses approximately 9 square miles. The cities of East Moline, Moline, Rock Island, Illinois and the Iowa municipalities of Davenport and Bettendorf form the major portion of the Davenport-Rock Island Standard Statistical Area, DRIM-SMSA. The economy of the area has traditionally been centered on agriculture and the manufacturing of farm and construction equipment.

The City of East Moline, a non-home rule community, operates as a statutory Mayor-City Council form of government. The legislative authority of the City of East Moline is vested in a seven member elected council, consisting of one alderman from each of seven wards, elected on a staggered basis. The Mayor, Treasurer and City Clerk are elected in a City-wide election every four years. The Mayor appoints a City Administrator, with the consent of the City Council, who is the Chief Administrative Officer of the City. Responsibility for the day-to-day operations of the City rests with the City Administrator.

The City of East Moline provides many municipal services including fire and police protection, streets, parks, general administration, a public library and water and sewer services.

The City of East Moline is required to adopt a final budget within 90 days after the end of the fiscal year. It is the intent of the budget document to provide authorization to the City Administrator and department directors to make expenditures during the fiscal year provided; however, no capital expenditure item shall be made without first obtaining approval by the City Council. No departmental total within the budget shall be exceeded without first obtaining approval from the City Council.

Economic Condition and Outlook

The economic condition and outlook for East Moline has substantially improved since the early 1980's. With layoffs and an overall decline in the farm economy, unemployment reached a high of 12.9% in 1985. Since that time unemployment rates steadily declined to the point that the average unemployment rate for East Moline during fiscal year 2001 was 4.4%. During April, 2008 the unemployment rate in East Moline was 4.3%. Due to the current economic downturn the unemployment rate increased to 9.6% during fiscal 2010 however it has been declining and was 5% during fiscal year 2017.

The purchasers of the vacant JI Case property are moving forward in their mixed use development plan. The City designated this area as a tax increment financing district during fiscal year 2013.

Long-Term Financial Planning

Prior to April 30, 2012, the City did not have a comprehensive capital improvement plan. Major equipment purchases and improvements had been scheduled on an as needed basis. As such, the City had fallen behind on replacement of critical equipment leading to higher maintenance costs and possible interruptions to critical services.

City staff developed a five year capital improvement plan (CIP) that is included in the annual budget process. For a project to be included in the CIP, it must involve the creation or purchase of an asset with an original cost of at least \$5,000 and a useful life of more than one year. The major categories of projects in the CIP are street, stormwater utility, water plant, water distribution, sewer plant, sewer collection, public safety and parks. The plan does include long range projections of revenues, operational expenditures, capital expenditures, and fund balances.

Use of the plan will allow equipment and projects to be funded prior to critical need. Those projects programmed in the first year of the CIP (i.e., the upcoming budget year) are closely scrutinized in the planning process as their funding is addressed in the annual budget.

Pension and Other Post-Employment Benefits

The City of East Moline sponsors a single-employer defined benefit pension plan for its police officers and firefighters. Each year, an independent actuary engaged by the City, calculates the amount of the annual contribution that the City must make to each respective pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City directs the actuary to calculate the annual required contribution. As a result of the City's conservative funding policy, the City has succeeded in funding 56.13% of the Police Pension Fund and 71.28% of the Firefighter's Pension Fund, as of December 31, 2017. The percent of funding of the Police Pension Fund and the Firefighter's Pension Fund increased compared to December 31, 2016 funding percentages of 53.67% and 69.44%, respectively. The remaining unfunded amount is being systematically funded over 30 years as part of the annual required contribution calculated by the actuary. The City has implemented GASB Statements #68 and #71 relating to accounting and financial reporting for the police and fire pension plans.

The City also provides pension benefits for its non-public safety employees. These benefits are provided through a state-wide plan managed by the Illinois Municipal Retirement Fund (IMRF). The City has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF. The City has implemented GASB Statements #68 and #71 relating to accounting and financial reporting for the IMRF pension plan.

The City has implemented GASB 43 and GASB 45, relating to the accounting and reporting of post employment benefits. The City of East Moline does offer retirees, and their families, health insurance if the employee had 20 years of service with the City and was eligible to retirement benefits from their respective pension plan.

2017 Accomplishments

The City of East Moline is committed to improving services to better meet the needs of our citizens and ensuring a healthy economic outlook for all segments of our business and manufacturing community. This commitment resulted in the following accomplishments:

- ***Sewer Slip Lining.*** The City lined approximately 1.9 miles of sewers for the annual sewer slip lining program.
- ***Street Resurfacing Program.*** The City resurfaced a total of 1.6 lane miles of streets. The annual program has a positive impact upon East Moline's neighborhoods.
- ***Street Improvements.*** The City improved approximately 0.5 lane miles of streets. The improvements were made during the replacement of water mains.

Awards

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 East Moline for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

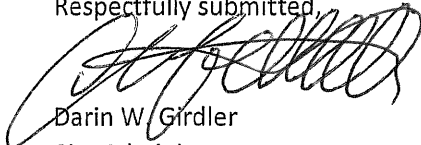
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. The CAFR must satisfy both U. S. generally accepted accounting principles and applicable 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.

Acknowledgment

I would like to thank Mr. James Taylor, CPA of Carpentier, Mitchell, Goddard and Company, LLC and the Finance Department staff for their assistance in the preparation of our annual report.

Also to the Mayor and City Council I extend thanks and appreciation for their support. It is their strong financial commitment to the citizens of the City of East Moline that has enabled the City to grow and prosper financially.

Respectfully submitted,



Darin W. Girdler
City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of East Moline
Illinois**

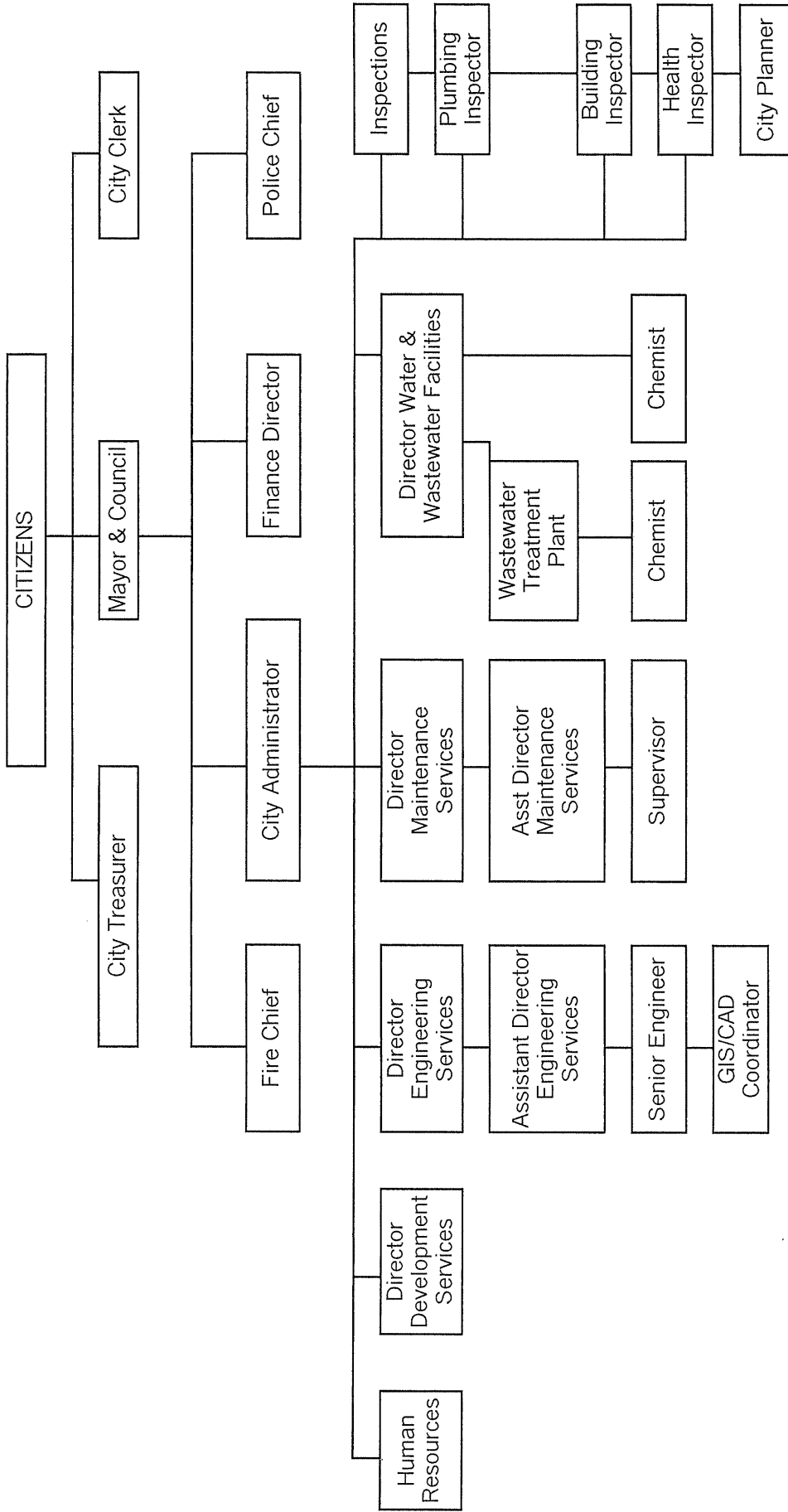
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

**CITY OF EAST MOLINE, ILLINOIS
ORGANIZATIONAL CHART 2017**



CITY OF EAST MOLINE

PRINCIPAL CITY OFFICIALS

LEGISLATIVE

Reggie Freeman
Mayor
30-Apr-21

Term Expiration
Date Of
Elected Officials

Alissa Sallows	1st Ward Alderman	30-Apr-19
Gary Almblade	2nd Ward Alderman	30-Apr-19
Nancy Mulcahey	3rd Ward Alderman	30-Apr-21
Ed DeJaynes	4th Ward Alderman	30-Apr-19
Gary Miller	5th Ward Alderman	30-Apr-21
David Brown	6th Ward Alderman	30-Apr-19
J.R. Rico	7th Ward Alderman	30-Apr-21
Arletta D. Holmes	City Clerk	30-Apr-21

Administration

Darin Girdler City Administrator

Departments

Clayton Lee	City Attorney
Annaka Whiting	Finance
Timothy Kammler	City Engineer
John Reynolds	Chief Of Police
Robert DeFrance	Fire Chief
Dave Lambrecht	Maintenance Services
Leath Drake	Water Filtration
Leath Drake	Wastewater
Laura Long	Library

THIS PAGE INTENTIONALLY LEFT BLANK



4915 - 21st Avenue A, Moline, Illinois 61265
Ph. (309) 762-3626 • Fax (309) 762-4465

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of East Moline, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Moline, Illinois, as of and for the year ended December 31, 2017, 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 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 City'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 City'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Moline, Illinois as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 83 through 90, the other postemployment benefit plan schedule of funding progress on page 91, the pension plans and other postemployment benefit plan schedules of employer contributions on pages 92 through 95, the pension plans schedule of changes in employer's net pension liability and related ratios on pages 96 through 98, and the pension plans schedule of investment returns on page 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 East Moline, Illinois' basic financial statements. The introductory section, combining statements and individual fund budgetary schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund budgetary schedules, and the capital asset schedules, 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 combining statements and individual fund budgetary schedules, and the capital asset schedules are 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 statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2018 on our consideration of the City of East Moline, Illinois' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of East Moline, Illinois' 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 the City of East Moline, Illinois' internal control over financial reporting and compliance.

Carpentier, Mitchell, Goddard & Company, L.L.C.

Moline, Illinois
August 20, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2017

It is an honor to present to you the financial picture of the City of East Moline, Illinois. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of East Moline, Illinois for the year ended December 31, 2017.

Financial Highlights

The assets of the City of East Moline, Illinois exceeded its liabilities at the close of the most recent fiscal year by \$26,535,853 (net position). Of this amount, (\$30,722,783) deficit is unrestricted. As of December 31, 2016, assets exceeded liabilities by \$36,434,112. Of this amount, (\$16,060,165) deficit was unrestricted.

For fiscal year 2017, the City's net position decreased (\$9,898,259). Governmental activities net position decreased (\$10,796,859) and business-type activities net position increased \$898,600. For fiscal year 2016, the City's net position decreased (\$10,075,931). Governmental activities net position decreased (\$11,494,521) and business-type activities net position increased \$1,418,590.

As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$3,315,510, a decrease of (\$2,625,255) in comparison with the prior year. Of this amount, a deficit (\$4,086,923), is unassigned fund balance. As of December 31, 2016, the City's governmental funds reported combined ending fund balances of \$5,940,765. A deficit of (\$2,736,286) is unassigned fund balance.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,572,052, or 17.1% of total General Fund expenditures, compared to \$3,241,344, or 24.7%, as of December 31, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the, City's basic financial statements. The City's basic financial statement comprised three components: 1) government-wide financial 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's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City which are principally supported by taxes (governmental activities) from other functions 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 include general government, public safety, public works, culture and recreation, community and economic development, debt service and capital projects. The business-type activities of the City include water revenue, wastewater revenue, draining and development loans.

City of East Moline, Illinois

**Management's Discussion and Analysis
Year Ended December 31, 2017**

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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 government'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 maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Tax Increment Financing Fund – The Quarter, and Tax Increment Financing Fund – Port of Call are considered to be major funds. Data from the other fifteen nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds – The City of East Moline, Illinois maintains two different types of proprietary funds. The City maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and maintains an internal service fund which is used to accumulate and allocate costs internally among the City's various functions.

Enterprise funds serve external customers and are primarily funded through user charges. The City maintains seven enterprise funds. The enterprise fund financial statements provide separate information for the Water Plant Fund, Water Distribution Fund, Sewer Plant Fund, Sewer Collection Fund, and Drainage Fund as these funds are considered to be major funds of the City. The City also maintains the Economic Development Loan Fund and Housing Rehabilitation Fund which are considered to be nonmajor enterprise funds.

The City uses internal service funds to account for its Employee Insurance, Insurance Reserves, and Motor Pool.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs. The City has one fiduciary fund to account for Pension Trust Funds.

City of East Moline, Illinois

Management's Discussion and Analysis
Year Ended December 31, 2017

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

Required Supplementary Information – The required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions for the City's retirement plans, as well as presenting the Schedule of Funding Progress and Employer Contributions for the Retiree Health Plan.

Supplementary and other information - The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the notes to basic financial statements and the required supplementary information. The other information is provided for bond requirements and additional analysis.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has decreased from a year ago. Table 1 reflects total net position of \$26,535,853 at December 31, 2017, which represents a decrease of (\$9,898,259) from December 31, 2016.

Table 1 - City of East Moline's Net Position

	Governmental Activities December 31, 2017	Governmental Activities December 31, 2016	Business-Type Activities December 31, 2017	Business-Type Activities December 31, 2016	Total December 31, 2017	Total December 31, 2016
Current and other assets	\$ 17,223,723	\$ 19,429,972	\$ 9,383,269	\$ 9,285,806	\$ 26,606,992	\$ 28,715,778
Capital assets	30,962,465	24,809,726	52,688,223	52,509,381	83,650,688	77,319,107
Total assets	\$ 48,186,188	\$ 44,239,698	\$ 62,071,492	\$ 61,795,187	\$ 110,257,680	\$106,034,885
Deferred outflow s of resources	\$ 1,918,702	\$ 8,065,407	\$ 2,340,461	\$ 2,470,818	\$ 4,259,163	\$ 10,536,225
Noncurrent liabilities	\$ 48,495,847	\$ 42,002,070	\$ 25,484,004	\$ 25,928,757	\$ 73,979,851	\$ 67,930,827
Other liabilities	3,260,020	2,271,303	2,632,706	2,945,530	5,892,726	5,216,833
Total liabilities	\$ 51,755,867	\$ 44,273,373	\$ 28,116,710	\$ 28,874,287	\$ 79,872,577	\$ 73,147,660
Deferred inflow s of resources	\$ 8,064,302	\$ 6,950,152	\$ 44,111	\$ 39,186	\$ 8,108,413	\$ 6,989,338
Net position:						
Net investment in capital assets	\$ 21,728,997	\$ 20,814,937	\$ 31,439,538	\$ 29,544,675	\$ 53,168,535	\$ 50,359,612
Restricted	3,141,352	1,175,299	948,749	959,366	4,090,101	2,134,665
Unrestricted	(34,585,628)	(20,908,656)	3,862,845	4,848,491	(30,722,783)	(16,060,165)
Total net position	\$ (9,715,279)	\$ 1,081,580	\$ 36,251,132	\$ 35,352,532	\$ 26,535,853	\$ 36,434,112

City of East Moline, Illinois

**Management's Discussion and Analysis
Year Ended December 31, 2017**

Of the City's net position, \$53,168,535 reflects its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, infrastructure, machinery and equipment) less accumulated depreciation and any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position is \$4,090,101 as of December 31, 2017 compared to \$2,134,665 as of December 31, 2016. Restricted net position represents resources subject to external restrictions on how they may be used. For the City, these restricted balances are for the maintenance of roadways, development, special service area, recreation and culture, public benefit, public safety, liability insurance, other purposes, economic development loans, and housing rehabilitation.

Table 2 highlights the City's revenues and expenses for the year ended December 31, 2017. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

City of East Moline, Illinois

Management's Discussion and Analysis
Year Ended December 31, 2017

Table 2 - City of East Moline's Changes in Net Position

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service						
Governmental	\$ 2,776,621	\$ 2,849,829	\$ -	\$ -	\$ 2,776,621	\$ 2,849,829
Water	-	-	5,259,625	5,437,421	5,259,625	5,437,421
Waste water	-	-	6,419,919	6,045,503	6,419,919	6,045,503
Drainage	-	-	813,092	859,983	813,092	859,983
Development loans	-	-	1,007	1,747	1,007	1,747
Operating grants and contributions	543,341	29,830	-	-	543,341	29,830
Capital grants and contributions	-	88,951	-	-	-	88,951
General revenues:						
Property tax	6,399,440	6,093,364	-	-	6,399,440	6,093,364
Utility taxes	1,254,601	1,312,788	-	-	1,254,601	1,312,788
Sales taxes	406,111	448,807	-	-	406,111	448,807
Other taxes	2,633	1,837	-	-	2,633	1,837
Intergovernmental	6,241,587	6,189,243	-	-	6,241,587	6,189,243
Investment earnings	152,314	36,998	14,291	8,336	166,605	45,334
Gain on sale of assets	-	14,597	-	-	-	14,597
Total revenues	\$ 17,776,648	\$ 17,066,244	\$ 12,507,934	\$ 12,352,990	\$ 30,284,582	\$ 29,419,234
Expenses:						
Public safety	\$ 20,009,384	\$ 21,432,153	\$ -	\$ -	\$ 20,009,384	\$ 21,432,153
Public works	4,905,780	4,171,860	-	-	4,905,780	4,171,860
Recreation and Culture	1,228,443	1,013,102	-	-	1,228,443	1,013,102
Community and economic development	1,025,532	326,676	-	-	1,025,532	326,676
General government	806,655	909,755	-	-	806,655	909,755
Interest on long-term debt	201,980	149,763	-	-	201,980	149,763
Water	-	-	5,255,558	4,849,171	5,255,558	4,849,171
Waste water	-	-	5,973,296	5,715,340	5,973,296	5,715,340
Drainage	-	-	761,413	735,345	761,413	735,345
Development loans	-	-	14,800	192,000	14,800	192,000
Total expenses	\$ 28,177,774	\$ 28,003,309	\$ 12,005,067	\$ 11,491,856	\$ 40,182,841	\$ 39,495,165
Excess (deficiency)						
before transfers	\$ (10,401,126)	\$ (10,937,065)	\$ 502,867	\$ 861,134	\$ (9,898,259)	\$ (10,075,931)
Transfers	(395,733)	(557,456)	395,733	557,456	-	-
Change in net position	\$ (10,796,859)	\$ (11,494,521)	\$ 898,600	\$ 1,418,590	\$ (9,898,259)	\$ (10,075,931)
Net position, beginning	1,081,580	12,576,101	35,352,532	33,933,942	36,434,112	46,510,043
Net position, ending	\$ (9,715,279)	\$ 1,081,580	\$ 36,251,132	\$ 35,352,532	\$ 26,535,853	\$ 36,434,112

CURRENT YEAR IMPACTS

Governmental Activities

Governmental Activities decreased the City's net position by \$10,401,126 before transfers out of \$395,733. Key elements contributing to this net change are as follows:

Revenues

For the fiscal year ended December 31, 2017 total revenues from governmental activities increased by \$710,404 (4.16%). The majority of the increase was due to an increase in property tax and investment earnings during the current fiscal year.

City of East Moline, Illinois

**Management’s Discussion and Analysis
Year Ended December 31, 2017**

Expenses

For the fiscal year ending December 31, 2017 governmental expenses increased \$174,465 (.62%).

Pension expense continues to have an impact in overall governmental activities.

Business-Type Activities

Business-type activities increased the City of East Moline’s net position by \$898,600, resulting in a 2.54% increase in the Net Position for business-type activities. Key elements contributing to this net change are as follows:

Revenues

For the fiscal year ended December 31, 2017, total revenue for the business-type activities increased \$154,944 (1.25%). The increase in waste water billings was due to a scheduled increase in waste water rates.

Expenses

Total expenses for the business-type activities at the end of the fiscal year were \$12,005,067 which is an increase of \$513,211 (4.47%) from the fiscal year ended December 31, 2016. Much of the increase to the water and waste water pumping, distribution and collection expenses, was associated with personnel costs and benefits.

As a result, the City’s total net position decreased (\$9,898,259) during the year ended December 31, 2017.

Table 3 below discloses cost of services for governmental activities.

The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Governmental Activities

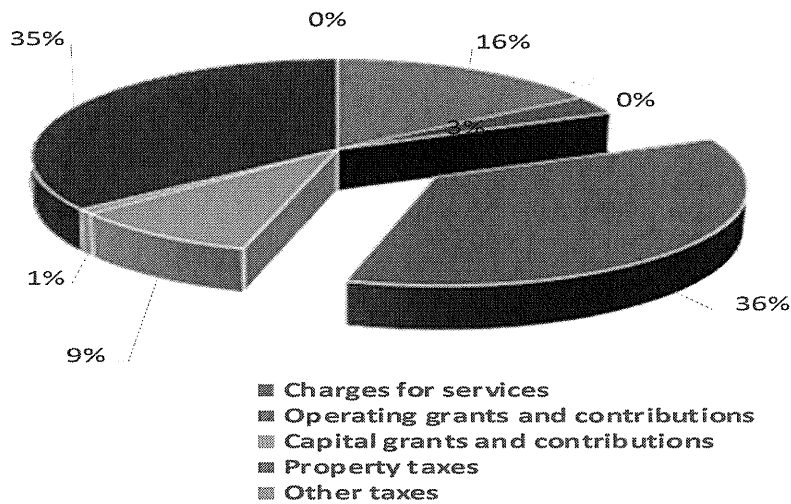
Programs	Total Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2017	Net Cost of Services 2016
Public safety	\$ 20,009,384	\$ 21,432,153	\$ 19,253,220	\$ 20,814,680
Public works	4,905,780	4,171,860	3,279,304	2,743,244
Recreation and Culture	1,228,443	1,013,102	591,160	438,343
Community and economic development	1,025,532	326,676	1,013,186	320,199
General government	806,655	909,755	518,962	568,470
Interest on long-term debt	201,980	149,763	201,980	149,763
Total	\$ 28,177,774	\$ 28,003,309	\$ 24,857,812	\$ 25,034,699

Net cost of services is 88.2% of total cost of services for the year ended December 31, 2017 and 89.4% for the year ended December 31, 2016. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

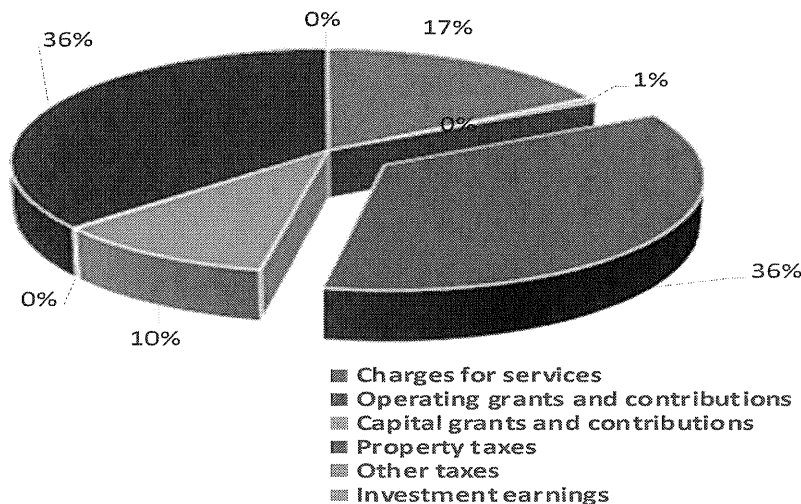
Governmental Activities

The graphs below show the percentage of the total governmental activities program and property tax revenues allocated by each significant revenue type for 2017 and 2016.

Revenues by Source - Governmental Activities 2017



Revenues by Source - Governmental Activities 2016



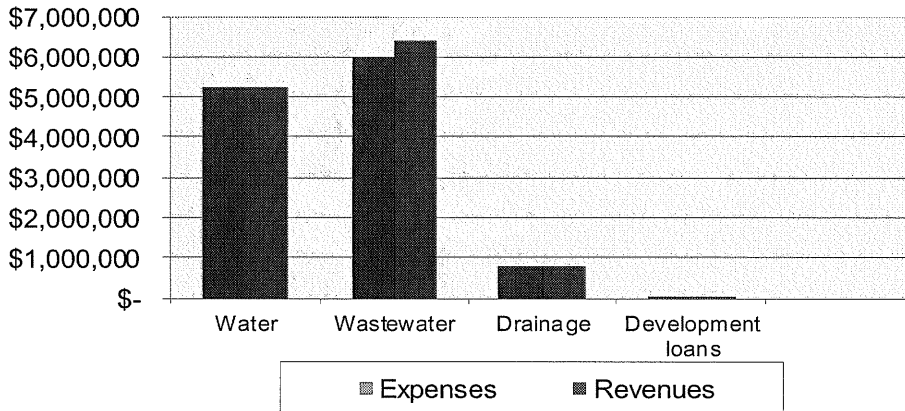
City of East Moline, Illinois

Management's Discussion and Analysis
 Year Ended December 31, 2017

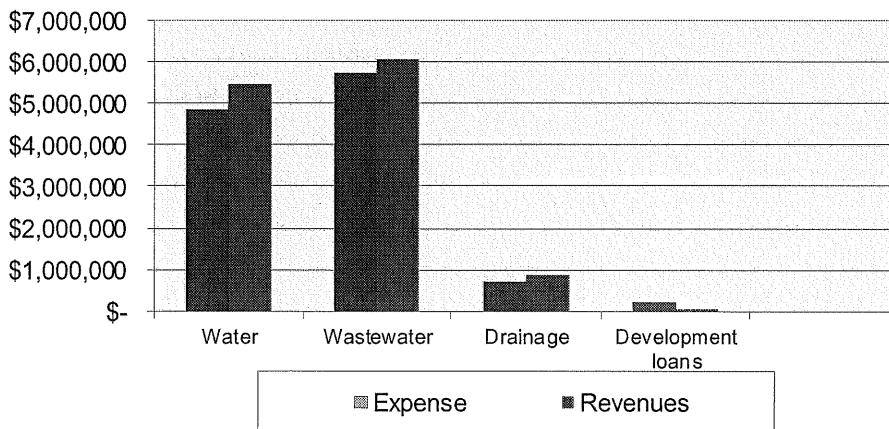
Business-type activities: For the year ended December 31, 2017, the business-type activities increased the City's net position by \$898,600 compared to \$1,418,590 for the year ended December 31, 2016.

Total business-type activities revenue for the fiscal year ended December 31, 2017 was \$12,493,643. All but \$1,007 of this revenue was generated for specific business-type activity expenses. For the fiscal year ended December 31, 2016, total business-type activities revenue was \$12,344,654. All but \$1,747 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenditures and program revenues for fiscal years 2017 and 2016.

**Expenses and Program Revenues - Business-Type Activities
 2017**



**Expenses and Program Revenues - Business-Type Activities
 2016**



City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2017

Financial Analysis of the City's Funds

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

Governmental funds – The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City itself or a group or individual which has been delegated authority to assign resources for use for particular purposes by the City Council.

As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$3,315,510, a decrease of (\$2,625,255) from December 31, 2016. The City's unassigned fund balance was a deficit (\$4,086,923) as of December 31, 2017 compared to a deficit of (\$2,736,286) as of December 31, 2016. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate it is 1) not in spendable form- \$814,788) legally required to be maintained intact or restricted for particular purposes or by third parties - \$3,141,352 or 3) assigned for particular purposes - \$3,446,303.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,572,052. Total fund balance of the General Fund decreased (\$1,232,517) from \$7,739,116 at December 31, 2016 to \$6,506,599 at December 31, 2017. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Unassigned fund balance represents approximately 17.1% of total General Fund expenditures compared to approximately 24.8% in the prior year, while total fund balance represents approximately 43.2% of General fund expenditures compared to approximately 59.1% in the prior year.

The General Fund's largest revenue source is taxes, which consists predominately of property tax and utility tax. These sources contribute approximately 42.4% of revenue used to fund the general purposes of the City, including public safety, streets and recreation. These revenue sources have a direct correlation with the health of the economy. Another 45.3% of the City's General Fund revenues were derived from intergovernmental sources and include taxes received from the State of Illinois such as income tax, replacement tax, and sales tax.

The fund balance of the City's General Fund decreased (\$1,232,517) during the current fiscal year. This was due primarily to capital expenditures which were \$1,431,124.

The Special Revenue Fund, Tax Increment Financing Fund - The Quarter, accounts for revenue and expenditures related to the development of The Quarter TIF district. Fund balance decreased (\$192,088) from (\$2,877,709) at December 31, 2016 to (\$3,079,797) at December 31, 2017 due to debt payment on funded projects within the TIF district.

The Special Revenue Fund, Tax Increment Financing - Port of Call accounts for revenue and expenditures related to development of the Port of Call TIF district. Fund balance decreased (\$839,479) from (\$96,758) at December 31, 2016 to (\$936,237) at December 31, 2017 due to capital outlay for the development.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Water Funds had a combined net change in net position of 305,238 while the Wastewater funds had a combined change in net position of \$660,594. The Drainage fund had an increase in net position of \$66,727. The changes in these funds are primarily due to maintaining charges for services and stabilizing costs.

City of East Moline, Illinois

Management's Discussion and Analysis
Year Ended December 31, 2017

General Fund Budgetary Highlights

Fiscal Year Ended December 31, 2017

General Fund	Original and Final Budget	Actual	Percent of Actual to Final Budget
Revenues			
Taxes	\$ 6,222,738	\$ 5,998,781	96.40%
Licenses, Permits, and Fees	313,050	448,816	143.37%
Intergovernmental Revenue	6,138,646	6,417,340	104.54%
Investment Income	483,500	490,650	101.48%
Other Revenue	830,030	800,762	96.47%
Total Revenues	\$ 13,987,964	\$ 14,156,349	101.20%
Expenditures			
	\$ 15,696,504	\$ 15,073,401	96.03%
Excess of Revenues over Expenditures	\$ (1,708,540)	\$ (917,052)	
Sale of Property	---	5,206	
Issuance of Long-Term Debt	---	513,856	
Transfers	(836,535)	(834,527)	
Net Change in Fund Balance	\$ (2,545,075)	\$ (1,232,517)	

The General Fund actual revenue exceeded original and final budgeted revenues by \$168,385 for the fiscal year ended December 31, 2017. All of the revenue categories, except for taxes and other revenue, came in more than the budgeted amounts due to the conservative approach the City takes in preparing the annual budget.

The General Fund total actual expenditures were \$623,103 less than the original and final budgeted amount.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 totals \$83,650,688 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings, improvements other than buildings, vehicles and equipment and infrastructure. Major capital asset events during the year included completion of various TIF projects as well as water and wastewater infrastructure.

City of East Moline's Capital Assets Net of Depreciation

	Governmental Activities		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,936,798	\$ 1,921,873	\$ 484,013	\$ 484,013	\$ 2,420,811	\$ 2,405,886
Construction-in-progress	6,354,568	1,538,631	72,468	1272,152	6,427,036	2,810,783
Buildings	2,687,112	2,651,913	50,886,691	49,357,135	53,573,803	52,009,048
Improvements other than buildings	1,349,902	1,089,856	-	-	1,349,902	1,089,856
Vehicles and equipment	1,769,067	1,571,135	1,245,051	1,396,081	3,014,118	2,967,216
Infrastructure	16,865,018	16,036,318	-	-	16,865,018	16,036,318
Total	\$ 30,962,465	\$ 24,809,726	\$ 52,688,223	\$ 52,509,381	\$ 83,650,688	\$ 77,319,107

Additional information on the City's capital assets can be found in Note 5 of this report.

City of East Moline, Illinois

Management's Discussion and Analysis Year Ended December 31, 2017

Debt - As of December 31, 2017, the City had long term debt payable totaling \$76,512,055 compared to \$70,770,861 as of December 31, 2016. For the year ended December 31, 2017, the City paid \$2,490,400 in principal and \$763,770 in interest on outstanding general obligation debt and other borrowings. The City drew \$ 5,409,712 from a line of credit for TIF project improvements, took out a note of \$375,403 to purchase a fire truck and notes totaling \$232,177 for lighting upgrades. As of December 31, 2017, the City had \$24,804,395 in outstanding general obligation bonds, \$534,964 in notes payable, and \$5,409,712 drawn from a bank line of credit.

Table 5 - City of East Moline's Outstanding Debt, December 31,

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Notes payable	\$ 446,677	\$ 58,730	\$ 88,287	\$ -	\$ 534,964	\$ 58,730
General Obligation Bonds	3,390,320	3,954,540	21,414,075	23,248,341	24,804,395	27,202,881
Bank line of credit	5,409,712	-	-	-	5,409,712	-
Compensated Absences	95,352	86,342	60,924	54,085	156,276	140,427
Net Pension obligation/ liability	27,681,798	28,074,650	2,176,992	1,927,437	29,858,790	30,002,087
OPEB Obligation	12,275,006	10,539,064	3,472,912	2,827,672	15,747,918	13,366,736
Total	\$ 49,298,865	\$ 42,713,326	\$ 27,213,190	\$ 28,057,535	\$ 76,512,055	\$ 70,770,861

Additional information about the City's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values have increased with tax year 2017 to \$274,314,447 from \$261,073,416 in 2016.
- The unemployment rate for Rock Island County for December 2017 was 5.0% compared to 4.9% for the State of Illinois and 4.1% nationally.
- The General Fund is significantly funded by property taxes. Therefore, the City continues to encourage new development that supports these revenue sources.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Annaka Whiting, Finance Director, City of East Moline, 915 Sixteenth Avenue, East Moline, Illinois, 61244.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
Assets and Deferred Outflows of Resources				
Assets:				
Current Assets:				
Cash	\$ 6,952,964	\$ 6,769,335	\$ 13,722,299	\$ 1,028,417
Investments	2,172,593	320,494	2,493,087	279,970
Receivables, net of allowance for uncollectibles	8,085,317	2,290,435	10,375,752	780,250
Other assets	-	15,854	15,854	-
Internal balances	12,849	(12,849)	-	-
Total current assets	17,223,723	9,383,269	26,606,992	2,088,637
Noncurrent Assets:				
Capital assets:				
Nondepreciable:				
Land and construction in progress	8,291,366	556,481	8,847,847	45,435
Other capital assets, net of depreciation	22,671,099	52,131,742	74,802,841	485,475
Total capital assets	30,962,465	52,688,223	83,650,688	530,910
Total assets	\$ 48,186,188	\$ 62,071,492	\$ 110,257,680	\$ 2,619,547
Deferred Outflows of Resources:				
Deferred amount on refundings	\$ 13,241	\$ 253,677	\$ 266,918	\$ -
Pension related deferred outflows	1,905,461	2,086,784	3,992,245	-
Total Deferred outflows of resources	\$ 1,918,702	\$ 2,340,461	\$ 4,259,163	\$ -
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Current liabilities:				
Accounts payable and other current liabilities	\$ 2,396,023	\$ 681,817	\$ 3,077,840	\$ 24,024
Accrued interest payable	60,979	221,703	282,682	-
Total current liabilities	2,457,002	903,520	3,360,522	24,024
Noncurrent liabilities:				
Due within one year	803,018	1,729,186	2,532,204	-
Due in more than one year	48,495,847	25,484,004	73,979,851	-
Total noncurrent liabilities:	\$ 49,298,865	\$ 27,213,190	\$ 76,512,055	\$ -
Total liabilities	\$ 51,755,867	\$ 28,116,710	\$ 79,872,577	\$ 24,024
Deferred inflows of resources:				
Deferred revenue - property taxes	\$ 6,309,482	\$ -	\$ 6,309,482	\$ 734,957
Pension related deferred inflows	1,754,820	44,111	1,798,931	-
Total deferred inflows of resources	\$ 8,064,302	\$ 44,111	\$ 8,108,413	\$ 734,957
Net Position:				
Net investment in capital assets	\$ 21,728,997	\$ 31,439,538	\$ 53,168,535	\$ 530,910
Restricted for:				
Maintenance of roadways	1,485,266	-	1,485,266	-
Development	927,510	-	927,510	-
Special Service Area	87,202	-	87,202	-
Recreation and Culture	8,632	-	8,632	-
Public Benefit	56,066	-	56,066	-
Public Safety	117,625	-	117,625	-
Liability Insurance	14,175	-	14,175	-
Other Purposes	444,876	-	444,876	-
Economic development loans	-	618,671	618,671	-
Housing rehabilitation	-	330,078	330,078	-
Unrestricted	(34,585,628)	3,862,845	(30,722,783)	1,329,656
Total Net Position	\$ (9,715,279)	\$ 36,251,132	\$ 26,535,853	\$ 1,860,566

The accompanying notes are an integral part of these financial statements.

City of East Moline, Illinois

Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 806,655	\$ 287,693	\$ -	\$ -
Public safety	20,009,384	756,164	-	-
Public works	4,905,780	1,083,135	543,341	-
Recreation and culture	1,228,443	637,283	-	-
Economic development	1,025,532	12,346	-	-
Interest on long-term debt	201,980	-	-	-
Total governmental activities	\$ 28,177,774	\$ 2,776,621	\$ 543,341	\$ -
Business-type activities:				
Water treatment	\$ 5,255,558	\$ 5,259,625	\$ -	\$ -
Wastewater treatment	5,973,296	6,419,919	-	-
Drainage	761,413	813,092	-	-
Development loans	14,800	1,007	-	-
Total business-type activities	\$ 12,005,067	\$ 12,493,643	\$ -	\$ -
Total	\$ 40,182,841	\$ 15,270,264	\$ 543,341	\$ -
Component unit:				
Library	\$ 787,096	\$ 98,631	\$ -	\$ -

General revenues

- Property taxes
- Utility taxes
- Admissions taxes
- Non home rule sales tax
- Unrestricted investment earnings
- Unrestricted intergovernmental revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Library	
\$ (518,962)	\$ -	\$ (518,962)	\$ -	-
(19,253,220)	-	(19,253,220)	-	-
(3,279,304)	-	(3,279,304)	-	-
(591,160)	-	(591,160)	-	-
(1,013,186)	-	(1,013,186)	-	-
(201,980)	-	(201,980)	-	-
<u>\$ (24,857,812)</u>	<u>\$ -</u>	<u>\$ (24,857,812)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ 4,067	\$ 4,067	\$ -	-
-	446,623	446,623	-	-
-	51,679	51,679	-	-
-	(13,793)	(13,793)	-	-
<u>\$ -</u>	<u>\$ 488,576</u>	<u>\$ 488,576</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (24,857,812)</u>	<u>\$ 488,576</u>	<u>\$ (24,369,236)</u>	<u>\$ -</u>	<u>-</u>
			<u>\$ (688,465)</u>	
\$ 6,399,440	\$ -	\$ 6,399,440	\$ 663,312	-
1,254,601	-	1,254,601	-	-
2,633	-	2,633	-	-
406,111	-	406,111	-	-
152,314	14,291	166,605	7,135	-
6,241,587	-	6,241,587	108,698	-
(395,733)	395,733	-	-	-
<u>\$ 14,060,953</u>	<u>\$ 410,024</u>	<u>\$ 14,470,977</u>	<u>\$ 779,145</u>	<u>-</u>
\$ (10,796,859)	\$ 898,600	\$ (9,898,259)	\$ 90,680	-
1,081,580	35,352,532	36,434,112	1,769,886	-
<u>\$ (9,715,279)</u>	<u>\$ 36,251,132</u>	<u>\$ 26,535,853</u>	<u>\$ 1,860,566</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

City of East Moline, Illinois

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Tax Increment Financing Fund - The Quarter
Assets		
Cash	\$ 4,844,602	\$ -
Investments	805,389	-
Receivables	6,452,290	218,471
Advances to other funds	814,778	-
Total assets	\$ 12,917,059	\$ 218,471
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)		
Liabilities:		
Accounts payable	\$ 367,856	\$ 306
Fund cash deficit	-	2,084,486
Accrued liabilities	174,868	-
Due to State of Illinois	146,870	-
Advances from other funds	394,549	996,005
Total liabilities	\$ 1,084,143	\$ 3,080,797
Deferred inflows of resources, unavailable revenue:		
Unavailable revenue - property taxes	\$ 5,073,529	\$ 217,471
Unavailable revenue - other taxes	252,788	-
Total deferred inflows of resources	\$ 5,326,317	\$ 217,471
Fund balances:		
Nonspendable	\$ 814,778	\$ -
Restricted	641,374	-
Committed	-	-
Assigned	2,478,395	-
Unassigned	2,572,052	(3,079,797)
Total fund balances	\$ 6,506,599	\$ (3,079,797)
Total liabilities, deferred inflow of resources, and fund balances	\$ 12,917,059	\$ 218,471

Tax Increment Financing Fund - Port of Call	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,058,396	\$ 6,902,998
-	1,367,204	2,172,593
30,846	1,292,395	7,994,002
-	504,286	1,319,064
<u>\$ 30,846</u>	<u>\$ 5,222,281</u>	<u>\$ 18,388,657</u>

\$ 269,101	\$ 229,546	\$ 866,809
187,237	2,249,147	4,520,870
495,400	6,999	677,267
-	-	146,870
-	870,186	2,260,740
<u>\$ 951,738</u>	<u>\$ 3,355,878</u>	<u>\$ 8,472,556</u>

\$ 15,345	\$ 1,003,137	\$ 6,309,482
-	38,321	291,109
<u>\$ 15,345</u>	<u>\$ 1,041,458</u>	<u>\$ 6,600,591</u>

\$ -	\$ -	\$ 814,778
-	2,499,978	3,141,352
-	-	-
-	967,908	3,446,303
(936,237)	(2,642,941)	(4,086,923)
<u>\$ (936,237)</u>	<u>\$ 824,945</u>	<u>\$ 3,315,510</u>

<u>\$ 30,846</u>	<u>\$ 5,222,281</u>	<u>\$ 18,388,657</u>
------------------	---------------------	----------------------

(Continued)

**Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
December 31, 2017**

Total fund balance - governmental funds	\$ 3,315,510
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	30,945,356
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	291,109
Internal service funds are used by management to charge the costs of insurance and motor pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,975,560
Internal service fund allocated to business-type activities	952,525
Pension related deferred outflows of resources and deferred inflows of resource represent a consumption or acquisition of net position in a future period and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources, pension	1,905,461
Deferred inflows of resources, pension	(1,754,820)
Deferred amount on refundings	13,241
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:	
Net pension liability	(27,681,798)
Other postemployment benefits	(12,275,006)
Bonds and notes payable, net of premiums and deferrals	(9,246,709)
Compensated absences	(94,729)
Accrued interest payable	(60,979)
Net position of governmental activities	<u>\$ (9,715,279)</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

City of East Moline, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Governmental Funds
Year Ended December 31, 2017

	General Fund	Tax Increment Financing Fund - The Quarter	Tax Increment Financing Fund - Port of Call
Revenues:			
Taxes	\$ 5,998,781	\$ 208,350	\$ 10,267
Licenses, permits, and fees	448,816	-	-
Intergovernmental	6,417,340	-	-
Charges for services and rents	490,650	-	-
Investment income	72,573	-	-
Fines	148,189	-	-
Grant	25,408	-	-
Miscellaneous	554,592	-	11,000
Total revenues	\$ 14,156,349	\$ 208,350	\$ 21,267
Expenditures:			
Current:			
General government	\$ 508,265	\$ -	\$ -
Public safety	11,114,849	-	-
Public works	1,460,261	-	-
Recreation and culture	446,001	-	-
Economic development	38,568	96,027	35,520
Capital outlay	1,431,124	-	6,174,213
Debt service:			
Principal	67,179	255,000	-
Interest	7,154	49,411	60,724
Total expenditures	\$ 15,073,401	\$ 400,438	\$ 6,270,457
Revenues over (under) expenditures	\$ (917,052)	\$ (192,088)	\$ (6,249,190)
Other financing sources (uses):			
Sale of property	\$ 5,206	\$ -	\$ -
Issuance of long-term debt	513,856	-	5,409,711
Transfers in	21,000	-	-
Transfers out	(855,527)	-	-
Total other financing sources (uses)	\$ (315,465)	\$ -	\$ 5,409,711
Net change in fund balances	\$ (1,232,517)	\$ (192,088)	\$ (839,479)
Fund balances (deficits), beginning of year	7,739,116	(2,887,709)	(96,758)
Fund balances (deficits), ending of year	\$ 6,506,599	\$ (3,079,797)	\$ (936,237)

See Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,876,494	\$ 8,093,892
-	448,816
543,341	6,960,681
981,996	1,472,646
19,601	92,174
-	148,189
56,008	81,416
59,962	625,554
<u>\$ 3,537,402</u>	<u>\$ 17,923,368</u>
\$ 3	\$ 508,268
-	11,114,849
1,245,946	2,706,207
338,058	784,059
845,826	1,015,941
1,035,883	8,641,220
371,729	693,908
75,008	192,297
<u>\$ 3,912,453</u>	<u>\$ 25,656,749</u>
<u>\$ (375,051)</u>	<u>\$ (7,733,381)</u>
\$ -	\$ 5,206
-	5,923,567
242,220	263,220
(228,340)	(1,083,867)
<u>\$ 13,880</u>	<u>\$ 5,108,126</u>
\$ (361,171)	\$ (2,625,255)
1,186,116	5,940,765
<u>\$ 824,945</u>	<u>\$ 3,315,510</u>

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended December 31, 2017**

Amounts reported for governmental activities in
the statements of activities are different because:

Net change in fund balance - total governmental funds \$ (2,625,255)

Governmental funds report capital outlays as expenditures, while governmental activities
report depreciation expense to allocate those expenditures over the life of the assets.
Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Capital outlay	7,794,863
Depreciation	(1,385,129)
Loss on sale of asset	(256,228)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (206,860)

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither transaction,
however, has any effect on net position. Also, governmental
funds report the effect of issuance costs, premiums, discounts,
and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of
activities. This amount is the net effect of these differences in
the treatment of long-term debt and related items.

Issuance of long-term debt	(5,923,567)
Payments of long-term debt	693,908
Premiums and discounts on issuance of debt	(3,780)
Amortization on deferred amount on refunding	(5,240)
Accrued interest on long-term debt	(665)

Some expenses 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.

Deferred outflows of resources	(6,159,946)
Deferred inflows of resources	(1,229,391)
Pension expense	392,852
Other post employment benefits	(1,735,942)
Compensated absences	(9,556)

Internal service funds are used by management to charge the
costs of insurance and motor pool to individual funds. The net
expense of certain activities of internal service funds is
reported with governmental activities. (260,265)

Change in internal service fund allocation to business-type activities 123,342

Change in net position of governmental activities \$ (10,796,859)

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

City of East Moline, Illinois
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business Type Activities -		
	Water Treatment		Wastewater
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Assets			
Current assets:			
Cash	\$ 1,316,535	\$ 967,355	\$ 1,867,638
Investments	-	-	-
Receivables (net of allowance for uncollectibles)	463,613	369,957	506,694
Other assets	12,854	3,000	-
Total current assets	<u>\$ 1,793,002</u>	<u>\$ 1,340,312</u>	<u>\$ 2,374,332</u>
Noncurrent assets:			
Advances to other funds	\$ 1,573,646	\$ 1,191,220	\$ 1,729,712
Capital assets:			
Land	\$ -	\$ 484,013	\$ -
Buildings and system	12,217,142	30,605,934	12,866,703
Equipment and vehicles	180,354	1,051,851	717,584
Construction in progress	40,395	24,651	-
Less accumulated depreciation	(2,763,533)	(18,480,042)	(2,476,115)
Total capital assets	<u>\$ 9,674,358</u>	<u>\$ 13,686,407</u>	<u>\$ 11,108,172</u>
Total noncurrent assets	<u>\$ 11,248,004</u>	<u>\$ 14,877,627</u>	<u>\$ 12,837,884</u>
Total assets	<u>\$ 13,041,006</u>	<u>\$ 16,217,939</u>	<u>\$ 15,212,216</u>
Deferred outflows of resources			
Deferred amount on refundings	\$ 49,063	\$ 60,006	\$ 44,785
Pension related deferred outflows	454,635	492,625	616,626
Total Deferred outflows of resources	<u>\$ 503,698</u>	<u>\$ 552,631</u>	<u>\$ 661,411</u>

Enterprise Funds				Governmental Activities	
Treatment Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 1,852,525	\$ 613,673	\$ 151,609	\$ 6,769,335	\$ 4,570,836	
-	-	320,494	320,494	-	
673,872	159,653	116,646	2,290,435	91,315	
-	-	-	15,854	-	
\$ 2,526,397	\$ 773,326	\$ 588,749	\$ 9,396,118	\$ 4,662,151	
\$ 782,162	\$ -	\$ 360,000	\$ 5,636,740	\$ 2,000	
\$ -	\$ -	\$ -	\$ 484,013	\$ -	
27,310,088	7,980,661	-	90,980,528	-	
1,034,285	390,813	-	3,374,887	826,492	
-	7,422	-	72,468	-	
(15,559,200)	(2,944,783)	-	(42,223,673)	(809,383)	
\$ 12,785,173	\$ 5,434,113	\$ -	\$ 52,688,223	\$ 17,109	
\$ 13,567,335	\$ 5,434,113	\$ 360,000	\$ 58,324,963	\$ 19,109	
\$ 16,093,732	\$ 6,207,439	\$ 948,749	\$ 67,721,081	\$ 4,681,260	
\$ 99,823	\$ -	\$ -	\$ 253,677	\$ -	
375,798	147,100	-	2,086,784	-	
\$ 475,621	\$ 147,100	\$ -	\$ 2,340,461	\$ -	

(Continued)

City of East Moline, Illinois
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities -		
	Water Treatment		Wastewater
	Water Distribution		
	Water Plant Fund	Fund	Sewer Plant Fund
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 107,373	\$ 50,887	\$ 107,214
Accrued salaries	16,644	16,594	19,766
Accrued interest payable	36,182	60,439	37,778
Compensated absences	-	29,419	-
Other accrued liabilities	-	-	-
Note payable - current	15,048	-	6,703
General obligation bonds - current	255,145	401,443	428,525
Total current liabilities	<u>\$ 430,392</u>	<u>\$ 558,782</u>	<u>\$ 599,986</u>
Noncurrent liabilities:			
General obligation bonds payable (net of unamortized discounts)	\$ 3,634,580	\$ 3,454,197	\$ 6,671,410
Note payable	41,398	-	25,138
Net pension liability	477,142	514,838	643,972
Other postemployment benefit obligations	770,292	830,026	1,013,048
Advances from other funds	1,603,087	1,574,801	579,044
Total noncurrent liabilities	<u>\$ 6,526,499</u>	<u>\$ 6,373,862</u>	<u>\$ 8,932,612</u>
Total liabilities	<u>\$ 6,956,891</u>	<u>\$ 6,932,644</u>	<u>\$ 9,532,598</u>
Deferred inflows of resources			
Pension related deferred inflows	\$ 9,654	\$ 10,444	\$ 12,998
Net Position:			
Net investment in capital assets	\$ 5,728,187	\$ 9,830,767	\$ 3,976,396
Restricted for:			
Economic development loans	-	-	-
Housing rehabilitation	-	-	-
Unrestricted	849,972	(3,285)	2,351,635
Total net position	<u>\$ 6,578,159</u>	<u>\$ 9,827,482</u>	<u>\$ 6,328,031</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Enterprise Funds				Governmental Activities	
Treatment		Nonmajor	Total Enterprise	Internal Service	
Sewer Collection	Drainage Fund	Enterprise Funds	Funds	Funds	
Fund					
\$ 323,431	\$ 23,501	\$ -	\$ 612,406	\$ 461,007	
11,751	4,656	-	69,411	8,070	
85,675	1,629	-	221,703	-	
24,911	6,594	-	60,924	623	
-	-	-	-	236,000	
-	-	-	21,751	-	
455,302	106,096	-	1,646,511	-	
<u>\$ 901,070</u>	<u>\$ 142,476</u>	<u>\$ -</u>	<u>\$ 2,632,706</u>	<u>\$ 705,700</u>	
\$ 5,032,567	\$ 974,810	\$ -	\$ 19,767,564	\$ -	
-	-	-	66,536	-	
394,118	146,922	-	2,176,992	-	
859,546	-	-	3,472,912	-	
940,132	-	-	4,697,064	-	
<u>\$ 7,226,363</u>	<u>\$ 1,121,732</u>	<u>\$ -</u>	<u>\$ 30,181,068</u>	<u>\$ -</u>	
<u>\$ 8,127,433</u>	<u>\$ 1,264,208</u>	<u>\$ -</u>	<u>\$ 32,813,774</u>	<u>\$ 705,700</u>	
\$ 7,972	\$ 3,043	\$ -	\$ 44,111	\$ -	
\$ 7,297,304	\$ 4,353,207	\$ -	31,185,861	\$ 17,109	
-	-	618,671	618,671	-	
-	-	330,078	330,078	-	
1,136,644	734,081	-	5,069,047	3,958,451	
<u>\$ 8,433,948</u>	<u>\$ 5,087,288</u>	<u>\$ 948,749</u>	<u>\$ 37,203,657</u>	<u>\$ 3,975,560</u>	
			(952,525)		
			<u>\$ 36,251,132</u>		

The accompanying notes are an integral part of these financial statements.

City of East Moline, Illinois

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2017

	Business-type Activities -		
	Water Treatment		Wastewater
	Water Plant Fund	Water Distribution Fund	Sewer Plant Fund
Operating revenues:			
Charges for services	\$ 2,961,518	\$ 2,283,480	\$ 3,626,457
Interest income	-	-	-
Other	1,750	12,877	-
Total operating revenues	\$ 2,963,268	\$ 2,296,357	\$ 3,626,457
Operating Expenses:			
Pumping	\$ 2,229,403	\$ -	\$ 2,646,152
Distribution and collection	-	954,377	-
Engineering	-	182,587	-
Administration and claims	-	750,720	-
Travel and motor vehicles	-	-	-
Depreciation	258,425	665,646	335,904
Total operating expenses	\$ 2,487,828	\$ 2,553,330	\$ 2,982,056
Operating income (loss)	\$ 475,440	\$ (256,973)	\$ 644,401
Nonoperating revenues (expenses):			
Investment income	\$ -	\$ 1,980	\$ 5,840
Interest expense	(82,094)	(132,306)	(132,685)
Net nonoperating revenues (expenses)	\$ (82,094)	\$ (130,326)	\$ (126,845)
Income (loss) before transfers	\$ 393,346	\$ (387,299)	\$ 517,556
Transfers in	25,202	280,989	121
Transfers out	-	(7,000)	-
Change in net position	\$ 418,548	\$ (113,310)	\$ 517,677
Total net position, beginning of year	6,159,611	9,940,792	5,810,354
Total net position, end of year	\$ 6,578,159	\$ 9,827,482	\$ 6,328,031

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net position of business-type activities

Enterprise Funds				Governmental Activities	
Treatment Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 2,786,870	\$ 811,973	\$ -	\$ 12,470,298	\$ 4,788,144	
-	-	1,007	1,007	-	
6,592	1,119	-	22,338	95,663	
\$ 2,793,462	\$ 813,092	\$ 1,007	\$ 12,493,643	\$ 4,883,807	
\$ -	\$ -	\$ -	\$ 4,875,555	\$ -	
1,219,216	515,140	-	2,688,733	-	
178,472	-	-	361,059	-	
668,203	-	14,800	1,433,723	4,877,275	
-	-	-	-	627,742	
608,932	205,617	-	2,074,524	767	
\$ 2,674,823	\$ 720,757	\$ 14,800	\$ 11,433,594	\$ 5,505,784	
\$ 118,639	\$ 92,335	\$ (13,793)	\$ 1,060,049	\$ (621,977)	
\$ 3	\$ 3,292	\$ 3,176	\$ 14,291	\$ 60,140	
(183,732)	(40,656)	-	(571,473)	-	
\$ (183,729)	\$ (37,364)	\$ 3,176	\$ (557,182)	\$ 60,140	
\$ (65,090)	\$ 54,971	\$ (10,617)	\$ 502,867	\$ (561,837)	
215,128	18,756	-	540,196	301,572	
(7,121)	(7,000)	-	(21,121)	-	
\$ 142,917	\$ 66,727	\$ (10,617)	\$ 1,021,942	\$ (260,265)	
8,291,031	5,020,561	959,366		4,235,825	
\$ 8,433,948	\$ 5,087,288	\$ 948,749		\$ 3,975,560	

(123,342)

\$ 898,600

The accompanying notes are an integral part of these financial statements.

City of East Moline, Illinois

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2017

	Enterprise		
	Water Plant Fund	Water Distribution Fund	Sewer Plant Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,929,688	\$ 2,278,786	\$ 3,607,905
Receipts from interfund services provided	-	-	-
Other receipts	1,750	12,877	-
Payments to suppliers	(1,126,668)	(621,741)	(1,157,537)
Payments to employees	(444,770)	(471,283)	(604,493)
Payments for interfund services use	(392,491)	(459,916)	(509,955)
Net cash provided by operating activities	\$ 967,509	\$ 738,723	\$ 1,335,920
Cash flows from noncapital financing activities:			
Transfers from other funds	\$ 25,202	\$ 280,989	\$ 121
Transfers to other funds	-	(7,000)	-
Advances to other funds	-	(19,985)	47,418
Advances from other funds	(41,284)	-	-
Net cash provided by (used in) noncapital financing activities	\$ (16,082)	\$ 254,004	\$ 47,539
Cash flows from capital and related financing activities:			
Acquisition and construction capital assets	\$ (707,684)	\$ (517,614)	\$ (52,449)
Proceeds from long-term debt issuance	60,208	-	33,517
Principal paid on long-term debt	(280,256)	(418,850)	(446,080)
Interest paid on long-term debt	(88,558)	(137,190)	(138,868)
Net cash (used in) capital and related financing activities	\$ (1,016,290)	\$ (1,073,654)	\$ (603,880)

Enterprise					
Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 2,771,965	\$ 828,388	\$ 26,105	\$ 12,442,837	\$ -	
-	-	-	-	4,777,231	
6,592	1,119	-	22,338	97,824	
(1,061,671)	(350,352)	(14,800)	(4,332,769)	(5,166,051)	
(324,781)	(174,602)	-	(2,019,929)	(256,251)	
(435,416)	(111,638)	-	(1,909,416)	(59,496)	
\$ 956,689	\$ 192,915	\$ 11,305	\$ 4,203,061	\$ (606,743)	
\$ 215,128	\$ 18,756	\$ -	\$ 540,196	\$ 301,572	
(7,121)	(7,000)	-	(21,121)	-	
-	-	-	27,433	-	
-	-	-	(41,284)	-	
\$ 208,007	\$ 11,756	\$ -	\$ 505,224	\$ 301,572	
\$ (701,996)	\$ (273,623)	\$ -	\$ (2,253,366)	\$ -	
-	-	-	93,725	-	
(491,661)	(159,645)	-	(1,796,492)	-	
(194,727)	(41,468)	-	(600,811)	-	
\$ (1,388,384)	\$ (474,736)	\$ -	\$ (4,556,944)	\$ -	

(Continued)

City East Moline, Illinois

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2017

	Enterprise		
	Water Plant Fund	Water Distribution Fund	Sewer Plant Fund
Cash flows from investing activities			
Interest received	\$ -	\$ 1,980	\$ 5,840
Purchase of investments	-	-	-
Net cash provided by investing activities	\$ -	\$ 1,980	\$ 5,840
Increase (decrease) in cash and cash equivalents	\$ (64,863)	\$ (78,947)	\$ 785,419
Cash and cash equivalents, beginning of year	1,381,398	1,046,302	1,082,219
Cash and cash equivalents, end of year	<u>\$ 1,316,535</u>	<u>\$ 967,355</u>	<u>\$ 1,867,638</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 475,440	\$ (256,973)	\$ 644,401
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	258,425	665,646	335,904
Changes in assets and liabilities:			
Receivables	(31,830)	(4,694)	(18,552)
Other assets	(12,854)	-	-
Pension related deferred outflows	85,179	91,784	112,023
Accounts payable	(12,052)	14,107	11,812
Accrued liabilities, excluding accrued interest	554	5,336	43
Net pension liability	55,351	59,644	72,795
Other postemployment benefit obligation	148,204	162,696	176,057
Pension related deferred inflows	1,092	1,177	1,437
Net cash provided by operating activities	\$ 967,509	\$ 738,723	\$ 1,335,920

Enterprise				
Sewer Collection Fund	Drainage Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3	\$ 3,292	\$ 3,176	\$ 14,291	\$ 60,140
-	-	(2,854)	(2,854)	-
\$ 3	\$ 3,292	\$ 322	\$ 11,437	\$ 60,140
\$ (223,685)	\$ (266,773)	\$ 11,627	\$ 162,778	\$ (245,031)
2,076,210	880,446	139,982	6,606,557	4,815,867
\$ 1,852,525	\$ 613,673	\$ 151,609	\$ 6,769,335	\$ 4,570,836
\$ 118,639	\$ 92,335	\$ (13,793)	\$ 1,060,049	\$ (621,977)
608,932	205,617	-	2,074,524	767
(14,905)	16,415	25,098	(28,468)	(8,752)
-	-	-	(12,854)	-
70,125	24,923	-	384,034	-
(36,420)	(162,087)	-	(184,640)	22,153
5,567	(804)	-	10,696	1,066
45,569	16,196	-	249,555	-
158,283	-	-	645,240	-
899	320	-	4,925	-
\$ 956,689	\$ 192,915	\$ 11,305	\$ 4,203,061	\$ (606,743)

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2017

	<u>Pension Trust Funds</u>
Assets	
Cash	\$ 4,241,414
Receivables:	
Accrued interest	107,384
Other	227,174
Investments:	
U.S. treasury bonds	3,911,914
U.S. government agency securities	2,301,776
Residential mortgage-backed securities	2,418,082
Corporate securities	9,547,032
Mutual funds	22,864,186
Total assets	<u>\$ 45,618,962</u>
Liabilities	
Other accrued liabilities	<u>\$ 2,759</u>
Net position restricted for pension benefits	<u><u>\$ 45,616,203</u></u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2017

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,829,884
Employee	510,683
Total contributions	<u>\$ 2,340,567</u>
Investment income:	
Net increase in fair value of investments	\$ 2,731,267
Interest	498,147
Dividends and capital gains	1,472,190
Total	<u>\$ 4,701,604</u>
Less investment expense	66,787
Net investment income	<u>\$ 4,634,817</u>
Total additions	<u>\$ 6,975,384</u>
Deductions:	
Benefits	\$ 3,514,880
Administrative expense	67,390
Total deductions	<u>\$ 3,582,270</u>
Change in Net Position	\$ 3,393,114
Net position restricted for pension benefits	
Fiduciary net position, beginning of year	42,223,089
Fiduciary net position, end of year	<u><u>\$ 45,616,203</u></u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies

Nature of operations:

The City of East Moline, Illinois provides a broad range of services to citizens, including general government, public safety, economic development, streets, sanitation and health, cultural and park facilities and social services. It also operates the water and sewer utilities.

Reporting entity:

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the City to impose its will on that organization or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City.

In addition, the Codification sets forth additional criteria to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the City, its component units, or its constituents, 2) the City being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the separate organization and 3) the economic resources received or held by an individual organization that the City is entitled to, or has the ability to otherwise access, are significant to the City.

Based on the aforementioned criteria, the City of East Moline, Illinois has determined that the Library Fund is a discretely presented component unit. The mayor appoints the members of the Library Board and the City periodically provides subsidies to support the Library.

The Library does not issue separate financial statements, but more information can be obtained from the Library's offices at 740 Sixteenth Avenue, East Moline, Illinois 61244.

Basis of presentation:

Government-wide 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 City. 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 support.

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

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

Fund financial statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. 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 within the governmental and enterprise funds in the financial section of the basic financial statements and are detailed in the supplementary information.

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expense 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. The City does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund financial statements: Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the City and meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual government or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund: 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.

Tax Increment Financing Fund: The Quarter accounts for revenue and expenditures related to the development of The Quarter TIF district.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

Tax Increment Financing Fund- The Port of Call accounts for revenue and expenditures related to the development of the Port of Call TIF district.

Proprietary fund types: Proprietary fund types are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Water Plant Fund- The water plant fund accounts for the revenue and expenses related to the water plant.

Water Distribution Fund- The water distribution fund accounts for the revenue and expenses related to providing water service to the general public.

Sewer Plant Fund- The sewer plant fund accounts for the revenue and expenses related to the sewer plant.

Sewer Collection Fund- The sewer collection fund accounts for the revenue and expenses related to providing sewer service to the general public.

Drainage Fund- The drainage fund accounts for the revenue and expenses related to providing storm water utility to the general public.

Additionally, the City reports the following fund types:

Internal service funds account for coverage of insurance for City employees and liability claims against the City and purchase/maintenance of City vehicles and equipment provided to other departments of the City on a cost reimbursement basis.

The pension trust funds account for the activities of the police and firefighter's pension trust funds, which accumulate resources for pension benefit payments to qualified employees.

Measurement focus and basis of accounting:

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 government 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.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

Property taxes, miscellaneous taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports unearned revenue on its financial statements. Unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

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 waterworks and sewerage system fund 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.

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Investments: Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Statement of cash flows: For purposes of cash flows, the City considered all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Property tax receivable: Property taxes are levied in Rock Island County in December, on the assessed valuation as of January 1. The tax levy becomes an enforceable lien against the property on January 1 of the year following the tax levy year. Property taxes are collected by the County and distributed to the City in installments due in June, August, September and November. The 2017 property tax levy is recorded as a receivable. All uncollected taxes relating to prior years' levies have been written off.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end, if any, are recorded as revenue. The 2017 taxes are intended to finance the 2018 fiscal year and are not considered available for current operations and are, therefore, shown as deferred inflow of resources.

Accounts receivable: Accounts receivable are recorded in the enterprise funds at the time the service is billed. Unbilled usage for services used between scheduled billing dates is estimated and recognized as revenue in the period in which the service is provided. These receivables are net of allowance for doubtful accounts.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Reported prepaid items in the governmental funds are reported as nonspendable fund balance to indicate the balances are not available for appropriation.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, levees, 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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Waterworks and Sewerage System	50 years
Buildings	50 years
Building improvements	20 years
Infrastructure	
Streets and drainage	40 years
Traffic signals	20 years
Levees	75 years
Equipment and Vehicles	3-20 years

Unearned revenues: Unearned revenues represent monies received by the City which are not yet earned.

Interfund Transactions: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” (i.e., the non-current interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Compensated absences: City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in governmental funds.

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 (expense/expenditure) until then. The City has two items that qualify for reporting in this category, pension related deferred outflows and deferred amounts on refunding of debt are reported in the government-wide and proprietary statements of net position. 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 has two types of item that qualify for reporting in this category. The City activities reported deferred revenues from two sources: property taxes and pension related deferred inflows. The governmental funds report unavailable revenues from two sources: Property taxes and other taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow from pension related items consists of the differences between expected and actual experience with regard to economic or demographic assumptions.

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 (IMRF) and the Fire and Police Retirement System and additions to/deductions from the pension fund's fiduciary net position have been determined on the same basis as they are reported by the pension funds. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund equity: Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances by the City with intent to use them for a specific purpose. Assigned fund balances are amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator and Finance Director by the City Council through the adoption of the budget.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

Any residual fund balance of the General Fund and a deficit in other funds, if any, is reported as unassigned. The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

Net position: In the proprietary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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. There are no unspent bond proceeds as of June 30, 2017. 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.

Use of 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.

Tax Increment Financing: Tax increment financing (TIF) is a municipal financing "tool" that is used to renovate declining areas or redevelop blighted areas while improving the tax base of such areas. Through TIF, a municipality works hand-in-hand with private developers to rehabilitate or redevelop a designated area. Then the municipality is allowed to capture the increase in various taxes that result from a redevelopment project to pay for the public costs involved in the project. The City of East Moline, Illinois has eight officially adopted TIF districts which relate to real estate taxes.

Fund balance: In the governmental fund financial statements fund balances are classified as follows:

Nonspendable: Balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The authority to assign fund balances has been delegated to the City Administrator and Finance Director.

Unassigned: All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

When an expenditure is incurred for purposes for which amounts in the committed, assigned, or unassigned fund balance classifications could be used, the City's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications – committed, assigned and then unassigned fund balances.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation and Financial Statement Presentation, Measurement Focus and Basis of Accounting, and Significant Accounting Policies (Continued)

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expected, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "advances to/from other funds" (ie. The non-current inter fund loans) in the fund financial statements. Any residual balances outstanding are reported in the government-wide financial statements as "internal balances."

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

Note 2. Legal Compliance and Accountability. Budgetary Procedures and Budgetary Accounting.

Annual appropriated budgets are adopted at the department level on a basis consistent with U.S. generally accepted accounting principles. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual appropriations lapse at the end of the fiscal year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements. All departments of the City submit requests for appropriations to the City Administrator to be used in preparing a budget. At least 45 days prior to December 31, the City Administrator submits to the governing body a proposed budget for the general, special revenue, debt service, capital projects and enterprise funds for the fiscal year commencing January 1. The budget includes proposed expenditures and transfers to other funds and the means of financing them. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. A final budget must be prepared and adopted no later than December 31.

The administrator is authorized to transfer budgeted amounts within any department; however, transfers between departments or any revisions that alter the total expenditures of any department or any fund must be approved by the governing body. The amounts reflected in the financial statements represent the original budget and the final amended budget. For some departments, the original and final budgets are the same.

The City does not have a legally adopted annual budget for the EM Glass Fund.

Deficit Equity Balances:

City funds with deficit fund balances as of December 31, 2017 are as follows:

	<u>Deficit Amount</u>
Special Revenue Funds	
Tax Increment Financing	
Great River Industrial Park	\$ 1,285,621
Gateway Industrial Park	229,847
Port of Call	936,237
Kennedy Drive	727,566
The Quarter	3,079,797
EM Glass	16,756
Debt Service Fund	383,151

Notes to Basic Financial Statements

Note 2. Legal Compliance and Accountability. Budgetary Procedures and Budgetary Accounting. (Continued)

The deficit fund balances in the Tax Increment Financing Funds are anticipated to be recovered through future years' tax increment. The other deficits in the above funds reflect expenditures made in advance of the collection and recognition of the deferred property tax revenue and other revenue. These deficits are not in violation of law and are not expected to be a burden on the resources of any other fund. City management intends to fund these deficits through future tax collections and the recognition of future other revenue.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following funds:

	Amount Over Budget
Garbage	\$ 80,812
Special Service Area - Downtown Fund	80,728
Tax Increment Financing - North Hill	548,932
Tax Increment Financing - Downtown	55,831
Tax Increment Financing - Gateway Industrial Park	1,941
Tax Increment Financing - Kennedy Drive	970
Tax Increment Financing - Lucky Strike	25,013
Tax Increment Financing - The Quarter	4,723
Tax Increment Financing - Port of Call	70,457

Note 3. Cash and Investments

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Cash	\$ 13,722,299
Investments	2,493,087
Component Unity-Library	
Cash	1,028,417
Investments	279,970
Fiduciary Funds:	
Cash	4,241,414
U.S. treasury bonds	3,911,914
U.S. government agency securities	2,301,776
Residential mortgage-backed securities	2,418,082
Corporate securities	9,547,032
Mutual Funds	22,864,186
Total cash and Investments	<u>\$ 62,808,177</u>

Cash and investments as of December 31, 2017 consist of the following:

Cash on hand	\$ 4,831
Deposits with financial institutions	18,987,299
Investments	43,816,047
Total cash and investments	<u>\$ 62,808,177</u>

Notes to Basic Financial Statements

Note 3. Cash and Investments (continued)

The investment and deposit of City monies is governed by the provisions of the Illinois Compiled Statutes and the City's investment policy. In accordance with these provisions, all City monies must be invested in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Institutional Investors Trust.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price for which the investment could be sold.

The Illinois Institutional Investors Trust (IIIT) is a diversified, open-end, actively managed investment trust organized under the laws of the State of Illinois, including the 1970 Constitution of the State of Illinois, the Intergovernmental Cooperation Act and the Public Funds Investment Act. The Fund was established for the purpose of allowing various public agencies including, but not limited to, counties, townships, cities, towns, villages, school districts, housing authorities, and public water supply districts, to jointly invest funds in accordance with the Law of the State of Illinois. Investments in IIIT are valued at the share price, the price for which the investment could be sold.

During the twelve months ending December 31, 2017, the City complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to maximize yields while maintaining safety of principal.

Information about the sensitivity of the fair 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:

Investment Type	Primary Government	Component Unit	Total Fair Value	Investment Maturities (in years)
				Less than 1 Year
Illinois Funds-investment pool	\$ 1,999,345	\$ 279,970	\$ 2,279,315	\$ 2,279,315
Illinois Institutional Investors- investment pool	493,742	---	493,742	493,742
Total	\$ 2,493,087	\$ 279,970	\$ 2,773,057	\$ 2,773,057

Notes to Basic Financial Statements

Note 3. Cash and Investments (continued)

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. The City limits its exposure to credit risk by investing in securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government and investing in the Illinois Funds and the Illinois Institutional Investors Trust (IIIT) both “AAAm” rated funds. However, the investment policy is silent regarding exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization and the actual rating as of year-end for each investment type.

Investment Type	Primary Government	Component Unit	Total	Rating as of
				Year End
				AAAm
Illinois Funds-investment pool	\$ 1,999,345	\$ 279,970	\$ 2,279,315	\$ 2,279,315
Illinois Institutional Investors pool	493,742	- - -	493,742	493,742
Total	\$ 2,493,087	\$ 279,970	\$ 2,773,057	\$ 2,773,057

Concentration of credit risk: The City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments or investments by reporting unit (primary government, discretely presented component unit, governmental activities, major fund, nonmajor funds in the aggregate, fiduciary funds, etc.).

Custodial credit risk – In the case of deposits, this is the risk that, in the event of the 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 City of East Moline, Illinois may request collateral for any part of deposits in financial institutions when the City determines it to be in the best interests of safeguarding the funds on deposit.

As of December 31, 2017, the carrying amount of the City’s deposits including the component unit, with financial institutions totaled \$14,745,885 with bank balances totaling \$14,751,550. Bank balances of \$14,716,557 are insured or collateralized with securities held by the City or its agent in the City’s name, with the remaining \$34,993 uninsured and uncollateralized.

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, there was no investment custodial risk for the City. The Illinois Funds and the Illinois Institutional Investors Trust are not subject to custodial credit risk.

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 4. Receivables

Receivables as of year-end, including the applicable allowance, are as follows:

	General	Tax Increment Financing Fund - The Quarter	Tax Increment Financing Fund - Port of Call	Water Plant	Water Distribution
Receivables:					
Property taxes	\$5,269,919	\$ 218,471	\$ 15,346	\$ ---	\$ ---
Other taxes	1,048,685	---	---	---	---
Accounts	133,686	---	15,500	352,443	295,504
Estimated unbilled usage	---	---	---	136,170	97,203
State allotments	---	---	---	---	---
Notes and loans	---	---	---	---	9,960
Accrued Interest	---	---	---	---	---
Other	---	---	---	---	1,290
Gross receivables	<u>\$6,452,290</u>	<u>\$ 218,471</u>	<u>\$ 30,846</u>	<u>\$488,613</u>	<u>\$ 403,957</u>
Less: allowance for uncollectables	---	---	---	25,000	34,000
Net total receivables	<u>\$6,452,290</u>	<u>\$ 218,471</u>	<u>\$ 30,846</u>	<u>\$463,613</u>	<u>\$ 369,957</u>

	Sewer Plant Fund	Sewer Collection Fund	Drainage Fund	Non-Major & Other Funds	Total
Receivables:					
Property taxes	\$ ---	\$ ---	\$ ---	\$ 1,028,711	\$ 6,532,447
Other taxes	---	---	---	108,560	1,157,245
Accounts	407,679	585,715	210,669	189,980	2,191,176
Estimated unbilled usage	115,015	116,157	33,984	---	498,529
State allotments	---	---	---	47,070	47,070
Notes and loans	---	---	---	120,646	130,606
Accrued Interest	---	---	---	107,384	107,384
Other	---	---	---	256,563	257,853
Gross receivables	<u>\$522,694</u>	<u>\$ 701,872</u>	<u>\$ 244,653</u>	<u>\$ 1,858,914</u>	<u>\$10,922,310</u>
Less: allowance for uncollectables	16,000	28,000	85,000	24,000	212,000
Net total receivables	<u>\$506,694</u>	<u>\$ 673,872</u>	<u>\$ 159,653</u>	<u>\$ 1,834,914</u>	<u>\$10,710,310</u>

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities: Capital assets, not being depreciated:				
Land	\$ 1,921,873	\$ 14,925	\$ ---	\$ 1,936,798
Construction in progress	<u>1,538,631</u>	<u>6,653,136</u>	<u>1,837,199</u>	<u>6,354,568</u>
Total capital assets, not being depreciated	<u>\$ 3,460,504</u>	<u>\$6,668,061</u>	<u>\$1,837,199</u>	<u>\$ 8,291,366</u>
Capital assets, being depreciated:				
Buildings	\$ 4,906,726	\$ 167,311	\$ ---	\$ 5,074,036
Improvements other than buildings	2,155,621	370,089	---	2,525,710
Vehicles and equipment	8,055,945	866,180	772,391	8,149,734
Infrastructure	<u>27,404,015</u>	<u>1,560,421</u>	<u>---</u>	<u>28,964,436</u>
Total capital assets, being depreciated	<u>\$42,522,306</u>	<u>\$2,964,001</u>	<u>\$ 772,391</u>	<u>\$44,713,916</u>
Less accumulated depreciation for:				
Buildings	\$ 2,254,812	\$ 132,112	\$ ---	\$ 2,386,924
Improvements other than buildings	1,065,765	110,043	---	1,175,808
Vehicles and equipment	6,484,810	412,020	516,163	6,380,667
Infrastructure	<u>11,367,697</u>	<u>731,721</u>	<u>---</u>	<u>12,099,418</u>
Total accumulated depreciation	<u>\$21,173,084</u>	<u>\$1,385,896</u>	<u>\$ 516,163</u>	<u>\$22,042,817</u>
Total capital assets being depreciated, net	<u>\$21,349,222</u>	<u>\$1,578,105</u>	<u>\$ 256,228</u>	<u>\$22,671,099</u>
Governmental activities capital assets, net	<u>\$24,809,726</u>	<u>\$8,246,166</u>	<u>\$2,093,427</u>	<u>\$30,962,465</u>

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type activities:				
Capital assets, not being depreciated:				
Land	\$ 484,013	\$ ---	\$ ---	\$ 484,013
Construction in progress	1,272,152	1,643,906	2,843,590	72,468
Total capital assets, not being depreciated	<u>\$ 1,756,165</u>	<u>\$1,643,906</u>	<u>\$2,843,590</u>	<u>\$ 556,481</u>
Capital assets, being depreciated:				
Waterworks, sewerage and drainage systems				
	\$87,627,425	\$3,353,103	\$ ---	\$90,980,528
Vehicles and equipment	3,312,264	99,947	37,324	3,374,887
Total capital assets, being depreciated	<u>\$90,939,689</u>	<u>\$3,453,050</u>	<u>\$ 37,324</u>	<u>\$94,355,415</u>
Less accumulated depreciation for:				
Waterworks, sewerage, and drainage systems				
	\$38,270,290	\$1,823,547	\$ ---	\$40,093,837
Vehicles and equipment	1,916,183	250,977	37,324	2,129,836
Total accumulated depreciation	<u>\$40,186,473</u>	<u>\$2,074,524</u>	<u>\$ 37,324</u>	<u>\$42,223,673</u>
Total capital assets being depreciated, net	<u>\$50,753,216</u>	<u>\$1,378,526</u>	<u>\$ ---</u>	<u>\$52,131,742</u>
Governmental activities capital assets, net	<u>\$52,509,381</u>	<u>\$3,022,432</u>	<u>\$2,843,590</u>	<u>\$52,688,223</u>

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

Governmental activities:	
General government	\$ 148,896
Public safety	327,746
Public works	797,650
Recreation and culture	101,245
Economic development	9,592
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	767
Total depreciation expense - governmental activities	<u>\$1,385,896</u>
Business-type activities:	
Waterworks, sewerage, and drainage systems	<u>\$ 2,074,524</u>

Notes to Basic Financial Statements

Note 6. Long Term Debt

As of December 31, 2017, the outstanding long-term debt of the City was as follows:

Note Payable

The City obtained five agreements with a company for LED retrofit projects totaling \$232,177. The payments to the company are equal to energy rebate payments received by the City from its electric service carrier. The debt is serviced by the General, Water Plant and Sewer Plant Funds. The annual debt service requirements of this loan are as follows:

<u>For the Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 54,941	\$ ---	\$ 54,941
2019	54,942	---	54,942
2020	54,941	---	54,941
2021	25,988	---	28,988
2022	9,296	---	9,296
	<u>\$ 200,108</u>	<u>\$ ---</u>	<u>\$ 200,108</u>

The City obtained a \$375,403 loan from a bank to purchase a fire truck. The loan has an interest rate of 3.36% and is payable in monthly installments of \$6,814. The annual debt service requirements of this loan are as follows:

<u>For the Year Ending December 31</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3.36%	\$ 71,476	\$ 10,297	\$ 81,773
2019	3.36%	73,949	7,824	81,773
2020	3.36%	76,491	5,282	81,773
2021	3.36%	79,155	2,618	81,773
2022	3.36%	33,785	287	34,072
Total		<u>\$ 334,856</u>	<u>\$ 26,308</u>	<u>\$ 361,164</u>

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

General Obligation Bonds

General obligation alternate bonds totaling \$5,027,337 remain outstanding from the original issue of \$6,216,681 dated April 16, 2014. It is the intent of the City officials to service this debt from the sewer plant fund.

Principal and interest are payable semi-annually on June 7 and December 7 through 2032. The annual debt service requirements of this loan are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	1.25%	\$ 306,715	\$ 61,886	\$ 368,601
2019	1.25%	310,561	58,040	368,601
2020	1.25%	314,455	54,146	368,601
2021	1.25%	318,398	50,203	368,601
2022	1.25%	322,390	46,211	368,601
2023	1.25%	326,433	42,168	368,601
2024	1.25%	330,526	38,075	368,601
2025	1.25%	334,670	33,931	368,601
2026	1.25%	338,867	29,734	368,601
2027	1.25%	343,116	25,485	368,601
2028	1.25%	347,418	21,183	368,601
2029	1.25%	351,775	16,826	368,601
2030	1.25%	356,186	12,416	368,602
2031	1.25%	360,652	7,950	368,602
2032	1.25%	365,175	3,427	368,602
Total		<u>\$5,027,337</u>	<u>\$501,681</u>	<u>\$5,529,018</u>

General obligation refunding alternate bonds totaling \$1,400,000 remain outstanding from the original issue of \$2,460,000 dated December 20, 2011. It is the intent of the City officials to service this debt from utility taxes, Water Distribution Fund, and Sewer Collection Fund.

Principal is due annually on January 15. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	2.15%	\$ 220,000	\$ 35,640	\$ 255,640
2019	2.40%	225,000	30,575	255,575
2020	2.65%	230,000	24,827	254,827
2021	2.80%	235,000	18,490	253,490
2022	3.00%	240,000	11,600	251,600
2023	3.20%	250,000	4,000	254,000
Total		<u>\$ 1,400,000</u>	<u>\$ 125,132</u>	<u>\$ 1,525,132</u>

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

General obligation alternate bonds totaling \$545,000 remain outstanding from the original issue of \$955,000 dated December 20, 2011. It is the intent of the City officials to service this debt from TIF funds.

Principal is due annually on January 15. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	2.15%	\$ 85,000	\$ 14,671	\$ 99,671
2019	2.65%	85,000	12,631	97,631
2020	2.65%	90,000	10,312	100,312
2021	3.20%	90,000	7,680	97,680
2022	3.20%	95,000	4,720	99,720
2023	3.20%	100,000	1,600	101,600
Total		<u>\$ 545,000</u>	<u>\$ 51,614</u>	<u>\$ 596,614</u>

General obligation refunding alt bonds totaling \$3,310,000 net of \$51,667 unamortized premium are outstanding from the original issue of \$5,725,000 dated December 20, 2011. It is the intent of the City officials to service this debt from the Water Plant Fund, Water Distribution Fund, Sewer Plant Fund and Sewer Collection Fund.

Principal is due annually on January 15. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	3.00%	\$ 630,000	\$ 103,500	\$ 733,500
2019	3.00%	650,000	84,300	734,300
2020	3.50%	655,000	63,087	718,087
2021	3.50%	675,000	39,813	714,813
2022	4.00%	700,000	14,000	714,000
Total		<u>\$ 3,310,000</u>	<u>\$ 304,700</u>	<u>\$ 3,614,700</u>

General obligation alternate refunding bonds totaling \$825,000 remain outstanding from the original issue of \$1,780,000 dated July 14, 2010. It is the intent of the City officials to service this debt from TIF Funds.

Principal is due annually on January 15 and interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	3.30%	\$ 185,000	\$ 26,768	\$ 211,768
2019	3.60%	195,000	20,205	215,205
2020	3.70%	215,000	12,717	227,717
2021	3.80%	230,000	4,370	234,370
Total		<u>825,000</u>	<u>\$ 64,060</u>	<u>\$ 889,060</u>

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

General obligation alternate refunding bonds totaling \$1,470,000 remain outstanding from the original issue of \$2,540,000 dated July 14, 2010. It is the intent of the City officials to service this debt from TIF funds.

Principal is due annually on January 15. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	3.30%	\$ 245,000	\$ 50,108	\$ 295,108
2019	3.60%	270,000	41,205	311,205
2020	3.70%	290,000	30,980	320,980
2021	3.80%	320,000	19,535	339,535
2022	3.90%	345,000	6,728	351,728
Total		<u>\$ 1,470,000</u>	<u>\$ 148,556</u>	<u>\$ 1,618,556</u>

General obligation alternate refunding bonds totaling \$1,795,000 net of \$3,844 of unamortized discount are outstanding from the original issue of \$4,435,000 dated July 14, 2010. It is the intent of the City officials to service this debt from the Water Distribution and Sewer Collection Funds.

Principal is due annually on January 15. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	3.30%	\$ 330,000	\$ 60,465	\$ 390,465
2019	3.60%	340,000	48,900	388,900
2020	3.70%	360,000	36,120	396,120
2021	3.80%	375,000	22,335	397,335
2022	3.90%	390,000	7,605	397,605
Total		<u>\$ 1,795,000</u>	<u>\$ 175,425</u>	<u>\$ 1,970,425</u>

General obligation alternate bonds totaling \$1,619,156 are outstanding from the original issue of \$2,397,499 dated October 31, 2011. It is the intent of the City officials to service this debt from the Water Plant Fund.

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

Principal is due quarterly on April 27, June 17, October 27, and December 17. Interest is due quarterly on April 27, June 17, October 27, and December 17. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	1.25%	\$ 121,700	\$ 3,147	\$ 124,847
2019	1.25%	121,912	2,935	124,847
2020	1.25%	122,125	2,722	124,847
2021	1.25%	122,342	2,506	124,848
2022	1.25%	122,561	2,287	124,848
2023	1.25%	122,783	2,064	124,847
2024	1.25%	123,008	1,840	124,848
2025	1.25%	123,235	1,612	124,847
2026	1.25%	123,466	1,382	124,848
2027	1.25%	123,699	1,149	124,848
2028	1.25%	123,935	912	124,847
2029	1.25%	124,173	673	124,846
2030	1.25%	124,416	431	124,847
2031	1.25%	19,801	185	19,986
Total		\$ 1,619,156	\$ 23,845	\$ 1,643,001

General obligation alternate bonds totaling \$7,440,000 net of \$258,093 unamortized premium are outstanding from the original issue of \$7,465,000 dated December 29, 2014. It is the intent of the City officials to service this debt from the Water Plant Fund, Water Distribution Fund, Sewer Plant Fund, and Sewer Collection Fund.

Principal is due annually on January 15, starting in the year of 2016. Interest is due semi-annually on January 15 and July 15. The annual debt service requirements on this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	2.00%	\$ 135,000	\$ 264,560	\$ 399,560
2019	2.00%	135,000	261,860	396,860
2020	2.50%	140,000	258,760	398,760
2021	2.50%	140,000	255,260	395,260
2022	3.00%	140,000	251,410	391,410
2023	3.00%	560,000	240,910	800,910
2024	3.00%	580,000	223,810	803,810
2025	3.00%	605,000	206,035	811,035
2026	4.00%	625,000	184,460	809,460
2027	4.00%	655,000	158,860	813,860
2028	4.00%	680,000	132,160	812,160
2029	4.00%	715,000	104,260	819,260
2030	4.00%	745,000	75,060	820,060
2031	4.00%	775,000	44,660	819,660
2032	3.60%	810,000	14,580	824,580
Total		\$ 7,440,000	\$ 2,676,645	\$10,116,645

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

General obligation debt certificates totaling \$1,080,906 remain outstanding from the original issue of \$1,200,000 dated October 14, 2016. It is the intent of the City officials to service this debt from the Drainage Fund.

Principal and interest are due monthly. The annual debt service requirements of this debt are as follows:

For the Year Ending December 31	Interest Rate	Principal	Interest	Total
2018	3.50%	\$ 106,096	\$ 36,639	\$ 142,735
2019	3.50%	109,922	32,813	142,735
2020	3.50%	113,803	28,932	142,735
2021	3.50%	118,179	24,337	142,516
2022	3.50%	123,119	18,302	141,421
2023	3.50%	127,083	14,338	141,421
2024	3.50%	131,143	10,278	141,421
2025	3.50%	135,398	6,022	141,420
2026	3.50%	116,163	1,693	117,856
Total		<u>\$ 1,080,906</u>	<u>\$ 173,354</u>	<u>\$ 1,254,260</u>

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

Line of Credit:

The City has a \$6,500,000 line of credit with a bank for financing a tax increment financing project. As of December 31, 2017, The City had drawn \$5,409,712 for the project. Interest is at prime. The terms are interest only monthly with a final maturity on May 16, 2020.

Long-term liability activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Alternate revenue bonds	\$ 3,968,000	\$ ---	\$ (568,000)	\$ 3,400,000	\$ 603,000
Less:					
Discounts	(13,460)	3,780	---	(9,680)	---
Total bonds payable	<u>\$ 3,954,540</u>	<u>\$ 3,780</u>	<u>\$ (568,000)</u>	<u>\$ 3,390,320</u>	<u>\$ 603,000</u>
Note payable	\$ 58,730	\$ 513,855	\$ (125,908)	\$ 446,677	\$ 104,666
Bank line-of-credit	---	5,409,712	---	5,409,712	---
Compensated absences	86,342	660,220	(651,210)	95,352	95,352
Net pension liability	28,074,650	---	(392,852)	27,681,798	---
Net other postemployment benefit obligation	<u>10,539,064</u>	<u>1,735,942</u>	<u>---</u>	<u>12,275,006</u>	<u>---</u>
Governmental activity Long-term liabilities	<u>\$42,713,326</u>	<u>\$8,323,509</u>	<u>\$(1,737,970)</u>	<u>\$49,298,865</u>	<u>\$ 803,018</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$22,903,453	\$ ---	\$(1,791,054)	\$21,112,399	\$1,646,511
Less deferred amounts:					
Discounts	(10,998)	---	2,914	(8,084)	---
Premiums	355,886	---	(46,126)	309,760	---
Total bonds payable	<u>\$23,248,341</u>	<u>\$ ---</u>	<u>\$(1,834,266)</u>	<u>\$21,414,075</u>	<u>\$1,646,511</u>
Note payable	\$ ---	\$ 93,725	\$ (5,438)	\$ 88,287	\$ 21,751
Compensated absences	54,085	225,304	(218,465)	60,924	60,924
Net pension liability	1,927,437	249,555	---	2,176,992	---
Net other postemployment benefit obligation	<u>2,827,672</u>	<u>645,240</u>	<u>---</u>	<u>3,472,912</u>	<u>---</u>
Business-type activity Long-term liabilities	<u>\$28,057,535</u>	<u>\$1,213,824</u>	<u>\$(2,058,169)</u>	<u>\$27,213,190</u>	<u>\$1,729,186</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$623 of internal service funds compensated absences are included in the above amounts.

Notes to Basic Financial Statements

Note 6. Long Term Debt (Continued)

Compensated absences will be paid from the General Fund, Garbage and Pool Special Revenue Funds, and the Water and Sewer Funds.

The General Fund will liquidate the net other postemployment benefit obligation in future years.

Legal Debt Margin

As of December 31, 2017, the general obligation debt issued by the City did not exceed its legal debt margin as shown by the computation that follows:

Assessed valuations, real property	<u>\$ 274,314,447</u>
Debt limit - 8.625% of total assessed valuation	23,659,621
General obligation debt, outstanding	<u>7,025,582</u>
Unused legal debt capacity based on 8.625	<u>\$ 16,634,039</u>

Note 7. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2017 is as follows:

	Total	General	Nonmajor Government	Water Plant	Water Distribution	Sewer Plant	Sewer Collection	Nonmajor Enterprise	Internal Service
Payable Fund:									
General Fund	\$394,549	\$ ---	\$ 319,549	\$ ---	\$ 75,000	\$ ---	\$ ---	\$ ---	\$ ---
TIF - Quarter Nonmajor Governmental	996,005	225,953	160,052	---	---	---	250,000	360,000	---
Water Plant	870,186	428,501	24,685	---	215,000	---	200,000	---	2,000
Water Distribution	1,603,087	157,008	---	---	654,338	791,741	---	---	---
Sewer Plant	1,574,801	3,316	---	1,571,485	---	---	---	---	---
Sewer Collection	579,044	---	---	---	246,882	---	332,162	---	---
Internal Service	940,132	---	---	2,161	---	937,971	---	---	---
Total	\$6,957,804	\$814,778	\$ 504,286	\$1,573,646	\$1,191,220	\$1,729,712	\$ 782,162	\$ 360,000	\$ 2,000

Interfund balances are the result of loans between funds to cover cash shortages.

Interfund transfers:

	Transfer Out					
	Total	General Fund	Nonmajor Governmental	Water Distribution	Sewer Collection	Drainage
Transfer In:						
General Fund	\$ 21,000	\$ ---	\$ ---	\$ 7,000	\$ 7,000	\$ 7,000
Nonmajor Governmental	242,220	170,000	72,220	---	---	---
Water Plant	25,202	25,202	---	---	---	---
Water Distribution	280,989	202,929	78,060	---	---	---
Sewer Plant	121	---	---	---	121	---
Sewer Collection	215,128	137,068	78,060	---	---	---
Drainage	18,756	18,756	---	---	---	---
Internal Service Fund	301,572	301,572	---	---	---	---
Total	\$ 1,104,988	\$ 855,527	\$ 228,340	\$ 7,000	\$ 7,121	\$ 7,000

Note 7. Interfund Receivables, Payables, and Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8. Employees' Retirement System

Illinois Municipal Retirement Fund (IMRF):

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's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided- IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. 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, capped initially at \$106,800, but increases annually thereafter and is limited to 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
- ½ of the increase in the Consumer Price Index of the original pension amount.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Employees Covered by Benefit Terms- At December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	138
Inactive plan members entitled to but not yet receiving benefits	50
Active plan members	93
Total	281

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 employers 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 calendar year 2017 was 10.79%. For the fiscal year ended December 31, 2017, the City contributed \$615,419 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability- The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies- For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions- The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the years 2011 to 2013.
- For Non-disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from 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 2012). 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return
Domestic equity	38%	7.77%
International equity	17%	3.54%
Fixed income	27%	4.85%
Real estate	8%	8.97%
Alternative investments	9%	NA
Cash equivalents	1%	NA
Total	100%	

Single Discount Rate- A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that 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 actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The 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).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2015	\$ 44,750,168	\$ 41,680,192	\$ 3,069,976
Changes for the year:			
Service cost	\$ 581,073	\$ ---	\$ 581,073
Interest on the total pension liability	3,279,553	---	3,279,553
Changes in benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	541,732	---	541,732
Changes of assumptions	(53,140)	---	(53,140)
Contributions - employer	---	615,419	(615,419)
Contributions - employees	---	264,075	(264,075)
Net investment income	---	2,863,518	(2,863,518)
Benefit payments, including refunds of employee contributions	(2,509,887)	(2,509,887)	---
Other (net transfer)	---	221,090	(221,090)
Net changes	\$ 1,839,331	\$ 1,454,215	\$ 385,116
Balances at December 31, 2016	\$ 46,589,499	\$ 43,134,407	\$ 3,455,092

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Total Pension liability	\$ 52,309,992	\$ 46,589,499	\$ 41,850,947
Plan fiduciary net position	43,134,407	43,134,407	43,134,407
Net pension liability (asset)	\$ 9,175,585	\$ 3,455,092	\$ (1,283,460)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions- For the year ended December 31, 2017, the City recognized pension expense of \$1,550,324. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflow of Resources
Deferred amounts to be recognized in pension expense in future periods			
Differences between expected and actual experience	\$ 383,581	\$ 32,422	\$ 351,159
Changes of assumptions	229,002	37,626	191,376
Net difference between projected and actual earnings on pension plan investments	2,166,658	---	2,166,658
Contributions subsequent to the measurement date	564,873	---	564,873
Total	\$ 3,344,114	\$ 70,048	\$ 3,274,066

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Deferred outflows of resources of \$564,873 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>For the Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 1,086,908
2019	887,524
2020	692,833
2021	41,928
2022	---
Thereafter	---
Total	\$ 2,709,193

Defined Benefit Single-Employer Pension Plans

Police Pension Plan:

Plan Administration- Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Police Pension Plan does not have a separately issued report.

The Plan is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary, and two elected police employees constitute the pension board.

Plan Membership- At December 31, 2017, the measurement date, the Police Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	44
Inactive plan members entitled to but not receiving benefits	9
Active members	<u>36</u>
Total	<u>89</u>

Benefits Provided- The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited services may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Note 8. Employees' Retirement System (Continued)

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to 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. Police salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions- Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year-ended December 31, 2017, the City's contribution was 36.5% of covered payroll.

Net Pension Liability/(Asset)- The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies- The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment Policy- Statutes and the Police Pension Fund's investment policy authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

In addition to the above, a pension fund established under Article 3 or 4 that has Net Position of at least \$5,000,000 and has appointed an investment adviser under Section 1-113.5 of the Illinois Pension Code, may through that investment adviser, invest a portion of its assets in common and preferred stocks authorized for investments of trust funds under the laws of the state of Illinois.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Police Pension Long-Term Expected Real Rate of Return
Fixed income	49%	1.50%
International equities	10%	5.50%
Domestic equities	40%	6.00%
Cash and cash equivalents	1%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in mutual funds, separate account of an insurance company, or separate accounts of a money manager to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return for the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in July of 2015 and presented to the Trustees at that time. The best estimate ranges of the future rates of return were developed for each major asset class and combined to produce a long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. After adjusting for inflation, the best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table above.

Investment Valuations- All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds, and contract values for insurance contracts.

Investment Concentrations- There are no significant investments (other than U.S. government guaranteed obligations) in any one organization that represent 5.0% or more of the Fund's investments, other than the mutual fund holdings as follows:

Equity Mutual Funds	Fair Value
Dodge and Cox Stock Fund	\$ 2,709,102
Harbor International Fund	2,107,793
Vanguard Value Index ADM #506	2,687,502
Vanguard 500 Index	1,134,154

Investment Rate of Return- For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk-Deposits. At year-end the carrying amount of the Pension Fund's deposits totaled \$1,465,721 and the bank balance totaled \$1,465,721.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

The valuation methods for recurring fair value measurements are as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bonds	\$ 1,911,307	\$ ---	\$ 1,911,307	\$ ---
U.S. government agency securities	1,187,599	---	1,187,599	---
Residential mortgage-backed securities	1,124,901	---	1,124,901	---
Corporate securities	4,677,770	---	4,677,770	---
Mutual funds	10,642,694	10,642,694	---	---
Total	\$19,544,271	\$10,642,694	\$8,901,577	\$ ---

Investments. At year-end the Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury bonds	\$ 1,911,307	\$ 73,809	\$ 532,817	\$ 517,375	\$ 787,306
U.S. government agency securities	1,187,599	---	258,852	377,204	551,543
Residential mortgage-backed securities	1,124,901	---	428,335	240,473	456,093
Corporate securities	4,677,770	413,903	2,529,882	1,249,850	484,135
Mutual funds	10,642,694	10,642,694	---	---	---
Total	\$19,544,271	\$11,130,406	\$3,749,886	\$2,384,902	\$ 2,279,077

The Pension Fund assumes any callable securities will not be called.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government and investment grade corporate bonds rated A or higher. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension code. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Exempt from Disclosure	Ratings as of Year End			
			AAA	AA+	AA	AA-
U.S. Treasury bonds	\$ 1,911,307	\$ 1,911,307	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	1,187,599	---	---	1,187,599	---	---
Residential mortgage-backed securities	1,124,901	---	---	1,124,901	---	---
Corporate securities	4,677,770	---	109,839	998,830	78,663	435,970
Mutual funds	10,642,694	10,642,694	---	---	---	---
Total	\$19,544,271	\$12,554,001	\$109,839	\$3,311,330	\$78,663	\$435,970

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Investment Type	Ratings as of Year End					
	A+	A	A-	BBB+	BBB	BBB-
U.S. Treasury bonds	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	---	---	---	---	---	---
Residential mortgage-backed securities	---	---	---	---	---	---
Corporate securities	340,829	656,081	916,660	847,660	152,118	141,120
Mutual funds	---	---	---	---	---	---
Total	\$340,829	\$656,081	\$916,660	\$847,660	\$152,118	\$141,120

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At December 31, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Pension Fund, to act as custodian for its securities.

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year smoothed market, no corridor
Actuarial Assumptions	
Interest Rate	7.0%
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55
Inflation	2.0%

Mortality:

Active Lives - RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015.

Disabled Lives - RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50.

Discount Rate- The discount rate used to measure the total pension liability was 7.0%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that 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 Fund's fiduciary net position was projected to be available to make all project 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.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2016	\$ 36,782,617	\$ 19,742,981	\$ 17,039,636
Changes for the year:			
Service cost	\$ 612,469	\$ ---	\$ 612,469
Interest on the total pension liability	2,517,077	---	2,517,077
Changes of benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	(344,171)	---	(344,171)
Changes of assumptions	---	---	---
Contributions - employer	---	957,699	(957,699)
Contributions - employees	---	263,513	(263,513)
Net investment income	---	2,061,279	(2,061,279)
Benefit payments, including refunds of employee contributions	(1,816,592)	(1,816,592)	---
Administrative expense	---	(19,138)	19,138
Net changes	\$968,783	\$ 1,446,761	(477,978)
Balances at December 31, 2017	\$ 37,751,400	\$ 21,189,742	\$ 16,561,658

Discount Rate Sensitivity- The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.0% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total pension liability	\$ 42,813,045	\$ 37,751,400	\$ 33,581,978
Plan fiduciary net position	21,189,742	21,189,742	21,189,742
Net pension liability (asset)	\$ 21,623,303	\$ 16,561,658	\$ 12,392,236

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

For the year ended December 31, 2017, the City recognized pension expense of \$6,344,193. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ ---	\$ 296,423
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	602,142
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ ---</u>	<u>\$ 898,565</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 30</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (198,283)
2019	(198,283)
2020	(198,283)
2021	(198,283)
2022	(47,748)
Thereafter	(57,685)
Total	<u>\$ (898,565)</u>

Firefighters Pension Plan:

Plan Administration- Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Firefighters' Pension Plan does not have a separately issued report.

The Plan is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary, and two elected fire employees constitute the pension board.

Plan Membership- At December 31, 2017, the measurement date, the Firefighters' Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	40
Inactive plan members entitled to but not receiving benefits	4
Active Members	<u>34</u>
Total	<u>78</u>

Benefits Provided- The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

Note 8. Employees' Retirement System (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter 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. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions- Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Plan. For the year-ended December 31, 2017, the City's contribution was 34.5% of covered payroll.

Net Pension Liability/(Asset)- The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies- The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Note 8. Employees' Retirement System (Continued)

Investment Policy- Statutes and the Firefighters' Pension Fund investment policy authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase.

In addition to the above, a pension fund established under Article 3 or 4 that has Net Position of at least \$5,000,000 and has appointed an investment adviser under Section 1-113.5 of the Illinois Pension Code, may through that investment adviser, invest a portion of its assets in common and preferred stocks authorized for investments of trust funds under the laws of the state of Illinois.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate Return</u>
Fixed income	49%	1.50%
International equities	10%	5.50%
Domestic equities	40%	6.00%
Cash and cash equivalents	1%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in mutual funds, separate account of an insurance company, or separate accounts of a money manager to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return for the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in July of 2015 and presented to the Trustees at that time. The best estimate ranges of the future rates of return were developed for each major asset class and combined to produce a long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. After adjusting for inflation, the best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table above.

Investment Valuations- All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds, and contract values for insurance contracts.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Investment Concentrations- There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Fund's investments, other than the mutual fund holdings as follows:

Equity Mutual Funds	Fair Value
Aston Fairpointe M/C Fund	\$ 1,136,471
Dodge & Cox Stock Fund	1,846,555
DFA Emerging Markets	1,159,086
Lazard Emerging Markets	1,160,485
Vanguard 500 Index ADM SHS	1,234,291
Vanguard Extended MKT Index ADM #598	1,235,573
Vanguard International Value #46	1,143,307
Vanguard Value Index ADM #506	1,837,940
Harbor International Fund	1,087,474

Investment Rate of Return- For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end the carrying amount of the Pension Fund's deposits totaled \$2,775,693 and the bank balance totaled \$2,775,693.

The valuation methods for recurring fair value measurements are as follows:

As of December 31, 2017, the investments were measured using valuation inputs as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bonds	\$ 2,000,607	\$ ---	\$ 2,000,607	\$ ---
U.S. government agency securities	1,114,177	---	1,114,177	---
Residential mortgage-backed securities	1,293,181	---	1,293,181	---
Corporate securities	4,869,262	---	4,869,262	---
Mutual funds	12,221,492	12,221,492	---	---
Total	\$ 21,498,719	\$12,221,492	\$ 9,277,227	\$ ---

Investments. At year-end the Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury bonds	\$2,000,607	\$ 76,801	\$ 557,131	\$539,673	\$ 827,002
U.S. government agency securities	1,114,177	---	124,412	152,845	836,920
Residential mortgage-backed securities	1,293,181	17	653,082	329,369	310,713
Corporate securities	4,869,262	413,850	2,595,436	1,287,983	571,993
Mutual funds	12,221,492	12,221,492	---	---	---
Total	\$21,498,719	\$12,712,160	\$3,930,061	\$2,309,870	\$2,546,628

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

The Pension Fund assumes any callable securities will not be called.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government and investment grade corporate bonds rated A or higher. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension code. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Exempt from Disclosure	Rating as of Year End			
			AAA	AA+	AA	AA-
U.S. Treasury bonds	\$2,000,607	\$2,000,607	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	1,114,177	---	---	1,114,177	---	---
Residential mortgage-backed securities	1,293,181	---	---	1,293,181	---	---
Corporate securities	4,869,262	---	102,659	1,541,297	94,842	324,478
Mutual funds	12,221,492	12,221,492	---	---	---	---
Total	\$21,498,719	\$14,222,099	\$102,659	\$3,948,655	\$94,842	\$324,478

Investment Type	Rating as of Year End				
	A+	A	A-	BBB+	BBB
U.S. Treasury bonds	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
U.S. government agency securities	---	---	---	---	---
Residential mortgage-backed securities	---	---	---	---	---
Corporate securities	430,265	733,936	649,122	770,672	221,991
Mutual funds	---	---	---	---	---
Total	\$430,265	\$733,936	\$649,122	\$770,672	\$221,991

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At December 31, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Pension Fund, to act as custodian for its securities.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5 year smoothed market, no corridor
Actuarial assumptions	
Interest Rate	7.0%
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55
Inflation	2.0%

Mortality

Active Lives - RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015.

Disabled Lives - RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50.

Discount Rate- The discount rate used to measure the total pension liability was 7.0%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that 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 Fund's fiduciary net position was projected to be available to make all project 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 Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2016	\$32,372,584	\$22,480,109	\$ 9,892,475
Changes for the year:			
Service cost	\$ 627,015	\$ ---	\$ 627,015
Interest on the total pension liability	2,212,133	---	2,212,133
Changes of benefit terms	---	---	---
Differences between expected and actual experience of the total pension liability	755,057	---	755,057
Changes of assumptions	---	---	---
Contributions - employer	---	872,185	(872,185)
Contributions - employees	---	247,170	(247,170)
Net investment income	---	2,553,303	(2,553,303)
Benefit payments, including refunds of employee contributions	(1,698,288)	(1,698,288)	---
Administrative expense	---	(28,018)	28,018
Net changes	\$ 1,895,917	\$ 1,946,352	\$ (50,435)
Balances at December 31, 2017	\$34,268,501	\$24,426,461	\$ 9,842,040

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Discount Rate Sensitivity- The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.0% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total pension liability	\$ 38,545,243	\$ 34,268,501	\$ 30,708,580
Plan fiduciary net position	24,426,461	24,426,461	24,426,461
Net pension liability (asset)	<u>\$ 14,118,782</u>	<u>\$ 9,842,040</u>	<u>\$ 6,282,119</u>

For the year ended December 31, 2017, the City recognized pension expense of \$2,135,251. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ 648,131	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	830,318
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 648,131</u>	<u>\$ 830,318</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 30	Net Deferred Inflows of Resources
2018	\$ (100,654)
2019	(100,654)
2020	(100,654)
2021	(100,654)
2022	106,925
Thereafter	113,504
Total	<u>\$ (182,187)</u>

Basis of Plan Accounting- The plans are reported using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Amounts recognized as receivables should include those due pursuant to formal commitments as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Notes to Basic Financial Statements

Note 8. Employees' Retirement System (Continued)

Summary information of all pension plans as of December 31, 2017 is as follows:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability	\$ 3,455,092	\$16,561,658	\$ 9,842,040	\$29,858,790
Deferred outflows of resources related to pensions	3,344,114	---	648,131	3,992,245
Deferred inflows of resources related to pensions	70,048	898,565	830,318	1,798,931
Pension expense/expenditures	1,550,324	6,344,193	2,135,251	10,029,768

Note 9. Combining Fiduciary Funds

The following is the combining statements of the City's two pension trust funds:

	Police Pension Trust Fund	Firefighters' Pension Trust Fund	Total
ASSETS			
Cash	\$ 1,465,721	\$ 2,775,693	\$ 4,241,414
Receivables			
Accrued interest	55,061	52,323	107,384
Other	125,238	101,936	227,174
Investments			
U.S. treasury bonds	1,911,307	2,000,607	3,911,914
U.S. government agency securities	1,187,599	1,114,177	2,301,776
Residential mortgage-backed securities	1,124,901	1,293,181	2,418,082
Corporate securities	4,677,770	4,869,262	9,547,032
Mutual funds	10,642,694	12,221,492	22,864,186
Total assets	<u>\$ 21,190,291</u>	<u>\$ 24,428,671</u>	<u>\$45,618,962</u>
LIABILITIES			
Other accrued liabilities	<u>\$ 549</u>	<u>\$ 2,210</u>	<u>\$ 2,759</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 21,189,742</u>	<u>\$ 24,426,461</u>	<u>\$45,616,203</u>

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

Notes to Basic Financial Statements

Note 9. Combining Fiduciary Funds (Continued)

	Police Pension Trust Fund	Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 957,699	\$ 872,185	\$ 1,829,884
Employee	263,513	247,170	510,683
Total contributions	<u>\$1,221,212</u>	<u>\$ 1,119,355</u>	<u>\$ 2,339,209</u>
Investment income			
Net increase in fair value of investments	\$ 1,186,337	\$ 1,544,930	\$ 2,731,267
Interest	249,143	249,004	498,147
Dividends and capital gains	677,111	795,079	1,472,190
Total investment income	<u>\$2,112,591</u>	<u>\$ 2,589,013</u>	<u>\$ 4,701,604</u>
Less investment expense	<u>39,986</u>	<u>26,801</u>	<u>66,787</u>
Net investment income	<u>\$2,072,605</u>	<u>\$ 2,562,212</u>	<u>\$ 4,634,817</u>
Total additions	<u>\$3,293,817</u>	<u>\$ 3,681,567</u>	<u>\$ 6,975,384</u>
DEDUCTIONS			
Benefits	\$1,816,592	\$ 1,698,288	\$ 3,514,880
Administrative expense	<u>30,461</u>	<u>36,929</u>	<u>67,390</u>
Total deductions	<u>1,847,053</u>	<u>\$ 1,735,217</u>	<u>\$ 3,582,270</u>
Change in net position	1,446,764	\$ 1,946,350	\$ 3,393,114
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning	<u>19,742,978</u>	<u>22,480,111</u>	<u>42,223,089</u>
Ending	<u>\$21,189,742</u>	<u>\$24,426,461</u>	<u>\$45,616,203</u>

Note 10. Other Postemployment Benefits

Plan Description- In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan does not issue a stand-alone financial report.

Benefits Provided- The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. In order to qualify, an employee must meet both age and years of service requirements.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. The City provides \$4,000 of life insurance coverage at no cost.

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Membership- At December 31, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits	142
Terminated employees entitled to benefits but not yet receiving them	3
Active employees	<u>146</u>
Total	<u><u>291</u></u>
 Participating employers	 <u><u>1</u></u>

Funding Policy- The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Retirees contribute between \$200 per year to 19.5% of the actuarially determined premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go). Since the City is self-insured, this amount fluctuates on an annual basis.

Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the City's annual OPEB obligation:

Annual required contribution	\$ 4,561,431
Interest on net OPEB obligation	534,669
Adjustment to annual required obligation	<u>(743,269)</u>
Annual OPEB cost	\$ 4,352,831
Contributions made	<u>(1,971,649)</u>
Increase in net OPEB obligation	\$ 2,381,182
Net OPEB obligation, beginning of year	<u>13,366,736</u>
Net OPEB obligation, end of year	<u><u>\$ 15,747,918</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2017 are as follows in the table below. 2009 was the transition year of GASB Statement No 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
12/31/2015	\$ 3,766,506	46.07%	\$ 11,502,324
12/31/2016	3,738,581	53.13%	13,366,736
12/31/2017	4,352,831	45.30%	15,747,918

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Funded status and funding progress. The funded status of the plan as of December 31, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 61,936,880
Actuarial value of plan assets	- - -
Unfunded actuarial accrued liability (UAAL)	\$ 61,936,880
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$9,404,034
UAAL as a percentage of covered payroll	658.60%

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 assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer 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 following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% reduced to an ultimate healthcare cost trend rate of 4.0% after eight years. Both rates include a 2.5% inflation assumption. The actuarial value of assets was \$0. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years.

Note 11. Contingent Liabilities

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

TIF Reimbursable Expenditures to REDEEM - The City has a potential payable to Revitalize and Develop East Moline, Inc. (REDEEM) for a portion of The Quarter development totaling \$520,766. REDEEM has incurred these TIF reimbursable expenditures as of December 31, 2017. Future tax increments will be used to pay off TIF reimbursable expenditures. The City is not liable for the REDEEM TIF reimbursable expenditures as of December 31, 2017 due to the contract stipulations between REDEEM and the City.

Notes to Basic Financial Statements

Note 11. Contingent Liabilities (Continued)

Claims -The City records liabilities resulting from claims when they become probable and reasonably estimable. There are several personal injury and workers' compensation lawsuits pending against the City. A liability has been recorded in the Insurance Reserve Fund for certain of these claims. The City Attorney estimates that the remaining claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

Litigation - Several lawsuits and claims, arising in the normal course of City operations, were pending at December 31, 2017. In the opinion of the City Attorney, there are adequate legal defenses to these actions, and it is not anticipated that there will be any adverse material effect on the financial position of the City.

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permit them to defer a portion of their salary into future years. Participation in the plan is optional. Investments are managed by the plan's trustees under various investment options, or combinations thereof, the choice of which is made by the participants. The assets of the deferred compensation plan are held in trust for the benefit of the employees. Accordingly, the assets are not reported in these financial statements. The City has no liability for losses under the plan.

Note 13. Industrial Revenue Bonds

The City has participated in certain industrial revenue bond issues. Under the terms of the issues and the Illinois State Statutes, the bonds are not to be considered direct or contingent liabilities of the City. Property purchased with the bond proceeds are pledged as collateral for the total payment of the bonds and the bondholders can look only to these sources for repayment. The outstanding balance of industrial revenue bonds as of December 31, 2017 is \$925,000.

Note 14. Risk Management

The City has established two self-insurance funds (internal service funds) to meet potential losses from general and auto liability, workers' compensation, property and casualty claims, and medical and other risks. The City carries stop-loss medical coverage of approximately \$100,000 per individual. All claim procedures are performed by an independent claims administrator. There have been no reductions in coverages or payments in excess of coverages in the past three years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. Changes in the balances of claims payable during the years ended December 31, 2017 and 2016 are as follows:

	Health Insurance		Liability Insurance	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Unpaid claims, beginning of year	\$ 209,000	\$ 240,000	\$ 418,846	\$ 118,935
Incurred claims (including IBNRs)	4,440,742	2,831,870	118,819	604,211
Claim payments	(4,294,742)	(2,862,870)	(247,708)	(304,300)
Unpaid claims, end of year	<u>\$ 355,000</u>	<u>\$ 209,000</u>	<u>\$ 289,957</u>	<u>\$ 418,846</u>

Based on experience of the claims payable as of December 31, 2017 is considered current and due within one year.

Notes to Basic Financial Statements

Note 15. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site. The facility was certified closed by the Illinois Environmental Protection Agency March 12, 2002. The minimum three-year post-closure care period began June 1, 2001.

By correspondence from the Illinois Environmental Protection Agency dated May 22, 2003, the City was informed that they were not in compliance with all the conditions of the supplemental permit for closure. The area of noncompliance relates to leaching of contaminants from the landfill onto the adjacent property to the south. To prevent this leaching, the IEPA required that a Leachate Collection System be installed which was completed in 2007. The City continues to collect the leachate and pump the collection tank on a regular basis. Monitoring wells also continue to be monitored by the City and the data provided to the IEPA as required.

Tests from the monitoring wells indicated that despite ongoing mitigation efforts of the leachate collection system, unacceptable levels of contaminants from the old landfill are still getting into the ground water table. In correspondence dated July 9, 2013, IEPA denied East Moline's Supplemental Permit for post-closure care and remedial activities as they were deemed to be non-compliant. With the help of a consultant, the city subsequently prepared and received approval for additional corrective action to consist of verifying the integrity of the leachate collection pipes and evaluating alternate designs to capture additional leachate. The City is continuing to perform regular pumping and testing of the leachate and testing of monitoring well samples, and additional remediation measures will likely be necessary to meet IEPA regulatory requirements in the next few years.

The City's financial statements do not include a contingent liability for possible fines or any remedial costs should the system prove to be noncompliant.

Note 16. Discretely Presented Component Unit

Library Fund

Capital asset activity for the Library for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,435	\$ ---	\$ ---	\$ 45,435
Capital assets, being depreciated				
Books	566,928	60,447	82,852	544,523
Buildings	660,986	---	---	660,986
Improvements other than buildings	7,460	---	---	7,460
Vehicles and equipment	80,218	---	---	80,218
Total capital assets, being depreciated	1,315,592	60,447	82,852	1,293,187
Less accumulated depreciation for:				
Books	329,299	71,501	82,852	317,948
Buildings	391,181	19,510	---	410,691
Improvements other than buildings	7,460	---	---	7,460
	70,949	664	---	71,613
Total accumulated depreciation	798,889	91,675	82,852	807,712
Total capital assets being depreciated, net	516,703	(31,228)	---	485,475
Library capital assets, net	\$ 562,138	\$(31,228)	\$ ---	\$ 530,910

Depreciation expense charged to the Library component unit was \$91,675.

Notes to Basic Financial Statements

Note 16. Discretely Presented Component Unit (Continued)

Receivables as of December 31, 2017 for the Library are as follows:

Property taxes	\$ 771,245
Accounts	9,005
Total receivables	<u>\$ 780,250</u>

Note 17. Fund Balances

The classifications of fund balances as of December 31, 2017 by opinion unit are as follows:

	General	Tax Increment Financing - The Quarter	Tax Increment Financing - Port of Call	Nonmajor	Total
Fund Balance					
Non-spendable:					
Advances	\$ 814,778	\$ ---	\$ ---	\$ ---	\$ 814,778
Restricted:					
Tax Increment Financing					
Districts	\$ ---	\$ ---	\$ ---	\$ 927,510	\$ 927,510
Special Service Area	---	---	---	87,202	87,202
Public Benefit	56,066	---	---	---	56,066
Audit	18,189	---	---	---	18,189
Recreation/Culture	8,632	---	---	---	8,632
Road Repairs	---	---	---	1,485,266	1,485,266
Emergency Service	36,284	---	---	---	36,284
Foreign Fire	36,242	---	---	---	36,242
Drug Seizure	45,099	---	---	---	45,099
Tort and Judgment	14,175	---	---	---	14,175
IMRF Expenses	144,733	---	---	---	144,733
FICA Expenses	281,954	---	---	---	281,954
Total Restricted	<u>\$ 641,374</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 2,499,978</u>	<u>\$ 3,141,352</u>
Committed:	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Assigned:					
Refuse	\$ ---	\$ ---	\$ ---	\$ 619,895	\$ 619,895
Recreation/Culture	42,434	---	---	106,366	148,800
Economic Development	---	---	---	178,118	178,118
Capital Improvements & equipment	1,030,393	---	---	63,529	1,093,922
Public Safety					
Crossing Guard	22,370	---	---	---	22,370
Landfill closures	676,421	---	---	---	676,421
Fire	82,546	---	---	---	82,546
Sick Leave	25,228	---	---	---	25,228
OPEB	599,003	---	---	---	599,003
Total Assigned	<u>\$2,478,395</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 967,908</u>	<u>\$ 3,446,303</u>
Unassigned:	<u>\$2,572,052</u>	<u>\$(3,079,797)</u>	<u>\$(936,237)</u>	<u>\$(2,642,941)</u>	<u>\$(4,086,923)</u>
Total Fund Balances	<u>\$6,506,599</u>	<u>\$(3,079,797)</u>	<u>\$(936,237)</u>	<u>\$ 824,945</u>	<u>\$ 3,315,510</u>

Note 18. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the state of Illinois Enterprise Zone Act. Under the Act, localities may grant property tax abatements of a business' property tax bill for the purpose of attracting or retaining business within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Enterprise Zone.

For the fiscal year ended December 31, 2017, the City abated property taxes totaling \$66,358 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100% property tax abatement to a developer for developing a leased student housing complex, making the project subject to property tax on property previously tax-exempt. The abatement amounted to \$12,443.
- An 80% property tax abatement to a business for purchasing a tract of land and construct a 100,000-square foot building industrial, commercial and related and appurtenant facilities, infrastructure and improvements. The abatement amounted to \$43,511.

BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules for the following:

General Fund

Tax Increment Financing Fund – The Quarter

Tax Increment Financing Fund – Port of Call

Notes to the Required Supplementary Information

Schedule of Funding Progress – Other Post Employment Benefit Plan

Schedules of Employer Contributions – Pension and Other Post Employment Benefit Plans

Schedules of Changes in Employer's Net Pension Liability and Related Ratios

Schedule of Investment Returns

Schedule of revenues, expenditures and changes in fund balances

Budget and actual

General Fund

Year Ended December 31, 2017

	Original and Final		Variance with
	Budget	Actual Amounts	Final Budget
Revenues			
Taxes:			
Property	\$ 4,919,738	\$ 4,711,530	\$ (208,208)
Utility	1,300,000	1,284,618	(15,382)
Admissions	3,000	2,633	(367)
Licenses, permits, and fees	313,050	448,816	135,766
Charges for services and rents	483,500	490,650	7,150
Investment income	7,500	72,573	65,073
Intergovernmental	6,138,646	6,417,340	278,694
Fines	250,500	148,189	(102,311)
Grant	8,030	25,408	17,378
Miscellaneous	564,000	554,592	(9,408)
Total revenues	\$ 13,987,964	\$ 14,156,349	\$ 168,385
Expenditures			
Current			
General Government:			
Administration:			
Salaries	\$ 100,285	\$ 100,206	\$ 79
Office	28,450	24,007	4,443
Audit	32,800	29,400	3,400
Printing and advertising	6,550	8,204	(1,654)
Insurance	42,810	42,810	-
Equipment rent and repairs	10,550	32,430	(21,880)
Dues and subscriptions	40,000	38,343	1,657
Professional services	17,400	15,405	1,995
Vehicle maintenance	3,600	3,600	-
Miscellaneous	13,050	14,878	(1,828)
FICA	15,605	13,158	2,447
IMRF	13,673	12,263	1,410
Executive and legislative:			
Salaries	52,400	52,259	141
Office	3,700	1,861	1,839
Printing and advertising	1,000	1,019	(19)
Insurance	7,920	7,917	3
Dues and subscriptions	300	4,538	(4,238)
Miscellaneous	17,100	11,218	5,882
Building and grounds:			
Salaries	10,900	11,047	(147)
Office	16,200	15,975	225
Insurance	7,660	7,662	(2)
Repairs and maintenance	37,400	19,797	17,603
Professional services	50,000	7,500	42,500
Utilities	36,000	32,768	3,232
Total general government	\$ 565,353	\$ 508,265	\$ 57,088

(Continued)

Schedule of revenues, expenditures and changes in fund balances
Budget and actual
General Fund
Year Ended December 31, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures, current (continued)			
Public Safety:			
Health:			
Salaries	\$ 79,160	\$ 71,976	\$ 7,184
Office	11,750	4,603	7,147
Insurance	10,040	10,040	-
Vehicle maintenance	4,650	4,650	-
Dues and subscriptions	900	1,091	(191)
Professional services	186,100	107,736	78,364
Miscellaneous	12,000	5,671	6,329
Legal:			
Insurance	-	14,166	(14,166)
Salaries	14,165	-	14,165
Professional services	250,000	204,500	45,500
Miscellaneous	1,100	-	1,100
Special projects	5,000	2,191	2,809
FICA	3,833	3,232	601
IMRF	3,358	3,012	346
Crossing Guard	47,300	44,201	3,099
Emergency Services	5,050	5,057	(7)
Police Protection:			
Salaries	3,061,500	3,040,016	21,484
Office	102,500	106,313	(3,813)
Radio User Fees	18,000	18,515	(515)
Center Station	551,885	533,786	18,099
Insurance	889,445	889,444	1
Equipment rent and repairs	35,000	76,479	(41,479)
Dues and subscriptions	4,500	4,665	(165)
Training	17,500	-	17,500
Vehicle maintenance	84,750	84,750	-
Grant expenditures	5,530	4,142	1,388
Municipies & CORA	32,500	22,345	10,155
Records Management	30,000	26,779	3,221
Pension	957,700	957,699	1
Miscellaneous	10,700	11,605	(905)
Police and Fire Commission:			
Dues and subscriptions	400	392	8
Miscellaneous	1,000	299	701

Schedule of revenues, expenditures and changes in fund balances

Budget and actual

General Fund

Year Ended December 31, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures, current (continued)			
Fire Protection:			
Salaries	\$ 2,960,770	\$ 2,782,306	\$ 178,464
Office	46,425	26,193	20,232
Training	25,000	35,131	(10,131)
Radio User Fees	12,500	11,183	1,317
Insurance	919,455	919,456	(1)
Equipment rent and repairs	58,000	60,220	(2,220)
Dues and subscriptions	4,000	3,154	846
Vehicle maintenance	32,275	32,275	-
Utilities	17,000	12,537	4,463
Pension	872,184	872,184	-
Miscellaneous	62,400	100,855	(38,455)
Total Public Safety	\$ 11,447,325	\$ 11,114,849	\$ 332,476
Public Works:			
Administration:			
Salaries	\$ 120,000	\$ 122,298	\$ (2,298)
Insurance	22,250	22,127	123
Vehicle maintenance	4,650	4,650	-
Office	12,500	3,528	8,972
Dues and subscriptions	3,200	12,985	(9,785)
Professional services	-	2,300	(2,300)
Inspection:			
Salaries	61,125	61,162	(37)
Office	20,300	6,074	14,226
Professional services	400	-	400
Vehicle maintenance	8,685	8,685	-
Insurance	21,830	21,828	2
Dues and subscriptions	800	997	(197)
Street & Bridge:			
Salaries	205,625	194,473	11,152
Office	25,300	19,642	5,658
Insurance	169,085	169,087	(2)
Vehicle Maintenance	180,325	180,325	-
Professional Services	12,000	6,599	5,401
Repairs	121,700	105,216	16,484
Miscellaneous	-	1,319	(1,319)
Utilities	46,000	21,216	24,784
Salt	95,000	50,985	44,015

(Continued)

Schedule of revenues, expenditures and changes in fund balances
 Budget and actual
 General Fund
 Year Ended December 31, 2017

	Original and Final		Variance with
	Budget	Actual Amounts	Final Budget
Expenditures, current (continued)			
Public benefit and comfort	\$ 600	\$ 1,989	\$ (1,389)
Light:			
Repairs	45,000	34,350	10,650
Traffic Lighting	-	19,709	(19,709)
Street Lighting	305,800	277,750	28,050
Engineering:			
Salaries	33,260	33,254	6
Office	8,450	7,997	453
Insurance	19,690	19,692	(2)
Dues and Subscriptions	300	61	239
Vehicle maintenance	4,650	4,657	(7)
Professional services	1,000	1,154	(154)
FICA	27,104	22,852	4,252
IMRF	23,749	21,300	2,449
Total public works	\$ 1,600,378	\$ 1,460,261	\$ 140,117
Recreation and culture			
Fireworks	\$ 12,500	\$ 12,965	\$ (465)
Salaries	195,100	177,969	17,131
Office	3,300	3,843	(543)
Insurance	35,145	35,142	3
Utilities	19,860	18,347	1,513
Vehicle maintenance	51,070	51,070	-
Repairs and maintenance	53,950	38,991	14,959
Tourism	3,000	-	3,000
Fiberoptics	36,000	38,545	(2,545)
Sponsorship	5,000	5,000	-
Miscellaneous	6,300	5,260	1,040
FICA	36,138	30,469	5,669
IMRF	31,665	28,400	3,265
Total recreation and culture	\$ 489,028	\$ 446,001	\$ 43,027
Economic Development:			
Office	\$ 10,000	\$ 2,277	\$ 7,723
Professional services	-	-	-
Insurance	7,665	7,662	3
Developer rebate	-	28,629	(28,629)
Total economic development	\$ 17,665	\$ 38,568	\$ (20,903)

(Continued)

Schedule of revenues, expenditures and changes in fund balances
Budget and actual
General Fund
Year Ended December 31, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Expenditures, current (continued)			
Capital expenditures	\$ 1,570,530	\$ 1,431,124	\$ 139,406
Debt service:			
Principal	6,150	67,179	(61,029)
Interest	75	7,154	(7,079)
Total expenditures	\$ 15,696,504	\$ 15,073,401	\$ 623,103
Excess (deficiency) of revenues over (under) expenditures	\$ (1,708,540)	\$ (917,052)	\$ 791,488
Other financing sources (uses):			
Proceeds from long-term debt	\$ -	\$ 513,856	513,856
Sale of property	-	5,206	5,206
Transfers in	26,000	21,000	(5,000)
Transfers out	(862,535)	(855,527)	7,008
Total other financing sources (uses)	\$ (836,535)	\$ (315,465)	\$ 521,070
Net change in fund balance	\$ (2,545,075)	(1,232,517)	\$ (1,312,558)
Fund balance, beginning of year		7,739,116	
Fund balance, end of year		<u>\$ 6,506,599</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Tax Increment Financing Fund- The Quarter
Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 185,000	\$ 208,350	\$ 23,350
Expenditures:			
Current:			
Economic development	\$ 91,300	\$ 96,027	\$ (4,727)
Debt service:			
Principal	255,000	255,000	-
Interest	49,415	49,411	4
Total expenditures	\$ 395,715	\$ 400,438	\$ (4,723)
Revenues under expenditures	<u>\$ (210,715)</u>	<u>(192,088)</u>	<u>\$ 18,627</u>
Fund balance, beginning of year		<u>(2,887,709)</u>	
Fund balance, end of year		<u>\$ (3,079,797)</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund- Port of Call
Year Ended December 31, 2017

	Original and Final Budgeted Amounts		Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	\$	6,500	\$ 10,267	\$ 3,767
Miscellaneous		-	11,000	11,000
Total revenues	\$	6,500	\$ 21,267	\$ 14,767
Expenditures				
Current:				
Economic development	\$	-	\$ 35,520	\$ (35,520)
Capital expenditures		6,200,000	6,174,213	25,787
Debt service:				
Interest			60,724	(60,724)
Total expenditures	\$	6,200,000	\$ 6,270,457	\$ (70,457)
Revenues (under) expenditures	\$	(6,193,500)	\$ (6,249,190)	\$ (55,690)
Other Financing Sources:				
Issuance of long-term debt	\$	6,200,000	\$ 5,409,711	\$ (790,289)
Net change in fund balance	\$	6,500	(839,479)	\$ (845,979)
Fund balance, beginning of year			(96,758)	
Fund balance, end of year			<u>\$ (936,237)</u>	

City of East Moline, Illinois
Notes to the Required Supplementary Information- Budget Comparisons
December 31, 2017

I. Budgetary Basis

Annual appropriated budgets are adopted at the department level on a basis consistent with U.S. generally accepted accounting principles. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual appropriations lapse at the end of the fiscal year.

II. Budgetary Information

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

All departments of the City submit requests for appropriations to the City Administrator to be used in preparing a budget. At least 45 days prior to December 31, the City Administrator submits to the governing body a proposed budget for the general, special revenue, debt service, capital projects and enterprise funds for the fiscal year commencing January 1. The budget includes proposed expenditures and transfers to other funds and the means of financing them. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. A final budget must be prepared and adopted no later than December 31.

The administrator is authorized to transfer budgeted amounts within any department; however, transfers between departments or any revisions that alter the total expenditures of any department or any fund must be approved by the governing body. The amounts reflected in the financial statements represent the original budget and the final amended budget. For some departments, the original and final budgets are the same.

III. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following major funds:

	Amount Over Budget
Tax Increment Financing - The Quarter	\$ 4,723
Tax Increment Financing - Port of Call	70,457

These expenditures were funded by available reserves.

City of East Moline, Illinois
Required Supplementary Information on
Other Post Employment
Benefit Plan Funding Progress
December 31, 2017

Other Post Employment Benefit Plan -

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (OAAL) Percentage of Covered Payroll ((b-a)/c)
12/31/2017	12/31/2017	\$ - - -	\$61,936,880	\$61,936,880	0.00%	\$9,404,034	658.60%
12/31/2016	12/31/2016	- - -	52,556,215	52,556,215	0.00%	9,442,181	556.60%
12/31/2015	12/31/2015	- - -	51,197,523	51,197,523	0.00%	9,122,880	561.20%
12/31/2014	12/31/2014	- - -	47,589,396	47,589,396	0.00%	9,079,239	524.16%
12/31/2013	12/31/2013	- - -	45,989,523	45,989,523	0.00%	8,772,211	524.26%
4/30/2013	4/30/2013	- - -	42,889,114	42,889,114	0.00%	9,474,005	452.70%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009

City of East Moline, Illinois
Required Supplementary Information on
Pension and Other Post Employment
Benefit Plan Employer Contributions
December 31, 2017

Other Post Employment Benefit Plan -

Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
12/31/2017	\$ 1,971,649	\$ 4,561,431	43.2%
12/31/2016	1,874,169	3,896,715	48.1%
12/31/2015	1,735,342	3,896,715	44.5%
12/31/2014	1,508,378	3,695,779	40.8%
12/31/2013	922,555	2,463,853	37.4%
4/30/2013	1,113,697	2,298,094	48.5%

(Continued)

Required Supplementary Information on Pension and Other Post Employment Benefit Plan Employer Contributions Last Ten Fiscal Years*

Illinois Municipal Retirement Plan

	2017	2016	2015
Actuarially Determined Contribution	\$ 615,419	\$ 593,717	\$ 623,441
Contributions in Relation to the actuarially determined contribution	615,419	594,489	662,498
Contribution Deficiency (Excess)	\$ -	\$ (772)	\$ (39,057)
City's covered-employee payroll	\$ 5,703,603	\$ 5,497,382	\$ 5,402,436

Contributions as a percentage of covered employee payroll
 10.79% 10.81% 12.26%

Notes to Schedule:
 Summary of Actuarial Methods and Assumptions Used to Determine Contribution Rate

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

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, and ECO groups): 27-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.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employees were financed over 31 years).
 5 year smoothed market; 20% corridor

Asset valuation method Wage Growth 3.5%

Price Inflation 2.75% approximate; no explicit price inflation assumption is used in this valuation.

Salary Increases 3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuity Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information There were no benefit changes during the year.

*The City implemented GASB Statement No. 68 in the fiscal year 2015. The table will build prospectively from 2015.

City of East Moline, Illinois

Required Supplementary Information on Pension and Other Post Employment
Benefit Plan Employer Contributions
Last Ten Fiscal Years

Police Pension Plan	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Actuarially Determined Contribution Contributions in Relation to the	\$ 1,861,655	\$ 1,774,915	\$ 1,498,898	\$ 700,438	\$ 554,998	\$ 761,897	\$ 871,094	\$ 885,021	\$ 634,664	\$ 519,618
Actuarially Determined Contribution	957,699	704,267	897,039	782,766	542,526	836,859	878,524	709,342	548,793	533,518
Contribution Deficiency (Excess)	\$ 903,956	\$ 1,070,648	\$ 601,859	\$ (82,348)	\$ 12,472	\$ (74,962)	\$ (7,430)	\$ 175,679	\$ 85,871	\$ (13,900)
City's covered-employee payroll Contributions as a percentage of covered employee payroll	\$ 2,625,112	\$ 2,526,144	\$ 2,388,592	\$ 2,594,594	\$ 2,416,472	\$ 2,438,362	\$ 2,403,993	\$ 2,349,868	\$ 2,289,912	\$ 2,101,474
	36.5%	27.9%	37.6%	30.2%	22.5%	34.3%	36.5%	30.2%	24.0%	25.4%

Notes to Schedule:

The plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27. Additional information as of the latest actuarial valuation presented is as follows:

Valuation date:

- Actuarial cost method
- Amortization method
- Remaining amortization period
- Asset valuation method
- Salary increases
- Investment rate of return
- Payroll growth
- Mortality

January 1 of the prior fiscal year for years ended 12/31/2014 through 12/31/2017 and eight month period ended 12/31/2013;
 May 1 of the prior fiscal year for the years ended 4/30
 Entry age normal
 Level dollar funding
 Ends in fiscal year 2041
 5 year smoothed market, no corridor
 Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.0% inflation allowance
 7.0% annually
 3.5% annually
 Active Lives
 RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives
 RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participantst under age 50

Other Information:

There were no benefit changes during the year

City of East Moline, Illinois

Required Supplementary Information on Pension and Other Post Employment

Benefit Plan Employer Contributions

Last Ten Fiscal Years

Firefighter's Pension Plan	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Actuarially Determined Contribution Contributions in Relation to the	\$ 1,299,067	\$ 1,194,394	\$ 932,227	\$ 465,731	\$ 507,588	\$ 687,686	\$ 711,975	\$ 728,444	\$ 421,672	\$ 365,570
Actuarially Determined Contribution	872,185	487,530	634,464	679,363	489,866	960,775	535,376	434,973	379,195	391,894
Contribution Deficiency (Excess)	\$ 426,882	\$ 706,864	\$ 297,763	\$ (213,632)	\$ 17,722	\$ (273,089)	\$ 176,599	\$ 293,471	\$ 42,477	\$ (26,324)
City's covered-employee payroll Contributions as a percentage of covered employee payroll	\$ 2,528,019	\$ 2,543,225	\$ 2,482,214	\$ 2,445,148	\$ 2,329,812	\$ 2,214,190	\$ 2,163,073	\$ 2,052,181	\$ 1,924,102	\$ 1,735,636
	34.5%	19.2%	25.6%	27.8%	21.0%	43.4%	24.8%	21.2%	19.7%	22.6%

Notes to Schedule:

The plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27. Additional information as of the latest actuarial valuation presented is as follows:

Valuation date:

January 1 of the prior fiscal year for years ended 12/31/2014 through 12/31/2016 and eight month period ended 12/31/2013;
May 1 of the prior fiscal year for the years ended 4/30

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Salary increases
Investment rate of return
Payroll growth
Mortality

Entry age normal
Level dollar funding
Ends in fiscal year 2041
5 year smoothed market, no corridor
Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.00% inflation allowance
7.0% annually
3.5% annually
Active Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives
RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

Other information:

There were no benefit changes during the year

City of East Moline, Illinois

**Required Supplementary Information
 Schedule of Changes in Employer's Net Pension Liability and Related Ratios
 Illinois Municipal Retirement Plan
 Last Ten Fiscal Years***

Illinois Municipal Retirement Plan

	2017	2016	2015
Total Pension Liability:			
Service Cost	\$ 581,073	\$ 594,762	\$ 645,888
Interest	3,279,553	3,184,497	2,979,625
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	541,732	(61,525)	(43,249)
Changes of Assumptions	(53,140)	51,189	1,411,896
Benefit Payments, Including Refunds of Employee Contributions	(2,509,887)	(2,362,668)	(2,111,268)
Net Change in Total Pension Liability	\$ 1,839,331	\$ 1,406,255	\$ 2,882,892
Total Pension Liability - Beginning	44,750,168	43,343,913	40,461,021
Total Pension Liability- Ending	<u>\$ 46,589,499</u>	<u>\$ 44,750,168</u>	<u>\$ 43,343,913</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 615,419	\$ 594,489	\$ 662,498
Contributions - Employees	264,075	250,680	269,796
Net Investment Income	2,863,518	210,391	2,502,224
Benefit Payments, Including Refunds of Employee Contributions	(2,509,887)	(2,362,668)	(2,111,268)
Other (Net Transfer)	221,090	150,400	(95,901)
Net Change in Plan Fiduciary Net Position	\$ 1,454,215	\$ (1,156,708)	\$ 1,227,349
Plan Net Position - Beginning	41,680,192	42,836,900	41,609,551
Plan Net Position- Ending	<u>\$ 43,134,407</u>	<u>\$ 41,680,192</u>	<u>\$ 42,836,900</u>
Employer's Net Pension Liability	\$ 3,455,092	\$ 3,069,976	\$ 507,013
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.58%	93.14%	98.83%
Covered Employee Payroll	\$ 5,703,603	\$ 5,497,382	\$ 5,402,436
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	60.58%	55.84%	9.38%

Notes to Schedule:

*The City implemented GASB Statement No. 68 in the fiscal year 2015. The table will build prospectively from 2015.

Required Supplementary Information
Schedule of Changes in Employer's Net Pension Liability and Related Ratios
Last Ten Fiscal Years*

Police Pension Plan	2017	2016	2015	2014
Total Pension Liability:				
Service Cost	\$ 612,469	\$ 595,076	\$ 576,200	\$ 498,852
Interest	2,517,077	2,035,322	1,753,170	2,016,885
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(344,171)	6,008,678	3,439,869	(5,010,958)
Changes of Assumptions	-	-	-	328,595
Benefit Payments, Including Refunds of Employee Contributions	(1,816,592)	(1,707,221)	(1,763,945)	(1,477,589)
Net Change in Total Pension Liability	\$ 968,783	\$ 6,931,855	\$ 4,005,294	\$ (3,644,215)
Total Pension Liability - Beginning	36,782,617	29,850,762	25,845,468	29,489,683
Total Pension Liability- Ending	<u>\$37,751,400</u>	<u>\$ 36,782,617</u>	<u>\$ 29,850,762</u>	<u>\$ 25,845,468</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 957,699	\$ 704,267	\$ 897,039	\$ 782,786
Contributions - Employees	263,513	253,761	249,771	261,574
Net Investment Income	2,061,279	1,531,865	(292,993)	654,662
Benefit Payments, Including Refunds of Employee Contributions	(1,816,592)	(1,707,221)	(1,763,945)	(1,477,589)
Other (Net Transfer)	(19,138)	(23,582)	(31,274)	(26,237)
Net Change in Plan Fiduciary Net Position	\$ 1,446,761	\$ 759,090	\$ (941,402)	\$ 195,196
Plan Net Position - Beginning	19,742,981	18,983,891	19,925,293	19,730,097
Plan Net Position- Ending	<u>\$21,189,742</u>	<u>\$ 19,742,981</u>	<u>\$ 18,983,891</u>	<u>\$ 19,925,293</u>
Employer's Net Pension Liability	<u>\$16,561,658</u>	<u>\$ 17,039,636</u>	<u>\$ 10,866,871</u>	<u>\$ 5,920,175</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.13%	53.67%	63.60%	77.09%
Covered Employee Payroll	\$ 2,625,112	\$ 2,526,144	\$ 2,388,592	\$ 2,594,594
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	630.89%	674.53%	454.95%	228.17%

Notes to Schedule:

*The pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Required Supplementary Information
Schedule of Changes in Employer's Net Pension Liability and Related Ratios
Last Ten Fiscal Years*

Firefighters' Pension Plan	2017	2016	2015	2014
Total Pension Liability:				
Service Cost	\$ 627,015	\$ 638,535	\$ 574,331	\$ 594,392
Interest	2,212,133	2,028,483	1,844,837	1,659,616
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	755,057	1,635,732	1,810,297	(2,652,969)
Changes of Assumptions	-	-	-	1,730,104
Benefit Payments, Including Refunds of Employee Contributions	(1,698,288)	(1,663,308)	(1,558,304)	(1,503,645)
Net Change in Total Pension Liability	\$ 1,895,917	\$ 2,639,442	\$ 2,671,161	\$ (172,502)
Total Pension Liability - Beginning	32,372,584	29,733,142	27,061,981	27,234,483
Total Pension Liability- Ending	<u>\$34,268,501</u>	<u>\$32,372,584</u>	<u>\$29,733,142</u>	<u>\$27,061,981</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 872,185	\$ 487,530	\$ 634,464	\$ 679,363
Contributions - Employees	247,170	241,344	237,806	242,314
Net Investment Income	2,553,303	1,785,271	(655,704)	705,900
Benefit Payments, Including Refunds of Employee Contributions	(1,698,288)	(1,663,308)	(1,558,304)	(1,503,645)
Other (Net Transfer)	(28,018)	(22,274)	(21,011)	(28,054)
Net Change in Plan Fiduciary Net Position	\$ 1,946,352	\$ 828,563	\$ (1,362,749)	\$ 95,878
Plan Net Position - Beginning	22,480,109	21,651,546	23,014,295	22,918,417
Plan Net Position- Ending	<u>\$24,426,461</u>	<u>\$22,480,109</u>	<u>\$21,651,546</u>	<u>\$23,014,295</u>
Employer's Net Pension Liability	<u>\$ 9,842,040</u>	<u>\$ 9,892,475</u>	<u>\$ 8,081,596</u>	<u>\$ 4,047,686</u>
Plan Fiduciary Net Position as a Percentage of the				
Total Pension Liability	71.28%	69.44%	72.82%	85.04%
Covered Employee Payroll	\$ 2,528,019	\$ 2,543,225	\$ 2,482,214	\$ 2,445,148
Covered Employee Payroll	389.32%	388.97%	325.58%	165.54%

Notes to Schedule:

*The pension implemented GASB Statement No. 67 in the fiscal year 2014. Information prior to fiscal year 2014 is not available.

City of East Moline, Illinois

**Required Supplementary Information
 Schedule of Investment Returns
 Last Ten Fiscal Years***

Police Pension Plan	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.13%	9.19%	-1.21%	4.06%

Firefighters' Pension Plan	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.13%	9.45%	-2.13%	3.86%

Notes to Schedule:

*The plans implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Other Supplementary Information

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Governmental Funds

Special Revenue Funds

Garbage Fund - Accounts for revenue and expenditures related to refuse collection and disposal.

Motor Fuel Tax Fund - Accounts for revenue and expenditures related to projects financed by the state gasoline tax as collected and distributed by the State of Illinois.

Municipal Swimming Pool Fund - Accounts for expenditures necessary to operate the City's swimming pool.

Economic Development Fund - Accounts for revenues and expenditures related to the purchase and sale of land for economic development purposes.

Non-Home Rule Sales Tax Fund - Accounts for expenditures related to infrastructure improvements financed by sales tax as collected and distributed by the State of Illinois.

Special Service Area – Downtown - Accounts for revenue and expenditures related to improvements to the Downtown Special Service area.

Tax Increment Financing Funds - Accounts for the revenues and expenditures related to the development of the TIF districts.

Capital Projects Fund

Capital Projects Fund - Accounts for the revenues and expenditures related to the City's capital projects.

Debt Service Fund

Debt Service Fund - Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of some governmental funds.

City of East Moline, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017

	Special Revenue Funds			
	Totals	Garbage	Motor Fuel Tax Fund	Municipal Swimming Pool
Assets				
Cash	\$ 2,058,396	\$ 658,193	\$ 184,499	\$ 114,081
Investments	1,367,204	-	952,920	-
Receivables	1,292,395	312,537	47,070	-
Advances to other funds	504,286	-	3,685	1,239
Total assets	\$ 5,222,281	\$ 970,730	\$ 1,188,174	\$ 115,320
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 229,546	\$ 150,014	\$ 32,660	\$ 7,733
Fund cash deficit	2,249,147	-	-	-
Accrued liabilities	6,999	1,566	-	1,221
Advances from other funds	870,186	-	-	-
Total liabilities	\$ 3,355,878	\$ 151,580	\$ 32,660	\$ 8,954
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 1,003,137	\$ 199,255	\$ -	\$ -
Unavailable revenue - other taxes	38,321	-	-	-
Total deferred inflows of resources	\$ 1,041,458	\$ 199,255	\$ -	\$ -
Fund Balances:				
Restricted	\$ 2,499,978	\$ -	\$ 1,155,514	\$ -
Assigned	967,908	619,895	-	106,366
Unassigned	(2,642,941)	-	-	-
Total fund balances	\$ 824,945	\$ 619,895	\$ 1,155,514	\$ 106,366
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,222,281	\$ 970,730	\$ 1,188,174	\$ 115,320

Special Revenue Funds					
Economic Development	Non-Home Rule Sales Tax	Special Service Area - Downtown	Tax Increment Financing		
			North Hill	Downtown	
\$ 29,283	\$ -	\$ 86,497	\$ 592,736	\$ 226,576	
-	414,284	-	-	-	
-	114,362	62,154	410	70,817	
181,052	-	-	4,827	-	
<u>\$ 210,335</u>	<u>\$ 528,646</u>	<u>\$ 148,651</u>	<u>\$ 597,973</u>	<u>\$ 297,393</u>	
\$ -	\$ 4,887	\$ 1,445	\$ 49	\$ 277	
-	147,789	-	-	-	
-	4,212	-	-	-	
32,217	3,685	-	-	-	
<u>\$ 32,217</u>	<u>\$ 160,573</u>	<u>\$ 1,445</u>	<u>\$ 49</u>	<u>\$ 277</u>	
\$ -	\$ -	\$ 60,004	\$ -	\$ 69,064	
-	38,321	-	-	-	
<u>\$ -</u>	<u>\$ 38,321</u>	<u>\$ 60,004</u>	<u>\$ -</u>	<u>\$ 69,064</u>	
\$ -	\$ 329,752	\$ 87,202	\$ 597,924	\$ 228,052	
178,118	-	-	-	-	
-	-	-	-	-	
<u>\$ 178,118</u>	<u>\$ 329,752</u>	<u>\$ 87,202</u>	<u>\$ 597,924</u>	<u>\$ 228,052</u>	
<u>\$ 210,335</u>	<u>\$ 528,646</u>	<u>\$ 148,651</u>	<u>\$ 597,973</u>	<u>\$ 297,393</u>	

City of East Moline, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017

	Special Revenue Funds			
	Tax Increment Financing			
	Great River Industrial Park	Gateway Industrial Park	Kennedy Drive	Lucky Strike
Assets				
Cash	\$ -	\$ -	\$ -	\$ 101,524
Investments	-	-	-	-
Receivables	152,357	1,516	248,306	83,539
Advances to other funds	-	-	313,483	-
Total assets	\$ 152,357	\$ 1,516	\$ 561,789	\$ 185,063
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 28,556	\$ -	\$ 969	\$ -
Fund cash deficit	882,797	169,847	640,106	-
Accrued liabilities	-	-	-	-
Advances from other funds	374,284	60,000	400,000	-
Total liabilities	\$ 1,285,637	\$ 229,847	\$ 1,041,075	\$ -
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 152,341	\$ 1,516	\$ 248,280	\$ 83,529
Unavailable revenue - other taxes	-	-	-	-
Total deferred inflows of resources	\$ 152,341	\$ 1,516	\$ 248,280	\$ 83,529
Fund Balances:				
Restricted	\$ -	\$ -	\$ -	\$ 101,534
Assigned	-	-	-	-
Unassigned	(1,285,621)	(229,847)	(727,566)	-
Total fund balances	\$ (1,285,621)	\$ (229,847)	\$ (727,566)	\$ 101,534
Total liabilities, deferred inflows of resources, and fund balances	\$ 152,357	\$ 1,516	\$ 561,789	\$ 185,063

EM Glass	Capital Projects	Debt Service
\$ -	\$ 65,007	\$ -
-	-	-
3,503	-	195,824
-	-	-
<u>\$ 3,503</u>	<u>\$ 65,007</u>	<u>\$ 195,824</u>

\$ 1,478	\$ 1,478	\$ -
15,278	-	393,330
-	-	-
-	-	-
<u>\$ 16,756</u>	<u>\$ 1,478</u>	<u>\$ 393,330</u>

\$ 3,503	\$ -	\$ 185,645
-	-	-
<u>\$ 3,503</u>	<u>\$ -</u>	<u>\$ 185,645</u>

\$ -	\$ -	\$ -
-	63,529	-
(16,756)	-	(383,151)
<u>\$ (16,756)</u>	<u>\$ 63,529</u>	<u>\$ (383,151)</u>

<u>\$ 3,503</u>	<u>\$ 65,007</u>	<u>\$ 195,824</u>
-----------------	------------------	-------------------

City of East Moline, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2017

	Special Revenue Funds			
	Totals	Garbage	Motor Fuel Tax Fund	Municipal Swimming Pool
Revenues				
Taxes:				
Property	\$ 1,469,293	\$ 188,864	\$ -	\$ -
Sales	407,201	-	-	-
Intergovernmental	543,341	-	543,341	-
Charges for services and rents	981,996	736,594	-	244,054
Investment income	19,601	523	12,167	-
Grant	56,008	15,977	-	-
Miscellaneous	59,962	59,862	-	-
Total revenues	\$ 3,537,402	\$ 1,001,820	\$ 555,508	\$ 244,054
Expenditures				
Current:				
General government	\$ 3	\$ -	\$ -	\$ -
Public works	1,245,946	940,543	-	-
Recreation and culture	338,058	-	-	334,209
Economic development	845,826	-	-	-
Capital expenditures	1,035,883	-	512,823	-
Debt service:				
Principal	371,729	58,729	-	-
Interest	75,008	1,245	-	-
Total expenditures	\$ 3,912,453	\$ 1,000,517	\$ 512,823	\$ 334,209
Revenue over (under) expenditures	\$ (375,051)	\$ 1,303	\$ 42,685	\$ (90,155)
Other financing sources (uses):				
Transfers in	\$ 242,220	\$ -	\$ -	\$ 150,000
Transfers out	(228,340)	(72,220)	-	-
Total other financing sources (uses)	\$ 13,880	\$ (72,220)	\$ -	\$ 150,000
Net change in fund balances	\$ (361,171)	\$ (70,917)	\$ 42,685	\$ 59,845
Fund Balances, beginning of year	1,186,116	690,812	1,112,829	46,521
Fund Balances, end of year	\$ 824,945	\$ 619,895	\$ 1,155,514	\$ 106,366

Special Revenue Funds					
Economic Development	Non-Home Rule Sales Tax	Special Service Area - Downtown	Tax Increment Financing		
			North Hill	Downtown	
\$ -	\$ -	\$ 58,263	\$ 510,573	\$ 55,809	
-	407,201	-	-	-	
-	-	-	-	-	
1,348	-	-	-	-	
-	4,388	979	556	988	
-	40,031	-	-	-	
-	-	-	-	-	
\$ 1,348	\$ 451,620	\$ 59,242	\$ 511,129	\$ 56,797	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	305,403	-	-	-	
-	-	-	-	-	
-	-	106,667	550,932	55,831	
-	423,807	84,061	-	-	
-	-	-	-	-	
-	-	-	-	-	
\$ -	\$ 729,210	\$ 190,728	\$ 550,932	\$ 55,831	
\$ 1,348	\$ (277,590)	\$ (131,486)	\$ (39,803)	\$ 966	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 1,348	\$ (277,590)	\$ (131,486)	\$ (39,803)	\$ 966	
176,770	607,342	218,688	637,727	227,086	
\$ 178,118	\$ 329,752	\$ 87,202	\$ 597,924	\$ 228,052	

(Continued)

City of East Moline, Illinois

Combining Statement of Revenues, Expenses and Changes in Fund Balance
 Nonmajor Governmental Funds
 Year Ended December 31, 2017

	Special Revenue Funds			
	Tax Increment Financing			
	Great River Industrial Park	Gateway Industrial Park	Kennedy Drive	Lucky Strike
Revenues				
Taxes:				
Property	\$ 146,776	\$ 1,288	\$ 238,404	\$ 80,278
Sales	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services and rents	-	-	-	-
Investment income	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	\$ 146,776	\$ 1,288	\$ 238,404	\$ 80,278
Expenditures				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-
Recreation and culture	-	-	-	-
Economic development	52,467	1,941	1,219	60,013
Capital expenditures	-	-	-	-
Debt service:				
Principal	-	-	225,000	-
Interest	-	-	57,581	-
Total expenditures	\$ 52,467	\$ 1,941	\$ 283,800	\$ 60,013
Revenue over (under) expenditures	\$ 94,309	\$ (653)	\$ (45,396)	\$ 20,265
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 94,309	\$ (653)	\$ (45,396)	\$ 20,265
Fund Balances, beginning of year	(1,379,930)	(229,194)	(682,170)	81,269
Fund Balances, end of year	\$ (1,285,621)	\$ (229,847)	\$ (727,566)	\$ 101,534

EM Glass	Capital Projects	Debt Service
\$ -	\$ -	\$ 189,038
-	-	-
-	-	-
-	-	-
-	-	-
-	100	-
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 189,038</u>
\$ -	\$ -	\$ 3
-	-	-
-	3,849	-
16,756	-	-
-	15,192	-
-	-	88,000
-	-	16,182
<u>\$ 16,756</u>	<u>\$ 19,041</u>	<u>\$ 104,185</u>
\$ (16,756)	\$ (18,941)	\$ 84,853
\$ -	\$ 20,000	\$ 72,220
-	-	(156,120)
<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ (83,900)</u>
\$ (16,756)	\$ 1,059	\$ 953
-	62,470	(384,104)
<u>\$ (16,756)</u>	<u>\$ 63,529</u>	<u>\$ (383,151)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Garbage Fund
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes:			
Property	\$ 201,000	\$ 188,864	\$ (12,136)
Charges for services	692,015	736,594	44,579
Grant	15,900	15,977	77
Miscellaneous	-	59,862	59,862
Investment income	-	523	523
Total revenues	\$ 908,915	\$ 1,001,820	\$ 92,905
Expenditures			
Current: Public Works	\$ 919,705	\$ 940,543	\$ (20,838)
Debt Service			
Principal	-	58,729	(58,729)
Interest	-	1,245	(1,245)
Total expenditures	\$ 919,705	\$ 1,000,517	\$ (80,812)
Revenue over (under) expenditures	\$ (10,790)	\$ 1,303	\$ 12,093
Other financing sources (uses):			
Transfers out	(72,220)	(72,220)	-
Net change in fund balance	\$ (83,010)	\$ (70,917)	\$ 12,093
Fund balance, beginning of year		690,812	
Fund balance, end of year		\$ 619,895	

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Motor Fuel Tax Fund
Year Ended December 31, 2017

	Original and Final Budgeted		Variance with
	Amounts	Actual Amounts	Final Budget
Revenues:			
Intergovernmental	\$ 535,000	\$ 543,341	\$ 8,341
Investment income	1,150	12,167	11,017
Total revenues	<u>\$ 536,150</u>	<u>\$ 555,508</u>	<u>\$ 19,358</u>
Expenditures/expenses:			
Current, public works	\$ 175,000	\$ -	\$ 175,000
Capital expenditures	615,000	512,823	102,177
Total expenditures	<u>\$ 790,000</u>	<u>\$ 512,823</u>	<u>\$ 277,177</u>
Revenues over (under) expenditures	<u>\$ (253,850)</u>	42,685	<u>\$ 296,535</u>
Fund balance, beginning of year		1,112,829	
Fund balance, end of year		<u>\$ 1,155,514</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Municipal Swimming Pool Fund
Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services and rents	\$ 228,500	\$ 244,054	\$ 15,554
Expenditures			
Current:			
Recreation/Culture	\$ 373,500	\$ 334,209	\$ 39,291
Revenue over (under) expenditures	\$ (145,000)	\$ (90,155)	\$ 54,845
Other financing sources (uses):			
Transfers in	115,000	150,000	35,000
Net change in fund balance	<u>\$ (30,000)</u>	<u>59,845</u>	<u>\$ 89,845</u>
Fund balance, beginning of year		<u>46,521</u>	
Fund balance, end of year		<u>\$ 106,366</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Economic Development
 Year Ended December 31, 2017**

	Original and Final Budgeted		Variance with
	Amounts	Actual Amounts	Final Budget
Revenues			
Charges for services and rents	\$ 900	\$ 1,348	\$ 448
Total revenues	<u>\$ 900</u>	<u>\$ 1,348</u>	<u>\$ 448</u>
Expenditures			
Current:			
Economic development	\$ -	\$ -	\$ -
Revenues over expenditures	<u>\$ 900</u>	<u>1,348</u>	<u>\$ 448</u>
Fund balance, beginning of year		176,770	
Fund balance, end of year		<u>\$ 178,118</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Non-Home Rule Sales Tax Fund
Year Ended December 31, 2017**

	Original and Final Budgeted		Variance with
	Amounts	Actual Amounts	Final Budget
Revenues			
Sales tax	\$ 450,000	\$ 407,201	\$ (42,799)
Investment income	100	4,388	4,288
Grant	-	40,031	40,031
Total revenues	<u>\$ 450,100</u>	<u>\$ 451,620</u>	<u>\$ 1,520</u>
Expenditures			
Current:			
Public works	\$ 314,850	\$ 305,403	\$ 9,447
Capital expenditures	470,000	423,807	46,193
Total expenditures	<u>\$ 784,850</u>	<u>\$ 729,210</u>	<u>\$ 55,640</u>
Revenue over (under) expenditures	<u>\$ (334,750)</u>	<u>(277,590)</u>	<u>\$ 57,160</u>
Fund balance, beginning of year		607,342	
Fund balance, end of year		<u>\$ 329,752</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Service Area- Downtown Fund
Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 60,000	\$ 58,263	\$ (1,737)
Investment income	100	979	879
Total revenues	\$ 60,100	\$ 59,242	\$ (858)
Expenditures			
Current:			
Economic development	\$ 41,100	\$ 106,667	\$ (65,567)
Capital expenditures	68,900	84,061	(15,161)
Total expenditures	\$ 110,000	\$ 190,728	\$ (80,728)
Revenues (under) expenditures	\$ (49,900)	(131,486)	\$ (81,586)
Fund balance, beginning of year		218,688	
Fund balance, end of year		\$ 87,202	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund- North Hill
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 450,000	\$ 510,573	\$ 60,573
Investment income	200	556	356
Total revenues	<u>\$ 450,200</u>	<u>\$ 511,129</u>	<u>\$ 60,929</u>
 Expenditures			
Current:			
Economic development	\$ 2,000	\$ 550,932	\$ (548,932)
Revenues over (under) expenditures	<u>\$ 448,200</u>	<u>(39,803)</u>	<u>\$ (488,003)</u>
Fund balance, beginning of year		<u>637,727</u>	
Fund balance, end of year		<u>\$ 597,924</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Tax Increment Financing Fund- Downtown
 Year Ended December 31, 2017**

	Original and Final Budgeted Amounts		Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	\$	46,000	\$ 55,809	\$ 9,809
Investment income		-	988	988
Total revenues	\$	46,000	\$ 56,797	\$ 10,797
Expenditures				
Current:				
Economic development	\$	-	\$ 55,831	\$ (55,831)
Revenues over expenditures	\$	46,000	966	\$ 966
Fund balance, beginning of year			227,086	
Fund balance, end of year			\$ 228,052	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Tax Increment Financing Fund- Great River Industrial Park
 Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 134,000	\$ 146,776	\$ 12,776
Expenditures			
Current:			
Economic development	\$ 52,500	\$ 52,467	\$ 33
Revenues over expenditures	<u>\$ 81,500</u>	<u>94,309</u>	<u>\$ 12,809</u>
Fund balance, beginning of year		(1,379,930)	
Fund balance, end of year		<u>\$ (1,285,621)</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund- Gateway Industrial Park
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 1,000	\$ 1,288	\$ 288
Expenditures			
Current:			
Economic development	\$ -	\$ 1,941	\$ (1,941)
Revenues over (under) expenditures	<u>\$ 1,000</u>	<u>(653)</u>	<u>\$ (1,653)</u>
Fund balance, beginning of year		(229,194)	
Fund balance, end of year		<u>\$ (229,847)</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Fund- Kennedy Drive
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 200,000	\$ 238,404	\$ 38,404
Expenditures			
Current:			
Economic development	\$ 250	\$ 1,219	\$ (969)
Debt service:			
Principal	225,000	225,000	-
Interest	57,580	57,581	(1)
Total expenditures	\$ 282,830	\$ 283,800	\$ (970)
Revenues over (under) expenditures	\$ (82,830)	(45,396)	\$ 37,434
Fund balance, beginning of year		(682,170)	
Fund balance, end of year		\$ (727,566)	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Tax Increment Financing Fund- Lucky Strike
 Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 45,000	\$ 80,278	\$ 35,278
Expenditures			
Current:			
Economic development	\$ 35,000	\$ 60,013	\$ (25,013)
Revenues over expenditures	<u>\$ 10,000</u>	<u>20,265</u>	<u>\$ 10,265</u>
Fund balance, beginning of year		81,269	
Fund balance, end of year		<u>\$ 101,534</u>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
Year Ended December 31, 2017**

	Original and Final Budgeted		Variance with
	Amounts	Actual Amounts	Final Budget
Revenues			
Miscellaneous	\$ -	\$ 100	\$ 100
Expenditures			
Current:			
Recreation and culture	\$ -	\$ 3,849	\$ (3,849)
Capital expenditures	20,000	15,192	4,808
Total expenditures	<u>\$ 20,000</u>	<u>\$ 19,041</u>	<u>\$ 959</u>
Revenues over (under) expenditures	\$ (20,000)	\$ (18,941)	\$ 1,059
Other Financing Sources			
Transfers in	\$ 20,000	\$ 20,000	\$ -
Net change in fund balance	<u>\$ -</u>	<u>1,059</u>	<u>\$ 1,059</u>
Fund balance, beginning of year		62,470	
Fund balance, end of year		<u>\$ 63,529</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund
Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 189,285	\$ 189,038	\$ (247)
Expenditures			
Current:			
General government	\$ 1,300	\$ 3	\$ 1,297
Debt service:			
Principal	88,000	88,000	-
Interest	16,085	16,182	(97)
Total expenditures	\$ 105,385	\$ 104,185	\$ 1,200
Revenues over expenditures	\$ 83,900	\$ 84,853	\$ 953
Other financing sources (uses):			
Transfers in	\$ 72,220	\$ 72,220	-
Transfers out	(156,120)	(156,120)	-
Total other financing uses	\$ (83,900)	\$ (83,900)	\$ -
Net change in fund balance	\$ -	953	\$ 953
Fund balance, beginning of year		(384,104)	
Fund balance, end of year		\$ (383,151)	

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Enterprise Funds

Economic Development Loan Fund - Accounts for the lending of low interest economic development monies to qualifying entities within the private sector.

Housing Rehabilitation Fund - Accounts for the revenue and expenses associated with the issuance and collection of housing rehabilitation loans to local home owners.

City of East Moline, Illinois

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017**

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash	\$ 1,875	\$ 149,734	\$ 151,609
Investments	246,728	73,766	320,494
Receivables, net allowance for uncollectible amounts	10,068	106,578	116,646
Total current assets	\$ 258,671	\$ 330,078	\$ 588,749
Noncurrent assets:			
Advances to other funds	\$ 360,000	\$ -	\$ 360,000
Total noncurrent assets	\$ 360,000	\$ -	\$ 360,000
Total assets	\$ 618,671	\$ 330,078	\$ 948,749
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Net Position:			
Restricted	\$ 618,671	\$ 330,078	\$ 948,749

City of East Moline, Illinois

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2017

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Operating revenue:			
Interest income	\$ 57	\$ 950	\$ 1,007
Operating expenses:			
Administration and claims	\$ -	\$ 14,800	\$ 14,800
Operating income (loss)	\$ 57	\$ (13,850)	\$ (13,793)
Nonoperating revenues:			
Investment income	\$ 2,197	\$ 979	\$ 3,176
Total nonoperating revenues	\$ 2,197	\$ 979	\$ 3,176
Change in net position	\$ 2,254	\$ (12,871)	\$ (10,617)
Total net position, beginning of year	616,417	342,949	959,366
Total net position, end of year	\$ 618,671	\$ 330,078	\$ 948,749

City of East Moline, Illinois

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2017

	Economic Development Loan	Housing Rehabilitation	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 468	\$ 25,637	\$ 26,105
Payments to suppliers	-	(14,800)	(14,800)
Net cash provided by operating activities	\$ 468	\$ 10,837	\$ 11,305
Cash flows from investing activities:			
Interest received	\$ 2,197	\$ 979	\$ 3,176
Purchase of investments	(2,197)	(657)	(2,854)
Net cash provided by investing activities	\$ -	\$ 322	\$ 322
Increase in cash and cash equivalents	\$ 468	\$ 11,159	\$ 11,627
Cash and cash equivalents, beginning of year	1,407	138,575	139,982
Cash and cash equivalents, end of year	<u>\$ 1,875</u>	<u>\$ 149,734</u>	<u>\$ 151,609</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 57	\$ (13,850)	\$ (13,793)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in receivables	411	24,687	25,098
Net cash provided by operating activities	\$ 468	\$ 10,837	\$ 11,305

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Employees Insurance Fund - Accounts for costs related to the coverage of insurance for the City employees. Revenue is from charges to user departments.

Insurance Reserve Fund - Accounts for costs related to the coverage of insurance for liability claims against the City. Revenue is primarily from property taxes transferred from other funds.

Motor Pool Fund - Provides for the purchase and maintenance of vehicles and equipment used in the operation of City Services. Revenue is from charges to user departments. Expenses include cost of labor, materials, supplies, maintenance, and services.

Combining Statement of Net Position
Governmental Activities- Internal Service Funds
December 31, 2017

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Assets				
Current assets:				
Cash	\$ 3,238,951	\$ 470,444	\$ 861,441	\$ 4,570,836
Accounts Receivable	10,913	80,402	-	91,315
Total current assets	\$ 3,249,864	\$ 550,846	\$ 861,441	\$ 4,662,151
Noncurrent assets:				
Advances to other funds	\$ 2,000	\$ -	\$ -	\$ 2,000
Capital assets:				
Vehicles and equipment	-	-	826,492	826,492
Less accumulated depreciation	-	-	(809,383)	(809,383)
Total noncurrent assets	\$ 2,000	\$ -	\$ 17,109	\$ 19,109
Total assets	\$ 3,251,864	\$ 550,846	\$ 878,550	\$ 4,681,260
Liabilities				
Current liabilities:				
Accounts payable	\$ 366,649	\$ 53,957	\$ 40,401	\$ 461,007
Accrued salaries	-	3,861	4,209	8,070
Compensated absences	-	-	623	623
Other accrued liabilities	-	236,000	-	236,000
Total liabilities	\$ 366,649	\$ 293,818	\$ 45,233	\$ 705,700
Net Position:				
Net investment in capital assets	\$ -	\$ -	\$ 17,109	\$ 17,109
Unrestricted	2,885,215	257,028	816,208	3,958,451
Total net position	\$ 2,885,215	\$ 257,028	\$ 833,317	\$ 3,975,560

**Combining Statement of Revenues, Expenses and Changes in Net Position
 Governmental Activities- Internal Service Funds
 Year Ended December 31, 2017**

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Operating Revenues:				
Charges for services	\$ 4,075,089	\$ -	\$ 713,055	\$ 4,788,144
Other revenues	47,326	47,687	650	95,663
Total operating revenues	\$ 4,122,415	\$ 47,687	\$ 713,705	\$ 4,883,807
Operating Expenses:				
Administration and claims	\$ 4,413,013	\$ 464,262	\$ -	\$ 4,877,275
Travel and motor vehicles	-	-	627,742	627,742
Depreciation	-	-	767	767
Total operating expenses	\$ 4,413,013	\$ 464,262	\$ 628,509	\$ 5,505,784
Operating income (loss)	\$ (290,598)	\$ (416,575)	\$ 85,196	\$ (621,977)
Nonoperating revenues:				
Investment income	\$ 50,834	\$ 3,173	\$ 6,133	\$ 60,140
Income (loss) before transfers	\$ (239,764)	\$ (413,402)	\$ 91,329	\$ (561,837)
Transfers in	-	279,274	22,298	301,572
Change in net position	\$ (239,764)	\$ (134,128)	\$ 113,627	\$ (260,265)
Total net position- beginning of year	3,124,979	391,156	719,690	4,235,825
Total net position- end of year	\$ 2,885,215	\$ 257,028	\$ 833,317	\$ 3,975,560

**Combining Statement of Cash Flows
Governmental Activities - Internal Service Funds
Year Ended December 31, 2017**

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund service provided	\$ 4,064,176	\$ -	\$ 713,055	\$ 4,777,231
Other receipts	47,326	49,848	650	97,824
Payments to suppliers	(4,263,025)	(506,574)	(396,452)	(5,166,051)
Payments to employees	-	(68,596)	(187,655)	(256,251)
Payments for interfund services used	-	(16,999)	(42,497)	(59,496)
Net cash provided by (used in) operating activities	\$ (151,523)	\$ (542,321)	\$ 87,101	\$ (606,743)
Cash flows from noncapital financing activities:				
Transfers from other funds	\$ -	\$ 279,274	\$ 22,298	\$ 301,572
Transfers to other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	\$ -	\$ 279,274	\$ 22,298	\$ 301,572
Cash flows from capital and related financing activities:				
Interest received	\$ 50,834	\$ 3,173	\$ 6,133	\$ 60,140
Increase (decrease) in cash and cash equivalents	\$ (100,689)	\$ (259,874)	\$ 115,532	\$ (245,031)
Cash and cash equivalents:				
Beginning of year	3,339,640	730,318	745,909	4,815,867
End of year	<u>\$ 3,238,951</u>	<u>\$ 470,444</u>	<u>\$ 861,441</u>	<u>\$ 4,570,836</u>

**Combining Statement of Cash Flows
Governmental Activities - Internal Service Funds
Year Ended December 31, 2017**

	Employee Insurance	Insurance Reserve Fund	Motor Pool Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (290,598)	\$ (416,575)	\$ 85,196	\$ (621,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	767	767
(Increase) decrease in:				
Accounts receivable	(10,913)	2,161	-	(8,752)
Increase (decrease) in:				
Accounts payable	149,988	(128,889)	1,054	22,153
Accrued liabilities	-	982	84	1,066
Net cash provided by (used in) operating activities	<u>\$ (151,523)</u>	<u>\$ (542,321)</u>	<u>\$ 87,101</u>	<u>\$ (606,743)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES

THIS PAGE INTENTIONALLY LEFT BLANK

City of East Moline, Illinois

Capital Assets Used in Governmental Activities
Schedule of Capital Assets*
December 31, 2017

Capital assets used in governmental activities:

Land	\$ 1,936,798
Improvements other than buildings	2,525,710
Buildings	5,074,036
Vehicles and equipment	7,323,242
Infrastructure	28,964,436
Construction in progress	<u>6,354,568</u>
Total capital assets used in governmental activities	<u><u>\$ 52,178,790</u></u>
 Investments in capital assets	 <u><u>\$ 52,178,790</u></u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of East Moline, Illinois

**Capital Assets Used in Governmental Activities
Schedule by Function and Activity*
December 31, 2017**

	Land	Improvements Other Than Buildings	Buildings	Vehicles and Equipment
Capital assets purchased prior to May 1, 1995, except for infrastructure	\$ 1,737,595	\$ 246,673	\$ 1,249,737	\$ 362,659
Function and Activity				
General government				
Administration	\$ 20,538	\$ 76,027	\$ 154,690	\$ 343,225
Public works	-	-	29,141	-
Total general governmental	\$ 20,538	\$ 76,027	\$ 183,831	\$ 343,225
Public safety				
Police	\$ -	\$ -	\$ 257,842	\$ 2,268,524
Fire	-	-	446,520	2,511,092
Total public safety	\$ -	\$ -	\$ 704,362	\$ 4,779,616
Public works				
Public services	\$ 14,962	\$ 5,551	\$ 1,964,584	\$ 1,352,486
Sidewalk	-	-	-	-
Street system	95,000	30,416	-	3,561
Total public works	\$ 109,962	\$ 35,967	\$ 1,964,584	\$ 1,356,047
Recreation and culture				
Parks and recreation	\$ -	\$ 1,683,648	\$ 125,647	\$ 441,591
Library	-	-	-	-
Total recreation and culture	\$ -	\$ 1,683,648	\$ 125,647	\$ 441,591
Economic development	\$ 68,703	\$ 483,395	\$ 845,875	\$ 40,104
Capital assets allocated to functions	\$ 199,203	\$ 2,279,037	\$ 3,824,299	\$ 6,960,583
Total capital assets used in governmental activities				

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 3,596,664
\$ -	\$ -	\$ 594,480
93,159	-	122,300
\$ 93,159	\$ -	\$ 716,780
\$ -	\$ -	\$ 2,526,366
69,627	-	3,027,239
\$ 69,627	\$ -	\$ 5,553,605
\$ -	\$ -	\$ 3,337,583
12,528	-	12,528
28,172,721	5,612	28,307,310
\$ 28,185,249	\$ 5,612	\$ 31,657,421
\$ 616,401	\$ 174,742	\$ 3,042,029
-	-	-
\$ 616,401	\$ 174,742	\$ 3,042,029
\$ -	\$ 6,174,214	\$ 7,612,291
\$ 28,964,436	\$ 6,354,568	\$ 48,582,126
		<u>\$ 52,178,790</u>

City of East Moline, Illinois

**Capital Assets Used in Governmental Activities
Schedule of Changes by Function and Activity*
December 31, 2017**

<u>Function and Activity</u>	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>	<u>Vehicles and Equipment</u>
Balance, January 1, 2017	\$ 1,921,873	\$ 2,155,621	\$ 4,906,725	\$ 7,229,453
Additions				
General government	\$ 14,925	\$ -	\$ 28,454	\$ 5,707
Public safety				
Police	-	-	-	51,030
Fire	-	-	59,275	493,397
Public works				
Street system	-	30,416	-	-
Public Services	-	-	79,582	305,171
Economic development	-	68,121	-	-
Recreation and culture				
Library	-	-	-	-
Parks and recreation	-	271,552	-	10,875
Total additions	\$ 14,925	\$ 370,089	\$ 167,311	\$ 866,180
Dispositions				
General government	\$ -	\$ -	\$ -	\$ -
Public safety				
Police	-	-	-	88,423
Economic Development	-	-	-	-
Public Works				
Public Services	-	-	-	574,687
Street System	-	-	-	89,456
Recreation and Culture				
Parks and recreation	-	-	-	19,825
Balance, December 31, 2017	\$ 1,936,798	\$ 2,525,710	\$ 5,074,036	\$ 7,323,242

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Infrastructure	Construction in Progress	Total
\$ 27,404,015	\$ 1,538,631	\$ 45,156,318
\$ -	\$ 22,298	\$ 71,384
-	-	51,030
-	-	552,672
964,415	411,251	1,406,082
-	-	384,753
-	6,176,431	6,244,552
-	-	-
596,006	43,156	921,589
\$ 1,560,421	\$ 6,653,136	\$ 9,632,062
\$ -	\$ 261,851	\$ 261,851
-	-	88,423
-	14,925	14,925
-	-	574,687
-	1,560,423	1,649,879
-	-	19,825
\$ 28,964,436	\$ 6,354,568	\$ 52,178,790

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF EAST MOLINE, ILLINOIS
STATISTICAL SECTION (UNAUDITED)
CONTENTS**

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.	134
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).	143
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.	152
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.	157
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.	159

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Trends

CITY OF EAST MOLINE, ILLINOIS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	12/31/2017	12/31/2016	*12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	(Restated) 4/30/2009
Governmental activities										
Net investment in capital assets	\$ 21,728,997	\$ 20,814,937	\$ 20,501,709	\$ 19,966,908	\$ 19,431,883	\$ 19,055,456	\$ 16,611,439	\$ 12,961,303	\$ 14,818,819	\$ 14,489,752
Restricted	3,141,352	1,175,299	1,623,335	1,869,309	2,607,925	2,909,625	4,550,569	405,134	577,595	643,219
Unrestricted	(34,585,628)	(20,908,656)	(9,548,943)	3,259,181	4,846,565	5,687,095	4,672,118	4,988,131	5,700,245	6,600,809
Total governmental activities net position	\$ (9,715,279)	\$ 1,081,580	\$ 12,576,101	\$ 25,095,398	\$ 26,886,373	\$ 27,652,176	\$ 25,834,126	\$ 18,354,568	\$ 21,096,659	\$ 21,733,780
Business-type activities										
Net investment in capital assets	\$ 31,439,538	\$ 29,544,675	\$ 27,829,300	\$ 26,729,014	\$ 24,818,039	\$ 22,455,852	\$ 21,364,312	\$ 17,103,618	\$ 15,752,286	\$ 18,536,948
Restricted	948,749	959,366	1,147,993	898,817	1,021,689	1,146,806	1,162,505	1,627,169	6,069,448	10,808,558
Unrestricted	3,862,845	4,848,491	4,956,649	4,194,937	5,179,616	7,826,996	6,270,321	7,565,743	(425,620)	(6,937,827)
Total business-type activities net position	\$ 36,251,132	\$ 35,352,532	\$ 33,933,942	\$ 31,822,768	\$ 31,019,344	\$ 31,429,654	\$ 28,797,138	\$ 26,296,530	\$ 21,396,114	\$ 22,407,679
Primary government										
Net investment in capital assets	\$ 53,168,535	\$ 50,359,612	\$ 48,331,009	\$ 46,695,922	\$ 44,249,922	\$ 41,511,308	\$ 37,975,751	\$ 30,064,921	\$ 30,571,105	\$ 33,026,700
Restricted	4,090,101	2,134,665	2,771,328	2,768,126	3,629,614	4,056,431	5,713,074	2,032,303	6,647,043	11,451,777
Unrestricted	(30,722,783)	(16,060,165)	(4,592,294)	7,454,118	10,026,181	13,514,091	10,942,439	12,553,874	5,274,625	(337,018)
Total primary government net position	\$ 26,535,853	\$ 36,434,112	\$ 46,510,043	\$ 56,918,166	\$ 57,905,717	\$ 59,081,830	\$ 54,631,264	\$ 44,651,098	\$ 42,492,773	\$ 44,141,459

Source: City records

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

**CITY OF EAST MOLINE, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Primary Government Expenses										
Governmental activities:										
General government	\$ 806,655	\$ 909,755	\$ 886,462	\$ 875,915	\$ 330,772	\$ 704,666	\$ 1,005,490	\$ 961,755	\$ 757,643	\$ 804,614
Public safety	20,009,384	21,432,153	13,411,208	12,102,123	8,079,083	10,345,647	10,283,348	10,567,621	8,930,733	8,463,943
Public works	4,905,780	4,171,860	3,818,995	4,127,004	2,755,853	3,752,338	3,316,560	3,637,249	3,538,665	3,877,032
Recreation and culture	1,228,443	1,013,102	1,040,607	992,293	743,078	1,613,717	1,559,238	1,731,393	1,667,605	1,544,458
Economic development	1,025,532	326,676	1,401,683	374,145	525,324	479,794	737,784	868,242	1,402,932	1,167,637
Interest on long-term debt	201,980	149,763	183,287	214,882	162,611	263,041	336,647	392,628	460,095	465,768
Total governmental activities expenses	\$ 28,177,774	\$ 28,003,309	\$ 20,742,242	\$ 18,686,362	\$ 12,596,721	\$ 17,159,203	\$ 17,239,067	\$ 18,158,888	\$ 16,757,673	\$ 16,323,452
Business-type activities:										
Water treatment	\$ 5,255,558	\$ 4,849,171	\$ 4,577,455	\$ 4,519,641	\$ 3,321,362	\$ 4,806,188	\$ 4,889,671	\$ 4,823,255	\$ 5,644,247	\$ 5,352,395
Wastewater treatment	5,973,296	5,715,340	5,961,598	5,556,400	3,984,347	5,073,341	5,204,720	4,766,973	5,951,060	5,507,878
Drainage	761,413	735,345	710,247	716,419	459,268	706,973	694,496	900,444	-	-
Development loans	14,800	192,000	3,100	134,423	134	20,200	4,306	5,124	14,635	98,449
Total business-type activities expenses	\$ 12,005,067	\$ 11,491,856	\$ 11,252,400	\$ 10,926,883	\$ 7,765,111	\$ 10,606,702	\$ 10,793,193	\$ 10,495,796	\$ 11,609,942	\$ 10,958,722
Total primary government expenses	\$ 40,182,841	\$ 39,495,165	\$ 31,994,642	\$ 29,613,245	\$ 20,361,832	\$ 27,765,905	\$ 28,032,260	\$ 28,654,684	\$ 28,367,615	\$ 27,282,174
Primary Government Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 287,693	\$ 341,285	\$ 272,521	\$ 273,511	\$ 255,755	\$ 270,404	\$ 301,063	\$ 540,348	\$ 220,312	\$ 222,421
Public safety	756,164	608,111	715,029	783,439	449,035	757,901	969,120	1,361,422	549,713	613,020
Public works	1,083,135	1,323,688	1,264,247	1,442,051	947,154	1,368,281	5,047,051	1,315,632	1,454,094	1,480,278
Recreation and culture	637,283	570,268	552,641	534,728	394,042	680,590	600,108	597,147	598,415	595,479
Economic development	12,346	6,477	14,307	938	938	34,319	43,088	-	58,489	5,201
Operating grants and contributions	543,341	29,830	56,254	58,338	131,994	157,258	218,705	130,773	388,714	200,296
Capital grants and contributions	-	88,951	627,466	163,077	133,209	1,689,279	3,951,882	549,711	498,815	456,238
Total governmental activities program revenue	\$ 3,319,962	\$ 2,968,610	\$ 3,502,465	\$ 3,256,082	\$ 2,312,127	\$ 4,958,032	\$ 11,131,017	\$ 4,495,033	\$ 3,768,552	\$ 3,572,933

**CITY OF EAST MOLINE, ILLINOIS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Business-type activities:										
Charges for services:										
Water treatment	\$ 5,259,625	\$ 5,437,421	\$ 5,023,839	\$ 4,937,661	\$ 3,238,233	\$ 4,875,257	\$ 4,615,887	\$ 4,640,258	\$ 3,988,183	\$ 3,816,288
Wastewater Treatment	6,419,919	6,045,503	5,762,049	5,617,043	3,691,785	5,558,488	5,618,251	5,582,391	6,069,786	5,581,313
Drainage	813,092	859,983	870,150	897,123	599,505	898,294	885,943	750,581	-	-
Development loans	1,007	1,747	1,839	11,066	915	4,369	2,580	3,138	4,738	4,592
Operating grants and contributions	-	-	250,000	-	-	-	-	33,679	244,198	221,573
Capital grants and contributions	-	-	-	-	48,330	1,504,657	2,189,511	681,871	-	-
Total business-type activities program										
revenues	\$ 12,493,643	\$ 12,344,654	\$ 11,907,877	\$ 11,462,893	\$ 7,578,768	\$ 12,841,065	\$ 13,312,172	\$ 11,691,918	\$ 10,306,905	\$ 9,623,766
Total primary government program										
revenues	\$ 15,813,605	\$ 15,313,264	\$ 15,410,342	\$ 14,718,975	\$ 9,890,895	\$ 17,799,097	\$ 24,443,189	\$ 16,186,951	\$ 14,075,457	\$ 13,196,699
Primary government net expense										
Governmental activities	(24,857,812)	(25,034,699)	(17,239,777)	(15,430,280)	(10,284,594)	(12,201,171)	(6,108,050)	(13,663,855)	(12,989,121)	(12,750,519)
Business-type activities	488,576	852,798	655,477	536,010	(186,343)	2,234,363	2,518,979	1,196,122	(1,303,037)	(1,334,956)
Total primary government net expense										
	(24,369,236)	(24,181,901)	(16,584,300)	(14,894,270)	(10,470,937)	(9,966,808)	(3,589,071)	(12,467,733)	(14,292,158)	(14,085,475)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	6,399,440	6,093,364	6,082,899	5,981,170	6,120,224	6,703,171	6,238,391	6,001,373	5,654,321	5,811,064
Replacement taxes	-	-	-	-	-	-	1,319,131	1,465,931	1,174,524	1,391,582
Utilities taxes	1,254,601	1,312,788	1,427,702	1,678,085	979,663	1,583,274	1,379,783	1,453,284	1,463,396	1,023,876
Sales taxes	-	-	-	-	-	-	2,600,484	2,563,488	2,394,654	3,034,990
State income taxes	-	-	-	-	-	-	2,250,965	1,658,481	1,652,905	1,887,332
Admission taxes	2,633	1,837	3,720	3,326	2,241	1,357	2,281	2,127	777	1,700
Non-home rule sales tax	406,111	448,807	464,744	482,759	318,881	464,784	-	-	-	-
Intergovernmental	6,241,587	6,189,243	6,096,949	5,728,763	3,474,643	5,603,973	-	-	-	-
Investment earnings	152,314	36,998	19,374	12,167	14,806	15,921	36,407	80,845	125,319	182,472
Gain on sale of capital assets	-	14,597	6,920	12,779	10,434	38,598	-	17,540	13,000	33,604
Transfers	(395,733)	(557,456)	(306,765)	(259,744)	(37,241)	(391,857)	27,702	220	(178,806)	(42,762)
Total governmental activities										
	14,060,953	13,540,178	13,795,543	13,639,305	10,883,651	14,019,221	13,855,144	13,243,289	12,300,090	13,323,858

**CITY OF EAST MOLINE, ILLINOIS
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCURAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Business-type activities:										
Investment earnings	\$ 14,291	\$ 8,336	\$ 6,773	\$ 7,670	\$ 3,462	\$ 5,255	\$ 8,666	\$ 34,211	\$ 99,730	\$ 423,714
Gain on sale of capital assets	-	-	-	-	2,126	1,041	665	-	12,936	726
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	395,733	557,456	306,765	259,744	37,241	391,857	(27,702)	(220)	178,806	42,762
Total business-type activities	\$ 410,024	\$ 565,792	\$ 313,538	\$ 267,414	\$ 42,829	\$ 398,153	\$ (18,371)	\$ 33,991	\$ 291,472	\$ 467,202
Total primary government	\$ 14,470,977	\$ 14,105,970	\$ 14,109,081	\$ 13,906,719	\$ 10,926,480	\$ 14,417,374	\$ 13,836,773	\$ 13,277,280	\$ 12,591,562	\$ 13,791,060
Changes in net position										
Governmental activities	\$ (10,796,859)	\$ (11,494,521)	\$ (3,444,234)	\$ (1,790,975)	\$ 599,057	\$ 1,818,050	\$ 7,747,094	\$ (420,566)	\$ (689,031)	\$ 573,339
Business-type activities	898,600	1,418,590	969,015	803,424	(143,514)	2,632,516	2,500,608	1,230,113	(1,011,565)	(867,754)
Total primary government	\$ (9,898,259)	\$ (10,075,931)	\$ (2,475,219)	\$ (987,551)	\$ 455,543	\$ 4,450,566	\$ 10,247,702	\$ 809,547	\$ (1,700,596)	\$ (294,415)

Source: City records

* 12/31/13 reporting represents 8 months of activity.

CITY OF EAST MOLINE, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,771	\$ 692,771	\$ 692,771
Unreserved	-	-	-	-	-	-	-	3,434,733	3,777,956	3,965,868
Nonspendable	814,778	863,630	877,412	891,126	881,412	692,771	692,771	-	-	-
Restricted	641,374	866,831	908,877	844,350	1,064,635	714,072	618,512	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,478,395	2,767,311	3,128,021	3,137,343	2,944,091	3,570,434	3,414,016	-	-	-
Unassigned	2,572,052	3,241,344	3,227,237	2,876,320	2,328,356	1,020,935	134,839	-	-	-
Total general fund	\$ 6,506,599	\$ 7,739,116	\$ 8,141,547	\$ 7,749,139	\$ 7,218,494	\$ 5,998,212	\$ 4,860,138	\$ 4,127,504	\$ 4,470,727	\$ 4,658,639
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 843,719	\$ 1,016,180	\$ 1,076,104
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	124,196	(1,324,647)	(897,359)
Debt service funds	-	-	-	-	-	-	-	(473,742)	(422,814)	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	505,895	505,895	505,895	505,895	740,759	813,677	-	-	-
Restricted	2,499,978	2,874,820	2,542,459	3,666,636	3,930,304	4,048,026	5,013,092	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	967,908	798,564	676,354	598,921	467,591	1,225,564	1,352,459	-	-	-
Unassigned	(6,658,975)	(5,977,630)	(5,682,508)	(5,352,679)	(4,969,832)	(5,321,212)	(5,090,563)	-	-	-
Total all other governmental funds	\$ (3,191,089)	\$ (1,798,351)	\$ (1,957,800)	\$ (581,227)	\$ (66,042)	\$ 693,137	\$ 2,088,665	\$ 494,173	\$ (731,281)	\$ 178,745

GASB Statement No. 54, Fund Balance Reporting & Governmental Fund Type Definitions, implemented in fiscal year 2012.

Source: City records

CITY OF EAST MOLINE, ILLINOIS
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED))

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Revenues										
Taxes	\$ 8,093,892	\$ 7,868,064	\$ 7,975,383	\$ 8,150,925	\$ 7,419,609	\$ 8,745,507	\$ 13,356,551	\$ 13,144,684	\$ 12,340,577	\$ 13,150,544
Licenses, permits and fees	448,816	252,745	344,567	375,847	287,889	432,455	440,898	772,657	750,189	875,973
Intergovernmental	6,960,681	6,960,627	6,790,177	6,649,790	4,220,197	6,527,287	4,562,000	701,894	606,311	604,097
Charges for services and rents	1,472,646	1,517,749	1,441,583	1,392,363	959,226	1,360,814	1,319,235	1,165,324	1,118,180	1,081,593
Special assessments	-	-	-	286	1,974	2,388	3,427	5,684	479	8,515
Investment income	92,174	36,998	19,374	12,167	14,806	15,921	36,407	80,845	125,319	182,472
Fines	148,189	195,717	198,779	234,331	148,453	276,738	436,303	1,091,438	268,658	241,595
Grants	81,416	125,735	676,766	221,415	265,203	1,898,249	742,726	680,484	887,529	656,534
Miscellaneous	625,554	125,589	104,208	110,097	68,722	181,956	184,067	77,552	137,206	104,626
Total revenues	\$ 17,923,368	\$ 17,083,224	\$ 17,550,837	\$ 17,147,221	\$ 13,386,079	\$ 19,441,315	\$ 21,081,614	\$ 17,720,562	\$ 16,234,448	\$ 16,905,949
Expenditures										
Current:										
General government	\$ 508,268	\$ 503,795	\$ 462,231	\$ 467,770	\$ 297,863	\$ 461,242	\$ 514,734	\$ 501,022	\$ 515,366	\$ 565,638
Public safety	11,114,849	9,947,620	9,824,067	9,551,693	6,320,737	9,546,615	9,205,983	9,162,524	8,004,691	8,026,849
Public works	2,706,207	3,275,175	2,957,041	3,284,184	2,235,478	3,041,223	2,631,800	2,661,563	2,735,358	3,098,461
Recreation and culture	784,059	789,549	807,894	766,305	585,791	1,413,315	1,355,835	1,500,071	1,479,473	1,401,618
Economic development	1,015,941	312,709	1,387,716	360,178	516,013	465,827	723,817	851,991	1,392,640	1,164,733
Capital expenditures	8,641,220	933,847	1,241,577	644,550	1,245,784	2,850,296	970,125	1,095,980	967,314	1,905,857
Debt Service:										
Principal	693,908	752,515	1,052,984	1,276,297	481,329	1,166,380	1,068,210	951,000	879,001	774,000
Interest	192,297	146,821	178,658	209,645	139,586	256,899	328,056	390,963	459,607	448,661
Bond issuance costs	-	-	-	-	-	-	45,003	81,727	-	23,116
Total expenditures	\$ 25,656,749	\$ 16,662,031	\$ 17,912,168	\$ 16,560,622	\$ 11,822,581	\$ 19,201,797	\$ 16,843,563	\$ 17,196,841	\$ 16,433,450	\$ 17,406,933
Excess of revenues (under) expenditures	\$ (7,733,381)	\$ 421,193	\$ (361,331)	\$ 586,599	\$ 1,563,498	\$ 239,518	\$ 4,238,051	\$ 523,721	\$ (199,002)	\$ (502,984)
Other financing sources (uses)										
Issuance of long-term debt	\$ 5,923,567	-	-	-	-	-	\$ 2,469,000	\$ 5,345,000	-	\$ 1,190,000
Bond discount	-	-	-	-	-	-	(9,405)	(29,380)	-	-
Bond premium	-	-	-	-	-	-	1,363	-	-	-
Issuance of loan payable	-	-	-	-	186,732	-	183,713	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	(2,415,955)	(5,252,151)	-	-
Sale of property	5,206	14,597	6,920	13,217	26,843	296,098	34,717	17,540	13,000	33,604
Transfers in	263,220	422,129	347,600	482,217	540,931	321,706	1,156,421	2,701,242	1,297,278	1,878,187
Transfers out	(1,083,867)	(1,100,901)	(977,354)	(1,086,573)	(958,974)	(1,114,775)	(1,957,979)	(2,423,741)	(2,261,124)	(2,820,792)
Total other financing sources (uses)	\$ 5,108,126	\$ (664,175)	\$ (622,834)	\$ (571,139)	\$ (204,468)	\$ (496,971)	\$ (538,125)	\$ 358,510	\$ (950,846)	\$ 280,999
Net change in fund balances	\$ (2,625,255)	\$ (242,982)	\$ (984,165)	\$ 15,460	\$ 1,359,030	\$ (257,453)	\$ 3,699,926	\$ 882,231	\$ (1,149,848)	\$ (221,985)
Debt service as a percentage of noncapital expenditures	4.97%	5.72%	7.39%	9.34%	5.87%	8.70%	8.80%	8.20%	8.66%	7.89%

Note - No capital expenditures are included in any other function.

Source: City records

*12/31/13 reporting represents 8 months of activity.

CITY OF EAST MOLINE, ILLINOIS
POLICE PENSION FUND - CHANGES IN NET PENSION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Additions										
Employer contributions	\$ 957,699	\$ 704,267	\$ 897,039	\$ 782,786	\$ 629,991	\$ 836,859	\$ 878,524	\$ 709,342	\$ 548,793	\$ 533,518
Member contributions	263,513	253,760	249,771	261,574	161,549	298,877	254,502	250,706	256,666	229,742
Investment income (net of expenses)	2,072,605	1,527,456	(308,874)	652,647	1,435,913	1,464,910	(2,711)	1,601,330	2,086,650	(1,876,512)
Total Addition To Plan Net Position	\$ 3,293,817	\$ 2,485,483	\$ 837,936	\$ 1,697,007	\$ 2,227,453	\$ 2,600,646	\$ 1,130,315	\$ 2,561,378	\$ 2,892,109	\$ (1,113,252)
Deductions										
Benefit Payments	\$ 1,816,592	\$ 1,703,435	\$ 1,714,966	\$ 1,477,589	\$ 963,038	\$ 1,401,753	\$ 1,356,001	\$ 1,326,066	\$ 1,267,116	\$ 1,263,245
Administrative expenses	30,461	22,962	64,372	24,221	4,746	29,156	9,036	5,522	24,231	10,142
Total Deductions From Plan Net Position	\$ 1,847,053	\$ 1,726,397	\$ 1,779,338	\$ 1,501,810	\$ 967,784	\$ 1,430,909	\$ 1,365,037	\$ 1,331,588	\$ 1,291,347	\$ 1,273,387
Change in Net Position	\$ 1,446,764	\$ 759,086	\$ (941,402)	\$ 195,197	\$ 1,259,669	\$ 1,169,737	\$ (234,722)	\$ 1,229,790	\$ 1,600,762	\$ (2,386,639)

CITY OF EAST MOLINE
FIREFIGHTERS PENSION FUND - CHANGES IN NET PENSION
LAST TEN FISCAL YEARS

	Fiscal Year									
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Additions										
Employer contributions	\$ 872,185	\$ 487,531	\$ 634,464	\$ 679,363	\$ 567,522	\$ 960,775	\$ 535,376	\$ 434,973	\$ 379,195	\$ 391,894
Member contributions	247,170	241,344	237,806	242,314	214,051	207,088	207,088	208,797	191,354	171,970
Investment income (net of expenses)	2,562,212	1,785,271	(644,585)	717,379	1,761,668	1,906,230	(29,352)	1,831,268	2,793,317	(2,430,084)
Total Addition To Plan Net Position	\$ 3,681,567	\$ 2,514,146	\$ 227,685	\$ 1,639,056	\$ 2,477,745	\$ 3,081,056	\$ 713,112	\$ 2,475,038	\$ 3,363,866	\$ (1,866,220)
Deductions										
Benefit Payments	\$ 1,698,288	\$ 1,663,308	\$ 1,558,304	\$ 1,503,645	\$ 978,147	\$ 1,477,768	\$ 1,365,315	\$ 1,323,098	\$ 1,283,997	\$ 1,234,704
Administrative expenses	36,929	22,273	32,130	39,533	28,060	28,529	24,955	22,409	51,164	33,657
Total Deductions From Plan Net Position	\$ 1,735,217	\$ 1,685,581	\$ 1,590,434	\$ 1,543,178	\$ 1,006,207	\$ 1,506,297	\$ 1,390,270	\$ 1,345,507	\$ 1,335,161	\$ 1,268,361
Change in Net Position	\$ 1,946,350	\$ 828,565	\$ (1,362,749)	\$ 95,878	\$ 1,471,538	\$ 1,574,759	\$ (677,158)	\$ 1,129,531	\$ 2,028,705	\$ (3,134,581)

Source: City records

*12/31/13 reporting represents 8 months activity.

CITY OF EAST MOLINE, ILLINOIS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

Function / Program	12/31/2017	12/31/2016	12/31/2015	12/31/2014	*12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Governmental activities:										
Charges for services										
General government	\$ 287,693	\$ 341,285	\$ 272,521	\$ 273,511	\$ 255,755	\$ 270,404	\$ 301,063	\$ 540,348	\$ 220,312	\$ 222,421
Public safety	756,164	608,111	715,029	783,439	449,035	757,901	969,120	1,361,422	549,713	613,020
Public works	1,083,135	1,323,688	1,264,247	1,442,051	947,154	1,368,281	5,047,051	1,315,632	1,454,094	1,480,278
Recreation and culture	637,283	570,268	552,641	534,728	394,042	680,590	600,108	597,147	598,415	595,479
Economic development	12,346	6,477	14,307	938	938	34,319	43,088	-	58,489	5,201
Operating grants and contributions	543,341	29,830	56,254	58,338	131,994	157,258	218,705	130,773	388,714	200,296
Capital grants and contributions	-	88,951	627,466	163,077	133,209	1,689,279	3,951,882	549,711	498,815	456,238
Total governmental activities	\$ 3,319,962	\$ 2,968,610	\$ 3,502,465	\$ 3,256,082	\$ 2,312,127	\$ 4,958,032	\$ 11,131,017	\$ 4,495,033	\$ 3,768,552	\$ 3,572,933
Business-type activities:										
Charges for services										
Water treatment	\$ 5,259,625	\$ 5,437,421	\$ 5,023,839	\$ 4,937,661	\$ 3,238,233	\$ 4,875,257	\$ 4,615,887	\$ 4,640,258	\$ 3,988,183	\$ 3,816,288
Wastewater treatment	6,419,919	6,045,503	5,762,049	5,617,043	3,691,785	5,558,488	5,618,251	5,582,391	6,069,786	5,581,313
Drainage	813,092	869,983	870,150	897,123	599,505	898,294	885,943	750,581	-	-
Development loans	1,007	1,747	1,839	11,066	915	4,369	2,580	3,138	4,738	4,592
Operating grants and contributions	-	-	250,000	-	-	-	-	33,679	244,198	221,573
Capital grants and contributions	-	-	-	-	48,330	1,504,657	2,189,511	681,871	-	-
Total business-type activities	\$ 12,493,643	\$ 12,344,654	\$ 11,907,877	\$ 11,462,893	\$ 7,578,768	\$ 12,841,065	\$ 13,312,172	\$ 11,691,918	\$ 10,306,905	\$ 9,623,766
Total government	\$ 15,813,605	\$ 15,313,264	\$ 15,410,342	\$ 14,718,975	\$ 9,890,895	\$ 17,799,097	\$ 24,443,189	\$ 16,186,951	\$ 14,075,457	\$ 13,196,699

Source: City records

* 12/31/13 reporting represents 8 months of activity

**CITY OF EAST MOLINE, ILLINOIS
TAXES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Period	Property Tax		Replacement Tax		Sales Tax	Income Tax	Utility Tax	Other Taxes	Total			
	Ended											
12/31/2017	\$	6,399,440	\$	1,440,338	\$	2,745,088	\$	1,284,618	\$	167,977	\$	14,155,909
12/31/2016		6,093,364		1,294,669		2,940,947		1,322,688		114,068		13,839,249
12/31/2015		6,082,899		1,262,315		2,928,668		1,423,426		72,043		14,035,952
12/31/2014		5,981,170		1,315,482		2,787,056		1,684,777		70,952		13,878,972
12/31/2013		6,120,224		726,784		1,840,320		979,787		36,250		11,049,646
4/30/2013		6,703,171		1,346,648		2,698,480		1,583,274		9,447		14,356,559
4/30/2012		6,238,391		1,319,131		2,616,861		1,380,932		2,281		13,356,551
4/30/2011		6,001,373		1,465,931		2,563,488		1,453,284		2,127		13,144,684
4/30/2010		5,654,321		1,174,524		2,394,654		1,463,396		777		12,340,577
4/30/2009		5,811,064		1,391,582		3,034,990		1,023,876		1,700		13,150,544

Change													
2009 to 2017		10%		3.5%		-9.6%		12.2%		25.5%		9781%	7.6%

Source: City records

**City of East Moline
Revenue Capacity**

**CITY OF EAST MOLINE, ILLINOIS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Levy Year	Residential	Commercial	Industrial	Farm	Railway	Assessed	Percent	Total Direct	Estimated	Percentage of
	Property	Property	Property	Property	Property	Value	Growth	Tax Rate	Actual	Actual Value
2017	175,639,883	62,512,971	33,093,499	1,151,689	1,916,405	274,314,447	5.1%	2.2556	822,943,341	33.3%
2016	170,867,462	56,424,063	30,961,629	1,103,571	1,716,691	261,073,416	2.5%	2.1936	783,220,248	33.3%
2015	163,890,516	55,898,322	32,092,812	1,359,994	1,512,642	254,754,286	0.1%	2.1826	764,262,858	33.3%
2014	164,840,755	56,528,864	28,881,127	2,791,761	1,454,814	254,497,321	0.4%	2.1550	763,491,963	33.3%
2013	165,633,048	56,826,576	28,749,165	941,578	1,420,276	253,570,643	-2.0%	2.1260	760,711,929	33.3%
2012	170,943,245	57,206,387	28,439,176	850,960	1,281,754	258,721,522	-2.3%	2.1150	776,164,566	33.3%
2011	174,538,404	59,337,143	28,987,619	806,216	1,191,930	264,861,312	0.2%	2.1118	794,583,936	33.3%
2010	176,726,393	56,669,850	29,173,316	803,217	994,237	264,367,013	0.1%	1.9290	793,101,039	33.3%
2009	178,663,229	55,116,032	28,819,376	695,966	891,988	264,186,591	2.4%	1.8448	792,559,773	33.3%
2008	175,001,801	53,262,708	28,383,420	662,117	743,123	258,053,169	1.6%	1.7738	774,159,507	33.3%

Note: Property in the City is reassessed each year. Property is assessed at actual value and then divided by 3 to determine the equalized assessed valuation. Rates are per \$100 of equalized assessed valuation.

Source: Rock Island County Assessor

CITY OF EAST MOLINE, ILLINOIS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Tax Collection Year	City Direct Rates										Overlapping Rates					
	Basic Tax Rate	TIF Bonds**	Enterprise Bonds**	MFT Bonds**	Total Direct	Rock Island County	RI County Forest Preserve	Illini Hospital	QC Metro Mass Transit	QC Metro Airport	United Twp High	Silvis Elementary	East Moline Elementary	Hampton Elementary	Carbon Cliff	Black Hawk College
12/31/2017	2.1936	1.0353	5.6738	-	8.9027	0.5330	0.2759	0.6982	0.3443	0.8924	0.1928	0.2838	6.2080	0.0004	0.0026	1.2554
12/31/2016	2.1826	1.2717	6.5042	-	9.9585	0.6717	0.1404	0.8970	0.3950	0.9872	0.4059	0.3136	7.0086	0.0003	0.0039	1.4355
12/31/2015	2.1550	1.5348	7.2018	-	10.8916	0.7632	0.1418	1.0822	0.4383	1.0625	0.6200	0.3424	4.6561	0.0002	0.0053	0.7783
12/31/2014	2.1260	1.8161	7.7446	-	11.6867	0.8527	0.1526	1.2616	0.4855	1.1345	0.2115	0.3655	2.0976	0.0002	0.0064	0.6533
12/31/2013	2.1150	2.0763	8.2320	0.1065	12.5298	0.9252	0.1603	1.4197	0.5193	1.1806	0.4128	0.3814	2.1066	0.0002	0.0074	0.8055
4/30/2013	2.1150	2.1355	8.1117	0.1044	12.4666	0.9900	0.1661	1.5385	0.5433	1.2116	0.2911	0.3846	1.7080	0.0003	0.0077	0.9724
4/30/2012	2.1118	2.3302	8.3687	0.2013	13.0182	1.0236	0.1715	1.6752	0.5623	1.2354	0.3733	0.4037	1.3397	0.0003	0.0090	0.6635
4/30/2011	1.9290	2.5438	9.6764	0.3001	14.4493	1.2193	0.1955	1.8052	0.4547	1.3669	0.2021	0.0725	2.0404	0.0003	0.0094	0.8114
4/30/2010	1.8448	2.6714	9.2755	0.3901	14.1818	0.3838	0.2687	2.1482	-	1.0926	0.3950	0.0743	1.4899	0.0002	0.0097	0.3969
4/30/2009	1.7738	2.8793	8.8044	0.4863	13.9438	1.2728	0.2038	2.1766	-	0.0001	0.4186	0.0800	1.7298	-	0.0114	0.3662

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.

Source: Rock Island County and City Records

**The City does not levy for these bond issues

CITY OF EAST MOLINE, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Period Ended	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 5,780,181	\$ 5,750,599	99.49%	\$ -	\$ 5,750,599	99.49%
2016	5,516,103	5,520,443	100.08%	10,190.00	5,530,633	100.26%
2015	5,472,372	5,459,866	99.77%	5,728	5,465,594	99.88%
2014	5,419,795	5,380,777	99.28%	7,367	5,388,144	99.42%
2013	5,486,403	5,466,239	99.63%	7,200	5,473,439	99.76%
2012	5,610,964	5,586,559	99.57%	4,167	5,590,726	99.64%
2011	5,095,917	5,092,135	99.93%	3,782	5,095,917	100.00%
2010	4,864,351	4,853,394	99.77%	5,064	4,858,458	99.88%
2009	4,628,541	4,608,315	99.56%	11,512	4,619,827	99.81%
2008	4,598,725	4,566,994	99.31%	26,246	4,593,240	99.88%

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.

Source: Tax settlement book in the County Treasurer's Office, total levy sheet in the County Treasurer's Office

CITY OF EAST MOLINE, ILLINOIS
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(in thousands of gallons)
(UNAUDITED)

Type of Customer	Fiscal Year									
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Residential	276,072	281,544	303,681	314,653	230,311	341,588	335,229	333,387	357,030	357,200
Industrial	568,552	565,925	582,360	650,303	473,554	694,425	694,947	776,994	733,363	695,766
Commercial	116,588	119,363	103,803	80,037	106,966	133,688	120,575	126,308	122,316	115,836
Total	961,212	966,832	989,844	1,044,993	810,831	1,169,701	1,150,752	1,236,689	1,212,709	1,168,802
Total Direct Rate per 1,000 Gallons	\$ 9.29	\$ 9.26	\$ 8.09	\$ 7.74	\$ 7.51	\$ 7.15	\$ 6.75	\$ 6.36	\$ 5.84	\$ 5.56

Source: City Department of Finance Office

**CITY OF EAST MOLINE, ILLINOIS
SEWER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS**
(in thousands of gallons)
(UNAUDITED)

Type of Customer	Fiscal Year									
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Residential	277,592	283,170	305,190	316,179	231,438	343,239	337,099	329,064	381,445	357,200
Industrial	699,897	644,137	682,131	727,497	527,282	770,355	1,142,515	648,689	737,133	612,330
Commercial	121,784	122,823	108,657	84,828	108,784	137,372	124,025	115,703	122,203	115,836
Total	1,099,273	1,050,130	1,095,979	1,128,505	867,504	1,250,967	1,603,639	1,093,456	1,240,781	1,085,366

Total Direct Rate per 1,000 Gallons \$ 6.75 \$ 6.42 \$ 5.96 \$ 6.20 \$ 6.02 \$ 5.84 \$ 5.67 \$ 5.51 \$ 5.51 \$ 5.08

Source: City Department of Finance Office

CITY OF EAST MOLINE, ILLINOIS
 WATER AND SEWER RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Water		Fiscal Year	Sewer	
	Monthly Base Cost	Rate Per 1,000 Gallons		Monthly Base Cost	Rate Per 1,000 Gallons
12/31/2017	\$ 16.72	9.29	12/31/2017	\$ 12.83	6.75
12/31/2016	16.68	9.26	12/31/2016	12.33	6.42
12/31/2015	14.92	8.09	12/31/2015	11.65	5.96
12/31/2014	14.40	7.74	12/31/2014	12.01	6.20
12/31/2013	14.06	7.51	12/31/2013	11.73	6.02
4/30/2013	13.52	7.15	4/30/2013	11.47	5.84
4/30/2012	12.92	6.75	4/30/2012	11.21	5.67
4/30/2011	12.34	6.36	4/30/2011	10.97	5.51
4/30/2010	11.55	5.84	4/30/2010	10.97	5.51
4/30/2009	11.12	5.56	4/30/2009	10.16	5.08

Note - The City of East Moline adopted a lower minimum usage in 2008

Source: City Department of Finance Office

**CITY OF EAST MOLINE, ILLINOIS
SALES TAX COLLECTED BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Merchandise	\$ 28,934	\$ 26,361	\$ 28,203	\$ 28,166	\$ 24,658	\$ 25,585	\$ 24,191	\$ 19,843	\$ 19,892	\$ 13,648
Food	270,235	263,477	281,216	322,958	324,725	328,043	319,724	327,654	309,259	346,615
Drinking & Eating	234,266	231,918	236,215	226,276	223,377	224,874	210,452	212,648	204,414	211,955
Apparel								1,503		944
Furniture, Household	5,620	6,571	7,413	7,463	8,227	5,953	10,067	10,574	9,585	12,072
Lumber, Building & Hardware	44,114	44,110	41,819	55,016	48,072	44,351	32,124	38,114	33,111	31,041
Automotive & Gasoline	834,275	836,805	802,406	717,379	733,015	736,024	699,612	706,266	686,586	672,632
Drugs and other retail	477,598	371,670	350,246	297,528	293,707	275,547	279,056	283,720	313,001	313,270
Agriculture & Extractive	175,214	161,149	183,827	195,068	159,033	155,998	189,058	166,127	161,807	166,762
Manufacturers	(171,389)	27,234	38,052	44,241	50,897	44,619	62,894	25,288	21,982	26,372
Totals	\$ 1,898,867	\$ 1,969,295	\$ 1,969,397	\$ 1,894,095	\$ 1,865,711	\$ 1,840,994	\$ 1,827,178	\$ 1,791,737	\$ 1,759,637	\$ 1,795,291
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Note - The residents of the City of East Moline, by referendum passed an additional 0.50% sales tax which can only be used for infrastructure improvements or for property tax relief. The annual breakdown is only for the 1.0% municipal sales tax. The 0.50% is not assessed on groceries, drugs and automobile purchases. These totals do not include the additional 0.5% infrastructure tax.

Source: Illinois Department of Revenue

CITY OF EAST MOLINE, ILLINOIS
 DIRECT AND OVERLAPPING SALES TAX RATE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	City Rate	County Rate	State Rate	Total Sales Tax Rate
12/31/2017	1.50%	1.25%	5.00%	7.75%
12/31/2016	1.50%	0.25%	5.00%	6.75%
12/31/2015	1.50%	0.25%	5.00%	6.75%
12/31/2014	1.50%	0.25%	5.00%	6.75%
12/31/2013	1.50%	0.25%	5.00%	6.75%
4/30/2013	1.50%	0.25%	5.00%	6.75%
4/30/2012	1.50%	0.25%	5.00%	6.75%
4/30/2011	1.50%	0.25%	5.00%	6.75%
4/30/2010	1.50%	0.25%	5.00%	6.75%
4/30/2009	1.50%	0.25%	5.00%	6.75%

Source: City Department of Finance Office

**City of East Moline
Debt Capacity**

CITY OF EAST MOLINE, ILLINOIS
Ratios of Outstanding Debt by Type
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Period Ended	Governmental Activities					Business-Type Activities								
	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Alternate Revenue Bonds	Tax Increment Bonds	Motor Fuel Tax Bonds	Capital Leases & Notes Payable	Water Bonds	Sewer Bonds	Debt Certificates	Leases & Notes Payable	Primary Government	Percent of Personal Income ***	Per Capita
12/31/2017	\$ -	0.00%	\$ -	\$ 557,173	\$ 2,833,147	\$ -	\$ 5,856,389	\$ 7,745,365	\$ 12,587,804	\$ 1,080,906	\$ 88,287	\$ 30,749,071	N/A	\$ 1,454.88
12/31/2016	-	0.00%	-	644,020	3,292,039	-	56,730	8,335,810	13,388,345	1,240,551	-	26,959,495	N/A	1,258.50
12/31/2015	-	0.00%	-	728,953	3,872,739	-	135,245	9,011,734	14,306,553	265,007	34,578	28,354,809	N/A	1,325.11
12/31/2014	200,000	0.03%	9.35	811,804	4,557,129	-	209,229	9,686,293	15,146,864	464,860	68,098	31,146,277	N/A	1,455.57
12/31/2013	390,000	0.05%	18.26	894,581	5,204,560	-	281,525	10,314,339	9,708,110	658,041	6,317,275	34,038,386	N/A	1,593.56
4/30/2013	575,000	0.07%	26.92	893,953	5,456,389	269,955	131,123	10,426,367	9,712,385	751,983	6,493,320	34,712,429	N/A	1,625.11
4/30/2012	755,000	0.10%	35.28	984,000	6,135,000	530,000	165,503	11,060,769	10,182,512	2,164,985	5,772,869	37,750,638	N/A	1,764.21
4/30/2011	925,000	0.12%	43.23	1,032,000	6,655,000	785,000	-	6,641,736	11,174,764	8,501,964	2,044,808	37,760,272	N/A	1,764.91
4/30/2010	1,090,000	0.14%	51.17	1,098,000	6,985,000	1,020,000	-	9,388,500	4,823,500	8,942,630	-	33,347,630	N/A	1,565.46
4/30/2009	1,190,000	0.15%	57.03	1,162,000	7,430,000	1,255,000	35,000	8,785,402	6,027,598	6,745,000	300,000	32,930,000	N/A	1,578.09

Note - Personal income is available at the County level however not available at the City level. Using County level income would create a significant distortion in the percentage.

Source: City records, Bi-State Regional Commission

**CITY OF EAST MOLINE, ILLINOIS
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
(Unaudited)**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Schools			
School District No. 29	\$ 905,000	0.13%	1,177
School District No. 34	3,185,000	24.44%	778,414
School District No. 36	365,000	1.96%	7,154
School District No. 37	25,455,000	66.90%	17,029,395
U.T.H.S. District No. 30	1,000,000	52.88%	528,800
Black Hawk College District No. 503	46,600,000	7.39%	3,443,740
Other Than Schools			
Rock Island County (3)	14,665,000	9.97%	1,462,101
Rock Island Forest Preserve	7,590,000	9.97%	756,723
Genesis Medical Center (Illini Hospital)	3,415,000	56.08%	1,915,132
Metropolitan Mass Transit District	6,300,000	14.99%	944,370
Metropolitan Airport	18,545,000	13.20%	2,447,940
Subtotal, overlapping debt			\$ 29,314,946
City Direct Debt			9,246,709
Total direct and overlapping debt			\$ 38,561,655

Sources:

- (1) Rock Island County
- (2) Overlapping debt percentages are based on 2017 EAV
- (3) Includes bonds issued by the Public Building Commission and by the County for the Nursing Home.
- (4) As of December 31, 2017

CITY OF EAST MOLINE, ILLINOIS
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Equalized Assessed Valuation	\$ 274,314,447	\$ 261,073,416	\$ 254,754,286	\$ 254,497,321	\$ 253,570,643	\$ 256,721,522	\$ 264,861,312	\$ 264,367,013	\$ 264,186,591	\$ 258,053,169
State of Illinois Legal Debt Limit	8.625%	8.625%	8.625%	8.625%	8.625%	8.625%	8.625%	8.625%	8.625%	8.625%
Debt Limit	\$ 23,659,621	\$ 22,517,582	\$ 21,972,557	\$ 21,950,394	\$ 21,870,468	\$ 22,314,731	\$ 22,844,288	\$ 22,801,655	\$ 22,786,093	\$ 22,257,086
Total Net Debt Applicable to Limit	\$ 7,025,582	\$ 1,299,281	\$ 434,830	\$ 942,187	\$ 1,430,160	\$ 1,590,202	\$ 2,919,985	\$ 9,405,246	\$ 10,032,630	\$ 7,935,000
Legal Debt Margin Available	\$ 16,634,039	\$ 21,218,301	\$ 21,537,727	\$ 21,008,207	\$ 20,440,308	\$ 20,724,529	\$ 19,924,303	\$ 13,396,409	\$ 12,753,463	\$ 14,322,086
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.69%	5.77%	1.98%	4.29%	6.54%	7.13%	12.78%	41.25%	44.03%	35.65%

Source: City Department of Finance Office

Note - The State of Illinois legal debt limit for general obligation bonds is 8.625% of equalized assessed valuation.

CITY OF EAST MOLINE, ILLINOIS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

	Tax Increment Financing Funds				Enterprise Fund					
	Property Tax Increment	Principal	Interest	Coverage	Water, Sewer, and Drainage Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
12/31/2017	\$ 1,251,745	\$ 480,000	\$ 167,716	1.933	\$ 12,492,636	\$ 9,344,270	\$ 3,148,366	\$ 1,664,492	\$ 570,234	1.409
12/31/2016	1,204,885	590,000	125,012	1.685	12,342,907	8,617,910	3,724,997	1,674,908	577,303	1.654
12/31/2015	1,096,908	695,000	145,018	1.306	11,656,038	8,329,134	3,326,904	1,576,397	487,836	1.612
12/31/2014	1,057,149	660,000	162,716	1.285	11,451,827	7,729,146	3,722,681	1,550,864	685,806	1.664
12/31/2013	1,100,984	260,000	101,411	3.046	7,529,523	5,905,942	1,623,581	351,282	352,601	2.307
4/30/2013	1,051,184	610,000	188,648	1.316	11,332,039	8,166,148	3,165,891	1,171,981	970,335	1.478
4/30/2012	1,097,889	555,000	232,015	1.395	11,120,081	8,392,109	2,727,972	1,145,479	909,693	1.327
4/30/2011	1,065,331	480,000	274,508	1.412	10,973,230	7,963,648	3,009,582	927,384	872,252	1.672
4/30/2010	1,083,104	445,000	353,292	1.357	10,057,969	10,243,640	(185,671)	807,370	854,524	-0.112
4/30/2009	1,112,668	425,000	372,026	1.396	9,397,601	8,752,453	645,148	680,000	899,747	0.408

Source: City Department of Finance Office

CITY OF EAST MOLINE, ILLINOIS
 REVENUE BONDS, GENERAL OBLIGATION AND
 GENERAL OBLIGATION ALTERNATE REVENUE BONDED DEBT
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Year End December 31	Sources Of Payment											Sources Of Payment		
	Water-Sewer-Storm Water Revenues											Riverfront "The Quarter"	Kennedy Drive	Riverfront "The Quarter"
	General Municipal Garage	Water/Sewer Plant	Municipal Garage	Water/Sewer Refunded	Storm Water	Water Plant	Water Plant Refunded	Sewer Plant	Storm Water	Riverfront "The Quarter"	Kennedy Drive			
2018	\$ 88,000	\$ 135,000	\$ 132,000	\$ 630,000	\$	\$ 121,700	\$ 330,000	\$ 306,715	\$ 106,096	\$ 185,000	\$ 245,000	\$ 85,000		
2019	90,000	135,000	135,000	650,000		121,912	340,000	310,561	109,922	195,000	270,000	85,000		
2020	92,000	140,000	138,000	655,000		122,125	360,000	314,455	113,803	215,000	290,000	90,000		
2021	94,000	140,000	141,000	675,000		122,342	375,000	318,398	118,179	230,000	320,000	90,000		
2022	96,000	140,000	144,000	700,000		122,561	390,000	322,390	123,119		345,000	95,000		
2023	100,000	560,000	150,000			122,783		326,433	127,083			100,000		
2024		580,000				123,008		330,526	131,143					
2025		605,000				123,235		334,670	135,398					
2026		625,000				123,466		338,867	116,163					
2027		655,000				123,699		343,116						
2028		680,000				123,935		347,418						
2029		715,000				124,173		351,775						
2030		745,000				124,416		356,186						
2031		775,000				19,801		360,652						
2032		810,000						365,175						
Totals	\$560,000	\$0	\$7,440,000	\$3,310,000	\$0	\$1,619,156	\$1,795,000	\$5,027,337	\$1,080,906	\$625,000	\$1,470,000	\$545,000		

Note**: Personal income is available at the County level however not available at the City level. Using County level income would create a significant distortion in the percentage.

Source: City records, Bi-State Regional Commission

City of East Moline
Demographic and Economic Information

**CITY OF EAST MOLINE, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>Year</u>	<u>Population</u>	<u>County Personal Income (in thousands)</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2017	21,135	N/A	N/A	5.00%
2016	21,422	6,034,217	41,677	6.30%
2015	21,398	5,893,826	40,332	6.50%
2014	21,398	5,823,240	39,868	7.10%
2013	21,360	6,062,820	41,171	7.90%
2012	21,398	6,048,161	41,016	7.80%
2011	21,395	5,774,185	39,132	8.20%
2010	21,302	5,708,393	37,056	9.60%
2009	20,867	5,497,868	37,545	9.10%
2008	20,856	5,800,811	37,535	5.60%

Source: United States Census Bureau
 United States Department of Commerce
 Bureau of Economic Analysis
 Illinois Department of Employment Security

N/A - Not available

CITY OF EAST MOLINE, ILLINOIS
 PRINCIPAL EMPLOYERS
 CURRENT PERIOD AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
John Deere Harvester	2,000	1	20.62%	1,750	1	17.67%
Illini Hospital	700	2	7.22%	600	2	6.06%
East Moline Elementary	440	3	4.54%	385	3	3.89%
East Moline Correctional	270	4	2.78%	260	5	2.63%
4C Solutions	250	5	2.58%			
United Township High School	230	6	2.37%	223	7	2.25%
Jacobson Warehouse	200	7	2.06%			
Comprehensive Logistics	200	8	2.06%			
H.C. Duke & Son, Inc.	200	9	2.06%	140	9	1.41%
Aramark	150	10	1.55%			
Standard Forwarding				300	4	3.03%
Johnson Contracting				100	10	1.01%
McLaughlin Body Co.				250	6	2.52%
Creative Machining Technologies				140	8	1.41%
Total City-wide Employment	9,698			9,901		

Source - 2017 Illinois Manufacturers Directory
 2017 Illinois Services Directory
 Telephone Calls
 Speer Financial
 Community Analyst
 Bi-State Regional Planning Commission Records

THIS PAGE INTENTIONALLY LEFT BLANK

**City of East Moline
Operating Information**

CITY OF EAST MOLINE, ILLINOIS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
General Government										
Management Services	22	18	18	18	18	19	19	20	20	20
Finance	4	4	4	4	4	4	5	5	5	5
Development & Planning	0	0	0	0	0	0	0	1	1	2
Inspections	3	3	3	3	3	3	3	3	3	3
Other	5	5	5	5	5	5	5	5	6	6
Police										
Officers	37	37	37	37	37	37	37	39	40	39
Civilians	10	7	7	9	10	9	9	11	10	10
Fire										
Firefighters	35	34	34	35	35	35	34	34	35	33
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Garbage collection	0	3	3	4	4	4	4	4	4	4
Street and bridge	6	3	3	4	5	4	4	5	4	4
Motor pool	3	3	3	3	3	3	4	5	5	5
Parks and Recreation	3	3	3	3	3	3	4	4	4	4
Library	14	14	14	14	14	14	14	14	14	14
Water										
Water plant	10	9	9	9	9	9	14	10	10	10
Water distribution	6	5	5	5	5	6	9	6	6	6
Sewer										
Sewer plant	14	12	12	12	13	13	14	13	13	13
Sewer collection	2	4	4	4	4	4	3	4	4	4
Drainage	2	3	3	3	3	3	3	3	5	5
Total	177	168	168	173	176	176	176	186	190	188
Per audit	177	168	168	173	176	176	186	187	190	188

Source: City Department of Finance

CITY OF EAST MOLINE, ILLINOIS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL PERIODS
 DECEMBER 31, 2017
 (UNAUDITED)

Function/Program	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Police										
Calls answered	23,049	24,613	25,753	22,395	22,183		22,445	22,623	23,646	25,143
Incident numbers	5,237	5,079	5,830	5,595	5,586		6,104	7,026	7,212	9,036
Cases Investigated	967	1,058	990	932	984		954	879	950	852
Arrests	674	758	705	698	710		894	1,035	1,115	1,481
Traffic stops	1,579	1,412	2,294	2,173	1,966		2,391	2,797	2,833	3,435
Traffic citations	1,152	977	1,577	1,592	1,451		1,620	2,126	2,159	3,227
Community Service Officer Calls	1,425	1,493	1,067	1,198	1,174		1,308	1,268	1,302	693
Fire										
Total incidents	2,895	2,789	2,666	2,838	1,853		2,772	2,932	2,964	2,857
Fire calls	87	58	62	102	86		86	91	81	102
Residential fires	21	17	14	25	24		18	23	-	-
Commercial fires	26	-	2	-	-		2	-	-	-
Other fires	87	44	46	16	10		13	5	3	3
Rescue/emergency medical	2,369	2,242	2,122	2,088	1,320		2,036	2,194	2,280	2,095
False alarms	117	112	124	152	103		130	130	154	146
Mutual aid calls	12	17	17	-	-		-	-	-	-
Haz-mat responses	11	37	20	12	28		36	37	46	64
Good Intent Call	291	166	293	291	207		312	298	273	222
Other hazardous responses	12	3	-	53	-		-	-	-	4
Other responses	165	165	293	146	90		152	34	127	129
Total Property Damage	\$ 400,000	\$ 583	\$ 130,900	\$ 839,500	\$ 914,050		\$ 628,400	\$ 502,710	\$ 340,190	\$ 172,850
Public Works										
Garbage Users	6,331	6,305	6,359	6,243	6,243		5,812	5,530	6,310	6,307
Garbage collected (ton)	4,653	6,481	5,114	8,576	5,947		3,087	5,458	5,957	6,525
Yard waaste (ton)	N/A	325	294	302	240		101	173	236	286
Bulky collection (ton)	304	885	738	1,887	880		489	731	696	852
Recycling drop offs (ton)	287	134	139	464	280		145	369	347	390
Park										
Shelter reservations	275	295	295	274	363		246	304	306	305
Library										
Books loaned	62,207	75,848	69,940	74,343	53,997		82,970	85,288	144,013	135,518
Other formats loaned	44,878	57,637	58,793	64,582	41,968		55,055	53,458	16,897	18,435
Questions answered	17,078	16,858	16,837	14,908	10,266		17,129	16,151	16,605	16,277
Card holders	11,136	10,107	10,647	9,146	9,968		10,484	10,328	10,022	9,592
Attendance	98,400	100,724	101,615	116,537	75,968		120,336	125,466	130,755	137,912
Website hits	77,010	32,586	38,149	343,698	471,986		596,579	353,478	276,414	-
Water										
Customers	6,810	6,765	6,855	6,781	6,801		6,372	6,894	7,047	6,903
Main breaks	18	31	26	39	66		14	20	37	30
Average daily consumption (1000 Gall	3,897	3,200	3,750	4,376	4,426		4,400	4,600	4,519	4,522
Peak daily consumption (1000 Gallons	5,782	5,923	5,793	6,384	7,197		6,600	6,500	6,408	6,204
Waste Water										
Customers	6,784	6,740	6,830	6,755	6,778		6,349	6,859	6,946	6,815
Avg daily treatment - (1000 Gallons)	4,100	4,045	5,200	4,900	5,100		5,149	5,800	5,600	6,558

Source - Various City Departments, and Republic Services
 N/A - Not available

CITY OF EAST MOLINE, ILLINOIS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	4/30/2013	4/30/2012	4/30/2011	4/30/2010	4/30/2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Neighborhood stations	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Pumpers	3	3	3	3	3	3	4	4	4	4
Quints	1	1	1	1	1	1	1	1	1	1
Telesquirts	-	-	-	-	-	-	2	2	2	2
Other vehicles	5	5	5	5	4	4	4	4	4	4
Public Works										
Garbage trucks	1	4	4	4	4	4	5	5	5	5
Streets (miles)	87	87	87	87	87	87	87	80	80	80
Streets with curb & gutter	64	64	64	64	64	64	64	64	64	61
Street lights	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Traffic signals	27	27	27	27	27	27	27	27	27	27
Alleys (miles)	14	14	14	14	14	14	14	12	12	12
Parks and Recreation										
Parks	19	18	18	18	18	18	18	18	18	18
Park acreage	239	238	238	238	238	238	238	238	238	238
Bicycle paths (miles)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.0	3.0	3.0
Swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	15	15	15	15	15	15	15	15	15	15
Soccer/football fields	10	10	10	10	10	10	10	10	10	10
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Cricket Field	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Books in collection	53,229	53,592	55,071	55,405	62,510	58,352	57,921	57,200	57,097	57,741
Other formats in collection	39,571	33,215	32,621	28,223	20,512	-	-	-	-	-
Water										
Treatment capacity (1000 gallons)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Water mains (miles)	110	110	110	110	110	110	110	92	92	92
Pump stations	2	2	2	2	2	2	2	3	3	3
Storage capacity (1,000 gal)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,350	5,350	5,350
Waste Water										
Sanitary sewer (miles)	87	87	87	87	87	87	87	85	80	80
Treatment capacity (1000 gallons)	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	9,500	9,500
Lift Stations	6	6	6	6	6	6	6	6	5	5

Source: Respective City Departments

CITY OF EAST MOLINE, ILLINOIS
 UNITED TOWNSHIP HIGH SCHOOL OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year End	Expenses*	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2017	\$ 19,843,382	1,688	\$ 10,230	-5.72%	97	17.40	91.90%
2016	\$ 19,549,428	1,709	\$ 10,851	-0.81%	98	17.44	86.07%
2015	\$ 19,210,765	1,756	\$ 10,940	1.53%	99	17.74	88.36%
2014	\$ 18,813,486	1,746	\$ 10,775	1.12%	98	17.82	89.92%
2013	\$ 18,243,412	1,712	\$ 10,656	-5.29%	97	17.65	90.66%
2012	\$ 19,249,859	1,711	\$ 11,251	-2.13%	102	16.77	97.52%
2011	\$ 19,129,859	1,664	\$ 11,496	5.89%	106	15.70	96.29%
2010	\$ 18,598,584	1,713	\$ 10,857	2.83%	109	15.72	93.07%
2009	\$ 18,139,434	1,718	\$ 10,558	9.58%	111	15.48	91.08%
2008	\$ 17,160,779	1,781	\$ 9,635	1.02%	110	16.19	89.16%

*Net of TRS On-Behalf payments

N/A - Not available

Source: United Township High School

CITY OF EAST MOLINE, ILLINOIS
 EAST MOLINE ELEMENTARY SCHOOL DISTRICT OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year End	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2017	\$ 39,704,664	2754	\$ 10,604	-3.44%	184	18.0	93.00%
2016	32,697,448	2804	10,982	-0.85%	179	18.0	95.00%
2015	30,976,834	2784	11,076	2.34%	183	18.0	94.00%
2014	28,916,156	2775	10,823	2.46%	185	17.0	96.70%
2013	28,276,154	2709	10,563	5.56%	183	16.4	96.70%
2012	28,067,827	2560	10,007	-3.29%	177	16.6	95.20%
2011	27,114,452	2597	10,347	-0.75%	171	17.4	94.80%
2010	25,972,311	2529	10,425	10.11%	178	16.5	94.60%
2009	24,967,180	2453	9,468	7.09%	177	16.4	94.90%
2008	24,654,832	2517	8,841	2.48%	163	18.3	95.00%

Source: East Moline Elementary School District

CITY OF EAST MOLINE, ILLINOIS
 SILVIS ELEMENTARY SCHOOL OPERATING STATISTICS
 LAST TEN FISCAL PERIODS
 (UNAUDITED)

Fiscal Year End	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2017	\$ 5,608,534	661	\$ 8,485	-0.73%	40	16.5	94.00%
2016	5,487,815	642	8,547	1.50%	41	15.7	94.00%
2015	7,438,254	657	8,421	6.03%	41	16.0	94.00%
2014	7,027,488	645	7,942	0.81%	43	15.0	94.90%
2013	12,321,722	617	7,878	-0.77%	42	14.7	94.90%
2012	13,891,747	606	7,939	1.94%	42	14.4	95.20%
2011	6,239,591	635	7,788	-11.28%	42	15.1	94.80%
2010	5,828,580	651	8,778	9.47%	41	15.9	95.20%
2009	6,364,813	671	8,019	5.51%	45	14.9	94.60%
2008	5,266,861	677	7,600	2.45%	43	15.7	94.60%

Note - Cost per pupil is based on operating expenditures per pupil.

Source: Silvis Elementary School District

CITY OF EAST MOLINE, ILLINOIS
 BUILDING PERMITS AND CONSTRUCTION VALUES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Number of Permits										Total Value	Permit Revenue	Contractor Registration
	Building	Curb Cuts	Electrical	Mechanical	Plumbing	Signs	Demolition	Enterprise Zone	Total Permits	Total Value			
12/31/2017	451	26	110	199	220	8	10	22	1046	\$42,080,535	\$127,023	427	
12/31/2016	540	32	124	205	197	4	6	25	1133	\$12,202,740	\$124,710	294	
12/31/2015	450	21	105	183	201	2	11	14	987	\$5,082,947	\$88,707	320	
12/31/2014	385	26	108	173	186	10	12	40	940	\$10,470,011	\$80,705	372	
12/31/2013	417	31	82	110	119	6	6	29	800	\$19,845,656	\$93,458	352	
4/30/2013	424	25	121	129	191	8	8	38	944	\$5,312,404	\$92,016	345	
4/30/2012	468	27	131	123	223	13	10	0	995	\$27,318,041	\$87,290	458	
4/30/2011	566	44	112	136	219	8	9	0	1,094	\$21,917,557	\$157,441	398	
4/30/2010	469	42	70	108	187	4	10	49	939	\$19,026,224	\$140,180	385	
4/30/2009	586	32	111	176	203	8	8	0	1,124	\$38,929,843	\$81,834	464	

Source: Inspections Department, City of East Moline

THIS PAGE INTENTIONALLY LEFT BLANK